Protective Settlement Procedure Journey

Procedure's Phases

Procedure's Steps

Preparation of the Application (3 Steps)

- Considering different ankruptcy procedures
- Determining the most appropriate bankruptcy rocedure
- Preparing the proposal and information & documentation ecessary to file the application

Filing of the Application (4 Steps)

- The debtor files the application of the commencement of the rocedure with the court
- The debtor -when filing for commencing the procedure- may request the ourt to order moratorium
  - The debtor shall attach in his application a report prepared by the officeholder and the report shall contain the officeholder's assumption that the majority of the creditors will accept the proposal nd it can be implemented
- The debtor - when filing the procedure commencement, may request the court to terminate any contract in which the ebtor is considered a party
  - The debtor shall attach with his application a report prepared by an officeholder explaining the reason ehind the contract termination
- The debtor notifies the counterparty of the court's hearing date pertaining to the termination request at least (5) days prior to its date
  - The debtor attaches the proposal singed y an officeholder

Procedure Commencement (4 Steps)

- The court issues a judgment to commence the procedure and determines a date for the creditors to vote on the proposal in the hearing session of the ommencement application
  - The court may postpone the hearing for a period not to exceed (21) days for any of the following reasons:
    - Submitting any additional information or documents
    - Adjusting creditors classification
- The debtor notifies the creditors identified in the proposal of the courts' procedure commencement judgment within (7) days of its issuance date and calls them to vote on the proposal
  - The debtor attaches by notification a copy of the proposal or any document that indicates the ossibility of viewing the proposal
- The debtor announces the commencement of the procedure within (7) days of the issuance date and calls the creditors to vote on the proposal

- The debtor shall notifies his creditors of the court's decision ordering a claim moratorium immediately upon the issuance and shall deposit a copy of the decision in the Bankruptcy Register
  - The contracts in which the debtor is a party shall remain valid, regardless of the procedure commencement

Proposal Approval (6 Steps)

- Owners whom their right are affected by the proposal shall vote on the proposal
  - The creditor may file for inserting his claims which have not been inserted in the proposal, and the debtor may seek the help form an expert to estimate disputed claims
- Creditors' voting shall be made based on their classification indicated in the proposal
- The debtor notifies the creditors and owners of the result of the voting and deposits it at the court
  - The debtor may object to the proposal's at the ratification hearing
- The debtor seeks the court to ratify the proposal and accordingly shall notify the creditors before that
  - The debtor may apply to the court for approving the modification of the proposal and as such, the debtor shall notify the creditors of the proposal modification and of the voting date within (5) days of the court's approval. The debtor shall attach by the notification a copy of the proposal or anything that indicates the possibility of viewing the application
- The debtor notifies the creditors once the court ratifies the proposal
- The debtor deposits a copy of the court's ratification on the proposal in the Bankruptcy Register within (5) days of the ratification date

Implementation

- The debtor shall implement the plan and the parties indicated in the plan (the creditors and owners) shall be obliged to it

Procedure Termination (3 Steps)

- The debtor notifies the creditor before filing the procedure termination application upon full implementation of the plan
- The court issues a procedure termination judgment when one of the cases stipulated in Article (39) of the Bankruptcy Law is achieved
- The debtor deposits the court's judgment of terminating the procedure in the Bankruptcy Register within no later than (5) days

Implementation Channels

- 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/e-Services/Pages/Details.aspx?id=1Itemid
- Commercial Court – Bankruptcy Circuit
- Eisar's website https://bankruptcy.gov.sa
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Seeking help from specialists, if needed

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

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