

## **The Rules Organizing the Work of Officeholders and Experts**

## **Chapter (1)**

### **General Provisions**

#### **Article (1)**

The terms and expressions contained herein shall have the meanings assigned thereto in Article (1) of the Bankruptcy Law, issued by Royal Decree No. (M/50), dated 28/05/1439H, and Article (1) of the Bankruptcy Law Implementing Regulations, issued by the Council of Ministers' Resolution No. (622), dated 24/12/1439H, unless otherwise defined herein.

#### **Article (2)**

The provisions contained herein shall apply to the officeholders and experts enlisted in the lists of officeholders and experts.

#### **Article (3)**

These rules are intended to enhance confidence in bankruptcy procedures, and to improve the quality of officeholders and experts' work.

#### **Article (4)**

Officeholders and the experts shall adhere to the provisions of the Bankruptcy Law and Regulations, and all the relevant applicable laws, regulations, rules, resolutions and circulars.

## **Chapter (2)**

### **Preparing for the Task**

#### **Disclosure**

#### **Article (5)**

Prior to appointment, officeholders and experts shall disclose, before court, any relationship they might have with the debtor or creditors or any conflict of interests regarding the bankruptcy procedure, provided that this shall include the following:

- a) The nature of such relationship (if any);
- b) Explaining the conflict of interests (if any) such as the officeholder or the expert being the debtor's creditor, spouse, relative by marriage, kinsman to the fourth degree, partner, employee, auditor or agent, over the last two years preceding the commencement of the bankruptcy procedure.

## **Action plan**

### **Article (6)**

1. Subject to the periods stipulated in the Law and the Regulations, the officeholder shall prepare, within a period not exceeding (ten) days from the date of his appointment, an action plan for managing tasks - as the case may be - provided that such plan shall include the following:

- a) Data of the debtor, type of bankruptcy procedure, and data of the judgment deciding the commencement of procedure;
- b) The information and documents the officeholder has reviewed including the details of the bankruptcy assets and debts;
- c) The expected period for completing the following:
  - 1. Examine the creditors' claims and prepare the claims list;
  - 2. The inventory list of bankruptcy assets;
  - 3. Sale of bankruptcy assets in the procedures of liquidation or the small debtors' liquidation;
  - 4. Distribution of proceeds in the procedures of liquidation or the small debtors' liquidation;
  - 5. Submit to the court a request to terminate the procedure.
- d) How to obtain an approval for the debtor's applications and how to assist the debtor in preparing the proposal in both procedures of financial restructuring or small debtors' financial restructuring.
- e) Potential difficulties in managing the tasks of the procedure, and the suggested steps to overcome them.
- f) Any other information or steps that the officeholder deems important to include in the action plan.

2. The officeholder shall update the action plan, when necessary.

## **Chapter (3) Notification and Announcements**

### **Article (7)**

The officeholder's announcement of any judgment, decision, or procedure shall be on the Bankruptcy Commission's website, and in case the announcement is for whatsoever reason made on any other media, such announcement shall include a reference to the announcement posted on the Bankruptcy Commission's website.

### **Article (8)**

The announcement may not include the logo of any entity without obtaining the prior written consent thereof.

### **Article (9)**

In case the notification provided for under the Law and the Regulations is not possible, the officeholder must notify whoever failed to notify on the Bankruptcy

Commission's website, provided that the announcement includes the person's full name and nationality, if applicable.

**Chapter (4)**  
**Annotation on the Protective Settlement Proposal**  
**Receipt of the Proposal**

**Article (10)**

The officeholder shall submit a notification to the debtor indicating his acknowledgment of receipt of the protective settlement proposal, his annotation on the request and the financial charges for the annotation in accordance with the rules of officeholders and experts' fees, and the periods required for each party to respond to the other regarding examining and approving the proposal, within a period not exceeding (two days) from the date of receipt of the proposal.

**Examining the Proposal**

**Article (11)**

1. The officeholder shall verify that the proposal fulfills the information and documents provided for under Article (16) of the Regulations. Considering the substantive issues is not a requirement for annotating the proposal.
2. The officeholder shall ask the debtor - in writing - to complete the missing information and documents in the proposal within the periods mentioned in the notice provided for under Article (10) herein, and the officeholder may not indicate that the proposal is incomplete.

**Annotation on the Proposal**

**Article (12)**

1. The officeholder shall annotate the proposal that contains the required information and documents, provided that the annotation shall include the following:
  - a) Date of receiving the proposal from the debtor;
  - b) Number of proposal pages and the attachments thereof (if any);
  - c) Place of annotation;
  - d) Name of officeholder, number of license, signature and annotation date.
2. The officeholder shall not be responsible for the correctness of the information or documents contained in the annotated proposal, and may not include - upon annotation - his views or assessment regarding the proposal or the availability of the conditions for the commencement of the procedure therein.

## **Chapter (5)**

### **Examining Creditors' Claims and Preparing a Claims list**

#### **Receipt of Claim**

##### **Article (13)**

The officeholder shall provide a notice to the claimant stating the receipt of the claim within a period not exceeding (two days) from the date of its receipt.

##### **Article (14)**

1. The officeholder shall examine the claim in terms of form, and shall verify that the necessary information and documents are complete, including the capacity of the claimant and the proof of such capacity.

2. The officeholder shall ask the claimant to fulfill the requirements within a period not exceeding (five) days from the date of receiving the claim.

#### **Examining the Claim**

##### **Article (15)**

The officeholder shall promptly examine the claim as soon as it is submitted without waiting for the expiration of the period duly specified for submitting claims.

##### **Article (16)**

Upon examining the claim, the officeholder shall:

a) Apply the rules of evidentiary procedures provided for under the Law of Sharia Pleading, and other relevant laws;

b) Rely on the legal effect of the final judgments issued regarding the claim, whether issued by a judicial body, an arbitration body, or a committee with a jurisdiction to settle disputes;

c) Apply the provisions of Article (110) of the Law;

d) Verify the suitability of the evidences and proofs provided by the creditor for what he claims;

e) Compare what was presented in the claim with the debtor's books, financial statements, invoices and documents, and any information or documents submitted by the debtor, and examining the reasons for the difference, if any;

f) Request, from any party, to complete any information or documents - when necessary - including: the creditor, debtor, court, and any public or private entity;

g) Pose questions to the parties to the claim to clarify any ambiguities or inconsistencies.

### **Article (17)**

The officeholder shall examine the claim's subject and shall verify the debt in accordance with the following:

- a) Reason of debt;
- b) Debt's origin and maturity dates;
- c) Details of the securities related to the claim, details of the securing assets, and an estimate of their value;
- d) Determine whether the debt is fixed or probable, and indicate whether it is mature or credit, fulfilled or conditional;
- e) Estimate the value of the claim, if it is not precisely defined, and converting the amount claimed to be paid in a foreign currency into Saudi Riyals according to the estimated exchange rates prevailing on the date of the commencement of the procedure;
- f) Check the status of the whole or partial lapse or payment;
- g) Examine whether the debt is likely to be set off, taking into account the differences in the relevant provisions in the procedures.

## **Recommendation**

### **Article (18)**

1. The officeholder, upon examining the claim, shall write a recommendation including the following:

- a) Summary of the information and documents submitted by the creditor and debtor;
- b) The reasons the claim relies on, including the discussion of what by the parties to the claim have submitted;
- c) The recommended acceptance of the claim, its rejection, or the partial acceptance and rejection, or its referral to an expert.

2. The officeholder shall pay due attention to the wording of all what is mentioned in paragraph (1) of this Article, by writing it in a clear and concise language that is limited to the facts and the influential reasons.

### **Article (19)**

1. Immediately upon writing the recommendation - and before submitting the list of claims to the court - the officeholder shall provide his recommendation with all its attachments, to the claim parties.

2. The officeholder shall attach to the list of claims - provided for under Article (20) herein - the objections of the parties that he deemed not requiring any alteration of his recommendation.

### **Preparing the Claims List**

#### **Article (20)**

1. The officeholder shall prepare a list of the creditors' claims and shall submit it to the court for approval. The list shall be accompanied with a disclosure of his relationship with the creditors.

2. The officeholder shall notify the creditor whose claim is recommended to be rejected or referred to an expert.

3. The officeholder shall enable the creditor to view the claims list approved by the court as soon as he so demands.

4. The officeholder shall consider the claims that are later than the date specified by the Law in accordance with the provisions of the relevant bankruptcy procedure.

### **Chapter (6)**

#### **Preparing and Reviewing Reports under Bankruptcy Procedures**

### **Contracting for Reporting**

#### **Article (21)**

When contracting for preparing any of the reports, the officeholder and the expert shall notify the contractor - within a period not exceeding (two days) from the date of receiving the request to prepare the report - of their approval of the request, and the financial charges for that according to the rules of officeholders and experts' fees, and the periods required for each party to respond to the other party regarding preparing the report. The officeholder and the expert may ask the contractor - in writing - to complete any incomplete data or document.

### **Report Contents**

#### **Article (22)**

The report prepared by the officeholder and the expert shall include the following:

- a) The assigned task, and the legal basis thereof;
- b) Data of the debtor, type of bankruptcy procedure, and data of the judgment of the commencement of the procedure, if any;
- c) The legal documents relied upon in the report and the governing provisions of the relevant laws, regulations, rules, decisions and instructions;
- d) The reviewed information and documents;
- e) The technical opinion in accordance with the provisions of paragraph (c) of Article (23) herein;
- f) Name of officeholder/expert, number of license, signature and date of report.

### **Report Preparation**

#### **Article (23)**

When preparing the report, the officeholder and expert shall observe that the report:

- a) Is including everything relevant to the assigned task;
- b) Is not exceeding the limits of jurisdiction, legal or judicial mandate;
- c) Includes the technical opinion with its reasons, and the report's findings shall be clear;
- d) Shall be written in a clear and succinct language limited to the facts and the influential reasons, while observing the accuracy in the use of terminology.

### **Periodic Report**

#### **Article (24)**

Subject to the provisions of Articles (22) and (23) herein, any periodic report prepared by the officeholder on the progress of the procedures of liquidation or the small debtors' liquidation shall include the following:

- a) The accomplished tasks of administering the procedure;
- b) The actions taken regarding the sale of bankruptcy assets;
- c) The actions taken regarding the distribution among creditors;
- d) The status of lawsuits in which the debtor is a party;
- e) The difficulties the officeholder faces in managing the tasks of the procedure, and the actions taken or proposed to overcome such difficulties;
- f) Any other information or data that the officeholder deems significant to be included into the report.

### **Reviewing Debtor's Reports**

#### **Article (25)**

1. When reviewing the reports prepared by the debtor in the procedures of financial restructuring and the small debtors' financial restructuring - related to the progress of implementing the plan - the officeholder shall ensure that each report fulfills its intended purpose, and that it includes the following:

- a) Everything related to its subject, including an explanation of what has been accomplished of the terms of the plan;
- b) The debtor shall attach the proof that confirms the achievement in terms of the plan or the difficulties in its implementation, or the steps that he has taken or suggests to overcome such difficulties.

2. The officeholder may ask the debtor - in writing - to fulfill any missing data or document the officeholder deems important to be included in the report.

### **Chapter (7)**

#### **Bankruptcy Assets Inventory and Preparing the Inventory List**

##### **Bankruptcy Assets Inventory**

#### **Article (26)**

The officeholder shall conduct an inventory to the debtor's assets on the date of the commencement of any of the bankruptcy procedures or during the validity of any of them, including movable and immovable properties, intellectual property rights, financial rights owed by third parties, whether current or future, as well as rights that are pertaining to any of them, etc. and whatsoever may have a present or future financial value, what is in the possession of the debtor and what is possessed by others, and what is subject to a claim from others, and what is inside or outside the Kingdom of Saudi Arabia. The inventory of any asset may not be hindered due to failing to record such asset in the financial statements.

#### **Article (27)**

1. The officeholder shall verify that the information and documents provided by the debtor are correct and that they fulfill the legal requirements, and shall take the necessary actions to perform the task, including the following:

- a) Auditing the debtor's books, documents and financial statements;
- b) Requesting statements from the relevant entities, such as the court, the Ministry of Justice, the Ministry of Trade, the Saudi Central Bank, the Capital Market Authority, banks, financial market institutions, and others;
- c) Posing questions to the debtor, creditors, or any related person, to clarify any ambiguities or inconsistencies;
- d) Inspecting the bankruptcy assets.

2. The officeholder shall take the necessary actions in case he discovers any acts in violation to the provisions of the Law regarding any of the bankruptcy assets, including the claim of recovery, the request to take precautionary measures, or the referral of the case to the concerned authority.

### **Preparing Inventory List**

#### **Article (28)**

1. The bankruptcy assets inventory list shall include:
- a) Asset type;
  - b) Detailed description of the asset;
  - c) Title deed of the asset;

- d) Who owns the asset at the time of preparing the list, and if it is not in the possession of the debtor, explaining the reason and the probability of acquiring it;
- e) Whether the asset is subject to any securities, while indicating the creditor, debtor and the amount of debt secured by the asset;
- f) Whether the asset is subject to a dispute, the case number, date, and status, and the court or judicial authority that considers the case;
- g) Whether the asset is jointly owned;
- h) Any other data that the officeholder deems affecting the bankruptcy procedure or the rights of its parties.

2. The officeholder shall provide the court with a copy of the bankruptcy assets inventory list.

3. When necessary, the officeholder shall amend the bankruptcy assets inventory list and provide the court with a copy of the amended list.

## **Chapter (8)**

### **Sale of Bankruptcy Assets**

#### **Pre-Sale Provisions**

#### **Article (29)**

Prior to selling the bankruptcy assets, the officeholder shall observe the following:

- a) That the sale takes place after obtaining a final judgment or decision to commence the liquidation procedure or the small debtors' liquidation procedure;
- b) Obtaining the Court's approval before selling the assets subject of dispute;
- c) Making any announcement as set by the Law or the Regulations;
- d) Conducting any vote as set by the Law or the Regulations;
- e) Opening a current account for depositing the proceeds of selling the assets.

## **Sale Method**

#### **Article (30)**

Subject to the provisions of Article (29) herein, the officeholder shall initiate the sale of the bankruptcy assets at the best possible price, taking into account the following:

- a) Determining a reasonable period to complete the sales work, consistent with the duration of the procedure and the prompt distribution of proceeds among creditors;
- b) The timing of the sale and its effect on increasing the price;
- c) Determining the most beneficial method for selling, and whether in wholesale or retail, and whether it is by electronic or regular means;
- d) Probability of transporting the assets, and its costs;
- e) Any other factors that the officeholder deems affecting the increase in the proceeds of selling the bankruptcy assets.

#### **Article (31)**

The officeholder, upon applying the provisions of Article (82) of the Law, shall observe the following:

- a) Opening a separate current account to deposit the proceeds of selling the bankruptcy assets securing the debtor's debt, and the officeholder shall be the person authorized to manage the account and close it as soon as the purpose of its opening ends;
- b) Notify the bank - immediately - of his dismissal or resignation;
- c) State his fees determined according to the officeholders and experts' fees rules and the expected sale expenses.

### **Contracting with others**

#### **Article (32)**

If the officeholder decides to seek the assistance of another person in organizing the sale of bankruptcy assets, such as a marketer and the like, and the financial compensation for that exceeds an amount of (twenty thousand) riyals, or if the

value of the asset exceeds an amount of (one hundred thousand) riyals, then the officeholder shall choose the most suitable offer for that from three offers indicating the reasons for his choice. If this is not possible, the officeholder may be satisfied with less offers, indicating the reasons for such impossibility.

## **Chapter (9)**

### **Distribution among Creditors**

#### **Contents of Distribution Decision**

#### **Article (33)**

The decision of distribution among creditors shall include the following:

- a) Debtor's data, bankruptcy procedure type and the judgment of commencement;
- b) The measures taken since the commencement of the procedure, and the actions taken in its administration, including the sale procedures;
- c) The sold bankruptcy assets and the proceeds of such sale;
- d) The method of distribution among creditors, and the date or dates of distributions (if they are multiple), with reference to the previous distribution decisions, and the court's approval of the multiplicity of distribution;
- e) Creditors' names, addresses and contact information, and the amounts allocated to each of them based on their priorities, taking into account what will be deducted from the profits of future dues in the event of early payment upon distribution to creditors;
- f) Officeholder's name, license number, signature, and date of decision.

#### **Notification of the Distribution Decision**

#### **Article (34)**

The officeholder shall notify the creditors of the distribution decision, and shall enable them to view the information and documents, as provided for under Article (10) of the Regulations.

#### **Amendment of the Distribution Decision**

#### **Article (35)**

1. The officeholder, when necessary, shall file a request for obtaining the court's approval to amend the distribution decision, stating the reasons for this.

2. The officeholder shall inform the creditors of the amended decision in accordance with the provisions of Article (34) herein.

### **Enforcement of the Decision and Distributing the Proceeds**

#### **Article (36)**

Without prejudice to the provisions of paragraph (2) of Article (116) of the Law, the officeholder shall promptly enforce the distribution decision and the distribution of the proceeds after the lapse of the objection period without filing any objection by the creditors, or immediately after the judgment to reject all objections is issued.

### **Chapter (10) Final Provisions**

#### **Article (37)**

Without prejudice to the provisions of paragraph (4) of Article (22) of the Regulations, the officeholder and the expert shall keep a copy of all records and correspondence and any other information or documents related to the procedure or task that they have obtained or created during the performance of their work, and for a period not less than (five) years following the completion of the procedure or task.

#### **Article (38)**

If the officeholder suspects that the debtor, or any of his creditors, has committed any of the acts incriminated by Law, he shall report the case to the concerned authority.

#### **Article (39)**

The Bankruptcy Commission shall issue the decisions necessary to implement the rules herein.

#### **Article (40)**

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