Law No. 23 for 2010 concerning commercial activity
Book Seven

Bankruptcy and protective magistrate
Section One
Protective magistrate from bankruptcy

Article (984)
Protective magistrate
The person who expects adjudication of bankruptcy and he finds himself unable to fulfill his debts should propose to his creditors protective magistrate according the provisions of this section.

Article (985)
Conditions for accepting magistrate
The following conditions are for accepting protective magistrate:

1. Magistrate should be before adjudication of bankruptcy
2. Debtor should be registered in the trade register for a period of at least two years or from date of starting business if it is less than that
3. His accounts should be regular for the mentioned period of the previous paragraph
4. He should not adjudicated bankruptcy during the previous 5 years and he did not enter in the procedures for protective magistrate during the same period
5. He should not be sentenced to fraudulent act or a felony or misdemeanor in the money or betrayal of trust or public economy or trade or industry
6. To offer to his creditors one of the following two issues:

a. Submission of definite guarantees in kind or personal by which he undertakes to pay at least 40% of the value of his ordinary debts during six months of declaring magistrate and if he proposed longer period, he should submit the same guarantees to pay legal interest on the amounts that he has undertaken its payment after the mentioned six months.
b. In case the debtor offered to his creditors the magistrate on the basis that he assigns all existing funds at the time of proposing the magistrate except what is exempted according article (1051), the value of funds and assets should be sufficient to settle creditors' rights at least at the percentage specified in item (a).

Article (986)
Statement of affairs
The debtor submits proposal for magistrate with statement of affairs stating the reasons of disability for fulfillment of debts that led him to request the protective magistrate to be

signed and submitted to the court of first instance at the location in which his main activity is located.
The debtor should submit with the statement of affairs his commercial books and separate list for assets stating the value of each and list of creditors' names.
Companies will submit the statement of affairs after approval and signature according article (1161).

Article (987)
Reasons for not accepting the statement of affairs
The court of first instance after the testimony of the general attorney and testimony of the debtor if required, will issue decision that the proposal is not accepted when the conditions stipulated in the paragraphs (1-5) of article (985) are not available or if the court is convinced that the proposed magistrate does not match the conditions stated in paragraph (6) of the same article.
In these cases, the court will itself adjudicate bankruptcy.

Article (988)
Procedures of protective magistrate
If the court accepted the proposal, it will announce the procedures for adjudication of bankruptcy with decision including the following:

1. To depute a judge to perform the procedures for magistrate

2. To order invitation of creditors for meeting before expiry of 30 days from date of decision and to specify period for informing the creditors

3. To appoint judicial controller which is selected from the judicial managers taking into consideration the provisions of articles (1032, 1033, 1034)

4. To specify a period not exceeding 8 days for deposit of the amount that court's clerk section sees necessary to perform the procedures

In case the amount is not deposited, the court will take the necessary arrangements which are stipulated in the second paragraph of the previous article.

Article (989)
Orders and decisions issued by the deputed judge
Judge orders are subject to appeal according article (1031).
The decision issued by the court of first instance in this appeal will be final.

Article (990)
Judicial controller
The judicial controller has the authority of the public official within the limits of the assigned tasks.
Provisions of articles (1041, 1042, 1043 and 1044) will be applied in this respect.

Article (991)
Adjudication of decision
The court's clerk section will adjudicate the decision for accepting magistrate by fixing on the court's announcement board and will send it to the trade register office for registration.
The decision will also be published through the legally decided means.
If the debtor owns funds that are not moveable or other funds subject to registration, the provisions of the second paragraph of article (1097) will be applied.

Chapter Two

Article (992)
Management of funds during the procedures
Management of funds and operation of all business will remain with the debtor during magistrate procedures under the supervision of the judicial controller and guidance of the deputed judge.
Loans, reconciliations, actions in real estate and its mortgage or mortgage of moveable, guarantees, get off discounts, declaration of others' rights, cancellation of real estate mortgages, acceptance of conditional donation and inheritance and all operations which exceed the ordinary management even if it was in the form of money order will not be applicable in the previous creditor's right unless the deputed judge agrees.

Article (993)
Effects of submitting the statement of affairs
As from date of submission of the statement of affairs until the decision approving magistrate comes into force, whoever has debt prior issuance of the decision should not commence execution on debtor's funds otherwise that procedure will be subject to invalidity and the periods of limitation will be suspended.
The creditors should not acquire privilege rights which are effective in the rights of the unified creditors except if approved by the judge in the cases that are stipulated in the previous article.

Article (994)
Applicable rules
In consideration with the date for submission of the statement of affairs, provisions of articles (1060, 1, 2, 3, 4, 5, 6, 7 and 1068) of this law will be applied on protective magistrate.

Chapter Three
Direct procedures

Article (995)
Indication in commercial books
After issuance of the decision concerning acceptance of protective magistrate, the deputed judge will indicate (make a sign or signal) under the last writing in the books which were submitted and the books and records will be returned to the debtor who should put it under disposal of the deputed judge and judicial controller.

Article (996)
Invitation of creditors for meeting
The judicial controller will ascertain the accuracy of the lists of creditors and debtors according the submitted documents and commercial books according article (986) and may make any necessary amendments and will notify the creditors with registered letters or telegrams or legally approved communication means about date of creditors' meeting and proposals of the debtor.
If the notification stipulated in the previous paragraph is difficult due to the huge number of creditors or it is difficult to identify their personalities, the court may permit to follow the stipulation of article (1135) after the testimony of the judicial controller.
If there are holders of loan bonds, the term stipulated in item (2) of article (988) should be multiplied.
In all cases, the announcement for meeting should be directed to the joint representative of holders of loan bonds if found.

Article (997)
Controllers' job and report
The judicial controller should make inventory of the assets of the debtor and should set separate report stating the reason for imbalance of debtor's movement, his conduct, proposals for magistrate and guarantees to be offered to the creditors; to be lodged to court's clerk section during at least 3 days prior creditors' meeting.
The judge in accordance with controller's request may appoint a person to assist him in estimating the value of assets.

Article (998)
Adjudication of bankruptcy during magistrate procedures
If the judicial controller proved that the debtor has concealed part of his money or shown an amount which is not actual or he did not announce debts as a fraudulent act or he state debts which are not existing or committed an act of the tricky acts, he should inform the deputed judge immediately and after the appropriate investigations, he should propose to the court of first instance adjudication of bankruptcy of that debtor.
He will adjudicate bankruptcy if during magistrate procedures, the debtor performed work which is not authorized by article (992) or if he intends to lay a hand on the creditors' rights or if it was revealed at any time that he did not fulfill the conditions imposed for accepting magistrate.

Chapter Four: Magistrate decisions

Article (999)
Creditors' meeting
Creditors' meeting is headed by the deputed judge.
Each creditor should depute another on his behalf by special authorization to be written without specific formalities for announcement of invitation.
The debtor or legal representative should attend personally and he should not depute other with special authorization except for preventive reasons to be decided by the deputed judge.
The grantors may attend with the debtor and the parties committed with the debts through recourse.

Article (1000)
Determining magistrate proposal
The judicial controller explains his report and the final proposals of the debtor in the creditors' meeting.
Each creditor may state the reasons for not accepting the proposed magistrate and he may object on the debts in the magistrate.
The debtor has the right to reply on the debts and dispute it and he should submit to the judge sufficient clarifications.

Article (1001)
Acceptance of the objected debts temporarily
The deputed judge may accept temporarily all or part of the disputed debts for voting and obtaining majority only without prejudice to the final ruling in respect of those debts.
The creditors whose debts were not accepted may object in the stage of approving the magistrate if their acceptance has effect in forming majority.

Article (1002)
Required majority for accepting magistrate
Majority of creditors should agree on the protective magistrate who participated in selection when this majority represents two-thirds of total of the accepted debts in selection.
Creditors of privileged debts will not participate in selection except if they assign the privilege and the assignment may be from part of it, not less than one-third of their debt; the effect of assignment will expire if the magistrate is not concluded or ruled out or solved later.
Participation in selection with permit of partial assignment and then acceptance of magistrate will definitely assist assignment of insuring the debt in full and will also prohibit from selection, majorities of debtor's couple, relatives up to the fourth degree, affinity and from those to whom the debts of those relatives were transferred since a period less than one year from the application of magistrate.

Article (1003)
Acceptance of magistrate application
To state in the minutes of creditors' meeting the positive votes of the creditors and the opposing votes and to state the name of each one and the amount of his debt. The minutes will be signed by the deputed judge, controller and clerk.
If the work is not completed on the established day, the judge will postpone to a next meeting during maximum 8 days without need to announce the absent ones.
The clerk will record the agreements of creditors which are received through telegram or mail or legally approved communication methods during 20 days after preparing the minutes.
If majority of creditors agreed on the magistrate in the meeting without obtaining the majority of two-thirds of total debts and these agreements will be considered in the majority of debts.

Chapter Five: approval of magistrate

Article (1004)
No agreement for magistrate
If the majorities stipulated in articles (1002 and 1003) were not achieved in the decided periods, the deputed judge will notify the court of first instance and it should prove the stipulation of the second paragraph of article (987).

Article (1005)
Approval of magistrate after agreement
The deputed judge will specify the time of meeting if the majorities were achieved and will invite the concerned with an announcement to be published through the court's announcement board within a period not exceeding 30 days from the date of fixing on board.
The creditors who are objecting approval and the concerned who intends to object on approval for magistrate should announce their objection with reasons to the debtor and judicial controller and to intervene as opponents in the proceedings during at least 5 days before the meeting.
The judicial controller will submit a report with reasons court's clerk section during the same period.
The debtor may attend the session even if he will not intervene as opponent in the case so that the judge will listen to his testimony; and the judge will make investigation according the case and to specify time for a session in the court during the following ten days.

Article (1006)
The rule approving magistrate
The court will evaluate the following issues after ascertaining that the conditions of accepting magistrate are provided:

1. If the magistrate commensurate with the economic interest of creditors in respect of assets and sufficiency of the debtor and his activity

2. If the majorities established by law were achieved taking into consideration also the creditors who are prohibited from selection who submitted protest for their prohibition.

3. If the offered guarantees are sufficient for fulfillment of magistrate; and in the case that is stipulated in paragraph (6) of article (985) whether the offered funds are sufficient to fulfill the debts up to the limit which the article itself stipulates

4. If the debtor is worthy for a magistrate due to the reasons that led to his disability to fulfill his commitments taking into consideration his conduct

If the conditions are provided, the court will issue its rule approving magistrate, otherwise it will adjudicate bankruptcy of the debtor.
The court will specify the amounts which should be deposited by the debtor in respect of the disputed debts according the conditions of magistrate and it will also specify the methods to be followed in settlement of due amounts on its due term in implementing magistrate or it will refer it to the deputed judge to issue decision in this respect.
The last two paragraphs of article (1139) will be applied.

Article (1007)
Magistrate on the basis of funds' transference
If magistrate is decided on the basis of funds' transference and did not stipulate otherwise, the court of first instance in the rule approving magistrate will appoint one liquidator or more as well as an entity from 3 or 5 creditors to assist in liquidation and it will specify the methods of liquidation.

Article (1008)
Appealing the rule approving magistrate or refusal
Opposition side or debtor may appeal may raise an appeal on the issued rule approving magistrate or refusal during 15 days from suspension.
The appeal will be announced to the debtor and judicial controller and the other involved persons in the case.
The rule will be published according article (1022) and the time of grievance will commence before the high court from date of suspension.

Article (1009)
Effect of magistrate in respect of creditors
The issued rule approving magistrate is obligatory to all creditors whose debts are before issuance of the decision for commencement of magistrate procedures; this will not effect their rights generally against the committed persons by solidarity with the debtor, guarantors and the committed persons with him through recourse.
Magistrate in companies will be applied on partners whose liability is not limited unless agreed otherwise.

Chapter Six: in implementing magistrate, cancellation and invalidity

Article (1010)
Implementing magistrate
The judicial controller will supervise its implementation according the methods stated in the rule after approving magistrate. He will inform the judge with all issues that affect creditors' rights.
The second paragraph of article (1146) will be applied.

Article (1011)
Magistrate cancellation and invalidity
Provisions of articles (1146 and 1147) will be applied on protective magistrate; the expression officer stated in them will be replaced by the expression judicial controller.
Magistrate will not be cancelled if it was based on assignment of funds according article (985) or the value arising from liquidation of assets is reduced by 40%.
The court will adjudicate bankruptcy in the same rule which decide cancellation of magistrate or its invalidity.

Section Two
Bankruptcy
Chapter One: commencement bankruptcy

Article (1012)
Adjudication of bankruptcy
Without prejudice to the provisions of the previous section concerning protective magistrate, adjudication of bankruptcy of the trader whether he was ordinary or corporate body is the same as adjudication of bankruptcy of the civil companies if any of them suspended payment of debts.
The case of suspension of payment of debts is evidenced when debtor's disability in fulfillment is revealed or other external factor reveal the disability in fulfilling commitments regularly.

Article (1013)
Applying adjudication of bankruptcy
Adjudication of bankruptcy is according application from the debtor or one creditor more or the general attorney or the concerned authority.

Article (1014)
Case of suspending payment arising from criminal act
If disability in payment of debts is revealed from trader's decision or elusion or closure of business place or concealing assets or to disperse it or to reduce assets by deceiving, the attorney who is investigating against the trader should request from the competent court adjudication of bankruptcy.

Article (1015)
Case of disability in fulfilling civil suits
If it is revealed during consideration of civil suit the trader's disability to fulfill his debts, the judge should transfer it to the competent court if he is not concerned in adjudication of bankruptcy.

Article (1016)
In competence
The court of first instance is specialized in adjudication of bankruptcy of the trader and civil companies in which their head quarters are located at the court's area of jurisdiction. Adjudication of bankruptcy of the trader whose head quarter is abroad will be in Libya even if adjudicated bankruptcy abroad taking into consideration the international agreements.

Article (1017)
Bankruptcy of trader for suspension of activity or death
Adjudication of bankruptcy of trader may be during one year from date of retirement of business or death if suspension of payment is preceding retirement or death.

Article (1018)
Bankrupt's death
If the bankrupt died after adjudication of bankruptcy, the procedures will continue against his heirs.
The appointed agent will represent the heirs and if it is impossible to appoint a representative during 15 days, from bankrupt's death, the deputed judge will appoint him.

Article (1019)
Duties of trader who requests himself adjudication of bankruptcy
The trader who applies for issuance of verdict for adjudication of bankruptcy should lodge with the court's clerks section his documents, commercial books, profit and loss account and the budget concerning the last two years or from date of establishment of trade if it is less than two years.
He should also lodge detailed and comprehensive statement of the constituents of his trade and its estimated value as well as the names of those who have rights in kind on what he has of movables under his custody with the supporting documents.

Article (1020)
Trader's testimony
The court before adjudication of bankruptcy may order hearing the trader's in a consultancy chamber in the presence of the creditors who applied for bankruptcy.

Article (1021)
Provision for adjudication of bankruptcy
The provision for adjudication of bankruptcy is issued from the court which is held in consultancy chamber entity and the court should include the following in its provision:

1. Appointment of the deputed judge for the procedures
2. Appointment of bankruptcy officer
3. To order the bankrupt to lodge the budget, documents and commercial papers with 24 hours unless he lodged it according article (1019)
4. To specify a period not exceeding 30 days from date of issuance of the verdict for submission of the applications of the creditors and those who have rights in kind on movable funds under the custody of the bankrupt to court's clerks section
5. To specify the place, day and hour of meeting for inspection of the requirements against the bankrupt during 20 days from the time stipulated in the previous item and the verdict will be implemented temporarily

The court will order in the same provision or according subsequent decision to detain the bankrupt or other responsible officials who had presumptions against them as stipulated in article (1014) or other circumstances which are punishable by this law and the general attorney will be informed to implement the verdict or decision

Article (1022)
Notification and publication of the Verdict for adjudication of bankruptcy
The verdict for adjudication of bankruptcy is announced by the methods stated in the law of civil and commercial litigation to the debtor, bankruptcy officer and the creditor who requested that during a period not exceeding 3 days from its issuance.
Court's clerk section during the same period will fix copy of the mentioned verdict on board of the court's announcement board and will send copy to the general attorney and trade

register office to record it on the next day. He also sends copy to the court's clerks section in the place in which the bankrupt was born or in the place in which the bankrupt's company was established. In respect of the criminal record, the provisions of criminal proceedings law will be considered if there is necessity.
The summary of the verdict will be published according the legal methods in one of the daily newspapers which is nominated by the judge.

Article (1023)
Protest on adjudication of bankruptcy
The debtor or any concerned party may protest on the issued verdict for adjudication of bankruptcy within a period of 15 days from date of recording in the trade register.
The party which applied for adjudication of bankruptcy should not protest on this verdict.
The protest will be through authorization for attendance to be announced to bankruptcy officer and the creditor who applied for that. This protest will not suspend execution of the verdict.

Article (1024)
Judgment in the protest and its effects
The judgment for cancellation of bankruptcy will be notified to the officer and creditor who requested adjudication of bankruptcy and the bankrupt unless he protested. The judgment should be published, notified, fixed on board and registered according article (1022); but judgment for refusal will be announced to the interceptor only.
In both cases, the period of appeal is 15 days from date of announcing the judgment; the provisions of the first and second paragraph will be applied on the verdict of appeal which is announced to the parties mentioned in it.

Article (1025)
Death of the bankrupt during the protest claim
In consideration of the provisions established in the civil and commercial litigation law, if the bankrupt died during the protest claim, the procedures against the parties stated in article (1018) will continue.

Article (1026)
Cancellation of the verdict for adjudication of bankruptcy
In case of cancellation of the verdict for adjudication of bankruptcy, the effects consequent to the legally performed work of the bankruptcy parties will be correct.
The court will estimate the expenses for procedures and the officer's award and will specify the payer by order that is not subject to appeal according a report to be submitted by the deputed judge.
The creditor who requested adjudication of bankruptcy will bear the expenses for procedures and officer's award and to state his error and will be sentenced with compensation.

Article (1027)
Effects of refusing the application for adjudication of bankruptcy
If the court refused the application for adjudication of bankruptcy, it should state the reasons for its decision.

The creditor who applied for adjudication of bankruptcy may appeal in the decision for refusal before the court of appeal during 15 days from announcement of refusal and the court of appeal will issue its decision which will be held in the form of consultancy chamber after the testimony of the creditor who appealed and the debtor.
If the court of appeal accepted the appeal, it will transfer the documents to the court of first instance for adjudication of bankruptcy.

Chapter Two: Bankruptcy entities
Part One: Bankruptcy court

Article (1028)
Powers of bankruptcy court
The court that adjudicated bankruptcy will conduct all bankruptcy procedures and will resolve in disputes unless it is within the responsibility of the deputed judge and it will also resolve in the grievances from the decisions of the deputed judge.
The court of first instance which is held in the consultancy chamber at any time may hear the testimonies of the officer (warden or judicial expert), bankrupt, and creditors' entity; it may also replace the depute judge by appointing another instead of him.
Court's decisions in what is stipulated in this article are final.

Article (1029)
Jurisdiction of the court of bankruptcy
The jurisdiction of the court which adjudicated bankruptcy is to consider all proceedings arising there from, whatever its value except the real estate proceedings which are subject to the rules of normal jurisdiction.

Part Two: the deputed judge

Article (1030)
Power of the deputed judge
The deputed judge conducts bankruptcy operations and will supervise the performance of the work of the officer in addition to the following:

1. To notify the court with whatever requires special procedures
2. To issue or request issuance from the competent authorities the urgent protective procedures
3. To invite for meeting the creditors' entity in the cases stipulated in law whenever it is appropriate.
4. The officer approves appointment of whoever is required for the interest of work unless the law assigns him.
5. To view urgently the grievances raised to him from the performance of the officer
6. To permit the officer in writing for litigation as a prosecutor or defendant and appoints the advocates and agents and authorizes the officer to manage the abnormal

administration taking into consideration the stipulation of article (1040) and the permission will be for specific operations and at every level of litigation.

7. To control the work of the deputed for the work of bankruptcy and will exempt them from their tasks if there is necessity and will pay their rewards after exchanging views with the officer.

8. To perform the preliminary examination of the debts with the cooperation of the officer and to investigate the requirements of the concerned in respect of rights in kind and special documents.

Article (1031)
Objection on deputed judge's order
The grievance of the officer or bankrupt or creditors' entity or whoever has interest should be submitted to the court of first instance on the order issued by the deputed judge during 3 days from date of its issuance unless the law stipulates otherwise.
The court of first instance will decide in respect of the grievance with decision to be issued while it is held in the consultancy chamber entity.
Waiver of grievance will not suspend implementation.

Part Three: bankruptcy officer (warden or judicial expert)

Article (1032)
List of judicial managers
List of the names of judicial experts from whom the bankruptcy officer is selected will be prepared for each court of first instance, but the court may select the officer from the list of experts of another court for reasons which will be stated in the judgment for adjudication of bankruptcy.
In exceptional cases, the court may select the officer from qualified persons even if they were not included in the list of judicial experts.

Article (1033)
Qualifications for appointing the officer
Appointment of bankruptcy officer will be invalid if he was interdicted or not eligible or previously adjudicated bankruptcy or convicted in a criminal penalty that deprived his civil rights even temporarily.
The spouse of the bankrupt or one of his relative up to the 4th degree or affinity should not be appointed an officer. Also one of his creditors and whoever rendered occupational services for the interest of the bankrupt or involved in any way in his activity during the two years preceding adjudication of bankruptcy will not be appointed.

Article (1034)
Officer's acceptance of the task
The officer should inform the deputed judge with his acceptance of appointment during one day from his knowledge, otherwise the court will appoint other officer instead of him.

Article (1035)
Rank of the public official
The bankruptcy officer with his performance of task is considered a public official.

Article (1036)
Officer's powers
The officer will manage the bankrupt's funds under the deputed judge's supervision.
He should not pursue proceedings without written permission from the deputed judge except in the issues which are related to disputes in debts and delaying its announcement and right in kind of bankrupt's movables.
He should not have the advocate's rank or judicial agent in the proceedings concerning bankruptcy.

Article (1037)
Officer's authority is not transferable
He should perform personally the affairs of his function and he should not depute another except in a specific operation and after obtaining the deputed judge's approval.
The judge may permit for him to be assisted with experts or other persons including the bankrupt himself and they will be paid wages after obtaining the agreement of the creditors' entity.

Article (1038)
The report to be submitted to the judge
Bankruptcy officer should submit detailed report to the deputed judge during one month from adjudication of bankruptcy explaining the reasons of bankruptcy, circumstances, bankrupt's care in performing his work, level of his private subsistence, his family subsistence , his responsibility and the responsibility of others and any other information that assist in the criminal investigation.
The officer should state the bankrupt's documents on which the creditors appealed and other documents on which he intends to appeal.
The judge may request the officer to submit brief report before the mentioned time.
In respect of companies, the report should state all information and documents proving the responsibility of managers, control authorities, external accounts auditors, the partners and others when necessary.
The officer should submit during the first 7 days of each month to the deputed judge brief details on his administration and special documents if required.

Article (1039)
Depositing amounts concerning bankruptcy
The officer should deposit with one of the banks during 15 days all amounts collected according the order issued by the deputed judge and the methods to be decided after reserving the amounts which the judge consider necessary for litigation expenses and administration of the bankruptcy.
An account will be opened in the name of bankruptcy administration and withdrawal from it will be by the deputed judge's permission.
If the officer did not deposit during the established period, the court will order his dismissal.

Article (1040)
Officer's additional powers
The deputed judge after taking the opinion of the creditors' entity may permit the officer with reasoned decision to reduce the debts, sign magistrate, to give acquittal discharge to the creditors, to assign liabilities, declare the rights of others, to cancel mortgages on real estate, to return the mortgaged things, to clear out warranty and to accept grants.
If the value of the mentioned actions is not specified or it is more than LD.1,000.-, the deputed judge should issue permission for that from the court of first instance after taking the opinion of creditors' entity and the court will issue the permission with decision mentioning the justified reasons.
It will hear the bankrupt's testimonies when possible.

Article (1041)
Grievance from officer's deeds
The bankrupt and whoever has interest may appeal from the officer's deeds to the deputed judge who will decide with reasoned decision.
An appeal on deputed judge's decision may be submitted to the court of first instance during 3 days from date of its issuance and it will decide in this appeal with reasoned decision after the testimony of the officer and appellant.

Article (1042)
Dismissal of the officer
The court of first instance may dismiss the officer at any time on presentation of proposal from the deputed judge or at the request of creditors' entity or from its own.
The court of first instance will issue its decision after the testimony of the officer and the public attorney.

Article (1043)
Officer's responsibilities
The officer should perform the duties of his function with alertness and efficiency and he should keep register to be initialed by the deputed judge and for recording daily the operations concerning his administration.
Responsibility proceeding will be raised against the dismissed officer after the permission of the deputed judge; and the officer whose duty is ended even during the bankruptcy should submit also a statement on his administration according the stipulations of article (1125).

Article (1044)
Officer's rewards
The officer's reward and expenses will be estimated even if the bankruptcy was closed with magistrate by a decision which is not subject to grievance to be issue by the court of first instance on presentation of the officer and based on the deputed judge's report according the provisions of the issued system in the lists of experts.
The reward is paid after approval of the officer's report or after implementing magistrate when necessary; and the court will expedite an amount from the reward to the officer according necessity.
The officer has no right to claim an amount over the estimated amount by the court of first instance even it concerns the expenses.

Every amount paid or promised in breach of the former restriction as well as the criminal liability if appropriate will be null and void and is due to refund.

Part Four: Creditors' entity

Article (1045)
Entity's nomination
Creditors' entity should be formed during 10 days from date of issuance of the decision stipulated in article (1106), but it may be formed temporarily before the mentioned date if the judge sees into.
The entity is nominated by the decision of the deputed judge and is formed from 3 or 5 members who are selected among the creditors and the judge will nominate the president among them.

Article (1046)
Entity's tasks
The opinion of creditors' entity may be taken in the cases stipulated by law whenever the court of first instance or the deputed judge sees into.
The president will invite the entity for meeting whenever there is need to take its opinion or when he sees necessity; and its decisions will be with the majority.
The entity and all its members may review the correspondence and accountancy documents of the bankruptcy and request information and clarification from the officer and bankrupt.
The entity is not entitled any wages or reward for its work except recovery of expenses.

Chapter Three: Effects of bankruptcy
Part One: Effects of bankruptcy in respect of the bankrupt

Article (1047)
Bankrupt's funds
The bankrupt is prohibited from management and disposal of his funds from date of judgment for adjudication of bankruptcy.
The funds which are devolved to the bankrupt after deduction of the expenses for preserving and maintaining the funds itself during the period of bankruptcy will be entered in the constituents of bankruptcy.

Article (1048)
Handling proceedings of the bankrupt
The officer handles litigation in disputes concerning the bankrupt's financial rights which are included in bankruptcy even if the disputes are under process.
The bankrupt is not allowed to intervene in the proceedings except in the issues in which he is charged with fraudulence or in the cases in which the law permits intervening.

Article (1049)
Bankrupt's business after adjudication of bankruptcy
The creditors consider null and void the actions and the defenses of the bankrupt after adjudication of bankruptcy and also it is considered null and void the amount received by the bankrupt after the judgment for adjudication of bankruptcy.

Article (1050)
Procedures after adjudication of bankruptcy
The necessary procedures to give an action of the actions the power of protest on others if occurred after adjudication of bankruptcy will not affect creditors' rights.

Article (1051)
Funds which are not included in bankruptcy
The following is not included in bankruptcy:
1. The funds which are absolutely personal.
2. Family allotment, salaries, pensions, wages and what the bankrupt acquires from his service within the limit of what is necessary for self sustenance and providing sustenance for his family.
3. Legal right for disposal of proceeds of money of his sons and revenue of funds which are family's property in consideration with the texts of the civil law in this respect.
4. Proceeds of money which form the dowry and cash equivalents without prejudice to the provisions concerning personal cases.
5. The things which are detained in accordance with law.
The deputed judge will issue order specifying the extent of restrictions stated in paragraph (2).

Article (1052)
Allotment of bankrupt and his family
The cases in which the bankrupt needs sustenance means for himself or for his family, the deputed judge after hearing the officer and the creditors' entity if it was formed may estimate an allotment for him and his family.
The bankrupt should not be prevented from continuing to live in his owned house within the limit that is sufficient for him and his family, until the assets are liquidated.

Article (1053)
Bankrupt's correspondence
The correspondences that are not personal and are directed to the bankrupt will be delivered to the officer who will have the right to keep from it what concerns financial interests and the bankrupt has the right to review it. The officer should keep the confidentiality of the contents of the correspondence concerning affairs beyond the financial interests or affairs concerning the bankruptcy.

Article (1054)
Imposing residence on the bankrupt
The bankrupt should not be away from the residence without permission of the deputed judge and he should attend personally whenever invited by this judge or the officer or the creditors'

entity unless the judge approves deputation of another person on his behalf when there is legitimate excuse.
The judge may order to bring him by force through the police men if he did not obey the order for attendance.

Article (1055)
Register of bankrupts
In each court of first instance, a general register will be kept in the court's clerks section for recording the names of those bankrupts that the court adjudicated bankruptcy and also those who adjudicated bankruptcy outside the court if their place of birth is within the judicial area.
Bankrupts' names will be cancelled from the register in accordance with a verdict from the court of first instance.
The funds of the bankrupt will not be at his disposal until his name is cancelled from the register according the stipulation of law.

Part Two: effect of bankruptcy in respect of creditors

Article (1056)
Restriction of individual executive procedures
Any individual executive procedure is not allowed or continuation of procedures on the funds which are included in the bankruptcy unless the law stipulates otherwise.

Article (1057)
Creditors' union
Creditors' union on bankrupt's fund will be consequent to bankruptcy.
All claimed rights from the bankrupt should be evidenced by the methods stated in chapter five even if it was by privilege unless the law stipulates otherwise.

Article (1058)
Creditors holding mortgage or privilege on movables
Debts with privilege or guaranteed with mortgage should be settled according the order of its degrees in accordance with the provisions of the civil law during bankruptcy after recording in the list of debts.
The creditor will submit an application to the deputed judge to approve sale for him and the judge will specify the time for sale and method whether through tender or public auction as well as the method to be followed with a decision to be issued after the testimonies of the officer and creditors' entity.
The deputed judge after testimony of creditors' entity if it is formed may allow the officer to recover the mortgaged things or with privilege right after payment of creditor's entitlement or will sell the things by the method stated in the previous paragraph.

Article (1059)
Rights of creditors who hold privilege in distribution of assets
Creditors whose debts are guaranteed with real estate mortgage or mortgage of movable or privilege have priority right on the cost of the guaranteed funds to fulfill their actual debts as well as interests and expenses.

If it is not fully settled, the remaining rights will be unified with the ordinary creditors in distribution of the remaining assets; they have also right of unity in the distributions carried out before the distribution of the cost of things on which they have guarantee.
In this case if they were able to fulfill all their debts of capital, interests and expenses from the outcome of cost of sales, the amount received from the previous distributions and quotas of the ordinary creditors will be deducted. If they were unable to fulfill their right except partly, they have no right to insist with the remaining of the actual debt except with the percentage that is assigned finally for the ordinary creditors.

Article (1060)
Effects of bankruptcy on cash debts
Adjudication of bankruptcy suspends validity of agreeable interests or legal in respect of the creditors' union until closure of bankruptcy unless the debts are guaranteed with real estate mortgage or mortgage on the movable or privilege.
For the purposes of creditors' union, bankrupt's cash debts which are due will be considered as from date of adjudication of bankruptcy.
The conditional debts will be included in the union in accordance with the articles (1104 and 1122) and debts that are considered among the conditional debts are those debts that may not be claimed from the bankrupt only after stripping the original debtor.

Article (1061)
Set off in stage of bankruptcy
Set off will be between creditors' claimed debts from the bankrupt and between bankrupt's debts towards them even if debts were not due before adjudication of bankruptcy.
Set off will not be carried out in respect of the debts which are not due if the creditor acquired it with contract between the alive after adjudication of bankruptcy or during the preceding year.

Article (1062)
Debts without interests
The unfruitful debts and which are not due on adjudication of bankruptcy are totally among the bankrupt's debts. The legal compound interest at the rate of 5% per year should be deducted in each individual distribution for the period between date of order for payment and due date of that debt.

Article (1063)
Loan bonds
The loan bonds which are issued by joint stock companies are estimated with its nominal value after excluding the amount exceeding its value.
The bonds which are consumed through the ballot with price exceeding its nominal value are estimated with an amount equivalent to the capital that arise from returning the remaining bonds which were not included in the ballot to its present value on the basis of compound interest at the rate of 5%.
The value of each bond will be equal to the total amount of capital divided by the number of bonds that were not depreciated.
In any case the bonds should not be estimated with less than its nominal value after deduction of what was paid from it on the basis of consumption.

Article (1064)
Rights that are not in cash
The debts that are not due and are estimated in cash on the basis of other values or it is a commitment not in cash will be estimated in bankruptcy according its value on the date of adjudication of bankruptcy.

Article (1065)
Permanent income and salary for life
If the bankrupt is indebted to a permanent income, it will be estimated according the stipulation of the civil law and the entitlement of salary for life will be among creditors' union with an amount equivalent to value of capital at the time of adjudication of bankruptcy.

Article (1066)
Bankruptcy of one of the several joint debtors
The creditor of several joint debtors will enter in bankruptcy any of them who adjudicated bankruptcy with all his right of capital until his right is fully fulfilled.
The several joint debtors will not recourse on each other except after fulfillment of creditor's full right.

Article (1067)
The creditor of several joint debtors whose right is partially fulfilled
If the creditor before adjudication of bankruptcy fulfilled from one of the several joint debtors with the bankrupt or guarantor part of his debt, he will have the right to enter in bankruptcy for the remaining amount.
The joint debtor with the bankrupt who has the right of recourse will enter in bankruptcy for the paid amount. The creditor will have the right to claim the quota of the joint debtor in distribution until the remaining amount is fulfilled without prejudice to his right of recourse on the joint debtor if his right is not fully fulfilled.

Article (1068)
Bankrupt's debtor or guarantor holding guarantee right
The bankrupt's guarantor or the committed party with him who have mortgage on bankrupt's funds for guaranteeing their right of recourse to the extent of the amount guaranteed with mortgage will enter in bankruptcy.
The revenue from sale of the mortgaged real estate or mortgaged things will be allocated to the creditor and will be deducted from the amount that he deserves.

Part Three: effects of bankruptcy on the acts harming creditors

Article (1069)
Behaviors without value
The free behaviors performed by the bankrupt during two years before adjudication of bankruptcy except the normal gifts and behaviors for a moral duty or for the purpose of achieving general benefit as long as it was proportional to the economic status of the donor will be considered void in respect of the creditor.

Article (1070)
Settlements
Settlement of due debts on the day of adjudication of bankruptcy or after it if the bankrupt settled these debts during the previous two years of adjudication of bankruptcy will be considered void in respect of the creditor.

Article (1071)
Normal cancellation procedures
The officer may request announcement of invalidity of the behaviors performed by the debtor for harming the creditors according the rules of the civil law.
Proceedings shall be instituted in the bankruptcy court of first instance whether against the contractor directly or against his successor in the cases that this proceeding may be instituted.

Article (1072)
Business in turn, defenses and guarantees
The following acts will not be implemented in creditors' right unless the second party proves that he was not aware of debtor's inability to settle his debts:
acts in turn that are performed by the bankrupt or the commitments which were undertaken during the two years preceding adjudication of bankruptcy and which are not absolutely proportional with what he has taken or promised with.
Fulfillment of cash debts which are due and mature if not fulfilled in cash or without the other usual means if that occurred during the two years preceding adjudication of bankruptcy.
Mortgage of the movable and real estate mortgages voting that arise during the two years preceding adjudication of bankruptcy for insuring the precedent debt that was not due.
Mortgage of the movable and real estate mortgages whether optional or judicial that arises during the year preceding adjudication of bankruptcy for insuring a debt that is due.
Fulfillment of due debts and mature as well as acts in return for and acts arising a privilege right for insuring a debt of a thing at the same time if these acts were performed during the year preceding adjudication of bankruptcy will not be implemented in the right of creditors; and the officer proved that the second party was aware of the disability of the debtor to settle his debts.
The provisions of this article will not be applied on corporations for mortgage of movable and real estate within the limit of the dealings taking into consideration the provisions of the special laws.

Article (1073)
Payment of bill of exchange after its due date
With the exception of the provision of the second paragraph of the previous article, payment of bill of exchange is considered correct if its holder is obliged to pay it in order to avoid loss of his right in the claim of recourse.
In this case, the last committed debtor through recourse should refund the amount which he received to the officer if the last proved that the debtor was aware of the disability of the original debtor when he has drawn or circulated the bill of exchange.

Article (1074)
Dealings between couples
The dealings stipulated in article (1072) are considered cancelled if occurred between couples during the period in which the bankrupt was exercising commercial activity and the spouse was unable to submit proof that he was not aware of the status of the bankrupt's spouse.

Article (1075)
Rights of the bankrupt's spouse
In case of spouse's bankruptcy, the wife will recover the real estates and movables if she proved that she owned that before marriage as well as the funds that were devolved to her during the period of marriage.
The bankrupt's wife has the right to recover the real estates that she purchased during the period of her marriage with the devolved money provided that purchase contract explicitly stipulates a statement for utilizing the money and the wife should prove its source.

Article (1076)
Legal presumption to acquire the wife's funds
With the exception of the case stipulated in the second paragraph of the previous article, the money that the wife acquired during five years preceding adjudication of bankruptcy will be considered purchased with the money of the bankrupt's spouse and it should be included in the assets of bankruptcy except if the wife submitted proof otherwise.

Article (1077)
The wife fulfills the debts of the bankrupt's spouse
If the wife fulfilled debts for account of the bankrupt's spouse, the legal presumption will be instituted that she has fulfilled these debts from her spouse's money unless there is proof otherwise.

Article (1078)
Guaranteeing wife's rights
If the spouse was a merchant at the time of marriage or he was without a specific craft and then became a merchant during the same year, the real estates which he owned at the time of marriage or devolved to him through inheritance or reward or will, should guarantee solely the rights of the wife's debts.

Article (1079)
Restrictions
The woman whose husband was a merchant at time of marriage or was without another specific craft and then he became a merchant during the year following the marriage contract will have no right to raise claim for bankruptcy for the benefits stipulated in the marriage contract.
In this case, the creditors are not entitled from their part the benefits that were granted by the wife to her husband in the mentioned contract.
The grants that are granted between the spouses during the period of marriage will be void.

Article (1080)
Annulment effects
Whoever returns what he has previously received as a result of the previous provisions may enter among the creditors of the bankrupt at the extent of his debt.

Part Four: effects of bankruptcy on the previous legal relations

Article (1081)
Sale that is not concluded by contractors
If the sale contract is not implemented or incompletely implemented, the seller has right to fulfill his commitment and will insist on his right among the debts claimed from the bankrupt.
If the seller did not express his desire to insist on this right, he will suspend implementation of the contract on acceptance of the officer the solutions in place of bankrupt in the contract with his commitment of the consequences or to be resolved from it; this will concluded with the permission of the deputed judge.
The seller after noticing the officer may request from the deputed judge to specify due time not exceeding 8 days and then the contract will be considered cancelled.
In case of seller's bankruptcy, the contract is not cancelled if the sale price entered in buyer's ownership otherwise, the officer will have the voting right between implementation or cancellation of the contract; in case of cancellation of the contract, the buyer will have the right to claim his debt among the debts of the bankrupt and he will have no right to claim compensation for harms.

Article (1082)
Sale on credit or installments
If the buyer is bankrupt and the price was on credit or installments, the officer may replace the bankrupt in the contract by permission of the deputed judge but the seller may request guarantee unless the officer will pay the price immediately after deduction of the legal interest.
Seller's bankruptcy will not be reason for canceling the contract in selling by installments with preserving ownership right.

Article (1083)
Contracts of supplies
Provisions of the 2nd, 3rd and 4th paragraphs of article (1081) will be applied on sale by delivery on installments and in contracts of supplies.
The officer who replaces the bankrupt in the contract should pay in full also the cost of the delivered installments.

Article (1084)
Returning unpaid things
If the transported sale is delivered to the buyer before adjudication of bankruptcy but it is not under disposal at place of destination and the others did not acquire rights on it, the seller may return it and bear the expenses and will refund the amount paid in advance unless he desires to implement the contract and to enter in bankruptcy with the cost or unless the officer decides delivery of the sale after payment of its price in full.

Article (1085)
Contracts term in stock market or commodities market
The contract term in stock market or commodities market is cancelled if it is due after adjudication of bankruptcy of one of the contractors as from date of adjudication of bankruptcy.
If consequent to the cancellation, the bankrupt became a creditor, the difference between contract price and the value of things or bonds on the date of adjudication of bankruptcy will be considered as constituents of bankruptcy and it will be included in the liabilities if the situation is on the contrary.

Article (1086)
Joint stock companies
Joint stock companies are dissolved by bankruptcy of the main partner and the partner will have the right to enter among the creditors of the bankrupt with the remaining part of his quota that his share of losses did not consume.
The partner is obliged to pay the remaining quota to be sufficient to cover his share of losses.
The procedures stipulated in article (1160) will be applied.

Article (1087)
Current account and agency with commission
The current accounts and agency with commission will be dissolved with the bankruptcy of one of the parties.

Article (1088)
Bankrupt's possession of things is incomplete possession
If the things that the bankrupt should return are not under his custody on the day of adjudication of bankruptcy and the officer is unable to return it, the concerned have the right to enter among the debts of the bankrupt in respect of the value of that thing on the date of adjudication of bankruptcy.
If possession of the thing is removed after sealing, the concerned may claim settlement of the thing's value in full taking into consideration the provisions concerning the relation between the agent and client in recovery of things.

Article (1089)
Rental contract of real estate
Tenant's bankruptcy will not be consequent to cancellation of the rental contract unless it was agreed otherwise and the officer will replace the tenant in the contract.
In tenant's bankruptcy, the officer may be released from the contract at any time provided that he gives the tenant a suitable compensation to be estimated by the deputed judge when the two parties do not agree after the testimony of the interested parties and compensation right is according the stipulations of the civil law.

Article (1090)
Contracting contract
The contracting contract is dissolved by adjudication of bankruptcy of one of the two parties unless the officer is announced after exchange of views of creditors' entity if it was formed

according permission of the deputed judge about his desire to replace the bankrupt in the contract and submission of sufficient guarantees; and he should notify the second party during 20 days from adjudication of bankruptcy.
Contracting should not continue if the contractor is bankrupt and he is considered a fundamental element in the contracting contract taking into consideration the provisions concerning contracts of public works.

Article (1091)
Insurance contract
Bankruptcy of the insured against risks will not cancel the insurance contract if the risk is increased due to cancellation unless it was agreed otherwise.
If the contract continued, insurance installments which were not paid should be fully settled if it was due before adjudication of bankruptcy.

Article (1092)
Publication contract
The law concerning publications will organize the effects of publisher's bankruptcy on publication contract.

Book Six: Preserving and managing bankruptcy constituents

Article (1093)
Sealing
The deputed judge will directly seal bankrupt's funds at his head quarter and other funds after adjudication of bankruptcy according the established provisions of the civil and commercial litigation law. If it is impossible for him, he should authorize the magistrate and it is necessary that the officer should attend during sealing of the bankrupt's head quarter unless he is unable to attend for a justified reason.
In respect of the funds existing in other entities, the competent magistrates will seal it according the authorization of the deputed judge.
The minutes recorded by the magistrate will be submitted to the deputed judge.
The judge who sets the seals will make the necessary temporary and precautionary procedures and will sell the things that are subject to damage.

Article (1094)
Sealing by the magistrate
When the magistrate is aware of adjudication of bankruptcy, he may seal the bankrupt's place located in the area of his jurisdiction before receiving the authorization stipulated in the second paragraph of the previous article.

Article (1095)
Things which are not sealed
In addition to what is exempted by the civil and commercial litigation law in respect of sealing, sealing will not include the following:
1. all things used in operating the work if the judge decides that work will not be suspended immediately
2. the commercial books and other documents

3. the bills of exchange and other bonds which are due or will be due shortly and which should be delivered to the officer for settlement
4. the cash which should be delivered to the officer for deposit according the provisions of article (1039) and all these things should be detailed in the minutes
The books and commercial documents should be lodged and signed by the judge who is performing the procedures with the clerks section of the court of first instance. The deputed judge may permit the officer to keep it temporarily with his commitment to submit it when required.

Article (1096)
Unsealing and inventory
The officer should request the judge at the shortest time permission for unsealing and inventory and should perform that according the provisions stated in civil and commercial litigation law in the presence or announcement of the bankrupt and creditors' entity, if any, and with the assistance of the clerk of the court of first instance who will edit the minutes; the debtors may also attend.
The deputed judge will order to follow specific rules and precautionary procedures in the inventory and will appoint a person to estimate the constituents when there is necessity.
The officer will invite the bankrupt trader or the managers of the bankrupt company to decide if they are aware of any other constituents to be added to the inventory, warning them of the penalties that will be applied for refusal to mention data or declaring false data.
Minutes of inventory will be written in two originals to be signed by all attendants and one will be lodged with the clerks section in the court of first instance.

Article (1097)
Bankrupt's funds, books and other commercial documents will be under custody of the officer once it is proved in the minutes of the inventory.
If the bankrupt owns funds which are not movable or other funds subject to the public registration, the officer will inform the competent authorities with extracted copy of the provision for adjudication of bankruptcy to be recorded in the public records.

Article (1098)
List of creditors and owners of rights in kind on movables and budget
The officer should prepare list of creditors' names which is extracted from the documents, commercial books and other information that he has obtained as well as a statement of the debts of each of them and privilege rights; he should also prepare list of names of those who have rights in kind on all movables under the custody of the bankrupt and statement of the documents proving that. These lists will be lodged with court's clerks section.
The officer should also prepare the last budget unless the bankrupt has submitted it in time and will add the necessary amendments and additions on the budgets and lists submitted by the bankrupt according the stipulation of article (1019).

Article (1099)
Temporary administration
After issuance of the provision for adjudication of bankruptcy, the court may order that bankrupt's commercial activity will be resumed temporarily if extreme damage which will not be repaired will be consequent to suspension of work suddenly.
After issuance of the decision stipulated in article (1106), the creditors' entity should decide what is appropriate in respect of continuation of bankrupt's activity partially or totally or to be resumed with conditions. The court should not order continuation or resuming unless creditors' entity has decided that.
If it is decided that work will be temporarily resumed according the previous paragraph, the deputed judge will invite for meeting the creditors' entity every two month so that the officer will orient them about work performance and it will decide whether the activity will be continued or otherwise. The court of first instance may order suspension of the temporary work if the creditors' entity required that or at any suitable time.
In all cases the court issues decision in the consultancy chamber after the testimony of the officer.

Article (1100)
Expenses provided by the treasury
The treasury will agree about the legal bankruptcy work from time of issuance of the provision for adjudication of bankruptcy until date of closure of bankruptcy if there is no cash among the funds to cover the legal expenses.
But fees for stamp duty, registration and others will be recorded as bankrupt's debt according an order to be issued by the deputed judge.
The expenses which are provided by the treasury will be recorded in a special register kept by the clerks section and will be refunded when there is cash.

Chapter Five: Proof of debts and rights in kind on movables

Article (1101)
Announcement of creditors for the purpose of investigation
The officer notifies with registered letters and by other approved legal means the creditors and the concerned included in the lists stipulated in article (1098) the time for submitting their applications to clerks section with the reasons of the provision for adjudication of bankruptcy concerning the method for preparing debts' list.
But concerning the debtors and the concerned who are residents outside Libya, the notification will be to their representatives; and if there isn't, the judge may extend the period and will notify all the other creditors and the concerned.

Article (1102)
Application for inclusion in the list of creditors
The application for inclusion in the list of bankrupt's creditors should include name and surname of creditor, details of the amount required, the bond on which the debt has arisen, reasons for privilege and documents supporting that.
If creditor's home is outside the court's area, he should specify in the application the chosen home at that area, otherwise will be announced in the clerks section of that court.

The documents which were not submitted with the application should be lodged before the meeting for investigating the correctness of the debts.
The judge in accordance with an application submitted by the concerned may order the clerks section to take copy from the “bond to order” or “to bearer” and the original will be returned after indicating that an application is submitted for inclusion in the list of debts.

Article (1103)
Application’s effect
The same consequent effects of judicial announcement and suspension of and suspension of the terms ruling out rights will be consequent to submission of petition for inclusion in debts’ list in respect of the procedures that cannot be carried out during bankruptcy.

Article (1104)
Statement of required debts
Court’s clerk will prepare list of applications according date of receipt to be included with list of bankrupt’s debts for submission to the deputed judge to examine it with the assistance of the officer after hearing the testimony of the bankrupt and obtaining the necessary information to set on its basis the list of debts stating what he will accept and what caused a privilege or mortgage as well as debts which he sees to be partially or totally unacceptable with the reasons that led him state that.
The debts stated in the last paragraph of article (1060) as well as the other debts for which supporting documents are not yet submitted will be included with list of the precautionary debts.
If the debt is not subject to implementation by provision and not to be included, it is necessary to appeal in it.
List of debts set by the judge will be lodged with clerks section during at least 3 days from the day specified in article (1021), item (5) and the creditors have right to view it.

Article (1105)
Validation of correctness of debts’ list
Debts’ list set by the judge will be examined in the meeting that is stipulated in paragraph (5) of article (1021) in the presence of the officer and bankrupt; and to consider the applications that were received later or submitted in the same meeting.
The judge will include in this list whatever changes or amendments he sees necessary after evaluating the objections and remarks stated by the concerned and after viewing the submitted documents.
If it is impossible to perform that during one meeting, the judge will postpone searching to another time during 8 days without necessity of new invitation whether to those who were present or absent.
In all cases, the judge may issue the final list of debts on the 15 days following the last creditors’ meeting.

Article (1106)
Power of implementing debts’ list
The judge and clerk will sign the list of debts and the list will be closed by decision from the judge stating that it is subject to implementation from the date of the last meeting of the creditors or from the date which is stipulated in the fourth paragraph of the previous article.

List of debts and judge's decision will be lodged with clerks section and the creditors have the right to view it.
If there are applications for inclusion of debts in the list which were not accepted or part of it was accepted or accepted under reserve, the officer should immediately inform the creditors who were prohibited or included under reserve with registered letters accompanied by acknowledgement receipt or other legally approved communication means.

Article (1107)
Protests of creditors who were prohibited or included under reserve
The creditors who were prohibited from including their names in the list or were accepted under reserve should appeal during 15 days from lodging the list of debts with the clerks section to the deputed judge and he should specify time for meeting and will announce all the appellants and the officer who should receive the announcement at a certain time to be specified by the judge.
The creditors should record their grievances before at least 5 days from the session, otherwise they are considered as if they withdrew it and the other creditors may interfere in the case.

Article (1108)
Procedures of protest and judging
The deputed judge will examine the different grievances and will specify date for decision before the court; if there are grievances valid for judging and others need further investigation, the judge will order separation of the valid grievances and submission to the court for consideration.
The court will decide in all grievances raised with one judgment and it may decide to include all the disputed debt or part of it temporarily.
The judgment will be fixed on court's announcement board during 8 days from publication and to be implemented temporarily. The clerk will announce immediately the concerned with publication of the judgment.
The period for appealing is 15 days from date of fixing the judgment and the dates for appeal by criticism will be reduced to the half.
Appeal in disputes which do not exceed the jurisdiction of the magistrate judge is not accepted.

Article (1109)
Protest on debts accepted in the list
Each creditor may protest on the debts included in the list during 15 days from date of lodging with the clerks section by raising an appeal to the deputed judge and the judge should specify a session to consider the appeal and will announce the attendants and officer. The judge will specify time for sending the announcement to the officer and the creditors whose debts are contested. The case will be registered according the stipulations of the second paragraph of article (1107).
If the parties don't agree during the proceedings, the judge will issue a decision which is not subject to appeal for keeping apart these disputed installments of debts when distributing the assets of the bankruptcy.
The provisions of the previous article and consideration of all appeals and grievances in one session will be applied on issues concerning investigation and decision regarding debts.

Article (1110)
Delay in announcing debts
The creditors may request from the deputed judge to include their entitlements in the list of debts even after issuance of the judgment stipulated in article (1106) until completing distribution of all assets of the bankruptcy.
The judge will determine a session for considering the application and will announce the attendants, applicant and the officer who should receive the announcement at a specific time to be specified by the judge.
The proceeding will be recorded according the provisions of article (1107) and the other creditors may interfere in the case.
If the officer did not object on acceptance of the debts' arrears and the judge based it on a basis, he will decide its acceptance; otherwise, he will proceed with procedures for achieving the debt according the provisions of the civil and commercial litigation law.
The creditor who was late will bear the expenses unless the delay was due to a reason beyond his control.

Article (1111)
Request for cancellation of debts included in the list
If before closure of bankruptcy, it was revealed that acceptance of debt or privilege was due to fraud or fundamental error in the facts or if critical documents were found and its existence were not previously known, the officer or any one of the creditors may submit a petition for canceling the decision of the deputed judge or the judgment of the court of first instance in respect of that debt or privilege. The petition will be submitted through an appeal to be raised to the deputed judge who will specify a session for litigation and will announce to the parties and the officer the attendance and they should receive the announcement at a specific time to be specified by the judge.
The judge may order during distribution to reserve the entitled installments of the creditors whose debts are contested until finalizing the disputes finally.
If the bankruptcy is closed without finalizing appeals, the case will be still pending before the court.

Article (1112)
Petitions for recovery of movables, returning it and separation from each other
The provisions of articles (1101) to (1111) will be applied in respect of applications for recovery of movables which re under the bankrupt's custody, returning and separation from each other.
If the applicant delays submission of his application in accordance with article (1110), the judge may suspend sale of things to be returned or recovered or separated from each other with the submission of guarantee if there is necessity.
In all cases the judge should listen to the bankrupt before issuing decision in respect of the applications.
The applications will not affect what is distributed from the sale price to be recovered or returned or separated from each other but to insist on the amounts that were not distributed.

Chapter Six: liquidation of assets

Part One: general provisions

Article (1113)

Commencement of liquidation

The officer should commence with sale of the funds after issuance of the decision stipulated in article (1106) under the supervision of the deputed judge after the testimony of the creditors' entity if it was formed taking into consideration the temporary administration's requirements if previously approved.

The deputed judge may announce the\sale to the officer with issued decision after the testimony of the creditors' entity even before the due time stipulated in the article referred to.

Article (1114)

Applicable provisions

The provisions of civil and commercial litigation law concerning implementation will be applied on sale of bankrupt's funds which are movable and non movable unless it contradicts the following provisions.

Part Two: sale of movables

Article (1115)

Methods for sale of movable funds

The deputed judge will specify time for sale of movable funds and natural fruits of the real estate after the testimony of the officer and creditors' entity; and will also specify the method of sale by tender or public auction and applicable procedures.

He may also announce sale of all or part of the movable funds in one time after deciding the procedures to be followed concerning publication if there is necessity.

Part Three: sale of real estate

Article (1116)

The proceedings for dispossession

If a creditor dispossessed previously a real estate or more before adjudication of bankruptcy, the officer will replace the creditor in the procedures.

If the officer delayed without justification in exercising this right, the creditor who is performing the procedures or the bankrupt and every one who has interest in that may appeal to the deputed judge according article (1041); and if the procedures for distribution of the price are still under process, the officer will interfere to complete the procedures.

The officer should keep an account concerning the sales of real estates and the proceeds earned from date of adjudication of bankruptcy; the amount obtained from the proceeds and the price of real estates will be distributed.

Article (1117)

Methods of sale of real estate

Sale of real estate should be by auction.

The deputed judge may order sale without auction if the officer proposed that after obtaining the idea of creditors' entity and agreement of the creditors included in the list and who have

privilege right on the real estate when convinced that sale in this method is appropriate and better for the bankruptcy.
Sale may be in accordance with decision issued by the deputed judge according presentation of the officer.
The judge in charge of sale procedures may stop selling when the offered price is much lower than the fair price.
The officer will send summary of the decision issued by the judge in this respect of each creditor included in the list having privilege right in the real estate and also the registered mortgaged creditors.

Article (1118)
Procedures concerning distribution of the obtained amount
The deputed judge will distribute the sale amount according the provisions of the following chapter and when necessary, the deputed judge will specify according an order the amount to be paid to the officer on account of the final reward according article (1044).
This amount as well as the expenses for procedures and administration expenses will be deducted from the price.

Chapter Seven: Distribution of assets

Article (1119)
Commencement of distribution
The officer should submit every month statement of available amounts and will propose method of its distribution as from date of issuance of the decision stipulated in article (1106) unless the deputed judge will specify another time provided that he keeps the necessary amounts for the procedures.
The deputed judge will include in this statement any changes after taking into consideration the opinion of creditors' entity; and he orders its deposit with the clerks section and to notify all creditors.
The creditors may submit their remarks during 10 days and after its expiry and reviewing the remarks, the deputed judge will decide the list for distribution and will give it the power of the bond for implementation.

Article (1120)
Distribution of amounts
The amounts obtained from liquidation of assets will be as follows:
1. Settlement of expenses including the expenses that were offered by the public treasury and the debts arising from bankruptcy administration and for continuation of the activity of the bankrupt if allowed; the deputed judge will estimate the amounts stipulated in this paragraph.
2. Settlement of distinguished debts of the sold things according the order that the law decides
3. Settlement of the distinguished debts according the stipulation of the civil law.
4. Settlement of the rights of the ordinary creditors at the percentage that decides acceptance of the debt of each of them on its basis including the creditors as stipulated in the preceding paragraph (2) in case of non fulfillment of the debt which is fully guaranteed and for the part without this guarantee.

Article (1121)
Participation of creditors who were included later
The creditors included according article (1110) will not participate except in the distributions after inclusion at the percentage of the debt of each of them without prejudice to privilege right, but if it is revealed from the issued judgment according the mentioned article that delay is due to a reason beyond their control, they will participate in the assets that were not distributed even in respect of the quotas for which they have right in the previous distributions if there was no delay.

Article (1122)
Partial distributions
When performing the partial distributions which should not exceed 90% of the available amounts for distribution, the quotas should be deposited and reserved by the following methods which are stated by the deputed judge:
1. For the creditors who are residents abroad and whose debts were not yet achieved due to extension of time in their respect.
2. For the creditors whose quotas will be reserved and the creditors who were temporarily accepted until they submit their documents.
3. For the creditors whose debts were suspended on pending condition not yet achieved including the debts which are impossible to insist on except after abstraction of the actual debtor.
4. for covering the necessary expenses for settlement of the rewards and expenses of the officer which the deputed judge will consider.

Article (1123)
Refund of received amounts
The creditors who participated in some distributions should refund the amounts received with the legal interest in the cases stipulated in article (1111).

Article (1124)
Payment to creditors
The officer will pay the amounts assigned for creditors in the statement for distributions as decided by the deputed judge.

Article (1125)
The accountancy statement which are submitted by the officer on his administration
When the officer completes liquidation of assets and before final distribution, he should submit accountancy statement on bankruptcy administration to the deputed judge.
The judge will order to lodge the statement with the clerks section and will specify a session to view the remarks of the concerned; the session will be held during 15 days from date of lodging.
The bankrupt and each creditor will be immediately notified regarding lodging and time of the session.
The judge will agree on the statement if there is no objection in the session or the protests were amicably settled; otherwise the judge will act according the stipulations of the civil and

commercial litigation law and will specify the time of the session which will be held before the court during a period not exceeding 20 days from that date.

Article (1126)
Final distribution
If it was agreed on the accountancy statement and the reward of the officer was settled, the deputed judge will order final distribution according the previous provisions after the testimony of the officer in this respect.
The reserved quotas will be distributed with the final distribution but in the case that paragraph (3) of article (1122) which stipulates that when the pending condition for settlement is not achieved, the amount will be deposited according the methods decided by the deputed judge to enable payment to the entitled creditors or to be distributed as additional quotas on the other creditors.
But the creditors who did not attend or it is impossible to be inferred, their amounts will be deposited with the banks.
Deposit advice is considered a receipt.

Chapter Eight: in bankruptcy closure
Part One: closure of bankruptcy

Article (1127)
Cases for closure of bankruptcy
Without prejudice to magistrate provision, closure of bankruptcy will be in the following cases:
1. If any creditor did not apply for acceptance of his debt in the stated time for adjudication of bankruptcy
2. When the creditors fulfill all their debts and annexes from the distributions as included in the list or ended by any other method after settlement of the reward of the officer and any other expenses for the procedures even it was before the final distribution.
3. After performing the final distribution.

4. If it is revealed that there is no expected benefit from continuation of bankruptcy procedures for non sufficiency of assets.

Article (1128)
Decision for closure of bankruptcy
Closure of bankruptcy is announced by reasoned decision to be issued by the court of first instance from its own or according the officer's request or the bankrupt and will be published with the means stipulated in article (1022).
Appealing from this decision should be submitted to the court of appeal during 15 days from date of fixing on the board and the court will view it during a session held at the consultancy chamber entity after the testimony of the appellant, the officer and the bankrupt.

Article (1129)
Effects of the closure
The effects of bankruptcy on the assets of the bankrupt end with its closure and the entities that are assigned with bankruptcy procedures will be ruled out.

The creditors' right will be returned to pursue legal proceedings again against the debtor for fulfillment of the remaining debts and annexes.

Article (1130)
Cases in which the bankruptcy is reopened
In the cases stipulated in the 3rd and 4th paragraphs of article (1127), the court of first instance may order to resume bankruptcy procedures which was previously closed during 5 years from closure decision according an application from the debtor or any creditor if appeared funds for the bankrupt that are worth to proceed again or if the bankrupt submitted a guarantee amounting at least 10% of the debts of the old and new creditors.
If the court accepted the application, it will issue while held at the consultancy chamber entity a judgment which is not subject to appeal ordering the following:
1.To return the deputed judge and officer in their occupation or to re-appoint them. 2. To specify the dates stipulated in paragraphs (4 and 5) of article (1021`) and to reduce it to the half.
The deputed judge will nominate the creditors' entity taking into consideration in selection the new creditors and will adjudicate the judgment according article (1022). The provisions of the previous chapters will be followed in respect of the remaining procedures.

Article (1131)
The old and new creditors' union
The creditors will be unified in the new distributions with their entitled amounts at the time for resuming bankruptcy after deducting what they received in the previous distributions taking into consideration the privilege rights on each case.
The provisions of articles (1102) to (1112) will be considered.

Article (1132)
Validity for commencement of dates
In case of inauguration of bankruptcy, the times established in provisions of articles (1070, 1072 and 1075) will be accounted from date of inauguration judgment in respect of the proceeding concerning cancellation of business performed by the bankrupt after closure of bankruptcy.
The actions without compensation that occur after closure of bankruptcy and before resuming it will not be applied in creditors' right.

Part Two: Magistrate

Article (1133)
Who proposes magistrate
After issuance of the decision stipulated in article (1106), the bankrupt may offer magistrate to his creditors with a petition that he submits to the deputed judge. The petition should include statement of the percentage which is offered to the ordinary creditors, date of payment, guarantees for fulfillment of debts, expenses for procedures and officer's reward.
The officer will accept assignment of rescission proceedings in favor of whoever will comply with fulfillment as a condition of magistrate within the limit of the proceedings which he resumed.
But no assignment should be in favor of the bankrupt or his sponsors.

Article (1134)
Examining the proposal and notification of creditors
The judge will request the opinion of the officer and creditors' entity in respect of magistrate. If it is acceptable, he orders its notification to the creditors through registered mail or approved communication means supported by the views and will specify at least 20 days and not more than 30 days from date of the order for the creditors to announce non acceptance.
Announcement for non acceptance should be edited on the footnote of the notification itself.
Creditors' votes should be recorded in special record to be signed by the judge and court's clerk.
The deputed judge may suspend the liquidation after the magistrate offer.
Magistrate proposal will be notified to common representative of holders of the loan bonds, if any, and the time granted to the creditors to be doubled for submitting the announcement for non acceptance to the clerks section of the court of first instance.

Article (1135)
Magistrate in case of multiple creditors
If the notification established in the previous article is difficult due to multiplicity, the court of first instance after the testimony of the representative of the general attorney and the officer may permit the deputed judge to publish the proposal for magistrate according the legally approved means and in other daily newspapers if necessary with the views of the officer and creditors' entity.

Article (1136)
Voting on magistrate
1. The creditors who are included in the list of debts have right to vote on magistrate even if they accepted it under reserve or temporarily.
2. The creditors whose debts are guaranteed by privilege or mortgage even if these guarantees are disputed unless they assigned their right of privilege will have no right to vote.
3. The assignment may be partial, not less than one-third of the right claimed in full from the actual and the annexes; this assignment should be explicit, otherwise, it will be considered full assignment for guaranteeing the debt in total. The effects of assignment will terminate in case of non acceptance of magistrate or non approval or invalidity or dissolution.
4. Debtor's spouse, relatives and kin up to the 4th degree and assignees since one year or less before judgment of adjudication of bankruptcy are prohibited from voting and from calculation of majorities.
The right of voting is not consequent to debts transferred after adjudication of bankruptcy.

Article (1137)
Approval of magistrate
The approval of magistrate is obtained if accepted by the majority multiplicity of creditors who have voting right provided that this majority represents at least two-thirds of the value of debts.
The creditors who did not announce their non acceptance during the time stated in article (1134) are considered accepting the magistrate without prejudice to what is stipulated in the 2nd paragraph of the previous article.

Changes in the number of creditors included or the value of debts of each of them as a result of judgment issued after due time stated in article (1134) will not affect calculation of majority.

Article (1138)
Approval session
If the specified time for voting expires and the two established majorities are not available, the deputed judge will announce refusal of the proposed magistrate by decision to be recorded in the footnote of the minutes stipulated in the 3rd paragraph of article (1134).
Otherwise, a decision is issued announcing inauguration of the approval session and its time will be specified during a period not less than 15 days and not more than 30 days.
The decision will be published by the method of fixing.
The violating creditors and whoever has interest in that should object on the decision with reasoned petition to be announced to the officer and bankrupt on condition they interfere in the suit before at least 5 days preceding the date of session.
The judge in the session will listen to the testimony of the officer, the concerned parties, head of creditors' entity and bankrupt; and then will proceed with the procedures according the provisions civil and commercial litigation law; and the session will be specified within a period of 10 days.
The officer will lodge his report explaining the reasons and his final opinion with court's clerks section before 5 days of the session.
The creditors' entity may also submit similar report.

Article (1139)
Approval and refusal of magistrate
The court will rule in all protests with one judgment either approval or refusal after searching the application and offered guarantees and after ascertaining the accuracy of procedures and its compliance with the provisions of law concerning acceptance of magistrate.
The judgment approving magistrate will specify the method for settling due amounts to the creditors for implementing magistrate or the deputed judge will issue subsequent decision in this respect.
If real estate mortgages are submitted as guarantee for magistrate, the court when issuing judgment for approval will specify a short term during which the officer will register these mortgages.
The judgment will be published and fixed according article (1022).
The judgment will be temporarily implemented and if the judgment will not become final and payment is due, the entitled amounts for magistrate should be deposited with one of the banks.

Article (11400
Appeal on judgment
The opponents and bankrupt may appeal on the issued judgment for approving or refusing magistrate during 15 days from publication and the appeal will be announced to the officer, bankrupt and the opponent parties.
The judgment will be published according the text of article (1022) and the time for appeal will be reduced to the half from date of publication in this judgment before the high court.

The procedure of bankruptcy will be closed when the judgment for approving magistrate becomes final.

Article (1141)
Attorney's interference
The public attorney will interfere in the litigation elementarily and exceptionally.

Article (1142)
Expenses for approval
The expenses for approving magistrate are settled from the cash amount of bankruptcy according the decision of the deputed judge. If it is not available, the judge will order its registration with the due debts.
The state's treasury will refund the spent amount from the expenses for account of bankruptcy and its entitlements according the provisions of article (1100).

Article (1143)
Officer's statement of account
The officer should submit his statement of account according article (1125) when the judgment for approving magistrate becomes final.

Article (1144)
Effects of magistrate
The approved magistrate is obligatory to all creditors whose debts are before bankruptcy and the creditors who did not submit application for acceptance of their debts but the guarantees which are submitted by others for magistrate do not include their debts.
The creditors will reserve their proceedings in claiming their full right against those who are bound in solidarity with the bankrupt, his sponsors and others bound through recourse.

Article (1145)
Implementing magistrate
The deputed judge, officer and creditors' entity will supervise fulfillment according the methods stated in the judgment approval after approving magistrate.
The entitlements of the objectionable creditors or registered with condition or those who are not inferred will be deposited according the methods specified by the deputed judge.
After ascertaining implementation of magistrate in full, the deputed judge will order removal of restrictions on guarantees and cancellation of real estate mortgages which are submitted as guarantees for magistrate.
The order will be published and fixed according article (1022) and the debtor will bear all the expenses.

Article (1146)
Rescission of magistrate
If guarantees are not submitted or if the bankrupt did not fulfill regularly his commitments according magistrate conditions and texts of the judgment for approval, the officer should inform the court of first instance. The court will order in the presence of the bankrupts and his sponsors, if found, its judgment for rescission of magistrate. This judgment is not subject

to appeal and is issued in the consultancy chamber entity. The court will proceed with the same procedure according an application of one or more creditors.
The court of first instance will inaugurate the procedures of bankruptcy according the judgment for rescission of magistrate.
Rescission of magistrate is not applicable if one year expires after the due date of the last installment decided in the magistrate and provisions of the article will not be applied if others undertake fulfillment of debtor's commitments that are consequent to the magistrate with immediate absolution.

Article (1147)
Invalidity of magistrate
The court may invalidate the approved magistrate according a petition to be raised by the officer or any one of the creditors against the debtor if it is revealed that bankrupt's debts were exaggerated by fraudulence or concealment of assets.
Any other proceedings for invalidity will not be accepted.
The judgment for invalidity of magistrate includes temporary implementation which is consequent to starting again the procedures of bankruptcy.
The proceedings of invalidity will be raised during 15 days from discovery of fraudulence and in any case during a period not exceeding two years from the due date of the last installment of the magistrate.

Article (1148)
Procedures for inauguration of bankruptcy again
The provision for inauguration of bankruptcy in accordance with articles (1146 and 1147) stipulates the necessary measures which are stipulated in the 2nd paragraph of article (1130) and the subsequent paragraphs.

Article (1149)
Effects of inauguration
Articles (1131 and 1132) organize the effect of inauguration.
Rescission proceedings suspended for the reason of magistrate will be renewed.
The preceding creditors will keep the guarantees at the extent of the amounts that they still deserve according the magistrate which was invalidated or for its rescission and also they are not obliged to refund what they received.
They will be unified with the other creditors for their actual debt after deduction of what hey received for implementing partial magistrate.

Article (1150)
Proposal of magistrate again
The debtor is allowed to propose again the magistrate when the list of debts is given power for implementation and this magistrate will not be approved if the necessary amounts for fulfillment totally as per the means specified by the deputed judge will not deposited before the session that is specified for this purpose.

Chapter Nine: Civil rehabilitation

Article (1151)
Effects of rehabilitation

The court of first instance will decide rehabilitation in the cases stipulated in the subsequent articles according the request of the debtor or his heirs with a judgment to be issued in the consultancy chamber entity after the testimony of the public attorney.

The judgment stipulates cancellation of bankrupt's name from the record stipulated in article (1055) and the judgment will be notified to the trade register office for registration.

Termination of the condition for preventing the bankrupt's disposal of funds arising from the judgment for adjudication of bankruptcy will be consequent to the judgment for rehabilitation.

Article (1152)
Conditions for rehabilitation

Bankrupt is rehabilitated in the following cases:

1. If fulfilled all debts in the list of debts including interest and expenses.
2. If fulfilled commitments in the magistrate and the court decided rehabilitation after appreciating the reasons of bankruptcy, circumstances, conditions for magistrate and percentage of value. Rehabilitation is not justified if the established percentage for settlement of rights of the ordinary creditors is less than 25% in addition to the interest and to be settled with a period exceeding 6 months. 3. If demonstrated conclusive evidence on the continuous good biography for at least 5 years from closure of bankruptcy.
4. If 10 years expired from announcement of closure of bankruptcy and the bankruptcy by fraudulence was not a judgment without need for taking any procedure to rehabilitate the bankrupt.

Article (1153)
Procedures for rehabilitation

The petition for rehabilitation will be adjudicated by fixing on the court's board of announcements and the court may order to follow other means for adjudication.

Objection on rehabilitation may be lodged with the court's clerks section during 30 days from fixing it.

The debtor or his heirs or the public attorney may appeal this judgment during 15 days from fixing it and the court held in the consultancy chamber entity will decide.

Article (1154)
Criminal penalties that prevent rehabilitation

Rehabilitation in any case will not be decided if governance on bankrupt was due to bankruptcy by fraudulence or one of the crimes of funds or dishonesty or public economy or industry or trade unless he obtained rehabilitation in respect of these crimes according penalties law.

If there are procedures under process concerning any of these crimes, the court will suspend rehabilitation until consideration of those criminal procedures.

Chapter Ten: Companies' bankruptcy

Article (1155)
Managers, general managers, controllers and liquidators

The chairman and members of the board of directors, companies' managers and liquidators are subject to restrictions imposed on the bankrupt according article (1054) of this law and should listen to them in all cases in which it is legally imposed to listen to the bankrupt.

Bankruptcy officer will conduct the proceedings against the chairman and members of the board of directors, managers, general managers, liquidators, chairman and members of the control authority and the external accounts auditor, if found, in respect of their responsibilities stipulated in this law, when the deputed judge approves for him after listening to creditors' entity.

Article (1156)
Companies in which the partners have unlimited liability

In case of adjudication of bankruptcy of a commercial company, the partners will be liable by solidarity for its debts with unlimited liability; adjudication of bankruptcy will also be applied on those partners.

If it was revealed after governance of the company's adjudication of bankruptcy that there are other partners on whom the governance of the previous paragraph is applicable, the court of first instance will adjudicate bankruptcy of those partners in accordance with the officer's application or from its own after listening to them in a session held at the consultancy chamber entity.

The objection on court's judgment will be accepted according article (1023).

Article (1157)
Bankruptcy of companies and partners

In the case stipulated in the previous article, the court of first instance will nominate a judge and officer whether in respect of the company's bankruptcy or partners' bankruptcy but it may nominate various entities for the creditors.

Company's funds should be completely separated from partners' funds.

The debts that are announced by company's creditors in company's bankruptcy are considered as if fully announced in bankruptcy of each partner; and company's creditor has the right to participate in all distributions until his full right is fulfilled in consideration to partners' right of recourse on bankruptcies of each other to fulfill what they paid from their shares of debts.

The partners' personal creditors will be involved in bankruptcy of the partners' debtors.

Each creditor may object on the debts of the creditors who are unified with him.

Article (1158)
Bankruptcy of partners

Company's bankruptcy is not consequent to bankruptcy of one partner or more partners of unlimited liability.

Article (1159)
Settlement of shares and quotas
In bankruptcy of companies in which the responsibility of partners is limited, the deputed judge may authorize the partners of limited liability and preceding holders of quotas or shareholders to fulfill the remaining installments even if it is not due by decision issued upon presentation of the bankruptcy officer.

Article (1160)
Cooperative companies
In case of a cooperative company's bankruptcy, the additional responsibility of partners will be limited or unlimited; the deputed judge after issuance of the decision stipulated in article (1106) may permit the officer to claim from partners payment of the necessary amounts to settle the debts in accordance with the stipulations concerning partners' liability and share in profits and losses.
The quotas of partners who are unable for fulfillment will be born by the other partners.
The officer will prepare a statement for distribution to be lodged with court's clerks section and will inform the partners with registered letters with accompanied receipt or legally approved communication means.
Any partner who wants to submit remarks or whatever appeals even if it concerns the description of the partner or extent of his responsibility should lodge his objection to the court's clerks section during 40 days from lodging the statement for distribution.
The deputed judge will make the necessary changes and amendments in this statement after the testimony of the officer and to take into consideration the remarks and appeals.
The statement for distribution will become effective with the decision to be issued by the judge and will be lodged with the clerks section and the concerned will be allowed to review it.
Whoever appeals on the extent of responsibility or the description of one of the partners may object to the officer before the court of first instance during 15 days from lodging the statement for distribution with the clerks section.
The objection will not suspend implementation of the statement for distribution even in the right of the objector; and in other cases the grievance will be raised according article (1031).
If it is revealed that it is impossible to fulfill some of the quotas included in the statement for distribution, an additional statement may be set according the provisions of the previous paragraphs without prejudice to the claim for recourse between partners and the right for recovery of the remaining amounts after fulfillment of the debts.
The deputed judge may order at any time to detain the funds of the partners themselves according the officer's proposal to guarantee fulfillment of partners' quotas.

Article (1161)
Proposal of magistrate
The legal representative will sign the proposal of magistrate on behalf of the bankrupt company.
A number of partners representing the absolute majority of capital should agree on the proposal and its conditions in Tadamon companies and Bassita companies.
But in respect of partnership companies, Tawssiyah by shares companies, Limited Liability companies and Limited Liability Cooperative companies, the extra ordinary general

assembly should agree unless these authorities are assigned to the board of directors and managers.

Article (1162)
The effect of magistrate in respect of the company
The magistrate of the commercial company in which the liability of the partners by solidarity is unlimited and their bankruptcy will end unless it was agreed otherwise. The partners' personal creditors may object for closure of bankruptcy of the partner's debtor according the text of the 4th paragraph of article (1138).
The court of first instance will decide in respect of the objection with final judgment to be issued in the consultancy chamber entity.

Article (1163)
Magistrate concerning the partner
Any partner who adjudicated bankruptcy as the result of bankruptcy of a commercial company in which the liability of partners by solidarity is unlimited may offer magistrate to company's creditors and his creditors jointly in his private bankruptcy.

Chapter Eleven: Brief Procedure

Article (1164)
Applicable conditions and rules
If it is revealed that when a judgment for adjudication of bankruptcy or due to investigation of validity of debts that the liabilities of the debtor do not exceed LD.50,000,- and the court ordered adjudication of bankruptcy or with subsequent decision to be published according article (1022) that bankruptcy to be carried or to continue with brief procedure; and if it is revealed at a second stage that the value of debts exceeded LD.50,000.- , the judge should inform the court of first instance which will order to proceed with bankruptcy according the normal rules without prejudice to the procedures carried out.
The provisions of bankruptcy within the limit that does not contradict the following provisions will be applied on the brief procedure.

Article (1165)
Institutions and precautionary procedures
The skills of the deputed judge may be assigned to the magistrate for the entity in which the head quarter of the bankrupt's work is located at its area of its jurisdiction and appointment of creditors; entity will be optional and stamps may not be set.

Article (1166)
Examining debts
The officer will prepare statement of creditors extracted from the books, commercial documents, testimony of the debtor and other information which he obtained and will submit this statement with the justifying documents to the deputed judge who will prepare list of creditors and he will order its implementation and to be lodged with clerks section so that they allow its review.
The officer will announce each creditor with what concerns him by registered letter with acknowledgement of receipt or any other legally approved communication means during 3

days. The creditors who were not included in the list of debts may submit their protest for prohibition during the same period; protest may be also on debts of other creditors included in the list.
The judge will specify time of the session to consider the protests and grievances and he should try to resolve the disputes amicably, otherwise, he will decide with one judgment.

Article (1167)
Petitions for recovery of movables, returning it and separation from each other
The provisions of the previous article will also be applied in respect of recovery of movables which are under custody of the bankrupt or returning it or separation from each other.

Article (1168)
Magistrate
The proposal for magistrate is considered acceptable with the majority of creditors who have selection right of number and value.
The judge's judgment with magistrate will be after validation of the majority state in the previous paragraph when appropriate and he orders its implementation.

Chapter Twelve: Penalties
Part One: Crimes committed by the bankrupt

Article (1169)
Bankruptcy by fraud
Imprisonment penalty for a period not exceeding 5 years will be imposed on each trader who adjudicated bankruptcy and it was revealed that:

1. Purloining all or part of his funds or concealed it or dashed it or disposed it impractically or executed it or accrued debts that are not existing or declared it to harm his creditors

2. Concealed his documents or other commercial books or damaged it or caused total or partial fraud to obtain illegal profit for himself or others or for the purpose of harming his creditors or kept the correspondence and accounts in a way that it is practically impossible to control his assets and funds or to be aware of his activity.

The same penalty will be imposed on the trader who adjudicated bankruptcy and committed during bankruptcy procedures one of the deeds stipulated in item (1) or concealed his accountancy books and documents or executed it or there is fraud in books.
Penalty of imprisonment for a period not less than 6 months will be imposed on each bankrupt who paid the debts of some of the creditors or granted them privileges to harm the others whether during the bankruptcy or during the period of uncertainty.
The issued judgment in one of the crimes stipulated in this article will be consequent to non eligibility of the convicted to resume any commercial activity or to be in charge of a post of manager in any corporation for a period ranging from two to ten years without prejudice to any other penalty that is stipulated in penalties law.

Article (1170)
Negligence bankruptcy
Without prejudice to the stipulations of the previous article, the penalty for a period for a period not exceeding one year will be imposed on each trader who adjudicated bankruptcy and it was revealed that he performed one of the following deeds:

1. He spent for personal or family excessive amounts which are not commensurable with his economic status

2. He consumed a big part of his funds in different gambling operations

3. Performed unacceptable operations for delaying adjudication of bankruptcy

4. Increased insolvency and disruption of movement of his business with his negligence in applying for adjudication of bankruptcy or with another grave error

5. He did not fulfill the commitments undertaken in a previous protective magistrate or bankruptcy

The same penalty will be imposed on the bankrupt who did not keep his books and commercial correspondence in a regular way during the three years preceding his bankruptcy or from date of commencement of work if less than that.
Non eligibility to resume commercial activity or to be in charge of a post of manager in any corporation for a period of two years will be consequent to the previous judgment stipulated in this article.

Article (1171)
Circumstances for more severe penalty and its reduction
The penalties established in the two previous articles will be more severe with an extend not exceeding the half if caused serious damages for committing the deeds stipulated in these articles or the offender is prohibited from performing any commercial activity in accordance with the law.
But if a slight financial damage is consequent to the deeds stipulated in the first paragraph, the penalty is reduced to one-third.

Article (1172)
Exceptional case
Penalty of imprisonment for a period not exceeding one year and a fine not less than LD.100.- and not more than LD.1,000.- or one of the two penalties each trader who included in the list of debts non existing creditors or neglected announcement of availability of funds for entry in the inventory or did not consider the restrictions imposed on him according stipulations of paragraph (3) of articles (1021 and 1054).

Article (1173)
Reduction of penalty in respect of brief bankruptcy
If the brief procedure is applied on the bankruptcy, the established penalties of this chapter will be reduced to one-third.

Article (1174)
Bankruptcy of companies
In bankruptcy of Tadamon companies and Tawssitah Bassita companies, the provisions of this chapter on deeds performed by partners under solidarity and working partners will be applied.

Part Two: Crimes which are committed by non bankrupt

Article (1175)
Fraudulent crimes
The provisions of article (1169) will be applied on the chairman and members of the board of directors, managers, general managers, president and members of the control authority, external accounts auditor (if any) and company's liquidator for adjudication of bankruptcy if they committed one of the deeds stipulated in the mentioned article.
The same penalty will be imposed if they caused fraudulence or other fraudulent means in company's bankruptcy.

Article (1176)
Questioning the managers
The penalty stipulated in article (1170) will be applied on the chairman and members of the board of directors, managers and general managers, president and members of the control authority, controllers, external account auditor if found and liquidator of the company that its bankruptcy was adjudicated:

1. If they committed one of the deeds stipulated in the mentioned article.

2. If they caused insolvency of the company or overwhelmed it or increased the hardness of this disruption by not performing their duties imposed by law.

Article (1177)
Crimes committed by company's managers and liquidators
The penalties stipulated in article (1172) will be applied on the managers of the company which its bankruptcy is adjudicated as well as general managers and liquidators if they committed one of the deeds stipulated in that article.

Article (1178)
Crimes which are committed by the commercial representative
The penalties stipulated in articles (1170 and 1172) will be applied on the commercial representative of the trader who adjudicated bankruptcy if he committed one of the deeds stated in it.

Article (1179)
Crimes which are committed by the officer
Without prejudice to any other more severe penalty, a fine of at least LD. 1,000.- and not more than L.D 5,000.- will be imposed on each officer who obtained a personal benefit directly or through another person from any business of the bankruptcy or as a result of artificial work carried out unless the committed deed is subject to the penalties according the provisions of the penalty law in respect of public employees.

Article (1180)
Receiving a reward which is not deserved
A fine ranging between LD. 100.- and LD. 500.- will be imposed on each officer in bankruptcy for receiving cash reward or by any other mean or spent more than what the court of first instance or the deputed judge has estimated.
In cases of extreme danger, the judgment may stipulate his prohibition from work as judicial expert for a period of at least two years.

Article (1181)
Officer's refusal to deliver or deposit funds
Any officer who have under his custody amounts or other things concerning bankruptcy and did not obey judge's order to deliver or deposit it will be imprisoned for a period that does not exceed two years and a fine not exceeding LD. 1,000.-.
If the deed is due to an error, the penalty will be imprisonment for a period not exceeding 6 months or a fine not exceeding LD. 1,000.-.

Article (1182)
Application of penalty on officer's assistants
Provisions of article (1179, 1180 and 1181) will also be applied on the persons who assisted the officer in managing the affairs of bankruptcy.

Article (1183)
Inclusion in creditors' list by fraudulence
A fine not exceeding LD. 3,000.- will be imposed on every one who submitted a petition for acceptance among creditors of debt by fraudulence whether himself or by another person unless he is a person in the bankruptcy by fraudulence.
If the petition is withdrawn before investigating the debts, the penalty is reduced to the half.
The penalty of imprisonment for a period not exceeding 5 years will be imposed on the person who:

1. Concealed funds of the bankrupt or received it or mentioned unreal fact after adjudication of bankruptcy unless he is considered as partner in the bankruptcy by fraudulence.

2. Concealed or received goods or other funds of the bankrupt with the knowledge of the insolvency and disruption of activity as well as the person who buys such funds with cheap price compared with the actual value when the bankruptcy has actually occurred.

Article (1184)
Rigging with votes
A fine for at least LD. 1,000.- and not exceeding LD. 3,000.- will be imposed on each creditor who agreed with the bankrupt or other against a private benefit to give his vote in favor of the bankrupt in decisions of creditors' entity.
The amounts or things that the creditor obtained will be confiscated.
The same penalty will be imposed on the bankrupt and the person who agreed with the creditor in favor of the bankrupt.

Article (1185)
Exercising commercial activity during prohibition
A fine of at least LD. 1,000.- and not exceeding LD.3,000.- will be imposed for exercising commercial activity despite his non eligibility as a result of criminal judgment stipulated in this book.

Part Three: applicable provisions in protective magistrate

Article (1186)
Crimes which will be committed in protective magistrate
A fine of at least LD. 1,000.- and not exceeding LD. 3,000.- will be imposed on each trader who claimed for himself funds or rights which are not existing for the purpose of obtaining acceptance in the protective magistrate and also if created debts which are not existing for the purpose of forming majorities.
In case of protective magistrate for companies, the penalty will be applied on each of the chairman and members of the board of directors, managers, general managers, president and members of the control authority, controllers, external accounts auditor and the liquidator. The same penalty will be applied on the approved agent, controller of the protective magistrate and the creditors stipulated in article (1184).

Part Four: provisions concerning the procedures

Article (1187)
Institution of proceedings
Criminal proceedings will be instituted on crimes which are stipulated in articles (1169, 1170, 1175 and 1176) after notification of the judgment for adjudication of bankruptcy according article (1022).
Institution of proceedings may be before that time in case which is stipulated in article (1014) and in other cases in which appear dangerous reasons when it preceded submission of application for adjudication of bankruptcy or submission at the same time.

Article (1188)
The right to claim compensation
The officer and judicial controller may include in the suit claiming civil rights in the procedures of claims concerning crimes which are stipulated in this chapter against the bankrupt also.

Article (1189)
Compensation right of creditors
The creditors have the right of claiming civil rights and compensation for harm in the criminal proceeding for bankruptcy by fraudulence if the officer or judicial controller did not institute that or they intended to institute proceeding concerning personal rights.

Article (1190)
Effects of civil rehabilitation
The consequences of civil rehabilitation of the bankrupt are termination of the bankruptcy crime with negligence and if there was criminal judgment, its implementation will be suspended and its effects are terminated.