Liquidation Procedure Journey

Procedure's Phases

Procedure's Steps

Preparation of the Application (3 Steps)

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

Filing of the Application (2 Steps)

- The debtor or the creditor files the application of the commencement of the procedure with the court
- The court notifies the debtor of the hearing date within (**5**) days of the submission date, if the application is filed by other than the debtor

> 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 the termination of the procedure is ordered

> The application of one or more creditors shall not be solicited at the court unless the conditions stipulated in Article (**93**) of the Bankruptcy Law are met

> The court may, at its own discretion or at the request of an interested party, order any of the following precautionary measures:
>
> 1- Assigning an officeholder to manage the activity until the court's judgment is issued
> 2- Seize the debtor's assets he owns or owned by others

Procedure Commencement (3 Steps)

- The court issues a judgment to commence the procedure and assign an officeholder for management
- The officeholder notifies the known creditors of the court's judgment and asks the creditors to file their claims within not more than (**90**) days of the notification date. A copy of the judgment shall be deposited in the Bankruptcy Register
- The officeholder announces the court's judgment within (**7**) days of his appointment and asks the creditors to file their claims within not more than (**90**) days of the announcement date

> As soon as the officeholder is appointed, the debtor is deprived form managing his/her activity, and any action related to the proceed assets shall be considered invalid

> The debtor may object to the application for the commencement of the procedure filed by other than the debtor during its hearing session

Implementation (7 Steps)

- The creditors file their claims to the officeholder within (**90**) days - based on the form adopted by the Bankruptcy Commission
- The Officeholder prepares an inventory of Bankruptcy Asset and provides the court with a copy
- The officeholder takes over the measures of selling the assets and validates the claims filed to him
- The officeholder prepares a list of creditors' claims and submits it to the court for approval within (**14**) days from the claims filing deadline and enable the creditors to view the list
- The officeholder reports to the court on the Procedure progress every (**3**) months, and the creditors may view the report
- The officeholder makes a decision to distribute the proceeds of selling the assets among the creditors. the officeholder shall notify each known creditor of the decision and submits a copy of the decision to each known creditor within (**30**) days of the distribution measure date
- The officeholder shall return to the natural debtor or the corporate debtor's owners any extra amount of the liquidation proceeds after discharging all the debtor's debts

> The immature debts within the debtor's liabilities shall be considered owing and due as soon as the Procedure is commenced

> Creditors committee shall be established by a court judgment or by a request from the officeholder or creditors, and creditors' claims shall represent (**50%**) of the total debts

> The debtor may object to the distribution decision and its measures before the court within (**21**) days of the notification date provided that the debtor shall notify the officeholder of his objection and provide him with all the objection document

> The officeholder may discontinue validating the claims filed to him after receiving the court's approval if it determines that the Procedure expenses and the guaranteed debts cover the proceeds of selling the whole assets

> The officeholder invites the creditors to vote or notifies the creditors committee, if any, of his determination to sell an asset which its value exceeds quarter of the assets value

> The officeholder may request the court to consider terminating employment contracts of employees working at the concerned debtor and shall include in his application the reasons and a breakdown of these contracts

Procedure Termination (5 Steps)

- The officeholder notifies the creditors before filing the procedure termination application
- The officeholder may file an application with the court to postpone the termination of the procedure by a request form the debtor
- The corporate debtor's name shall be removed from the Bankruptcy Register after (**30**) days of the issuance date of the court's procedure termination judgment
- Natural debtor 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 officeholder shall submit to the debtor all debtor assets, records, correspondences, claims and any other Information or Documents relating to the procedure acquired or generated thereby during his tenure as officeholder

Implementation Channels

Step	Channel
Preparation of the Application	Viewing Guide to the Commencement of " Bankruptcy Procedures, Eisar's website https://bankruptcy.gov.sa
Filing of the Application	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
Procedure Commencement	Commercial Court – Bankruptcy Circuit; Eisar's website https://bankruptcy.gov.sa
Implementation	Commercial Court – Bankruptcy Circuit; Eisar's website https://bankruptcy.gov.sa
Procedure Termination	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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