The Administrative Liquidation Journey

Procedure's Phases

Procedure's Steps

Preparation of the Application

3 Steps

- Considering different ankruptcy procedure
- Determining the most appropriate bankruptcy rocedure
- Preparing information & documentation necessary o file the application

Filling of the Application

2 Steps

- The debtor may object to the application for the commencement of the procedure filed by the competent authority and may file or any other bankruptcy procedure
- The debtor or the competent authority shall submit to the court the application for the commencement of the procedure
- The court notifies the debtor of the date of the application hearing session within (5) days of the application submission date if the application is filed by the competent authority
- The filing of an application for the commencement of the Procedure or the commencement of such Procedure shall result in a Claim Moratorium until such date where the commencement application is rejected, or when the Court ratifies the Proposal or he termination of the procedure is ordered

Procedure Commencement

3 Steps

- As long as the Bankruptcy Commission is assigned, the debtor is deprived form managing his activity, and any action related to the proceed ssets shall be considered invalid
- The court issues its judgment to commence the procedure and assign the Bankruptcy Commission for management
- The Bankruptcy Commission notifies the known creditors of the court's judgment within (5) days of the procedure's commencement date and asks them to file their claims within not more than (60) days of the notification date. A copy of the judgment shall be deposited in the Bankruptcy Register
- The Bankruptcy Commission announces the court's judgment to commence the procedure within (5) days of its commencement date and asks the creditors to file their claims within not more than (60) days of the announcement date

Implementation

4 Steps

- The creditors file their claims to the Bankruptcy Commission within (60) days - according to the form adopted by the Bankruptcy Commission
- The immature debts within the debtor's liabilities shall be considered owing and due as soon as the procedure is commenced
- The Bankruptcy Commission prepares an inventory of bankruptcy assets provided that it should contain the estimated values of the assets
- The Bankruptcy Commission takes over measures of selling the assets, if any
- The Bankruptcy Commission may ask the court to consider terminating employment contracts of employees working at the debtor according to the relevant regulations
- The Bankruptcy Commission prepares a list of creditors' claims and submit it to the court for approval within (14) days of the claims' filing expiration period
- The Bankruptcy Commission shall validate the claims before making the list
- The selling proceeds are considered useless if:
  1. The cost estimated from selling the asset is equal or exceed its estimated selling values
  2. The selling of the asset could not be made within a logical period
- If selling the assets results in generating proceeds that covers the expenses of the Liquidation Procedure or Small Debtors' Liquidation Procedure, the distribution process shall be implemented as follows:
  1. Bankruptcy Commission's fees and expenses.
  2. Distribution among creditors should be made according to the distribution terms stipulated in the Law and the Regulation

Procedure Termination

3 Steps

- The debtor with natural status shall not be discharged after removing his name in the bankruptcy record form any remaining debt unless a specific of general discharge is issued by the creditors. The debtors shall be considered bankrupt regarding the creditors' remaining rights for (24) months of the procedure termination. The creditors may not seek the court to apply for the commencement of any of the bankruptcy procedure within the aforementioned period
- The Bankruptcy Commission issues a procedure termination decision after the selling of assets is completed- if any- and after all the lawsuits in which the debtor is considered a party are closed within (12) months of the procedure's commencement date
- The Bankruptcy Commission deposits what indicates the procedure termination within (5) days of the termination date at the Bankruptcy Register and the commercial register
- The name of the natural debtor shall be removed form the Bankruptcy Register after (30) days of depositing what indicates the procedure termination
- The procedure termination leads to exempting the debtors provided that he is a corporate person

Implementation Channels

Preparation of the Application	Filling of the Application	Procedure Commencement	Implementation	Procedure Termination
Viewing Guide to the Commencement of Bankruptcy Procedures Eisar's website https://bankruptcy.gov.sa	The Portal of Commercial Justice System https://www.moj.gov.sa/ar/eServices/Pages/Details.aspx?itemId=24 Commercial Court – Bankruptcy Circuit Eisar's website https://bankruptcy.gov.sa	The Portal of Commercial Justice System https://www.moj.gov.sa/ar/eServices/Pages/Details.aspx?itemId=24 Commercial Court – Bankruptcy Circuit Eisar's website https://bankruptcy.gov.sa	Commercial Court – Bankruptcy Circuit Eisar's website https://bankruptcy.gov.sa	Commercial Court – Bankruptcy Circuit Eisar's website https://bankruptcy.gov.sa

Seeking help from specialists, if needed

Lawyer - Certified Public Accountant - Bankruptcy Officeholder - Consultant by Specialty

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