

COMMERCIAL TRANSACTIONS LAW
FEDERAL LAW NO.(18) OF 1993

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ISSUING THE COMMERCIAL TRANSACTIONS LAW

We Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates;
After perusal of the Provisional Constitution; and
Federal Law No. (1) of 1972 concerning the jurisdictions of the ministries and the powers of the ministers as amended; and
Federal Law No. (5) of 1975 concerning the Commercial Register; and
Federal Law No. (8) of 1980 concerning the Organization of Labour Relations as amended; and
Federal Law No. (10) of 1980 concerning the Central Bank, the Monetary System and the Organization of the Banking Profession as amended; and
Federal Law No. (18) of 1981 concerning the Organization of Trade Agencies as amended; and
Federal Law No. (26) of 1981 concerning the Commercial Maritime Law as amended; and
Federal Law No.(8) of 1984 concerning the Commercial Companies Law as amended; and
Federal Law No. (9) of 1984 concerning the Insurance Companies and Agents as amended; and
Federal Law No. (5) of 1985 issuing the Civil Transactions Low as amended; and
Federal Law No. (22) of 1991 concerning the Notary Public; and
Federal Law No. (10) of 1992 issuing the Law of Evidence in Civil and Commercial Transactions; and
Federal Law No. (11) of 1992 issuing the Civil Procedures Law; and
Federal Law No. (37) of 1992 concerning the Trademarks; and
Federal Law No. (44) of 1992 concerning the Organization and Protection of Industrial Property of Industrial Patents and of Industrial Drawings and Models; and
Pursuant to the proposal of the Minister of Economy and Commerce, and the approval of the Cabinet and the ratification of the Supreme Federal Council;

Hereby Enact The Following Law:

VOLUME FIVE
BANKRUPTCY AND PREVENTIVE COMPOSITION

PART ONE
BANKRUPTCY

CHAPTER I
DECLARATION OF BANKRUPTCY

ARTICLE (645)

- Subject to the provisions of preventive composition, any trader having suspended payment of his commercial debts, at the time of maturity due to the interruption of his financial position and the unsteadiness of his credit, may be declared bankrupt. 1.
- Any trader using abnormal or illegal ways that indicate his bad financial condition for discharge of his debts shall be deemed to have suspended payment. 2.

The bankruptcy shall be declared through a judgment rendered by the specialized civil court. 3.

The state of bankruptcy shall be established by a judgement rendered in favour of bankruptcy declaration. The suspension of payment or the use by a trader, of abnormal or illegal ways for discharge of his debts shall have no effect except by passing the judgement, unless otherwise provided for by law. 4.

ARTICLE (646)

The bankruptcy of a trader may be declared after his death, or retirement from the business or incapacitation, if this occurs while he withholds the payment. A petition in bankruptcy shall be submitted within a year from the date of the death or from the date of striking the trader's name off the commercial register, in case of his retirement from the business or from the date of his incapacitation. 1.

In case of the death of the trader, a notification of an action for bankruptcy shall be served at his last place of domicile without the need to designate the successors. 2.

The successors of the trader may file a petition for the declaration of bankruptcy after his death, taking into consideration the period stated in paragraph (1) : however if some of the successors object to the declaration of bankruptcy, the court shall hear their statements and then decide on the petition, in accordance with the interest of the concerned persons. 3.

ARTICLE (647)

The bankruptcy of a trader shall be declared at his request or at the request of any one of his creditors. 1.

The court may decide the bankruptcy of a trader upon the request of the public prosecution or with its own accord. 2.

ARTICLE (648)

If the court considers the declaration of the trader's insolvency, with its own accord, it shall notify him of the day of the hearing. However, in the cases of summary matters, the court may order the declaration of the bankruptcy one hour after serving summons upon the debtor. 2.

ARTICLE (649)

The trader may file a petition in bankruptcy, if his financial position is disrupted and payment of his debts has been suspended. Such petition shall become actionable (30) thirty days after his suspension of payment, otherwise he shall be considered an offender of bankruptcy by default. The petition shall be made by a report presented to the court, in which he shows the reasons for suspension of payment, and attached to the report shall be the following documents : 1.

- a. The main commercial books.
- b. A photocopy of the last balance sheet audited in accordance with the accounting principles and the profit and loss account.
- c. A statement of the total personal expenses for the last two years preceding the petition in bankruptcy or for the period of his engagement in commerce in case it is lesser than that.
- d. A detailed statement of the real estates and movables owned by him and their approximate value as of the date of suspension of payment.
- e. A statement of the names and addresses of creditors and debtors, and the amount of their dues or debts and the secured deposits.
- f. A statement of the protests made against the trader during the last two years preceding the petition in bankruptcy.

The documents should be dated and signed by the trader, however if it is not possible to submit some of such documents or to fill in their data, the report shall give reasons for them and the court's record clerk shall make a minute thereof. 2.

ARTICLE (650)

Any creditor with a commercial or civil debt that has become due, may file a petition for adjudication of bankruptcy of the trader indebted to him provided that an evidence is given by the creditor that such debtor has suspended payment of his commercial debt. 1.

Any creditor, with a deferred or conditional commercial or civil debt, may file a petition in bankruptcy, if his debtor has no known place of domicile in the state or if he flees, closes or winds up his business, or if he attempts to harm his creditors, provided always that a proof is given by the creditor that the debtor has suspended payment of his outstanding commercial debt. 2.

ARTICLE (651)

Bankruptcy of a trader may not be declared, if he stops payment of any penalties or taxes whatsoever, that become due from him.

ARTICLE (652)

The court, hearing the declaration of insolvency, may order that necessary measures be taken in order to maintain the funds of the debtor or administer them until a decision on declaration of insolvency is made. 1.

The court may deputize an expert to make enquiry on the debtor's financial position and reasons for his suspension of payment and shall submit a report thereon. 2.

ARTICLE (653)

The civil court having jurisdiction over the debtor's business shall be specialized to declare the bankruptcy, However, in case of several places of business, the court having jurisdiction over the head office, shall have the specialization. If a trader relinquishes his business, the specialization shall be to the court having jurisdiction over the place of his domicile in the state, and if he has no place of domicile, the specialization shall be held by the court of place in which payment has been suspended. 1.

Without prejudice to the provisions of the valid international agreements in the state, nothing may jeopardize the declaration of bankruptcy of the trader who has a branch, agency or office in the state, even if adjudication of his bankruptcy has not been issued in a foreign country, in which case the specialized court to declare the bankruptcy shall be the court that has jurisdiction over such branch, agency or office. 2.

ARTICLE (654)

The court that has declared the state of bankruptcy shall be specialized to hear all petitions and actions arising from such bankruptcy. 1.

The action is considered to be arising from a bankruptcy, if it is relevant to the administration of bankruptcy or if a decision thereon requires the provisions of bankruptcy to be applied. Cases arising from debts owed to the bankruptcy by a third party or vice versa, shall not be included in the administration of the bankruptcy, if such actions are likely to arise without bankruptcy. 2.

ARTICLE (655)

In the adjudication of bankruptcy, the court shall fix a provisional date for suspension of payment, and shall order that the debtor's place of business be sealed and shall appoint a trustee in bankruptcy. 1.

The court shall send a transcript of the adjudication of bankruptcy immediately after being issued to the public prosecution, trustee in bankruptcy, ministry of economy and commerce, confederation of the chambers of commerce and industry, office of the commercial register concerned and the central bank in the state. 2.

ARTICLE (656)

The president of the circuit that has decided the declaration of bankruptcy shall be the judge of the bankruptcy, and if the decision for declaration of bankruptcy is given by the court of appeal, it shall appoint any president of the circuit at the court of first instance, to be the judge of bankruptcy.

ARTICLE (657)

The court may replace the judge of bankruptcy with another judge whenever is required. 1.

The decision for replacing the judge of bankruptcy, shall be subject for challenge by any means of objection. 2.

ARTICLE (658)

If the adjudication of bankruptcy has not fixed the date on which the debtor has suspended the payment, the date on which the adjudication has been given shall be considered a provisional date for suspension of payment. 1.

If the adjudication of bankruptcy has been made after the death of the debtor, or after his retirement from the business or his incapacitation, and no date for suspension of payment is given therein, the date of the death, retirement from the business or incapacitation shall be considered a provisional date for suspension of payment. 2.

ARTICLE (659)

The court shall, spontaneously or at the request of the public prosecution, the creditor, the trustee in bankruptcy or any other interested persons, amend the provisional date for suspension of payment until the lapse of ten days from depositing the list of the verified debts, as provided for in Article (782) paragraph 1, with the court's record clerk; however, after the lapse of such period, the fixed date for suspension of payment shall become final. 1.

In all cases, the date for suspension of payment may not be brought back to a period of more than 2 years from the date for adjudication of bankruptcy. 2.

ARTICLE (660)

The adjudication issued for declaration of bankruptcy or for amendment of the date for suspension of payment shall be recorded in the commercial register as provided therein. 1.

The court shall order the adjudication to be displayed on the notice board at the court for a period of 30 days, on the day following its issue, and shall send it to each court having jurisdiction over such place of business or branch or agency or 2.

office of the debtor, in order to be displayed on the notice board at such court for a period of thirty days.

ARTICLE (661)

The trustee in bankruptcy shall publish a summary of the bankruptcy adjudication in one or more dailies as specified by the court. Such publication shall be effected within (15) days from rendering of the adjudication, and the summary shall include the bankrupt's name and place of domicile, his entry number in the commercial register, the court that has awarded the adjudication, the date on which it is being awarded, the provisional date for suspension of payment, name of the bankruptcy judge, as well as the receiver and his address. The publication shall also include an invitation to the creditors for having their debts recorded in the bankruptcy. Apart from such data, the summary amending the date for suspension of payment shall also include the new date given by the court and shall be published in the same manner. 1.

The trustee in bankruptcy shall record the summary of adjudication in the name of the creditors at the office of the real estate registry, within thirty days from the date of the adjudication being issued. 2.

ARTICLE (662)

Any interested third party may file a challenge against the adjudication of the bankruptcy, by objection, before the court that has issued such adjudication, within ten days from the date of the last publication for the summary of the adjudication in the newspapers. Without prejudice to the provisions of article (659), the period for objection by a third party against all adjudications issued, in the actions arising from the bankruptcy shall be ten days from the date of the adjudication being awarded, unless its publication is a must, then the period shall run, from the date of the adjudication being awarded unless its publication is a must, then the period shall run from the date of such publication. 1.

The judgement issued on the objection shall be challengeable by appeal. 2.

ARTICLE (663)

For appealing against the judgment issued on the bankruptcy cases, procedures and periods shown in the civil procedures code shall be followed.

Article (664)

If-before the adjudication of the bankruptcy has been rendered conclusive - the debtor becomes solvent enough to honour all of his outstanding dues, the court ought to nullify the adjudication, provided that the debtor bears all expenses of the case.

ARTICLE (665)

Bankruptcy cases shall be heard summarily, however where urgency is required, the petition may be submitted to the court with an evidence in support of the suspension of payment, showing the reasons of the urgency, and in this case, the court may decide in the petition, even within an hour, after summoning the parties to the litigation, and a notification to the debtor at his last domicile, shall be sufficiently given. 1.

The judgements awarded in the bankruptcy cases shall be summarily actionable without bail unless otherwise provided. 2.

ARTICLE (666)

If a debtor files a petition in bankruptcy and the court decides to reject the petition, the court may sentence him to a fine of not less than Dhs. 5000 and not more than Dhs. 10,000 if it appears that he has deliberately fabricated the bankruptcy. 1.

If a creditor files a petition in bankruptcy and the court decides rejection of the petition, the court may sentence him to the fine indicated in the preceding paragraph and shall publish the judgement at his cost in the newspapers proposed by it, if it appears that he premeditatedly intends to discredit the commercial reputation of the debtor, without prejudice, however, to the right of the debtor in making claim for compensation. 2.

ARTICLE (667)

If no money is available in the bankruptcy at the time of its declaration, to meet the expenses of the adjudication or its declaration, publication, challenging, putting on or lifting the seals from the bankrupt's properties or preserving them, such expenses shall be paid from the public treasury upon an order from the bankruptcy judge, and the public treasury shall recover the amounts it has paid as a lien on all creditors from the first money received into the bankruptcy.

CHAPTER II
PERSONS WHO ADMINISTER THE BANKRUPTCY

ARTICLE (668)

In the adjudication of bankruptcy or in a subsequent adjudication, the court shall appoint a person with pay called a trustee in bankruptcy to administer the bankruptcy. 1.

The bankruptcy judge, with his own accord or at the request of the bankrupt or the controller, may order that one or more trustees be added, provided that their number shall not exceed three persons at any time. 2.

ARTICLE (669)

Whoever is a bankrupt's creditor, spouse, in-law, kin to the fourth degree, or
whoever, during the last two years prior to the declaration of bankruptcy, has been
his partner, employee, accountant or agent, may not be appointed as a trustee in
bankruptcy. 1.

Likewise, any one who has suffered judgement in an offence, misdemeanor of
robbery, embezzlement, fraud, bankruptcy by default or perjury may not be
appointed as a trustee in bankruptcy. 2.

ARTICLE (670)

The trustee in bankruptcy shall administer and keep the property of the bankruptcy,
however after the adjudication of bankruptcy has been rendered, the litigation shall
be confined to him, whether the debts are commercial or civil claims. 1.

The trustee in bankruptcy shall make daily record of all matters related to the
administration of bankruptcy, in a special book whose pages shall be unnumbered,
and the bankruptcy judge shall have it signed and shall mark the end of the book
with a last entry. 2.

The court, the judge of bankruptcy and the controller may have access to such book
at any time. Likewise, the bankrupt may have access to it, with permission from the
judge of bankruptcy. 3.

ARTICLE (671)

In case of several trustees in bankruptcy, they shall act, collectively, and shall
jointly be responsible for their administration. 1.

Yet, the judge of bankruptcy may divide the work among them or entrust one of
them to perform a certain job, and in this case the trustee in bankruptcy shall be
responsible only to the works assigned to him. 2.

The trustees in bankruptcy may deputize each other to carry out the works
entrusted to them but may not deputize a third party except with permission from
the judge of bankruptcy, however in this case, the trustee in bankruptcy and his
deputy shall be jointly responsible for such works. 3.

ARTICLE (672)

The bankrupt and the controller may file objection with the bankruptcy judge against the
activities of the trustee in bankruptcy, before they are completed. Such objection shall

cause discontinuance of the activity, and the judge of bankruptcy shall decide in the objection, within five days from the date it is submitted and his decision shall be immediately applicable.

ARTICLE (673)

The bankruptcy judge, with his own accord or at the request of the bankrupt or the controller, may decide the removal of the trustee in bankruptcy or reducing the number of trustees in bankruptcy, in case they are several, and the bankruptcy judge shall decide this issue within ten days from the date it is being submitted, and his decision in this respect shall be irrefutable. However, if the bankruptcy judge has not decided the issue within the stipulated period, the request shall be submitted directly to the court for giving a decision therein.

ARTICLE (674)

The fees and expenses of the trustee in bankruptcy shall be estimated according to a decision given by the bankruptcy judge, after a report is being submitted to the trustee in bankruptcy on his administration. 1.

The bankruptcy judge may order that certain amounts be paid to the trustee in bankruptcy, prior to the submission of the report indicated in the preceding paragraph and such amounts shall be deducted from his fees. 2.

Any interested party may file a challenge with the court against the decision made by the bankruptcy judge on the estimated fees and expenses of the trustee in bankruptcy. 3.

ARTICLE (675)

Apart from the powers given to him under this law, the bankruptcy judge shall assume control over the administration and proceedings of the bankruptcy and shall take necessary measures to keep its funds intact. 1.

He shall convene the creditors for a meeting, in the cases shown in the law, and shall preside over the meetings. 2.

At any time, he may summon the bankrupt or his successors, agents, employees or any other person to hear their statements on matters related to the bankruptcy. 3.

He shall submit to the court, a quarterly report, on the position of the bankruptcy and on each relevant dispute, the court is specialized to decide therein. 4.

ARTICLE (676)

Decisions issued by the bankruptcy judge shall be deposited with the court's records clerk on the day following their issue, and may order, that such decisions be notified to the persons concerned.

ARTICLE (677)

Decisions issued by the bankruptcy judge, may not be challenged except if the law so permits or if such decisions are beyond the limits of his powers. 1.

If it is so permitted, the challenge shall be made through a complaint to be filed with the specialized court of appeal, within ten days from the decision being protested against, or from the date of its being notified to the relevant persons. The court decision shall be issued at the deliberations room summarily and shall not be challengeable, by any means of challenge. 2.

The court may order the stay of execution of the challenged decision temporarily until the challenge has been decided. 3.

ARTICLE (678)

The bankruptcy judge shall appoint one or more controllers from among the creditors who offer themselves as candidates therefor. 1.

The bankrupt and any creditor may, before the court, challenge the decision of the bankruptcy judge for appointment of the controller. However, as a result of such challenge, the execution of the decision shall not be held back. 2.

ARTICLE (679)

The controller or the deputy for the juridical person appointed as a controller may not be a spouse, son-in-law or kin to the fourth degree of the bankrupt.

ARTICLE (680)

In addition to the authorities given to him under specific provisions, the controller shall examine the balance sheet and the report submitted by the debtor and shall assist the bankruptcy judge, in exercising control over the activities of the trustee in bankruptcy. 1.

The controller may request, from the trustee in bankruptcy, to provide clarifications on the progress of the bankruptcy proceedings, its proceeds and expenses as well as the position of cases related thereto. 2.

ARTICLE (681)

1. The controller shall not receive a fee in consideration of his work.
2. He may be removed by a decision from the bankruptcy judge.
3. He shall not be held responsible, except for his serious fault.

CHAPTER III
EFFECTS OF BANKRUPTCY

SECTION 1
WITH RESPECT TO THE DEBTOR

ARTICLE (682)

1. At his own discretion or at the request of the public prosecution or the trustee in bankruptcy, the bankruptcy judge may, at any time, decide the detention of the bankrupt or place him under control, if he intentionally conceals property or books or if he refrains from executing the decisions of the bankruptcy judge, and may order necessary interlocutory measures to be taken to maintain the rights of the creditors, and the public prosecution shall execute such decision with immediate effect.
2. The bankrupt may challenge the decision issued according to the preceding paragraph; however, such challenge may not imply the stay of execution.
3. At any time, the bankruptcy judge may decide to lift the control or the detention against the bankrupt or to lift the interlocutory measures imposed upon him.

ARTICLE (683)

1. Any one who has been adjudged bankrupt may not elect or be elected or appointed in the national council, municipality council, chamber of commerce and industry or professional associations nor shall he be a manager or director of any company nor shall he practice the business of a commercial agency, import, export, brokerage for selling or purchasing the securities or the sale or auction sale.
2. Likewise, any one who has been adjudged bankrupt may not act on behalf of another party, in managing his property; yet a specialized court may permit him, to manage the property of his minor children if this shall not involve any harm to them.

ARTICLE (684)

The bankrupt may not remain absent from his place of residence without notifying the trustee in bankruptcy in writing of his whereabouts nor change it or leave the country except with permission from the bankruptcy judge.

ARTICLE (685)

Upon the adjudication of bankruptcy being rendered, the bankrupt shall be prevented from operating and disposing of his properties, and any acts of disposal made by him on the day on which the bankruptcy adjudication has been rendered shall be deemed to have occurred thereafter. 1.

If the act is such that it may neither be undertaken nor executed against a third party except by registration or other procedures, it shall not apply to the body of the creditors unless such procedure has been made prior to bankruptcy adjudication being issued. 2.

ARTICLE (686)

Prevention of the bankrupt from managing and disposing of his properties, shall not impede him from taking necessary measures to safeguard his rights.

ARTICLE (687)

Once that adjudication of bankruptcy has been rendered, the bankrupt may neither discharge his debts nor recover his dues. 1.

Yet, if the bankrupt is a holder of a commercial paper, he may settle its value at the time of its maturity, unless the trustee in bankruptcy objects to such settlement, in accordance with article (543). 2.

ARTICLE (688)

After the adjudication of bankruptcy is being issued, no setoff shall be made between the bankrupt's rights and obligations, unless a linkage is found to exist between them. The linkage shall, in particular, exist if both right and obligation arise from one cause or if they are combined in one current account.

ARTICLE (689)

Prevention of the bankrupt to manage and dispose of, shall include all of the properties owned by the bankrupt on the day on which the adjudication of bankruptcy is being issued, as well as the properties whose title passes on to him while he is in a state of bankruptcy. 1.

Notwithstanding that, the prevention from the management and disposal, shall not include the following : 2.
Properties that may not be seized by law and the subsidies dispensed to him. a.

- Properties owned by some one, other than the bankrupt. b.
- Such rights as related to the vital status of the bankrupt. c.
- Compensations that become due to the beneficiary against a proper insurance contract entered into by the bankrupt, before he adjudication of bankruptcy has been issued; yet the beneficiary shall be under obligation to repay to the bankrupt, as of the date indicated by the court for suspension of payment unless otherwise provided for by law. d.
- Prevention of the bankrupt from the management and disposal as stated under clause (1) shall not include the rights that belong to the bankrupt as a person or in his capacity as a head of the family of the rights that have to do with an exclusively moral interest. e.

The prevention also shall not apply to the profits that the bankrupt may have earned by virtue of his activity or industry, to such an extent as the judge may consider appropriate enough for the bankrupt to meet his needs and to support himself and his family.

ARTICLE (690)

If an inheritance has devolved upon the bankrupt, his creditors shall have no lien over the properties of such inheritance, except after the creditors of the inheritance receive their dues from such properties. 1.

The trustee in bankruptcy shall liquidate the properties of the inheritance that have devolved upon the bankrupt and shall satisfy all debts due therefrom, under the supervision of the bankruptcy judge. Upon the adjudication of bankruptcy being issued, all cases related to the properties of the inheritance and procedures of execution in respect thereof shall be suspended until the liquidation of he inheritance is completed. 2.

ARTICLE (691)

Action may not be lodged by or against a bankrupt nor may be proceeded with, after the adjudication of the bankruptcy is being issued, with exception of the following actions :

Actions related to the properties, rights and disposal which are irrelevant to the prevention of the bankrupt from the management and disposal. 1.

Action related to the works of bankruptcy which the bankrupt is authorized to perform under law. 2.

Penal actions. 3.

Actions ready for adjudication by estoppel of pleading therein. 4.

ARTICLE (692)

The court may authorize the admission of a bankrupt in the actions of bankruptcy. 1.
It may also authorize the creditor to be admitted in these actions if he has a particular interest therein.

If a penal action or an action related to him in person or to his vital status, has been filed by or against the bankrupt, the trustee in bankruptcy shall be admitted in such action if it involves financial claims. 2.

ARTICLE (693)

If, after declaration of his bankruptcy, the bankrupt has been condemned for compensation against damages caused to a third party, the beneficiary may be admitted in the bankruptcy, unless his involvement as an accomplice with the bankrupt has been proved.

ARTICLE (694)

After the statements of the trustee in bankruptcy come for hearing before the judge of bankruptcy, the latter may decide for a financial aid to be provided from the funds of the bankruptcy to the one who has applied for, at the request of the bankrupt or whomever he supports. 1.

At the request of the trustee in bankruptcy or the applicant for the subsidy, or at his discretion, the judge of bankruptcy may, at any time, amend the amount of subsidy or order its cancellation, however this decision may be objected by challenge. 2.

Payment of the subsidy shall be suspended if the compromise has been ratified or if a state of creditors club has been established. 3.

ARTICLE (695)

The bankrupt may obtain a permission from the judge of the bankruptcy to practice a new business without having access to the monies of the bankruptcy, and thus the creditors whose debts have arisen in consequence of such business shall have the priority to get their dues satisfied therefrom.

ARTICLE (696)

The following acts may not be adhered to, in facing the body of the creditors, if such acts are done by the debtor after suspension of payment and before the adjudication of bankruptcy :

All donations, except for the customary small gifts. 1.

- Settlement of the debt, before maturity of the term, regardless of the manner of such settlement. 2.
- Settlement of the payable debts in a manner other than agreed; however, settlement by way of a security or a bank transfer shall be considered like payment in cash. 3.
- Any incidental mortgage or security being made on the properties of the debtor to secure previous debt. 4.

ARTICLE (697)

All acts of disposing by the bankrupt other than those mentioned in the preceding article during the indicated period, may be adjudged inexecutable vis-a-vis body of creditors, if such act is deemed to inflict harm upon them and if the disposee becomes aware, at the time of its occurrence, that the insolvent has stopped payment.

ARTICLE (698)

In all cases referred to, in the above two articles, the body of creditors may file an action for redemption. However, if the subject of the settlement is a bill of exchange the cheque in his favour only. However, if the subject of settlement is a bond to the order, the action may only be filed against the first endorser and in both cases, the evidence should be established that the person from whom the redemption is requested, is aware at the time when the commercial paper is issued of the debtor's stop-payment.

ARTICLE (699)

The rights of mortgage or lien levied on the debtor's property maybe adjudged invalid vis-a-vis the body of creditors, if a record thereof has been made after the date of the cease payment. 1.

The creditor shall not give, from the proceeds of the sale subjected for mortgage or lien, to the holder of the mortgage following the mortgage adjudged to be invalid vis-a-vis the creditors, except what he obtains, on the presumption that the previous mortgage is considered valid, and the difference shall devolve to the body of the creditors. 2.

ARTICLE (700)

If an act of disposal, towards the body of creditors, is adjudged to be invalid, the disposee shall be liable to return to the bankruptcy, what he obtains from the insolvent in accordance with such disposal or to return the value of the thing at the 1.

time when it is received by him, and shall undertake to pay the proceeds of what he has received, from the date of receipt, in consideration of his benefits.

The dispossesee shall have the right to take back the reimbursement given by him to the insolvent, if such reimbursement in itself exists in the bankruptcy. However, if it does not exist, the dispossesee shall have the right to make a claim against the body of the creditors for the benefit that has accrued from such disposal, and shall join the bankruptcy as an ordinary creditor in respect of any excess thereto. 2.

ARTICLE (701)

The trustee in bankruptcy shall solely apply for non-implementation of the debtor's disposal towards the body of creditors, if the disposal occurs before the bankruptcy adjudication has been issued, in accordance with the rules set forth in the civil transactions law.

It follows from the judgement for non-implementation of the disposal that it shall be rendered ineffective for all the creditors whether their rights have ensued before or after the disposal.

ARTICLE (702)

The legal period, for non-hearing of the action brought by the trustee in bankruptcy against a third party, as well as the other periods prescribed by law for the procedures to be taken by the insolvent or by the trustee in bankruptcy, shall be extended by six months from the date the bankruptcy adjudication comes into effect. 1.

Actions arising from implementing the rules provided for in the Article (696, 697, 698, 699, 701) shall not be heard in the case of denial or absence of legal excuse, after the lapse of two years from the date of the bankruptcy adjudication being issued. 2.

SECTION 2 WITH RESPECT TO THE CREDITORS

ARTICLE (703)

Upon the adjudication of bankruptcy being issued, a body of the creditors whose rights vis-a-vis the insolvent have resulted from a valid cause before the adjudication of bankruptcy, shall come into existence by force of law. Such body shall enjoy the juridical personality and shall be represented by the administrator of the bankruptcy. According to the preceding paragraph, owners of debts secured by mortgage or a special lien shall not be included in the list of the creditors, except in the cases where they join the bankruptcy as ordinary creditors as provided for hereunder.

ARTICLE (704)

If follows from the adjudication of bankruptcy that all individual proceedings and actions brought against the insolvent by the ordinary creditors or by the creditors holding general liens shall be suspended. 1.

The creditors referred to in the preceding paragraph, may not carry the procedures into execution against the properties of the insolvent nor shall complete the procedures that have started before the adjudication of bankruptcy being issued. Yet, if a day has been fixed for selling the real estate of the bankrupt, the procedures of execution may be continued by permission from the judge of the bankruptcy, and the proceeds shall devolve to the bankruptcy. 2.

Neither the actions in progress nor a fresh action or any other legal proceedings may be taken against the bankruptcy after the adjudication of bankruptcy being issued, unless the judge of the bankruptcy gives the permission to do so, under such conditions as decided by him, except for the loan holders and special liens holders who may institute actions or proceed with them vis-a-vis the trustee in bankruptcy, and may carry or continue the execution made on the properties on which their securities are placed. 3.

ARTICLE (705)

The adjudication of the bankruptcy shall extinguish all the term cash debts that become due on the insolvent, whether such debts are common or secured by general or special lien. 1.

An amount equivalent to the legal interest for the period extending from the date of the adjudication of bankruptcy to the date of the maturity of the debt, shall be deducted by the court, from the deferred debt on which no interest has been stipulated. 2.

ARTICLE (706)

The adjudication of the bankruptcy shall discontinue the interests of the common debts for the body of the creditors. 1.

No claim may be made for the interests on the debts secured by mortgage or a lien, except for the amounts resulting from the selling of the properties that secure such debts. The principal debt shall be deducted first, followed by the interests that become due before the adjudication of the bankruptcy being issued, and then the interests that become due after its being issued. 2.

ARTICLE (707)

Debts subject to a terminating condition may join the bankruptcy, provided a guarantor is supplied; however, debts governed by a suspending condition may not receive its share from the distributions until the disclosure of such condition.

ARTICLE (708)

If a number of persons are jointly liable towards one debt and any of them is being declared insolvent, other persons shall not be affected by such insolvency, unless otherwise provided for by law. 1.

If a compromise has been made with an obligor who has gone bankrupt, the terms of such compromise shall not apply to other obligors. 2.

ARTICLE (709)

If a creditor receives part of the debt, from any of the persons who are jointly liable for one debt, and the rest of the liable persons or any of them becomes bankrupt, the creditor may not have access to the bankruptcies except for the remaining part of his debt. However, he shall reserve his right to claim the remaining part of the debt, from the insolvent party, and such person may have access to each bankruptcy, to the extent of the amount he has settled thereof.

ARTICLE (710)

If all those who are jointly liable for one debt have gone bankrupt at one time, the creditor may take part in each bankruptcy, for all of his debt until his debt has been fully satisfied including the principal, the expenses and the interests. 1.

A bankruptcy may not claim from another bankruptcy anything it has settled for it. 2.

If the total amount obtained by the creditor exceeds his debt and its accessories, the surplus shall be given to the bankruptcy of any one guaranteed by others, in the order of their obligations towards the debt. However, if such arrangement does not exist, the surplus shall be transferred to the bankruptcies that have paid in excess of their share in the debt. 3.

SECTION 3
OWNERS OF DEBTS SECURED
BY A MORTGAGE OR A LIEN ON A MOVABLE

ARTICLE (711)

Names of the bankrupt's creditors, the owners of debts secured by a mortgage or a lien on a movable, shall be included in the list of the creditors, with reference to the mortgage or the lien. 1.

At any time after obtaining a permission from the judge of the bankruptcy, the trustee in bankruptcy may pay the debt secured by mortgage and redeem the mortgaged things in favour of the creditors. 2.

ARTICLE (712)

If the mortgaged movable is sold at the request of the loan holder, at a price exceeding the debt, the trustee in bankruptcy shall receive the excess amount in favour of the creditors, and if the price is less than the debt, the loan holder shall join the bankruptcy to the extent of his remaining dues as an ordinary creditor, provided that his debt is being verified in accordance with the provisions of the law. 1.

The trustee in bankruptcy may notify the loan holder, that legal proceedings should be taken for execution on the mortgaged things before the expiry of the consolidation. However if the loan holder fails to take such proceedings, the judge of the bankruptcy may authorize the trustee to sell the mortgaged movables, at the request of the trustee, and after hearing the statements of the loan creditor. The decision by the judge of the bankruptcy for permission of sale, shall be notified to the loan holder who may challenge the decision, thus causing the stay of execution on the sale. 2.

ARTICLE (713)

After obtaining the permission from the judge of bankruptcy, the trustee in bankruptcy, within (10) ten days from the adjudication of bankruptcy has been issued, may pay the wages and salaries of the workers and employees that fall due before the adjudication of bankruptcy has been issued, for a period of thirty days, from the money of the bankruptcy held at his disposal, regardless of any other debt. However, if the trustee of the bankruptcy has no sufficient money for payment of such debts, the first money that comes into the bankruptcy shall be used for payment, regardless of any other debts that have priority in the list of liens. 1.

The amounts due for the said categories, if they exceed those indicated in the preceding paragraph, shall be on the list of priority prescribed by law. 2.

ARTICLE (714)

If the trustee settles a debt from his money or if such debt is settled by another person, he shall subrogate the parties concerned in whatever rights they may have, and shall recover his debt from the first money that comes into the bankruptcy, and none of them shall have the right of objection thereto.

ARTICLE (715)

In the case of termination of a tenancy according to Article (722), the owner of the property rented to a bankrupt shall have a lien upon it as a guarantee of the rent, due to him for the year preceding the adjudication of the bankruptcy being issued as well as for the current year. However, if the movables lying in the rented property are sold or removed, the landlord shall continue to hold his right of lien.

ARTICLE (716)

The lien prescribed for the government, against taxes of different kinds shall include only the debt of the tax, due from the bankrupt, for the two years preceding the adjudication of bankruptcy being issued. However, except for these two years, due taxes shall be included in the distributions being common debts.

ARTICLE (717)

Upon a proposal made by the trustee in bankruptcy, the judge of the bankruptcy may order, if necessary, to use the first money that comes into the bankruptcy, for payment of the claims of the creditors who have a lien upon the bankrupt's movables, provided that their names are included in the final list of unobjected debts referred to, in paragraph 1 of the Article (757). However, if an objection to the lien occurs, the payment may not be made except after it is decided in a final judgment.

SECTION 4
OWNERS OF DEBTS SECURED BY
A MORTGAGE OR A LIEN UPON REALTY

ARTICLE (718)

If the proceeds from the realty have been distributed prior to the distribution of proceeds from the movables, or if both distributions have taken place together, the loan holders or the preferred creditors who have not received their debts in whole or in part, from the proceeds of the realty, shall join the ordinary creditors, to the extent of their remaining debt, in the distribution of the properties whose the body of creditors' right is related thereto, provided that their dues have been realized.

ARTICLE (719)

If one or more distributions of the proceeds from the movables take place before distribution of the proceeds from the properties, the loan holders or the preferred creditors, shall take part in the distributions with all of their dues, provided that such dues have been realized. 1.

Following the sale of the realty and completion of the final settlement, according to the ranks of the loan holders and preferred creditors, any one whose rank of the loan holders and preferred creditors, any one whose rank qualifies him to obtain the whole of his debt from the proceeds of the said properties, may not receive the debt except after deduction of the amount that he has obtained from the proceeds of the movables, and such amount shall be reimbursed to the body of ordinary creditors. 2.

ARTICLE (720)

The loan holders or the preferred creditors, who don't receive any thing from the proceeds of the realty, on which their deposits have been placed, shall be considered ordinary creditors, and in such capacity, all effects arising from the acts by the body of the creditors and the judicial composition, if occurs, shall apply to them.

SECTION 5
EFFECT OF BANKRUPTCY ON
PROPER CONTRACTS CONCLUDED BEFORE ITS DECLARATION

ARTICLE (721)

The declaration of bankruptcy shall not lead to the termination of the contracts binding on both sides, of which the bankrupt is a party, except if they are based on personal considerations. 1.

If the trustee in bankruptcy fails to perform the contract, or if he fails to continue with its performance, the other party may apply for termination, and any decision taken by the trustee in bankruptcy, in respect of the contract, shall be brought before the judge of the bankruptcy to be passed by him. However, the other party may give the trustee in bankruptcy, a grace period to explain his position with regard to the contract. 2.

The contracting party may join the bankruptcy as an ordinary creditor in the compensation resulting from the termination, unless it is provided that the compensation shall retain the lien prescribed thereto by law. 3.

ARTICLE (722)

If the bankrupt is a holder of the lease of the premises, in which he practises the business, the declaration of bankruptcy issued shall not cause termination of the tenancy or maturity of the rent for the remaining period of the tenancy, and any condition to the contrary shall be considered non-existing. 1.

If the landlord has proceeded with the execution on the movables available in the leasehold, and such execution has not been completed when the adjudication of the bankruptcy is made, the stay of execution shall become imperative for a period of 2.

sixty days from the date of such adjudication, without prejudice to the landlord's right in taking precautionary measures, and to apply for the eviction of the leasehold, in accordance with the general rules; however in this case, the stay of execution shall cease to be in force, without having a decision been issued to this effect. However, the judge of bankruptcy may order that the stay of execution shall continue for another thirty days, if it is deemed necessary by him, and the trustee in bankruptcy shall notify the landlord, during the period while the stay of execution is effective, of his desire to terminate the tenancy or to continue with it.

If the trustee decides to continue with the tenancy, he shall be required to pay the rent in arrears and to provide a sufficient guarantee for settlement of the future rent. However, the landlord may demand from the judge of bankruptcy to terminate the tenancy if the guarantee is insufficient, within fifteen days from the date he has been notified that the trustee in bankruptcy is willing to continue the tenancy. 3.

The trustee in bankruptcy, after obtaining a permission from the judge of the bankruptcy, may sublet the property or assign the rent, even if the bankrupt is prevented from doing so under the tenancy contract, provided that no damage should be caused to the landlord and that there is a clear and true interest for the body of the creditors and that the landlord has been fairly compensated. 4.

ARTICLE (723)

If the employer goes bankrupt, the worker and the trustee in bankruptcy may terminate the contract, subject to the rules provided for in the labour law.

ARTICLE (724)

The agency shall expire upon the bankruptcy of the agent or bankruptcy of the principal; however, the agency may not be terminated upon the bankruptcy of the principal, if the agent or the third party has interest therein.

SECTION 6 **REDEMPTION**

ARTICLE (725)

Any person may recover from the bankruptcy particular things by themselves that his title thereto is established at the time when the bankruptcy is declared. 1.

The trustee in bankruptcy, after taking the opinion of the controller and obtaining a permission from the judge of bankruptcy, may return the thing to its owner, and if the trustee in bankruptcy refuses to return the same, the matter shall be referred to the court. 2.

ARTICLE (726)

The goods held in possession of the bankrupt as a deposit or for some time, or to be sold in favour of its owner, or for the purpose of handing them over to him, provided they are specifically available in the bankruptcy. Also the price of the goods may be recovered, if no settlement in respect thereof has been made, whether in cash, or as a commercial paper or through a setoff or by making entry thereof in a current account between the bankrupt and the buyer. 1.

The person who recovers the thing shall pay to the trustee in bankruptcy the rights due to the bankrupt. 2.

If the bankrupt has deposited the goods with a third party, he may recover them from him. 3.

If the bankrupt has borrowed, by pawning the goods, and at the time of mortgaging the creditor seems to be unaware of the fact that they are not owned by the bankrupt, they may not be recovered except after settlement of the mortgaged debt. 4.

ARTICLE (727)

The commercial papers, and other bonds of value, which are handed over to the bankrupt, may be recovered for collection of their value or profits, or for having them appropriated for a certain settlement if they are specifically in the bankruptcy, if their value has not been paid upon declaration of the bankruptcy.

Nevertheless, such papers and bonds may not be recovered if they have been placed in a current account between the applicant of the recovery and the bankrupt.

ARTICLE (728)

The monies deposited with the bankrupt, be it coins or papers, may not be recovered, unless the redeemer proves his title to them in specific.

ARTICLE (729)

In the cases provided for in the preceding articles, the redeemer shall pay to the trustee in bankruptcy the rights due to the bankrupt.

ARTICLE (730)

If the sale contract is terminated either by judgement or in accordance with a clause in the contract, before the buyer's declaration of bankruptcy has been adjudicated the seller may recover the goods in whole or in part from the bankruptcy, provided they have real existence in rem. 1.

The recovery is possible, even if the termination has been decided after the adjudication of the bankruptcy, provided that the action of replevin or termination has been submitted prior to such ruling. 2.

ARTICLE (731)

If the buyer goes bankrupt before payment of the price, and the goods are still held with the seller, the latter may retain them. 1.

If the buyer goes bankrupt after the goods have been sent to him, and before they are taken into his stores or the stores of his agent who is entrusted with their sale, the seller may recover their possession, yet recovery may not be possible if the goods have lost their identity or if the bankrupt has disposed of them without fraud, before their arrival, according to the bills of title or shipping documents, to a bonafide buyer. 2.

In all cases, the trustee in bankruptcy, after taking the permission from the judge of bankruptcy, may apply for taking delivery of the goods, provided he shall pay to the seller the agreed price, failing which, the seller may abide by his right for termination and his claim for compensation. 3.

ARTICLE (732)

Without prejudice to the provisions of Article (48) hereunder, if the buyer goes bankrupt before payment of the price and after the goods are taken into his stores or the stores of his agent who is authorized to sell them, the seller may not apply for termination of the sale or recovery of the goods, and his right in the lien shall not be sued. 1.

Any clause that enables the seller to recover the goods, or to retain his lien thereupon, shall not be used as argument against the body of the creditors. 2.

SECTION 7

RIGHTS OF THE BANKRUPT'S SPOUSE

ARTICLE (733)

Neither spouse may protest against the body of creditors, in the bankruptcy of the other spouse, with respect to the donations decided to such spouse by the other during the five years preceding the date for suspension of payment. 1.

In the bankruptcy of either spouse, the body of the creditors may not plead for the donations decided to such spouse by the other spouse during the period indicated in the preceding paragraph. 2.

ARTICLE (734)

Either spouse, regardless of the financial system adopted in the marriage, may recover from the bankruptcy of the other his/her movable and immovable properties, if he/she proves his/her title thereto in accordance with the general rules, and such properties shall remain charged with the rights accrued thereto by a third party in a legal way.

ARTICLE (735)

Properties purchased by the bankrupt in favour of the minors under his guardianship, as of the date he has practised the business, are deemed to have been purchased with the money of the bankrupt and thus it shall be included in the assets of the bankruptcy, unless otherwise proved. 1.

Properties that the bankrupt's spouse buys in favour of the other spouse during the five years preceding the date of the bankruptcy declaration are deemed to have been purchased with the money of the bankrupt and thus it shall be included in the assets of the bankruptcy, unless otherwise proved. 2.

Any settlement by either spouse of the debts due from the other spouse who goes bankrupt, is deemed to have possession of the money of such spouse unless otherwise is proved. 3.

CHAPTER IV
ADMINISTRATION OF BANKRUPTCY

SECTION 1
ADMINISTRATION OF ASSETS

ARTICLE (736)

As soon as the adjudication of bankruptcy is issued, the judge of the bankruptcy shall seal the bankrupt's place of business, offices, safes, books, papers, and movables, and may depute any of the court's employees to do so, and the president of each court having jurisdiction over any properties for the bankrupt shall be informed of that, in order to seal such property. 1.

If it appears to the judge of the bankruptcy, that it is possible to make inventory of the bankrupt's property in one day, he may proceed forthwith with such inventory without the need to put the seals. 2.

A record of sealing shall be made and signed by those who have done such procedure, and shall be handed over to the judge of the bankruptcy if such procedure is not made by him. 3.

ARTICLE (737)

The clothes and movables needed by the bankrupt and those whom he supports, may not be sealed, and such things shall be determined by the judge of the bankruptcy however a list thereof shall be handed over to the bankrupt to be signed by him as well as the judge of bankruptcy.

ARTICLE (738)

The judge of the bankruptcy may order spontaneously or as requested by the trustee in bankruptcy, to seal or unseal the following things :- 1.
Commercial books. a.

Commercial papers, and other papers that become due for settlement within a short period, or papers that need procedures to maintain the interests established therein. b.

Monies needed for spending on the urgent affairs of the bankruptcy. c.

Things that are exposed for quick damage or for urgent depreciation in value, or things whose maintenance need heavy expenses. d.

Things needed for operating the place of business, if it is decided to continue with its operation. e.

Inventory of things stated in the preceding paragraph, shall be made and signed by the judge of the bankruptcy, or by any one deputed by him for this purpose, and a 2.

list thereof shall be handed over to the trustee in bankruptcy and shall be signed by
him.

Commercial papers may not be handed over except after being closed by the judge
of bankruptcy in presence of the bankrupt, if possible. 3.

ARTICLE (739)

As requested by the trustee in bankruptcy, the judge of the bankruptcy may remove
the seals in order to make an inventory of the bankrupt's properties. 1.

Removal of seals and inventory shall begin within five days from the date the
declaration of bankruptcy has been issued. 2.

ARTICLE (740)

The inventory shall take place in presence of the judge of bankruptcy or anyone
whom he deputizes for such purpose, as well as the trustee in bankruptcy and the
court's clerk, and the bankrupt shall be notified thereof and he may be attend. 1.

A list of inventory in duplicate shall be made and shall be signed by the judge of
the bankruptcy or anyone whom he deputizes for this purpose, as well as the trustee
in bankruptcy and the court's clerk. However, one copy of the inventory list shall
be deposited with the court and the other shall remain with the trustee. 2.

The properties that have not been sealed or seals have been taken off them must be
shown in the list. 3.

The assistance of an expert may be needed for making the inventory and for
estimation of the properties. 4.

ARTICLE (741)

If the bankruptcy is declared following the death of the trader, and no list of inventory is
being made on the occasion of death, or if the trader dies after the declaration of his
bankruptcy, and before initiating or completing the list of inventory, the list shall be made
immediately or shall be proceeded with as shown in the preceding article, in presence of
the bankrupt's heirs or after their notification of the presence.

ARTICLE (742)

The trustee in bankruptcy, after the inventory has been made, shall take over the
properties, books and papers of the bankrupt, and he shall sign to this effect at the end of
the list.

ARTICLE (743)

If the balance sheet has not been supplied by the bankrupt, it shall be made immediately by the trustee in bankruptcy or by a chartered auditor with permission from the court, and shall be deposited with the court as soon as it is completed.

ARTICLE (744)

Letters addressed in the name of the bankrupt and related to his activities, shall be received by the trustee in bankruptcy, who shall open such letters and maintain them, and the bankrupt shall have access to them.

ARTICLE (745)

The trustee in bankruptcy shall perform all the necessary actions to safeguard the interests of the bankrupt towards the third parties, and shall claim such interests and get them satisfied. 1.

And shall make record of any real rights due to the bankrupt on the properties of his debtors, if the bankrupt fails to make such record. 2.

And shall submit to the judge of the bankruptcy a report on the position of the bankruptcy, at least once every three months. 3.

ARTICLE (746)

The properties of the bankruptcy may not be sold, during the period of preliminary proceedings, however, as requested by the trustee in bankruptcy, the judge of bankruptcy may permit the sale of the things exposed for quick damage, or fast depreciation in the value, or whose maintenance needs heavy expenses. Permission for selling the properties of the bankruptcy may also be given, if the sale is necessary for obtaining funds to spend on its affairs, or if the sale realizes a certain benefit for the creditors or for the bankrupt, and in the last case, sale may not be permitted except after the opinion of the controller has been taken and the statements of the bankrupt have been heard or after he has been notified of the sale. 1.

The sale of the movable shall be effected in the manner indicated by the judge of the bankruptcy, however; the sale of the realty shall be effected in accordance with the rules provided for in the execution made on realty, under the civil procedures law. 2.

The decision issued by the judge of bankruptcy for selling the properties of the bankrupt may be objected by challenge. 3.

ARTICLE (747)

After the opinion of the controller is taken, and the statements of the bankrupt have been heard or after he has been notified, the judge of the bankruptcy may authorize 1.

the trustee in bankruptcy to make the composition or to accept the arbitration in any dispute related to the bankruptcy, even if it related to real estate rights or actions.

If the disputed amount is not indicated, or if its value exceeds Dhs. (10,000) ten thousand dirhams, the preventive composition or the acceptance of the arbitration, shall not become effective except after its conditions have been authenticated by the judge of the bankruptcy. The bankrupt shall be served with a summons to appear, and the judge of the bankruptcy shall hear his statements upon his appearance. 2.

The trustee in bankruptcy shall not assign any right for the bankrupt, nor shall he acknowledge any right of a third party, except under the conditions indicated in the two preceding paragraphs. 3.

If the decision, issued by the judge of the bankruptcy, has rejected the authentication of the composition or the arbitration it may be challenged. 4.

ARTICLE (748)

As requested by the trustee in bankruptcy or by the bankrupt, and after the opinion of the controller is taken, the judge of the bankruptcy may give the permission to continue with the operation of the trading store, if it serves the public interest or the interest of the debtor or the creditors. 1.

As proposed by the trustee, the judge of the bankruptcy shall appoint someone to administer the trading store and its rent. The bankrupt may be appointed to take charge of the administration, and the fee obtained by him shall be considered as subsidy to him. 2.

The trustee in bankruptcy shall exercise control over the person whom he appoints for administration and shall submit a monthly report, to the judge of bankruptcy, on the progress of the business. 3.

The bankrupt and the trustee in bankruptcy may challenge the decision that calls for discontinuity of the operation of the trading store. 4.

ARTICLE (749)

In the case of the bankrupt's death, his successors shall replace him, in the procedures of bankruptcy, and they can appoint someone to represent them in this matter. However, if they fail to agree on someone to represent them, the judge of the bankruptcy, as requested by the trustee in bankruptcy, may do so; and at any time, the judge may remove the representative of the successors and appoint replacement for him. 1.

ARTICLE (750)

The amount collected by the trustee of the bankruptcy in its favour shall be deposited with the court's treasury or with the bank indicated by the judge of bankruptcy, on the day of collection, or on the first working day that follows the deduction of the amounts appropriated for expenses. The trustee in bankruptcy shall submit to the judge of bankruptcy a statement of account on such amount, within five days from the date of the deposit being made. 1.

Such amounts or other amounts deposited by third parties in favour of the bankruptcy, may not be drawn except by an order from the judge of the bankruptcy. 2.

ARTICLE (751)

The judge of the bankruptcy, if necessary, and after the opinion of the controller is taken, may order that the distributions should be made among the creditors whose debts have been realized. The distribution shall be in accordance with a list, to be prepared by the trustee of the bankruptcy and marked by the judge of the bankruptcy, that the distribution has been made. 1.

The bankrupt and any one with interest, may challenge the decision given by the judge of the bankruptcy for making the distributions among the creditors. 2.

SECTION 2
REALIZATION OF DEBTS

ARTICLE (752)

All the creditors, even if their debts are guaranteed by collateral securities, or established by decisive judgements, shall hand over to the trustee of bankruptcy, after the adjudication of the bankruptcy declaration has been issued, their debts accompanied with a statement on such debts and their amount on the basis of the exchange rate, prevailing on the day on which the adjudication of the bankruptcy declaration has been issued. The statement shall be signed by the creditor or his agent and receipt to the effect that he has received the statement and the debt documents shall be made by the trustee in bankruptcy. 1.

The Statement and the documents may be sent to the trustee in bankruptcy. 2.

The trustee in bankruptcy shall return the documents to the creditors, after the closure of the bankruptcy, and shall be responsible therefor for a period of one year from the date of its closure. 3.

ARTICLE (753)

If all creditors whose names are recorded in the balance sheet, fail to submit documents of their debts, within ten days following the publication of the adjudication of the bankruptcy declaration in the local newspapers, the trustee in bankruptcy ought to publish , in a daily newspaper as required by the judge of the bankruptcy, a notice for the creditors to submit their documents accompanied with the statement referred to in the preceding article, with a notification to be served on the creditors whose addresses are known . 1.

The creditors shall submit documents of their debts accompanied with the statement, within ten days from the date of publication in the newspapers, and a period of one month shall be given to the creditors living abroad. 2.

ARTICLE (754)

The trustee in bankruptcy shall realize the debts with the assistance of the controller, in the presence of the bankrupt or after he has been notified of presence. 1.

If the trustee in bankruptcy or the controller or the bankrupt, objects to any of the debt, its amount or its collateral, the trustee in bankruptcy ought to notify the creditor, of that immediately. 2.

The creditor may submit written or verbal explanations, within ten days from the date of the notification being received, and a period of thirty days shall be given for the creditor if he is living abroad.

The debts held due to the government, as taxes of different kinds shall not be subject for realization. 3.

ARTICLE (755)

The trustee in bankruptcy, after the realization of the debts, shall deposit with the court, a list showing the debts, their documents and reasons for objection thereto, and his remarks on the acceptance or redaction thereof, and shall deposit a list of the names of creditors, who claim particular securities on the properties of the bankrupt, showing the amount of such debts and kind of such securities and the funds appropriated thereto. 1.

Such deposit shall be made within sixty days, at the most, from the date of the adjudication of the bankruptcy declaration; however the period may be made longer, if necessary , upon a decision issued by the judge of the bankruptcy. 2.

ARTICLE (756)

The bankrupt and any creditor whose name is mentioned in the list of debts, shall object to the debts in the list , within ten days from the date of publication in the newspapers of the deposit having taken place. A period of thirty days shall be given, if the creditor is living abroad. The objection shall be brought before the judge of the bankruptcy, and may be sent by a registered letter or by cable. 1.

ARTICLE (757)

After the expiry of the period provided for in the preceding article, the judge of bankruptcy may draw a final list of the unobjected debts, and mark the statement accompanied with the documents of such debts, indicating their acceptance and the amount accepted from each debt. 1.

The judge of bankruptcy may consider the debt to be objected, even if no objection has been made in respect thereof. 2.

The judge of the bankruptcy shall decide in the objected debts within thirty days from the date of expiry of the period given for objection. 3.

The judge of the bankruptcy shall notify the parties concerned, of the time of the session, at least three days before its being held, and shall notify them of the decision given on the objection with immediate effect. 4.

ARTICLE (758)

The decision issued by the judge of the bankruptcy, for acceptance or rejection of the debt may be challenged. 1.

The challenge may not stop the proceeding of bankruptcy, unless the court has ordered for same. 2.

Before a decision is given in the challenge, the court may order the acceptance of the debt temporarily, at an amount to be estimated by it. 3.

The debt may not be accepted temporarily if a penal action has been filed in respect thereof. 4.

If the challenge to the debt is related to its collateral, it shall be accepted temporarily as an ordinary debt. 5.

The creditor whose debt has not finally or temporarily been accepted shall not take part in the bankruptcy procedures. 6.

ARTICLE (759)

The creditors who have failed to submit their demand within the legal period, shall not take part in the current distributions, ; however , they may raise objection until the distribution of money is completed. Moreover, they shall bear the expenses of such objection . 1.

The stay of execution in respect of the distributions ordered by the judge of the bankruptcy shall not come forward as result of such objection. However, the said creditors may take part in the new distributions, based on the amounts temporarily estimated by judge of the bankruptcy, and their shares shall be retained until the decision in the objection has been given. 2.

If their debts have been established thereafter, they may not claim shares in the distribution that has been made; however, they may take from the remaining amount without distribution , the shares of their debts which would have devolved to them, had they taken part in the previous distributions. 3.

SECTION 3
CLOSURE OF BANKRUPTCY FOR LACK OF FUNDS

ARTICLE (760)

If the proceedings of the bankruptcy have stopped for lack of funds, before having had the preventive composition or the state of consolidation, been ratified , the court may order its closure, spontaneously or upon a report from the judge of the bankruptcy. 1.

As a result of the decision to close the bankruptcy for lack of funds, each creditor shall have the right to take the actions and to proceed with individual cases against the bankrupt. 2.

If the debt of the creditor has been realized and finally accepted in the bankruptcy, he may carry the execution against the properties of the bankrupt, according to an order of settlement given by the judge of the bankruptcy including the amount of the debt and its final acceptance and the decision for closure of the bankruptcy due to lack of funds. 3.

ARTICLE (761)

The bankrupt and any person of interest may, at any time, request from the court to cancel the decision for closure of the bankruptcy for lack of funds, if it is established that the funds are sufficient to meet the expenses of the bankruptcy, or if a sufficient amount has been handed over to the trustee of the bankruptcy for that purpose. 1.

The court may either spontaneously or as requested by the judge of the bankruptcy, reopen the bankruptcy and continue with its procedures. 2.

In all cases, expenses of procedures made in accordance with the two preceding paragraphs shall be paid on priority basis. 3.

CHAPTER V
TERMINATION OF BANKRUPTCY

SECTION 1
DISINTEREST OF CREDITORS

ARTICLE (762)

After the list of debts referred to in Article (757) has been made, the court, at any time and at the request of the bankrupt, may order that the bankruptcy should be terminated, if there is an evidence that he has satisfied all debts of the creditors who have been introduced into the bankruptcy or if he has deposited with the trustee in bankruptcy, the necessary amount for settlement of such debts from the principal, interest and expenses of the bankruptcy.

ARTICLE (763)

The court may not decide that the bankruptcy should be terminated, if the interest of the creditors no longer exist, except after having recognized the report given by the judge of the bankruptcy showing that one of the two conditions indicated in the preceding article , has been materialized. 1.

The bankruptcy shall be terminated, once the decision has been issued, and the bankrupt shall recover all of his rights except what is needed for a judgement of rehabilitation to be issued. 2.

SECTION 2
JUDICIAL COMPOSITION

ARTICLE (764)

The judge of bankruptcy shall invite the creditor whose debts have been finally or provisionally accepted, to attend the deliberations in the composition. 1.

The invitation shall be addressed to the composition meeting in case that no objection to the debts has been received within seven days following the list of debts referred to in Article (757) . However, in case that the objection occurs, the invitation shall be addressed, within fifteen days following the expiry of the period 2.

fixed for the challenge, before the judge of the bankruptcy, against the last decision issued by him in respect of acceptance or rejection of the debts.

The trustee in bankruptcy, within the period provided for in the preceding paragraph, shall publish the initiation for attending the deliberations on the composition, in a daily newspaper as indicated by the judge of the bankruptcy. 3.

ARTICLE (765)

The compositions meeting shall be held under the chairmanship of the judge of bankruptcy, at such place and time as indicated by him. 1.

The meeting shall be attended by the creditors themselves or by proxies authorized for this purpose. 2.

The bankrupt shall be invited to attend the meeting, and he may not appoint anyone on his behalf, except for such serious reasons as accepted by the judge of the bankruptcy. However, if he is detained, he shall be permitted to attend the meeting by order from the judge. 3.

ARTICLE (766)

The trustee in bankruptcy shall submit to the composition meeting a report on the state of the bankruptcy and the last procedures taken in respect thereof, and the proposal made by the bankrupt regarding the composition and comments of the trustee thereon. 1.

The report made by the trustee in bankruptcy shall be read out, before the composition meeting, and shall be duly signed and handed over by him to the judge of the bankruptcy, and statements of the bankrupt shall be heard and a minute of the meeting shall be taken by the judge of the bankruptcy. 2.

ARTICLE (767)

The composition shall not be made, except if it is approved by a number of the creditors, representing the numerical majority and holding two thirds of the debts the have been finally or provisionally accepted. 1.

The creditor who absents himself from the meeting of the composition is considered to be objector thereto. 2.

ARTICLE (768)

The spouse of the bankrupt or his relatives or his in - laws, upto fourth degree, to whom the bankrupt is indebted, may not take part in the deliberation of the composition or vote for its conditions. 1.

If any such creditor assigns his debt to a third party after the adjudication of the bankruptcy has been issued, the assignee may not take part in the deliberations of the composition or vote for it. 2.

ARTICLE (769)

The creditors having real collateral on the properties of the bankrupt, may not vote in the composition on account of their debts secured by the said collateral, except if they assign such collateral in advance, and if such assignment is mentioned in the minute of the session. 1.

If any of the said creditors mentioned in the preceding paragraph, takes part in voting for the composition without declaring his assignment of the collateral, it shall be considered an assignment of the collateral. 2.

However, in all cases, the assignment of the collateral shall not be considered final except if the composition has been approved. 3.

If the composition becomes void, the collateral included in the assignment shall be restored. 4.

ARTICLE (770)

The minute of the composition shall be signed at the session, in which voting thereto has been made, even if the composition becomes void. 1.

If either one of the two majorities provided for in Article (767), has not been realized, the deliberations shall be extended for another ten days without giving any further grace period. 2.

The creditors who have attended the first meeting by themselves or through representatives and signed the minute of the session, may not attend the second meeting , and in such case, their approval for the composition given in the first meeting shall remain effective in the second meeting, unless they have attended such meeting and amended their previous approval, or if the debtor has introduced a substantial change to his proposals concerning the composition, during the period between the two meetings. 3.

ARTICLE (771)

Composition may not be made with a bankrupt who has been countermand to a punishment in the fraudulent bankruptcy, and if an enquiry with the bankrupt involved in this crime begins, the deliberations in the composition shall be postponed.

ARTICLE (772)

The judgement passed against the bankrupt in a punishment of bankruptcy by negligence, shall not prevent the composition with him. 1.

If an enquiry with the bankrupt condemned in this crime has started, the creditors may proceed with the deliberation in the composition or may postpone the deliberation. 2.

ARTICLE (773)

The composition may grant the debtor extended periods for settlement of the debts, and may include an assignment to the debtor over a part of the debt; however, the debtor shall remain liable for the part that has been included in the assignment, being a natural debt. 1.

The composition may be made on condition of settlement, if the debtor becomes solvent within five years from the date on which the composition occurs, and the debtor shall not be considered a solvent unless the value of his assets exceeds the debts due from him. 2.

The creditors may apply for supplying one or more guarantors as a surety for implementing the conditions of the composition. 3.

ARTICLE (774)

The judge of the bankruptcy shall submit the minutes of the composition to the court that has declared the bankruptcy for approval, and any one who has been a party to the composition may also apply for its approval. 1.

Any one having interest, shall inform the judge of the bankruptcy in writing, of his remarks on the composition, within five days from the date of the minutes being signed. 2.

The court, within three days from the lapse of the period mentioned in the preceding paragraph, shall make a decision for nullifying or approving the composition. 3.

The decision for nullifying the composition shall be causative, and such decision shall be challengeable. 4.

The composition shall become effective, once the decision for approval thereto, has been issued, and the controller of the bankruptcy shall ensure that its conditions are put into execution; however, if the bankruptcy has no controller, the court shall appoint a controller to ensure that the conditions of the composition have been implemented. 5.

ARTICLE (775)

The composition shall be applied to the creditors who comprise the body of the creditors, as well as to those who have not taken part in its proceedings, nor have agreed to it. 1.

The composition shall not apply to the creditors having liens and pledges, if they have not assigned them, nor shall apply to the ordinary creditors whose debts have ensued, during the period of bankruptcy. 2.

ARTICLE (776)

The decision for approval of the composition shall be declared in a manner similar to that in which the adjudication of bankruptcy is declared, and the extract published in the newspapers shall include the name of the debtor, place of his residence, number of his entry in the commercial register, the date for approval of the decision, and a summary of the most important conditions of the composition. 1.

Within ten days from the date of the court's decision issued for approval of the composition, the trustee in bankruptcy shall arrange to register the extract in the name of the composition controller, in his capacity as a representative for the creditors, with each registration department in the area where the realty of the insolvent exists, and as result of such registration, a mortgage on the said realty shall be created to secure the right of the creditors who are governed by the terms of the composition, and the controller shall apply for writing off the debts, after putting the conditions of the composition into execution. 2.

Subject to the provisions of Article (48), hereunder, and within the period stated in the preceding paragraph, the trustee in bankruptcy shall record the brief of judgment for approval of the composition, in the name of the controller, in his capacity as a representative for the creditors, with the commercial register office, in which area the bankrupt's place of business exists, and a result of such entry being made, a mortgage on the basic components of the trade store shall be created as a surety to safeguard the interests of the creditors who are governed by the terms of the composition, and the controller shall write off the mortgage after having the conditions of the composition implemented. 3.

ARTICLE (777)

Except for deprivation of the rights provided for under specific laws, all effects of bankruptcy shall no longer exist, once the court's decision for approval of the composition has been issued, however the right for prosecution shall remain unaffected. 1.

The trustee in bankruptcy shall present to the bankrupt a final account, and the discussion of such account shall be made in the presence of the judge of bankruptcy. 2.

The duty of the trustee in bankruptcy shall expire, and the bankrupt shall take over from him, his properties, books and papers, according to a receipt, and the trustee shall not be responsible for these things if the bankrupt fails to receive them within one year from the date for approval of the final account. 3.

The judge of bankruptcy shall make a minute of all occurrences stated hereinabove, and if a dispute arises, it shall be referred by the judge of bankruptcy to the court for giving a decision therein. 4.

ARTICLE (778)

The composition shall be null and void, if, after approval thereto, a judgement has condemned the bankrupt in any criminal case of the fraudulent bankruptcy. 1.

The composition shall be null and void, if after approval thereto, it appears that a fraud has arisen from concealing the assets of the bankrupt, or from the excess of his debts, and in such a case, it shall be applied for invalidity of the composition with six months, as of the date on which the fraud appears to have occurred; otherwise the application shall become unacceptable. However, in all cases, the application for invalidity of the composition shall be acceptable, if it is submitted after the lapse of three years from the date of the decision for approval of the composition being issued. 2.

As a result of the invalidity of the composition, the guarantor who secures the performance of its conditions shall be acquitted. 3.

ARTICLE (779)

If an enquiry opens with the bankrupt in a crime of fraudulent bankruptcy after the composition has been approved, or if a penal action in such crime has been filed against him, after the composition has been approved, the court that has declared the bankruptcy, at the request of any interested party, may order that such measures, as it considers necessary, should be taken to preserve the property to the debtor, and such measures shall be cancelled ipso jure, if it is decided that the enquiry be filed or the bankrupt be acquitted.

ARTICLE (780)

1. If the bankrupt fails to execute the conditions of the composition, an appeal for termination may be made to the court who has approved it.
2. Following the termination of the composition, the guarantor who has insured the execution of its conditions, shall not be acquitted, and shall be served with a summons to attend the session in which the appeal for termination shall be heard.

ARTICLE (781)

1. In the ruling issued for nullity or termination of the composition, the court shall appoint a judge and a trustee in bankruptcy, and shall order the sealing of the bankrupt's property.
2. Within seven days from the date of the judgement being issued for nullity or termination of the composition, the trustee in bankruptcy shall publish a brief of such judgment, in a daily newspaper as indicated by the judge of the bankruptcy.
3. The trustee in bankruptcy shall make a supplementary inventory for the property of the bankrupt and shall draw up an additional balance sheet, in presence of the judge or whomever he deputizes therefor.
4. The trustee in bankruptcy shall call upon the new creditors, to submit documents of their debts in order to be realized in accordance with the procedures for realization of the debts.

ARTICLE (782)

All new debts shall be realized immediately, whereas the debts that have already been accepted shall not be re-realized, and debts that have been fully paid shall be discarded, and debts that have been partly paid shall be reduced.

ARTICLE (783)

Disposal made by the debtor, after the decision issued for approval of the composition, and before its nullity or termination, shall be valid for the creditors and they may not apply for its invalidity except in accordance with the rules prescribed, in the civil transactions Law on the action for invalidity of the disposal, and such action shall not come for hearing except after two years from the nullity or termination of the composition.

ARTICLE (784)

1. After the composition has been nullified or terminated, the creditors shall recover their dues in full.
2. Those creditors shall join the body of the creditors, by virtue of their principal debts in full, if they have not received anything from the amount that has been decided for them in the composition, otherwise their principal debts shall be reduced in proportion of what they have obtained from the said amount.
3. The provisions mentioned in the preceding two paragraphs shall be apply, if the bankruptcy of the debtors has been declared once again, before the conditions of the composition had been fully executed.

SECTION 3
COMPOSITION AND WAIVER OF THE PROPERTY

ARTICLE (785)

1. The composition may be made, provided that the debtor waives his property in whole or in part, by selling and distribution of its proceeds among the creditors.
2. The provisions of the juridical composition shall apply to the conditions, effects, nullity and termination of the composition. Yet the debtor shall be prevented from the administration of his property waived by him as well as from the disposal thereof.
3. Such property shall be sold and the proceeds therefrom shall be distributed as indicated for the sale ad distribution of the property, in the state of the consolidation.

ARTICLE (786)

1. If the resultant proceeds from the sale of the property waived by the debtor exceed the debts due from him, the excess amount shall be returned to him.

SECTION 4
COMBINATION OF CREDITORS

ARTICLE (787)

1. The creditors shall be considered in a state of union, ipso jure if the juridical composition has not been made.

ARTICLE (788)

1. Following the establishment of the union, the judge of bankruptcy shall call upon the creditors for deliberating over the affairs of the bankruptcy, and to see whether

to keep the trustee or to change him. However the creditors, having real deposits placed on the bankrupt's properties, shall take part in such deliberations as well as voting, however, their deposits shall not be extinguished as a result of that.

If the majority of the creditors who are present, decide the change of the trustee in bankruptcy, the judge of the bankruptcy shall immediately appoint the replacement for him, and the new trustee shall be called (the trustee of the creditors' union). 2.

The previous trustee, shall submit to the trustee of the union, at such time as determined by the judge of the bankruptcy and in his presence, an account on his administration, and the time fixed for making such account shall be notified to the debtor. 3.

ARTICLE (789)

The creditors' opinion shall be taken, during the meeting indicated in the preceding article, on the question of a subsidy, to be given from the bankruptcy funds to the debtor or to whom he supports. 1.

If the majority of the creditors, who are present, agree on the subsidy to be given to the bankrupt or to whom he supports, the judge of the bankruptcy, after taking the opinion of the trustee of the union and opinion of the controller, shall determine the amount of such subsidy. 2.

The trustee of the union may solely challenge the decision made by the judge of the bankruptcy for determining the amount of the subsidy. However, in this case, the subsidy shall be dispensed to whom it is decided until a decision is given in the challenge. 3.

ARTICLE (790)

The trustee of the union may not continue on with the business of the debtor, although he has already been permitted to do so, except after obtaining an authority, given by a majority, representing three quarters of the creditors, as to the number and the amount, and such authority shall specify its term and the power of the trustee as well as the amount that he may keep at his disposal in order to operate the business. 1.

The authority to continue with the business may not be carried into execution, except after the approval is given by the judge of the bankruptcy. 2.

If obligations in excess of the union's funds arise from the continuation of the business, the creditors who have agreed to continue with the business shall be severally responsible in their own funds, for the excess, provided however that such 3.

excess arises from acts, within the limits of the authority given by them, and the responsibility of each creditor shall be in proportion to his debt.

ARTICLE (791)

The trustee of the union may sell the movables of the bankrupt, and his place of business, in order to recover his dues, however, the real estates of the bankrupt shall be sold by the trustee of the union and under the supervision of the judge of the bankruptcy, in accordance with the rules of execution carried on the real estates as provided for in the civil transactions law. 1.

If the execution has not been made on the real estates of the debtor prior to the formation of the union, the trustee shall solely have the right to levy the execution thereon and commencement of same shall be within the following ten days of the formation of the union, unless the judge of the bankruptcy gives an order for postponement of the execution. 2.

The trustee, may enter into composition and accept the arbitration in all the rights of the bankrupt, subject however, to the rules provided for, in Article (747) except for calling the bankrupt to attend the attestation of the composition or the arbitration. 3.

ARTICLE (792)

The judge of the bankruptcy may show the trustee of the union the manner for selling the movables of the bankrupt and his place of business. 1.

The trustee of the union may not sell the assets of the bankruptcy at one time against a lumpsum amount, except after taking the permission from the judge of the bankruptcy. However, the judge may not give such permission except after taking the opinion of the controller. 2.

Any interested person may challenge the decision given by the judge of the bankruptcy, in respect of the manner for selling the movables of the bankrupt, or the permission for selling his properties at one time against a lumpsum amount, however, the incident of challenge shall stop the execution of the decision. 3.

ARTICLE (793)

The trustee of the union, shall deposit the amounts resulting from the selling of the bankrupt's property with the court's treasury or with any bank designated by the judge of the bankruptcy, at a time not later than the day following the collection. 1.

The trustee shall submit, to the judge of the bankruptcy a monthly statement on the position of the liquidation and the amounts deposited. 2.

Such amounts may not be withdrawn except by an order from the judge of the bankruptcy. 3.

ARTICLE (794)

The fees, expenses of the bankruptcy administration, and the subsidies prescribed to the bankrupt and to whom he supports, and the amounts due to the preferred creditors, shall be deducted from the amounts resulting from the sale of the bankrupt's property, and the remainder shall be divided among the creditors in proportion to their realized debts. 1.

The shares of the debts objected to, shall be put aside and shall remain in safekeeping, until a final decision is given in respect of such debts. 2.

ARTICLE (795)

The judge of the bankruptcy shall order that the distributions among the creditors be made, and shall specify the amount to be distributed, and a notification to this effect shall be sent by the trustee of the union, to the creditors, and, if necessary, the judge of the bankruptcy shall order that the decision of distribution be published in a daily newspaper as designated by him.

ARTICLE (796)

The trustee of the union may not pay the shares, except if the creditor has produced a debenture showing that it has been realized and accepted, and the amounts paid must be indicated on the debenture. 1.

If the creditor is unable to produce the debenture, the judge of the bankruptcy may give permission for payment of the debt after verification of its acceptance. 2.

ARTICLE (797)

If a period of six months has passed since the formation of the union, and the affairs of the bankruptcy have not yet been completed, the trustee shall submit to the judge of the bankruptcy a report on the position of the liquidation and the reason the completion has been delayed, and the judge shall send such a report to the creditors, and call them for a meeting to discuss the same. However, such procedure shall be made every time the period of six months expire, so long as the liquidation work is not yet completed by the trustee.

ARTICLE (798)

After the work of liquidation is completed, the trustee of the union shall submit a final account to the judge of the bankruptcy, and the judge shall send copies of such account to the creditors or shall call them to have access thereto, after having it displayed on a notice board at the court of law. However, in both cases, the judge 1.

shall convene the creditors for a meeting to discuss the said account, and the bankrupt shall be called to be present in the meeting.

The union shall be dissolved and the bankruptcy shall be considered over, ipso jure, after having the account approved. 2.

The responsibility of the trustee of the union shall remain valid for one year from the date of the bankruptcy having ended, and shall include the bonds, documents and the papers handed over to him. 3.

ARTICLE (799)

After expiry of the union formation each creditor shall recover the right to carry the execution against the debtor for obtaining the remainder of his debt. Acceptance of the debt in the bankruptcy shall be considered a conclusive judgement in connection with such execution.

CHAPTER VI **MINOR BANKRUPTCIES**

ARTICLE (800)

If it appears, after the inventory of the bankrupt's property, that its value does not exceed Dhs. 50,000 (fifty thousand)., the judge of the bankruptcy may spontaneously, or as requested by the trustee or any of the creditors, order to proceed with the bankruptcy, in accordance with the following provisions, in whole or in part :

The periods provided for in Articles (753), (754) paragraph 2, (755) paragraph 2 (756), (757), paragraph 3 and (770) paragraph 2, shall be reduced by half. 1.

All decisions made by the judge of the bankruptcy shall be unchallengeable. 2.

Supervisor of bankruptcy shall not be appointed. 3.

Subsidy to the bankrupt or to whom he supports shall not be decided. 4.

In the case of the objection to the debts, when realized, the creditors shall be convened for deliberations on the composition, within five days from the date the judge of bankruptcy gives a final decision in the objections. 5.

The composition shall become effective upon approval thereto in the meeting of the creditors, and shall be ratified by the judge of the bankruptcy in such meeting. 6.

The trustee in bankruptcy shall not be changed upon the formation of the union. 7.

After selling of the bankruptcy, one distribution only shall be made among the 8.
creditors.

CHAPTER VII
BANKRUPTCY OF COMPANIES

ARTICLE (801)

In addition to the rules provided for in this chapter, the bankruptcy of companies shall be governed by the rules provided for in the following articles:

ARTICLE (802)

Except for the joint venture companies, any other trading company may be declared 1.
bankrupt, if it ceases payment of its debts, at the times of maturity, due to the
instability of its financial activities.

The bankruptcy of a company may be declared, even in the case of liquidation. 2.
However, if the company has been liquidated, the declaration of its bankruptcy may
not be adjudicated.

The aforesaid judgements shall apply to the companies that have been adjudicated 3.
invalid if they continue to exist indeed.

ARTICLE (803)

The following shall be adopted, in respect of the joint stock companies and limited liability
companies :-

If the declaration of bankruptcy of a company has been applied for, the decision in 1.
any such application relevant to the liquidation or placement of the company under
receivership, shall be suspended.

If the declaration of a company has been adjudicated, it may not be liquidated or 2.
placed under receivership before the end of bankruptcy.

ARTICLE (804)

Neither the manager of the company nor the liquidator, as the case may be, shall 1.
apply for declaration of bankruptcy of a company, except after obtaining a
permission to do so from the majority of the partners in the joint liability
companies and limited partnership companies, however other companies, may
obtain permission from the general assembly in an extraordinary meeting.

The report referred to in Article (649) shall be brought to the court having jurisdiction over the declaration of bankruptcy. 2.

The report shall include the names of the current joint partners, and those who have left the company after it has suspended the payment showing the place of residence of each one and date for declaration of his withdrawal from the company, in the commercial register. 3.

ARTICLE (805)

The creditor of a company may apply for declaration of its insolvency, although he is a partner therein, however, non-creditor partners, in their individual capacity, may not apply for declaration of insolvency of the company.

ARTICLE (806)

The court, either spontaneously or as requested by the company, may postpone the declaration of insolvency of a company for a period of not more than a year, if its financial position is likely to be supported, or if the interest of the national economy so requires. And in this case, the court orders that appropriate measures should be taken for maintaining the assets of the company.

ARTICLE (807)

If the insolvency of a company has been declared, all joint partners therein, and those who have withdrawn from the company after it has suspended the payment, shall be declared insolvent, provided that a period of not more than a year has elapsed since the declaration of his withdrawal from the company is entered in the commercial register. 1.

The court shall pass one adjudication on the declaration of bankruptcy of the joint partners, even if it is not specialized to declare the bankruptcy of such partners. 2.

The court shall appoint one judge to the bankruptcy of the company and the bankruptcies of the joint partners. Yet each bankruptcy shall be independent from other bankruptcies as to its administration and realization of its debts and the manner of its termination. 3.

ARTICLE (808)

If declaration of bankruptcy of the company has been applied for, the court may adjudicate the declaration of bankruptcy of each person who has carried out commercial works on its behalf, in his favour, and disposed of its property as if they have been his own property.

ARTICLE (809)

If it appears that the assets of the company is insufficient to satisfy at least 20% (twenty per cent) of its debts, the court who has declared the bankruptcy may order the members of the boards of directors, or all of the directors, jointly or severally, to pay the debts of the company, in whole or in part, in the cases where they are held responsible, in accordance with the rules of the Commercial Companies Law.

ARTICLE (810)

The representative of the company whose bankruptcy has been declared, shall act on its behalf in any matter where the law calls for the opinion of the bankrupt to be taken or his presence to be made. The representative of the company shall appear before the judge of the bankruptcy or the trustee, whenever he is required to do so, and shall give any information or explanations required from him.

ARTICLE (811)

The trustee in bankruptcy, after taking permission from its judge, may claim from the partners to pay the remaining part of their shares, even before the time of maturity. The judge of bankruptcy may order that such claim be limited to the necessary amount required for fulfilling the obligations of the company.

ARTICLE (812)

Debentures issued by the company as provided for in the Commercial Companies Law, shall not be governed by the procedures set for realization of debts, however, such debentures are accepted in their nominal value, after discount of what the company has paid.

ARTICLE (813)

Proposals for composition are offered, with approval representing the majority of the partners in the joint liability companies and limited partnership companies, and with the approval of the general assembly in an extraordinary meeting, for other companies. 1.

Representative of the company shall make proposals for the composition in the assembly of the creditors. 2.

ARTICLE (814)

If the composition is meant for a company that has issued debentures, in excess of 20% (twenty per cent) of its total debts, composition may not be granted to it, unless its conditions are approved by the general assembly for the holders of such debentures; however the approval shall be essential, in all cases, if the conditions of the composition are different from those governing debenture bonds. 1.

The decision by the general assembly for the holders of debentures shall be given, 2.
in accordance with the terms provided for in the Commercial Companies Law.

In the cases where the approval of the general assembly for the holders of 3.
debentures is essential, the invitation of the creditors for the meeting to negotiate
the composition, shall be postponed until the decision of the assembly is made.

ARTICLE (815)

If the bankruptcy has ended with the union, and composition has been made with 1.
one or more of the joint partners, properties of the company may not be
appropriated to fulfill the conditions of such composition or to secure its
implementation, and the partner who has obtained the composition shall be
discharged of the joint obligation.

If a composition with the company has been made, and the bankruptcies of the joint 2.
partners have ended with a union, the company shall continue to exist, unless the
aim of the composition is to waive its property.

If the bankruptcy of the company and bankruptcies of the partners have ended with 3.
the composition, each composition shall be considered independent from the other,
and its conditions shall only apply to the creditors of the relevant bankruptcy.

ARTICLE (816)

The company shall not be dissolved when its bankruptcy ends with the union, yet, 1.
the court that has declared the bankruptcy, may decide that the company should be
dissolved, if it appears that its remaining assets after the liquidation is insufficient
to carry on with its business effectively.

CHAPTER VIII **REHABILITATION OF THE BANKRUPT**

ARTICLE (817)

Except for the fraudulent bankruptcy, all the rights that the bankrupt has been deprived of,
as provided for in the private laws, shall be restored after the lapse of three years from the
date on which the bankruptcy has ended.

ARTICLE (818)

The bankrupt shall be rehabilitated, even if the period provided for in the preceding 1.
article has not been revoked, if he discharges all of his debts including the principal
amount, the expenses, and the interests, for one year, as well as the part of which he
has been discharged from the obligation.

If the bankrupt is a joint partner in a company whose declaration of bankruptcy has been adjudicated, he shall not be rehabilitated except after all debts of the company have been satisfied, including the principal amount, expenses and interests for a period of one year, even if the said partner has obtained his own composition from his creditors. 2.

ARTICLE (819)

The bankrupt may be rehabilitated, although he has not breached the term provided for in Article (817) in the following two cases :

If he obtains a composition from his creditors and satisfies its conditions. However such provision shall apply to the joint partner in the company whose declaration of bankruptcy has been adjudicated, if the partner obtains a composition of his own and satisfies its conditions. 1.

If he proves that the creditors have discharged him of all debts that have remained outstanding as liability after completion of the bankruptcy.

ARTICLE (820)

The bankrupt who has been condemned in any of the bankruptcy crimes by default, may not be rehabilitated except after the punishment passed against him, has been executed, or pardoned or extinguished by lapse of time or by lapse of its term, if a judgement for stay of its execution has been made, without prejudice, however, to the provisions of Articles (818), (819).

ARTICLE (821)

The bankrupt against whom a judgement of condemnation has been passed in any crime of fraudulent insolvency, may not be rehabilitated, except after the lapse of three years from the execution of the punishment passed against him, or from its pardonment, or from its extinguishment by lapse of time, provided that he has discharged all of his debts including the principal, interests, and expenses, or if he enters into a composition with the creditors.

ARTICLE (822)

The bankrupt may be rehabilitated after his death, at the request of the successors, and the periods provided for in the two preceding articles shall be computed from the date of the death.

ARTICLE (823)

If any of the creditors has abstained from receiving his debt, or if he has been absent, or if his place of residence was found to be inaccessible, the debt may be deposited with the court's treasury, and the receipt of deposit in connection with the rehabilitation shall be treated as a discharge of obligation.

ARTICLE (824)

The application of rehabilitation shall be submitted with the supporting documents to the court that has passed the adjudication for declaration of the bankruptcy. 1.

The court shall immediately send a copy of the application to the public prosecution as well as to the department of the commercial registration and shall inform the creditors whose debts have been accepted in the bankruptcy of such application. 2.

A brief of the application shall be published at the cost of the bankrupt, in a daily newspaper designated by the court, and such brief shall include the name of the bankrupt, date on which the adjudication for the declaration of bankruptcy has been issued, and the manner in which the bankruptcy has ended, and the notice served upon the creditors for submitting their objection, if necessary. 3.

ARTICLE (825)

Within thirty days from the date on which a copy of the application for rehabilitation has been received by it, the public prosecution shall submit to the court a report containing data on the kind of bankruptcy, and the adjudications issued against the bankrupt in the crimes of bankruptcy, or the trials or the investigations conducted with him in this connection, and its opinion on acceptance or rejection of the application for rehabilitation, provided that such opinion is productive.

ARTICLE (826)

Any creditor who has not received his right shall make an objection to the application for rehabilitation, within thirty days from the date of the application being published in the newspapers. Such objection shall be made in writing and submitted to the court, and the supporting documents shall be attached thereto.

ARTICLE (827)

After the expiry of the period provided for in the preceding article, the court shall notify the creditors, who have made objections to the application for rehabilitation, of the date of hearing the application.

ARTICLE (828)

The court shall decide in the application for rehabilitation and its judgement shall be challengeable before the specialized court of appeal. 1.

If the application for rehabilitation has been rejected, it may not be submitted over again, except after the lapse of six months from the date of the decisive judgement being issued in rejection thereof. 2.

ARTICLE (829)

If investigations are conducted with the bankrupt in connection with any of the bankruptcy crimes, or if a penal action is being filed against him, before a decision has been made in the application for rehabilitation, the public prosecution shall notify the court immediately. The court shall suspend the decision being made on the application for rehabilitation until the investigations have been disposed of, or until the decisive judgement in the penal action has been given.

ARTICLE (830)

If a debtor has been condemned in any crime of bankruptcy, and a judgement against him has passed, after the judgement of rehabilitation, the latter judgement shall be treated as non-existing, and the debtor may not obtain the rehabilitation except under the conditions referred to in the Articles (820), (821).

PART TWO
PROTECTIVE ARRANGEMENT FROM BANKRUPTCY

ARTICLE (831)

Any person whose financial position has deteriorated to a limited that makes him unable to make the payment, or within twenty days following such inability, may apply of the protective arrangement from bankruptcy. 1.

The person who becomes unable to honour the payment of this debts, although he has applied for declaration of insolvency, shall apply for the protective arrangement from the bankruptcy, if he satisfies the conditions stated in the preceding paragraph. 2.

Except for the joint stock companies, protective arrangement from the bankruptcy may be granted to any company that satisfies the conditions provided for in the two preceding clauses. Yet such arrangement may not be granted to a company in a state of liquidation. 3.

ARTICLE (832)

The protective arrangement from the bankruptcy may be granted to the factual company.

ARTICLE (833)

Application for the protective arrangement from the bankruptcy shall not be accepted unless the applicant has practised the business continuously during the year that precedes the submission of the application, and that during this period he has complied with the provisions related to the commercial register and commercial books. 1.

The manager of the company may not apply for the arrangement, except after obtaining a permission to this effect from the majority of the partners in the joint liability companies and limited partnership companies, and from the general assembly in an extra-ordinary meeting of other companies. 2.

ARTICLE (834)

Those to whom the commercial store of the deceased has devolved either by succession or by a will, if they carry on with his business, shall apply for the protective arrangement in the three months following his death, provided that the trader, before his death, has been entitled for such arrangement, however, if any of them has objected to the application of arrangement, the court ought to hear his statements and then decides in the application in a manner that serves the interest of the concerned parties.

ARTICLE (835)

During the performance of a protective arrangement, the debtor may not re-apply for the arrangement.

ARTICLE (836)

The decision in any application for declaration of the bankruptcy of the debtor may not be made, except after a decisive judgement is given for rejection of the protective arrangement.

ARTICLE (837)

The application for the protective arrangement shall be submitted to the court having the specialization to declare the bankruptcy. Reasons for interruption of works and proposals for the arrangement and sureties to secure its performance, must be shown in the application, provided that the proposed settlement may not be less than 50% of the debt and that the term of payment may not exceed three years from the date on which the arrangement has been ratified. 1.

The following shall be attached to the application for arrangement: 2.
Documents in support of the points contained therein. a.
A certificate from the commercial register, in which it is proved that the rules of the register have been complied with, in the year that precedes the application for the arrangement. b.

- A certificate from the chamber of commerce indicating that the practice of business has been going on in the year that precedes the application for arrangement. c.
- Obligatory commercial books. d.
- A copy of the last balance sheet and profit & loss accounts. e.
- A comprehensive statement showing personal expenses in the year preceding the application for arrangement. f.
- A detailed statement showing the movable and immovable property, and their approximate value at the time when the arrangement has been applied for. g.
- A list showing the names of creditors and debtors, their addresses, amount of their rights or obligations and bonds given as security therefor. h.
- Acknowledgement by the debtor that he has never been sentenced in connection with any of the crimes provided for in Article (839/2), and that he has never obtained, at any time, a protective arrangement now being carried out. i.
- If the application is made by a company, it should be attached with a copy of the articles of partnership and memorandum of incorporation duly attested by the department of the commercial register, and the documents showing the capacity of the applicant, and a copy of the resolution issued by the partners or by the general assembly in which they apply for the composition, and a list showing the names of the joint partners and their addresses. 3.
- The documents must be dated and signed by the applicant for the arrangement. However, if it is not possible to submit certain documents or to complete their particulars, the reasons for that, must be shown in the application. 4.
- The court's record clerk shall make a minute showing the receipt of the above mentioned documents. 5.

ARTICLE (838)

The court hearing the application for arrangement, shall order those necessary measures that should be taken to insure the safe keeping of the debtor's property or maintain its administration until a decision in the application is made.

The court may also deputize an experienced person to make investigations on the financial position to the debtor and the reasons of its interruption and to submit a report to this effect. The court shall decide in the application for arrangement summarily and without litigation.

ARTICLE (839)

- The court shall decide against the application for arrangement in the following cases:
1. If the applicant for the arrangement fails to submit the documents and particulars provided for in the article (837) or if they are submitted by him unjustifiably incomplete.
 2. If a conclusive judgement has been made against the application for arrangement, in a fraudulent bankruptcy or in any crime of forgery, robbery, deception, dishonesty or misappropriation of public wealth.
 3. If he fails to comply with his obligations in a previous protective arrangement.
 4. If he declares his insolvency and fails to satisfy all the principal debts of his creditors, or if he fails to perform all obligations of the arrangement fully.
 5. If the applicant relinquishes the business or takes to fleeing.
 6. If the bonds supplied by the applicant of the arrangement are insufficient for distribution of the proposed average.

ARTICLE (840)

If the court decides against the application for arrangement, it may adjudge the tradesman to penalty of not less than Dhs (5000) five thousand and not more than (10,000) ten thousand, if it finds that he has purposely interrupted his financial position, or caused the disorder to occur. The court may spontaneously decide to declare the insolvency, if the necessary conditions therefor are made available.

ARTICLE (841)

If the court decides in favour of the application for arrangement, it shall order the opening of the proceedings, and the court in its decision shall appoint a judge to supervise the arrangement and a trustee or more for the arrangement, in order to initiate and follow up the proceedings of the arrangement, and its decision shall not be challengeable in any way.

The debtor shall deposit, with the court's treasury, a designated sum of money as a trust to meet the expenses of the proceedings, and the court shall order that the proceedings of the arrangement be cancelled or suspended if the debtor fails to deposit the trust within the period it has fixed.

ARTICLE (842)

Decisions issued by the judge who supervises the arrangement, may not be challenged, unless the law provides for its legality, or if they are beyond the limits of his powers.

However, the rules provided for in Article (677) shall apply to the challenge.

ARTICLE (843)

The trustee of the arrangement shall be appointed according to Article (668) and shall be governed by the restrictions provided for in the Article (669).

ARTICLE (844)

The court shall notify the trustee in the arrangement of the decision issued for his appointment, at a time not later than the day following the decision being issued. 1.

Within five days from the date on which the appointment has been notified to him, the trustee shall make entry of the decision issued for opening the procedures of the arrangement in the commercial register, and shall publish a summary thereof accompanied with an invitation to the creditors for a meeting, in two daily newspapers as indicated by the supervising judge. 2.

Within the period shown in the preceding paragraph, the trustee shall send the invitation for a meeting, through a notice to the creditors whose addresses are known, and the proposals of the arrangement shall be attached thereto. 3.

ARTICLE (845)

Upon opening of the arrangement proceedings by a decision, the supervising judge shall close the debtor's books and put his signature thereon. 1.

Upon receiving the notification of the appointment, the trustee shall immediately start the proceedings of inventory in the presence of the debtor and the court's clerk. 2.

ARTICLE (846)

Upon the opening of the arrangement proceedings by a decision, the debtor shall continue to run the administration of his property, under the supervision of the trustee, and shall carry out all the routine acts needed for the running of his business, yet, the donations made by the debtor after the said decision had been issued, shall not apply to the creditors. 1.

After the decision has been issued, the debtor may not borrow or enter into a composition or make a mortgage or convey the title of a property which is unnecessary for the running of his normal business work, except after obtaining the permission from the supervising judge. However, any act to the contrary, shall not be considered an argument against the creditors. 2.

ARTICLE (847)

Upon the decision issued for opening of the arrangement proceedings, the actions and procedures of execution vis-a-vis the debtor, shall be suspended. However, the suspension shall not be beneficial to the debtors acting jointly with the debtor or his guarantors in the debt. Actions filed by the debtor and the procedures or execution initiated by him shall remain valid with the admission of the trustee therein. 1.

The mortgages and liens on the properties of the debtor, of which entry is made after the decision has been issued for opening of the arrangement proceedings, may not be used as an argument vis-a-vis the creditors. 2.

ARTICLE (848)

As a result of the decision issued for opening of the arrangement proceedings, the debts owned by the debtor shall not become due, nor the interests incident thereto shall cease to accrue.

ARTICLE (849)

If the debtor, after submission by him of the application for the composition, has concealed or destroyed part of his properties, or if he has acted with malice, causing harm to the creditors, or if he has acted in the manner shown in Article (645), the court may spontaneously order the cancellation of the arrangement proceedings.

ARTICLE (850)

All creditors, even if their debts are not mature, or secured with special sureties, or proven by conclusive judgement, shall hand over to the trustee in the arrangement, within ten days from the date on which the summary of the decision issued for opening the arrangement proceedings, has been published in the newspaper, or from the date on which the letter of notification has been received - the documents of the debts accompanied with a statement on such debts together with the sureties, if any, evaluated in the national currency on the basis of the prevailing rate of exchange on the day the decision has been made. However, statement and documents may be sent to the trustee. 1.

The period shown in the preceding clause shall be thirty days for the creditors staying outside the country. 2.

ARTICLE (851)

After the expiry of the period provided for in the preceding article, the trustee in the arrangement shall make a list of the creditors who have applied for participation 1.

in the arrangement proceedings, and a statement showing the amount of each debt separately, with the supporting documents, and the sureties given as security, if any, and any thing he deems to be necessary for acceptance or rejection thereof.

The trustee may demand from the creditor to submit notes on the debt or to supplement his documents or to amend the amount or nature of the debt. 2.

ARTICLE (852)

The trustee in the arrangement shall deposit the list of the debts with the court. The deposit shall be made within thirty days, at the most, from the date of the decision being issued for opening the arrangement proceedings. However, when necessary, the period may be extended by a decision from the supervising judge. 1.

The trustee in the arrangement, within the next three days following the deposit, shall publish a statement of such occurrence, in a local daily newspaper as specified by the supervising judge. The trustee shall send to the debtor as well as to each creditor, a copy of the debts list and a statement showing the amounts which he considers to be accepted from each debt. 2.

Any interested person may have access to the list deposited with the court. 3.

ARTICLE (853)

The debtor and each creditor whose name is shown in the list of the debts, shall object to the debts listed therein, within a period of ten days from the date on which the occurrence of the deposit has been published in the newspapers, and the objection shall be submitted to the supervising judge, and may be sent by a registered letter, or by cable, or by telex or by fax or by other means of modern technical communications, however, the distance period shall not be added to the said period.

ARTICLE (854)

After the expiry of the period provided for in the preceding article, the supervising judge shall make a final list of the unobjected debts, and shall mark the statement of the debt showing its acceptance and the amount accepted thereof. 1.

The supervising judge may consider the debt objected, even in absence of any objection thereto. 2.

The supervising judge shall decide in the objected debts, within thirty days from the date of expiry of the period fixed for objection. 3.

The supervising judge, shall notify the relevant parties of the time fixed for the session, at least three days before it has been held, and shall also notify them immediately of the decision given in the objection. 4.

ARTICLE (855)

The decision issued by the supervising judge on acceptance or rejection of the debt, may be challenged before the court which the application for arrangement has been submitted to. 1.

As a result of the challenge, the proceedings of the arrangement shall not be suspended unless the court gives an order to this effect. 2.

Before a decision is made in the challenge, the court may order temporarily, that the debt be accepted as a certain amount as estimated by it. 3.

The debt may not be accepted temporarily if a penal action has been filed in respect thereof. 4.

If the challenge is related to the debt's securities, a temporary acceptance must be made by describing it as an ordinary debt. 5.

ARTICLE (856)

The creditors who fail to submit documents in support of their debts within the period stated in the Article (850), and the creditors whose debts have not been finally or temporarily accepted, may not participate in the proceedings of the composition.

ARTICLE (857)

After the debts have been completely realized, the supervising judge shall fix a time for the creditors to meet and deliberate over the proposals of the composition, and each creditor whose debt has finally or temporarily been accepted shall have an invitation sent to him. 1.

The invitation may be published in the local daily newspaper according to an order from the supervising judge. 2.

ARTICLE (858)

The trustee in the arrangement shall deposit with the court, at least five days before the time fixed for the meeting of the creditors, a report on the financial state of the debtor and reasons of its interruption, and a list showing the names of the creditors entitled to participate in the arrangement proceedings. 1.

The report must contain the opinion of the trustee on the conditions proposed by the debtor for the arrangement. 2.

ARTICLE (859)

The supervising judge shall preside over the meeting of the creditors. 1.

The debtor may appoint a special proxy to attend the meeting on his behalf, and the debtor shall attend the meeting by himself, and may not appoint a proxy to attend instead of him, except for a reason acceptable to the supervising judge. 2.

ARTICLE (860)

Deliberations on the conditions of the arrangement may not be made, except after a report by the trustee in the arrangement on the financial state of the debtor has been read out. However, the debtor may make a proposal for amending the conditions of the arrangement during the deliberations.

ARTICLE (861)

The arrangement shall not take place except with the approval of the majority of creditors, whose debts have finally or temporarily been accepted, provided that they hold two thirds of such debts. However, in such two majorities, neither the creditors who have not participated in the voting, nor their debts shall be counted. 1.

If the arrangement pertains to a company that has issued debenture bonds, the terms provided for in Article (814) must be observed. 2.

ARTICLE (862)

The protective arrangement from the insolvency shall be governed by the restriction provided for in Article (768). 1.

Participation in voting by the creditors holding real securities, shall be governed by the provisions stated in Article (769). 2.

ARTICLE (863)

The arrangement shall be signed at the session in which the voting has been made, otherwise it shall be void. 1.

If neither one of the two majorities referred to, in Article (861), paragraph 1, has been realized, the provisions stated in Article (770) shall apply. 2.

ARTICLE (864)

A minute of the session of the arrangement shall be made and signed by the supervising judge, the trustee, the debtor, and the creditors who are present. 1.

Any interested person, within five days from the date on which the minute of the arrangement has been signed, may notify the supervising judge in writing, of any remarks he might have, in connection with the arrangement. 2.

The supervising judge shall refer the matter to the court, within three days from the lapse of the said period, in order to decide the cancellation of, or ratification on, the arrangement. 3.

The decision to cancel the arrangement shall be productive, however, such decision shall be challengeable. 4.

The arrangement shall become effective, as soon as the decision for attestation thereon has been issued, and it may not be challenged. In such decision, the court may appoint from among the creditors, one or more controllers to supervise the manner in which the conditions of the arrangement are being executed, and to inform the court of any violations to such conditions on the part of the debtor. 5.

ARTICLE (865)

The deed of the arrangement may contain a condition for discharge of whole debt, if the debtor becomes solvent within five years from the occurrence of the arrangement. The debtor shall not be considered solvent, unless the value of his assets exceeds the debts due from him. 1.

The creditors may demand a guarantor or more to ensure that the conditions of the arrangement has been executed. 2.

ARTICLE (866)

The decision issued for attestation of the arrangement shall be published in the same manner in which the adjudication of bankruptcy is declared, and the summary to be published in the newspaper shall include the name of the debtor, place of his residence, number of its entry in the commercial register, date of decision of attestation and a summary of the most important conditions of the arrangement. 1.

The controller who supervises the execution of the conditions of the arrangement, in his capacity as a deputy for the creditors, and within ten days from the date the decision of attestation on the arrangement being issued, shall make entry the summary of this decision in each department of registration in which area the property of the bankrupt exists. The creation of mortgage on the said properties shall be incident to such entry, in order to safeguard the interests of the creditors to whom the arrangement shall be applied, unless the text of the arrangement provides 2.

otherwise. The supervising controller shall apply for extinguishment of the mortgage after the conditions of the arrangement have been executed.

ARTICLE (867)

The arrangement shall be applied to all the creditors, whose debts are considered ordinary, in accordance with the rules of the bankruptcy, even if they have not participated in its proceedings or approved thereto.

ARTICLE (868)

The debtors who are in joint liability with the debtor or with his guarantors in the debt shall not be benefited from the arrangement. Yet, if the arrangement is entered into with a company, the partners who are liable, with all the of their properties, for its debts, shall be benefited from its conditions unless the arrangement provides otherwise.

The arrangement shall not apply for the spending debts nor for the debts arising after a decision has been made for opening of the arrangement proceedings.

ARTICLE (869)

The court may grant the debtor terms for payment of the debts, arising after a decision has been issued for opening of the arrangement proceedings, provided that such terms do not be exceed those provided for in the arrangement, and provided that such judgement applies to the spending debts.

ARTICLE (870)

The debtor's deprivation of the terms which are wider in scope, than those provided for in the arrangement, shall not be incident to the arrangement.

ARTICLE (871)

The controller who supervises the performance of the arrangement terms, within fifteen days from having the terms of the arrangement fully effected, shall apply to the court for a decision, on the close of the proceedings, to be issued, and such application shall be notified, in the manner provided for in Article (844).

ARTICLE (872)

The decision on the closure of the proceedings shall be issued within thirty days, from the date of publication in the newspapers, and such decision shall be entered in the commercial register in accordance with the provisions related to such register.

ARTICLE (873)

The arrangement shall be invalid if, after being attested, an act of fraud appears on the part of the debtor, and in particular, the act of fraud shall include concealment of property, fabrication of debts, or deliberate overestimation of debts. 1.

The invalidity of the arrangement shall be applied for, within six months from the date on which the fraud appears, otherwise the application shall not be acceptable. In all cases, the application for the invalidity of the arrangement shall not be acceptable, unless it is submitted after the lapse of two years from the date of the decision issued for attestation of the arrangement. 2.

ARTICLE (874)

It follows from the invalidity of the arrangement that the guarantor who has warranted the performance of its conditions, shall be discharged of his obligation. 1.

And the creditors shall not be under obligation to return the portions of debts received by them, prior to the judgement rendered on the invalidity of the arrangement. 2.

ARTICLE (875)

If the debtor fails to carry out the terms of the arrangement, it may be applied for its termination. Also it may be applied for termination, if the debtor has died and it appeared that he was not expected to fulfil the terms of the arrangement.

ARTICLE (876)

It shall not follow from the termination of the arrangement, that the guarantor who has warranted the performance of its terms, will be discharged of his obligation, and he must be made to attend the proceedings where the request of discharge is being looked into.

ARTICLE (877)

The supervising judge shall estimate the remuneration paid to the trustee in the arrangement, and shall deposit the decision issued to this effect with the court, on the day following its issue. 1.

Any interested person may file a complaint against the decision within three days from the date of the deposit being made. Such decision given to the complaint shall be final. 2.

PART THREE
CRIMES RELEVANT TO BANKRUPTCY
AND THE PROTECTIVE ARRANGEMENT

ARTICLE (878)

The merchant shall be considered insolvent, and shall be sentenced to imprisonment for a period not exceeding five years, if his bankruptcy is declared by a conclusive judgement, and if it is established that he has committed any of the following acts:

- That he has concealed, destroyed or altered his books in all or in part. 1.
- That he has misappropriated or concealed part of his property to inflict damage upon his creditors. 2.
- That he knowingly acknowledges debts unpayable by him, whether such acknowledgement is made in writing or given verbally or occurs in the balance sheet or by abstention from presenting certain papers or notes. 3.
- If he obtains the arrangement by an act of fraud. 4.

ARTICLE (879)

In the case of a conclusive judgement being issued on the declaration of bankruptcy of a company, members of its board of directors or its managers or the liquidators, shall be sentenced to imprisonment for a period no exceeding five years, if it is established that they have committed any of the following acts:

- That they have concealed, destroyed or altered the books of the company. 1.
- That they have misappropriated or concealed part of the company's property. 2.
- That they have knowingly acknowledged debts which are not payable by the company, or abstained from presenting certain document held in their possession. 3.
- That they have obtained a special arrangement for the company by way of fraud. 4.
- That they have disclosed untrue information on the subscribed or paid up capital, or have distributed fictitious profits or received bonuses in excess of the amount provided for in the laws or in its memorandum of incorporation, or articles of association. 5.

The punishment provided for in this article shall not be applied to anyone whose non-participation in the act, subject of the crime, has not been established, or his compliance with the decision issued in respect of him has been proved.

ARTICLE (880)

Any merchant whose bankruptcy has been declared by a conclusive judgement, and it is proved that his serious negligence has caused loss to his creditors, shall be considered a

negligent bankrupt, and shall be sentenced to imprisonment for a period, not exceeding two years or by a fine not exceeding Dhs (20,000) twenty thousand, in any of the following cases:

1. If he spends large amounts in gambling, or fictitious speculations or matters irrelevant to his commercial works.
2. If, after suspension of payments, he has honored the debt of any creditors in attempt to cause harm to others, even if the purpose is to obtain the arrangement.
3. If he disposes of goods at less than the usual price, with the intention to delay suspension of his payment or declaration of his insolvency or termination of the arrangement, or in order to achieve this purpose, he resorts to illegal means to obtain money.

ARTICLE (881)

Any merchant against whom a final judgement, on the declaration of his bankruptcy has been given, may be considered a negligent bankrupt, and shall be sentenced to imprisonment for a period, not exceeding one year or by a fine not exceeding Dhs (10,000) ten thousand, in any of the following cases:

1. If he fails to keep such adequate commercial books, as to reflect the truth of his financial position or he fails to make the correct inventory in accordance with the law.
2. If he fails to abide by the rules related to the entry in the commercial register.
3. If he enters in favour of a third party, against no consideration, into enormous commitments compared to his financial state, when he has undertaken such commitments.
4. If he refrains from supplying the data needed by the judge of the bankruptcy, or the specialized court, or if he deliberately submits false information.
5. If, after suspension of payment, he gives a special advantage to any of the creditors, in order to obtain the arrangement.
6. If his insolvency recurs before he fulfills the commitments resulting from a previous arrangement.
7. If he spends huge amounts on his personal expenses or his household expenses whether before or after suspension of payment.

ARTICLE (882)

In the event of a conclusive judgement being made on the declaration of bankruptcy of a company, members on its board of directors, its managers, or liquidators, shall be sentenced to imprisonment, if it is proven that they have committed any of the following acts:

1. If they fail to keep commercial books sufficient enough to reflect the true financial position of the company.
2. If they refrain from supplying the information needed by the judge of the bankruptcy, or the trustee in bankruptcy, or if they deliberately supply untrue information.
3. If they act free in the property of the company after suspension of payment, in order to keep such property off the hands of the creditors.
4. If, after suspension of payment, they have honored the debt of any creditor to inflict harm on others, or have provided securities or special benefits to any of the creditors, by giving him preference over others, even if the purpose is to obtain the arrangement.
5. If they sell the goods of the company at less prices than usual, in an attempt to delay the suspension by the company of the payment, or declaration of its bankruptcy, or termination of the arrangement, or have resorted to illegal channels to obtain money, in order to achieve their purposes.
6. If they spend enormous money in gambling or fictitious speculation, on matters irrelevant to the affairs of the company.
7. If they act jointly in a way contrary to the law or to the company's memorandum of incorporation of articles of association, or have agreed to such acts.

The punishment provided for, in this article shall not apply against anyone whose non-participation in the act, subject of the crime, has been established or whose compliance with the decision passed in respect of him, has been proven.

ARTICLE (883)

If a penal action in fraudulent or negligent bankruptcy has been filed against the bankrupt, or a member on the board of directors of a bankrupt company, or its manager, or its liquidator, or has received a judgement, in this connection, in accordance with the provisions of the preceding articles, the civil or commercial actions shall remain

independent from the penal action, and the proceedings related to the bankruptcy affairs, shall remain as stipulated by the law, and shall to be referred to the penal court, nor shall the court be entitled to deal with, unless otherwise provided for by law.

ARTICLE (884)

The trustee in bankruptcy shall be sentenced to imprisonment for a period of not more than five years if he misappropriates the funds of the bankruptcy while he assumes its administration. 1.

He shall be sentenced to imprisonment if he deliberately give untrue information pertaining to the bankruptcy. 2.

ARTICLE (885)

Any person who misappropriates or steals or hides the funds of the bankruptcy, shall be sentenced to and by a fine or by either one of those two penalties, even if such person is a spouse of the bankrupt or from his ascendants or descendants, or from the ascendants or descendants of his spouse. And the court shall spontaneously decide the return of the funds even if a judgement of acquittal has been given in the crime, and the court at the request of the concerned parties shall judge in favour of compensation when necessary.

ARTICLE (886)

Any creditor to the bankrupt shall be sentenced to imprisonment if he commits any of the following acts:

If he increases his debts held with the bankrupt by way of deception. 1.

If he favours himself vis-a-vis the bankrupt or a third party, with special benefits, against voting for the bankrupt on deliberations over the bankruptcy or the arrangement. 2.

If he concludes with the bankrupt, after suspension of payment, a cladenstine agreement, that confers upon him special benefits, detrimental to other creditors knowingly. 3.

The court shall spontaneously, adjudge the said agreements void, as to the bankrupt as well as to other persons, and shall oblige the creditor to return what he has taken by virtue of the void agreement, even a judgement of acquittal had been issued. The court may, in response to a request made by those concerned, order for compensation when needed.

ARTICLE (887)

Anyone who brings into the bankruptcy, by way of deception, fictitious debts, in his name or in the name of a third party, shall be sentenced to imprisonment.

ARTICLE (888)

The trustee in bankruptcy or the trustee in the composition, as the case may be, shall provide the public prosecution with any documents, notes and information, as is required. 1.

The documents shall remain, during the investigation or the penal trial, in the custody of the court's record clerk, and access to them may be made available and official copies thereof may be obtained, unless otherwise ordered by the court. 2.

The documents, after the investigation or the trial, shall be returned to the trustee in bankruptcy or to the controller against a receipt. 3.

ARTICLE (889)

Punishment by imprisonment for a period not exceeding five years may be passed against the creditor.

If he purposely hides all or part of his property, or if he overestimates them, in order to obtain the arrangement. 1.

If he purposely enables a creditor who is fictitious, or banned from participation in the arrangement, or who overestimates his debt, to take part in the deliberations and voting, or purposely lets him take part. 2.

If he purposely deletes the name of a creditor from the list of creditors. 3.

ARTICLE (890)

The creditor shall be sentenced to imprisonment:

If he overestimates his debts. 1.

If he takes part in the deliberations of the arrangement or the voting, knowing he is legally banned to do so. 2.

If he concludes with the debtor a cladenstine agreement that confers upon him special advantages which are detrimental to the interests of other creditors knowingly. 3.

ARTICLE (891)

Punishment by imprisonment shall be passed against any one who is not a creditor, and knowingly takes part in the deliberations of the arrangement or the voting.

ARTICLE (892)

Punishment by imprisonment shall be passed against any controller, who purposely gives untrue information on the condition of the debtor, or if he confirms such information.

ARTICLE (893)

No amendment to the rules governing the proceedings of the bankruptcy shall affect the fraudulent or negligent penal action being filed, unless otherwise provided for by the law.

ARTICLE (894)

If the crime pertains to an agreement concluded with one of the creditors, in order to grant the creditor special advantages, against voting for the arrangement, or to jeopardize the interests of other creditors, the penal court may spontaneously adjudge such agreement void, and shall bind the creditor to return whatever he has taken over, by virtue of the void agreement, even if a judgement of acquittal in the crime has been made, and the court shall, at the request of the parties concerned, adjudge in favour of compensations, when
necessary.

ARTICLE (895)

All penal judgements passed on the bankruptcy crimes, shall be published in the manners prescribed for publishing bankruptcy adjudication.

PART FOUR
FINES AND CHARGES

ARTICLE (896)

Fines and charges of the penal action related to the negligent bankruptcy which are filed by the public prosecution may not, in all cases, be borne by the body of the creditors.

ARTICLE (897)

In the case of the arrangement being made, the bankrupt shall bear the charges of the action, however, the public treasury may not claim such charges, except after the expiry of the periods granted to him in accordance with the arrangement having been made.

ARTICLE (898)

The charges of the action filed by the trustee in the bankruptcy, in the name of the creditors, shall be borne by the body of the creditors, if the bankrupt has been adjudged innocent, and the public treasury shall hear such charges, if the bankrupt has been condemned, however, the public treasury shall continue to have the right to recourse to the
bankrupt.

ARTICLE (899)

The charges of the penal action filed by any of the creditors, in his name shall be borne by him, if the bankrupt has been adjudged innocent, and shall be borne by the public treasury if the bankrupt has been condemned, however, the public treasury shall continue to have the right to recourse to the bankrupt.

ARTICLE (900)

The fines and charges of the penal action brought in connection with the fraudulent bankruptcy, in no case, may be borne by the body of creditors, unless one or several creditors assume the capacity of the plaintiff at a suit of personal rights, then the charges in the case of acquittal shall be borne by them