



وزارة التجارة  
Ministry of Commerce

## **Rules of Cross-Border Bankruptcy Procedures**

#### Article 1:

1. Terms used in these Rules shall have the meaning given to them under Article (1) of the Bankruptcy Law promulgated by Royal Decree No. (M/50) dated 28/5/1439 H, and under Article (1) of the Implementing Regulation of the Bankruptcy Law issued by the Council of Ministers' resolution No. (622) dated 24/12/1439 H.

2. Wherever contained herein and unless the context requires otherwise, the following terms and phrases shall have the meaning ascribed below:

**Rules:** the Rules of Cross-Border Bankruptcy Procedures;

**Foreign bankruptcy procedure:** a judicial procedure in a foreign State pursuant to the Bankruptcy Law in which the assets and funds of the debtor are subject to control or supervision by a foreign court for the purpose of reorganizing the debtor's financial activity or liquidating his assets;

**Foreign Court:** a competent authority in a foreign State entitled to commence or supervise a foreign bankruptcy procedure;

**Foreign Officeholder:** a person appointed by a foreign court to perform the assigned tasks under the Law;

**Judicial Assistance:** coordinating all matters pertaining to a bankruptcy procedure or foreign bankruptcy procedure in accordance with these Rules.

#### Article 2:

These Rules apply where:

A. Judicial Assistance is sought from the court by a foreign court or a foreign officeholder concerning a foreign bankruptcy procedure;

B. Judicial Assistance is sought from the foreign court by a court, bankruptcy commission or foreign officeholder concerning a bankruptcy procedure commenced in the Kingdom;

C. A foreign bankruptcy procedure and a bankruptcy procedure under the provisions of the Law in respect of the same debtor are taking place concurrently.

#### Article 3:

Without prejudice to the laws of the foreign State and international agreements, an officeholder who is authorized to act in a bankruptcy procedure commenced in the Kingdom may exercise his relevant powers and duties in the foreign State as permitted by the Law.

#### Article 4:

Without prejudice to the international agreements, the court may refuse to take any action requested by a foreign court once proven to be against the laws

applied in the Kingdom.

Article 5:

The foreign officeholder may apply to the court to request direct judicial assistance.

Article 6:

The sole fact that a judicial assistance application is made to a court by a foreign officeholder does not subject the foreign assets of the debtor, which are not related to the application, to the jurisdiction of the court.

Article 7:

1. The foreign creditor has similar rights to the creditor in the Kingdom with regard to commencing and participating in a bankruptcy procedure and the like;
2. The court must be satisfied that the interests of the creditors and other interested persons, including the debtor, are adequately protected;
3. The court may, at its own discretion or upon the request of the foreign officeholder or any person affected by judicial assistance, modify or terminate such judicial assistance;
4. Without prejudice to the creditors' secured rights by tangible pledge, a creditor who has received part payment in respect of his claim in a procedure pursuant to a law relating to bankruptcy in a foreign State may not receive a payment for the same claim in a procedure pursuant to the Law regarding the same debtor, so long as the payment to the other creditors of the same class is proportionately less than the payment the creditor has already received.

Article 8:

Without prejudice to the international agreements, the court may decide, in its hearing session regarding the submitted judicial assistance request, the following:

1. Accept the application fully or partially;
2. Refuse the request;
3. Whatever the court considers proper.

Article 9:

Once the foreign bankruptcy procedure is accepted by the court, the foreign officeholder is officially entitled to perform certain actions specified by the acceptance decision of judicial assistance.

Article 10:

Without prejudice to the international agreements and the principle of reciprocity, the scope of judicial assistance includes the coordination between the court and the foreign court in all matters relating to a commenced bankruptcy procedure as follows:

1. Appointment of a natural or legal person by the court and the foreign court;

2. Communication of information and documents concerning a bankruptcy procedure by any means considered appropriate by the court;
3. Coordination of administration and supervision of the debtor's assets;
4. Approve coordination agreements concerning the procedures or implementation of agreements by the court;
5. Coordination of concurrent bankruptcy procedures of the same debtor.

Article 11:

Judicial assistance application shall be written and shall be accompanied by:

1. Names and address of the persons involved in the application, if any;
2. Specify the nature of judicial assistance subject to the request;
3. Reasons for submitting the request;
4. Detailed information about any bankruptcy procedure related to the debtor, in accordance to the Law;
5. A statement with an estimated value of the debtor's assets in the Kingdom which is subject to the judicial assistance procedures;
6. A report certified by a foreign court ensures that the interests of creditors, including secured creditors, and any other interested parties shall be protected.

Article 12:

In the exercise of his powers specified by the Law, the officeholder shall directly provide judicial assistance to the foreign court or the foreign officeholder under the supervision of the court.

Article 13:

1. The court is entitled to directly request, as well as provide, judicial assistance from the foreign court and the foreign officeholder;
2. The court may use electronic means to communicate directly with the foreign court.

Article 14:

1. When the court decides to commence a bankruptcy procedure in the Kingdom and receives a judicial assistance request to coordinate with a foreign bankruptcy procedure in a foreign country which takes place concurrently, the court's decision to grant judicial assistance shall be consistent with the foreign bankruptcy procedure.
2. When the court accepts to grant judicial assistance in accordance with paragraph (1) of this Article, the court shall modify or terminate whatever inconsistent with the local bankruptcy procedure commenced in the Kingdom.

Article 15:

These Rules shall be published in the Official Gazette and shall be considered valid from the date of its publication.