

# **Rules for Officeholders' and Experts' Fees**

## **General Provisions**

### **Article 1:**

- 1- The terms and expressions contained herein shall have the meanings assigned thereto in Article (1) of the Bankruptcy Law issued by the Royal Decree No. (M/50) dated 28/05/1439H, and Article (1) of the Bankruptcy Law and its Implementing Regulations, issued by virtue of the Council of Ministers' Resolution No. (622), dated 24/12/1439H.
- 2- Fees, wherever mentioned in these rules, shall mean the financial compensation payable in consideration for the performance of the officeholder or expert, under the bankruptcy procedures, of any tasks stipulated herein.

### **Article 2:**

These rules aim to:

- 1- Govern the estimate of officeholders and experts' fees.
- 2- Enhance the trust in, and the transparency of, the bankruptcy procedures.
- 3- Prompt exerting more due diligence so as to enhance the quality of work.

### **Article 3:**

The provisions hereof shall apply to the following:

- 1- Fees specified to listed officeholders in consideration for performing any of the following tasks:
  - a- Annotating on the proposal for the protective settlement procedure that the required information and documents are completed.
  - b- Preparing the reports stipulated under the Bankruptcy Law and the regulations related to the protective settlement procedure or the small debtors' protective settlement procedure.
  - c- Acting as an officeholder in the financial restructuring procedure or small debtors' financial restructuring procedure.
  - d- Acting as an officeholder in the liquidation procedure or in the small debtors' liquidation procedure.
  - e- Acting as a temporary officeholder according to the provisions of Article (5) or Article (81) of the Implementing Regulations of the Bankruptcy Law.
- 2- Fees specified to listed experts in consideration for preparing relevant expert's reports on bankruptcy procedures.

### **Article 4:**

- 1- The fees of the appointed officeholder in a bankruptcy procedure shall cover all the works stipulated under the Bankruptcy Law, the

- regulations and rules related to the performance of the task, including the expenses of his firm, his work team, and similar regular expenses.
- 2- The officeholder's fees are exclusive of the following:
    - a- The duties of the officeholder appointed in place of the debtor in the financial restructuring procedure, or the small debtors' financial restructuring procedure when restraining the debtor.
    - b- The legal expenses of lawsuits filed for or against the debtor.
    - c- The expenses for the preparation of the debtor's financial statements.
  - 3- The court may, on its own initiative, or upon a stakeholder's request, decide to integrate any of the provisions under paragraph (2) of this Article into the officeholder's fees.

### **Fees Estimation**

#### **Article 5:**

When estimating the officeholder's fees, the following shall be taken into account:

- 1- The number of creditors, total debts, and total assets value.
- 2- The type, degree of complexity and risks associated with the task.
- 3- The capabilities, qualifications, and experience of the officeholder or expert, and the qualifications of their work team.
- 4- The number of officeholders or experts assigned to a single task.
- 5- The existence of a substantial activity in the liquidation procedure, or the small debtors' liquidation procedure, which requires increasing the administrative burdens for managing it to the extent necessary to complete the procedure.

#### **Article 6:**

- 1- The officeholder's fees for performing the tasks provided for under paragraph (1) of Article (3) herein shall be estimated according to the following:
  - a- A lump sum amount not exceeding (ten thousand) Saudi Riyals, in consideration for performing the task set forth under paragraph (a).
  - b- A lump sum amount not exceeding (thirty thousand) Saudi Riyals, in consideration for performing the task set forth under paragraph (b).
  - c- An amount to be estimated based on the number of creditors, total debts, and total assets value, according to the tables of classes of creditors, debts, and assets, in consideration for performing any of the tasks set forth under paragraphs (c and d).
  - d- An amount to be estimated based on the number of creditors, total debts, and the total assets value, provided that not exceeding (10%) of the fees set forth in the tables of classes of creditors, debts, and assets,

and provided that such amount shall not be less than (thirty thousand) Saudi Riyals, in consideration for performing the task set forth under paragraph (e).

- 2- The expert's fees shall be estimated according to the applicable rules and norms of his expertise domain.

#### **Article 7:**

Subject to the provisions of Article (5) herein, the court may - when applicable - decide to increase or decrease the estimated fees, in accordance with the provisions of Article (6) herein, provided that such increase or decrease shall not exceed (50%) of the estimated fees, along with giving the reasons for so deciding.

### **Eligibility and Disbursement of Fees**

#### **Article 8:**

Upon disbursing the officeholder's fees in the financial restructuring procedure and the small debtors' financial restructuring procedure, the following shall be taken into account:

- a- (50%) of the fees shall be payable in consideration for the period from the commencement of the procedure till the voting on the proposal.
- b- (25%) of the fees shall be payable upon the court's confirmation of the financial restructuring proposal or after the enforcement of such proposal in the small debtors' financial restructuring procedure.
- c- (25%) of the fees shall be payable upon completing the sixth regular report of the plan implementation progress reports.
- d- The court shall estimate the fees for any period subsequent to the periods mentioned in this Article in accordance with the provisions of these rules, subject to the requirements of the plan's implementation.

#### **Article 9:**

- 1- Upon disbursing the officeholder's fees in the liquidation procedure, and the small debtors' liquidation procedure, the following shall be taken into account:
  - a- (75%) of the fees shall be payable and shall be distributed throughout the period of the relevant procedure.
  - b- (25%) of the fees shall be payable upon the issuance of the court judgment to terminate the procedure after the completion of all its related works and tasks, including claims, sale and distribution, provided that an amount equivalent to such percentage shall be retained prior to the distribution to creditors.

- 2- The officeholder's fees shall be disbursed upon obtaining a court approval, and the court may authorize that the officeholder's fees shall be disbursed on a periodic basis.

**Article 10:**

The officeholder's fees, provided for under paragraph (1/e) of Article (3) herein, shall be disbursed on a monthly basis for three months. In case the task's period exceeds such period, the court shall specify new fees for such extra period.

## **Fees Adjustment**

**Article 11:**

The officeholder, debtor, or creditor may submit a request to the court to adjust the officeholder's fees, by increase or decrease, in case a substantial change in excess of (30%) occurs in any of the determinants of estimating the officeholder's fees provided for under paragraph (1/c) of Article (6) herein.

## **Performance Incentives**

**Article 12:**

1. The court, on its own initiative, or upon a request by the officeholder, may order the disbursement of a performance incentive upon exerting extraordinary diligence, in case such effort is conducive to an increase in the interest payable to creditors, or an acceleration in the reinstatement of debtor's business, including the following:
  - a- Cancelling and settling crucial debts.
  - b- Retrieving substantial assets or discovering unknown assets.
  - c- Substantially reducing the burden and expenses of the procedure.
  - d- Selling an investment activity in operation.
- 2- When applicable, the court may estimate the payable fees in consideration for the works set forth under this Article while estimating the fees.

## **Final Provisions**

**Article 13:**

The court may, on its own initiative or upon a stakeholder's request, decide what it deems appropriate regarding any matter that may influence the estimation, eligibility, disbursement or reimbursement of fees, or that may affect the decision to disburse one or more advance payments to the officeholder pending the decision determining the payable fees.

**Article 14:**

Any request submitted by the officeholder to the court under these rules must include the reasons for such request.

**Article 15:**

Any decision of the court regarding the estimation of fees must include the criteria for such estimation, or indicate the reliance on the tables of classes of creditors, debts and assets.

**Article 16:**

Without prejudice to the right to objection stipulated under Article (217) of the Bankruptcy Law, the court's judgment or decision issued in accordance with the provisions of these rules shall be deemed enforceable on the date of its issuance.

**Article 17:**

These rules shall be published in the official gazette and shall come into effect on the date of their publication.

## **Appendix: Schedules of classes of creditors, debts and assets**

### **Schedule (1): Creditors Classes**

<b>Creditors from      to</b>	<b>Fees per each Creditor</b>	<b>Total estimated fees for creditors per class</b>			
1            25	2,000	15,000*	+	2,000	For each creditor up to 25
26          100	1,500	65,000	+	1,500	For each creditor over 25
101        500	1,000	177,500	+	1,000	For each creditor over 100
501        Or more	500	577,500	+	500	For each creditor over 500

\*An initial amount of (fifteen thousand Riyals) shall be calculated for the officeholder, then the amounts corresponding to the number of creditors shall be calculated.

### Schedule (2): Debts Classes

Debts		Total estimated fees for debts per class			
From	To	Financial restructuring procedure and small debtors' financial restructuring procedure			
1	2,000,000	2.400%	of the amount up to	2,000,000	
2,000,001	10,000,000	48,000 + 1.104%	of the amount over	2,000,000	
10,000,001	100,000,000	136,320 + 0.508%	of the amount over	10,000,000	
100,000,001	500,000,000	593,520 + 0.234%	of the amount over	100,000,000	
500,000,001	2,000,000,000	1,529,520 + 0.107%	of the amount over	500,000,000	
2,000,000,000	Or more	3,134,520 + 0.010%	of the amount over	2,000,000,000	

Debts		Total estimated fees for debts per class			
From	To	Liquidation procedure and small debtors' liquidation procedure			
1	2,000,000	0.800%	of the amount up to	2,000,000	
2,000,001	10,000,000	16,000 + 0.368%	of the amount over	2,000,000	
10,000,001	100,000,000	45,440 + 0.169%	of the amount over	10,000,000	
100,000,001	500,000,000	197,540 + 0.078%	of the amount over	100,000,000	
500,000,001	2,000,000,000	509,540 + 0.036%	of the amount over	500,000,000	
2,000,000,000	Or more	1,049,540 + 0.010%	of the amount over	2,000,000,000	



### Schedule (3): Assets Classes

Assets		Total estimated fees on assets per class		
From	To	Financial restructuring procedure and small debtors' financial restructuring procedure		
1	2,000,000	2.833%	of the amount up to	2,000,000
2,000,001	10,000,000	56,660 + 1.288%	of the amount over	2,000,000
10,000,001	100,000,000	159,700 + 0.585%	of the amount over	10,000,000
100,000,001	500,000,000	686,200 + 0.266%	of the amount over	100,000,000
500,000,001	2,000,000,000	1,750,200 + 0.121%	of the amount over	500,000,000
2,000,000,000	Or more	3,565,200 + 0.010%	of the amount over	2,000,000,000

Assets		Total estimated fees on assets per class		
From	To	Bankruptcy procedure and Small debtors' bankruptcy procedures		
1	2,000,000	17.00%	of the amount up to	2,000,000
2,000,001	10,000,000	340,000 + 7.727%	of the amount over	2,000,000
10,000,001	100,000,000	958,160 + 3.512%	of the amount over	10,000,000
100,000,001	500,000,000	4,118,960 + 1.596%	of the amount over	100,000,000
500,000,001	2,000,000,000	10,502,960 + 0.725%	of the amount over	500,000,000
2,000,000,000	Or more	21,377,960 + 0.300%	of the amount over	2,000,000,000