

Translation of

the Restructuring,
Preventive Composition,
and Bankruptcy
Law No. 11 of 2018

ترجمة قانون تنظيم إعادة الهيكلة
والصلح الوافي والإفلاس
رقم ١١ لسنة ٢٠١٨

2 April 2026


ANDERSEN

**Law No. 11 of 2018 Promulgating the Restructuring,
Preventive Composition, and Bankruptcy Law**

In the name of the people: President of the republic

The House of Representatives has enacted the following law, which we hereby
promulgate:

Issuance Provisions

Article (1) – Issuance:

The provisions of the accompanying law concerning restructuring, bankruptcy, and preventive composition shall come into force.

Its provisions shall apply to a merchant in accordance with the definition set forth in Article (10) of the Trade Law issued by Law No. 17 of 1999, excluding joint ventures, public sector companies, and public business sector companies.

Article (2) – Issuance:

The Minister of Justice shall issue the regulations and decisions necessary for the implementation of the provisions of the accompanying law within three months from the date of its entry into force.

Article (3) – Issuance:

The provisions of the Civil and Commercial Procedures Law and the Law of Evidence in Civil and Commercial Matters shall apply to matters not specifically provided for in the accompanying law.



Article (4) – Issuance:

Courts shall, of their own motion, refer any pending bankruptcy procedures, disputes, and grievances related thereto, as well as all lawsuits arising from bankruptcy, to the competent Economic Court in their current state and without fees, except for disputes in which judgments have been rendered or which have been reserved for judgment or decision.

Bankruptcy procedures not completed prior to the enforcement of this law shall be subject to the procedures set forth in the accompanying law.

Article (5) – Issuance:

Chapter Five of the Trade Law issued by Law No. 17 of 1999 is hereby repealed, and any provision that contradicts the provisions of the accompanying law is also repealed.

Article (6) – Issuance:

This law shall be published in the Official Gazette and shall enter into force thirty days after the date of its publication.

This law shall be sealed with the seal of the State and enforced as one of its laws.



Part One: General Provisions

Chapter One: Definitions and Judicial Jurisdiction

Article (1):

For the purposes of applying the provisions of this law, the following terms and expressions shall have the meanings assigned to each of them:

Bankruptcy Department: The department established under this law within each Economic Court to receive applications for restructuring, preventive composition from bankruptcy, declaration of bankruptcy, and to conduct mediation procedures.

Bankruptcy Judge: One of the judges of the Bankruptcy Department competent to examine applications submitted to the department.

Competent Court: The court of first instance within the Economic Court having jurisdiction to hear lawsuits and disputes arising from the application of this law.

Precautionary Measures: The necessary measures taken by the court or judge in accordance with this law with the aim of preserving or managing the debtor's assets in a secure manner, or preventing the bankrupt from absconding or concealing assets.

Mediation: An amicable means of settling commercial disputes through a mediator (the Bankruptcy Judge), who facilitates the rapprochement of views between disputing parties in relation to a contractual or non-contractual relationship and proposes appropriate solutions.

Preventive Composition: A procedure to prevent the declaration of bankruptcy of a debtor acting in good faith.

Composition Trustee: The person responsible for conducting and following up the procedures of preventive composition between the debtor applying for preventive composition and the creditors.

Composition Judge: The judge appointed to conduct the preventive composition procedures.

Supervisor: A person with accounting expertise appointed either from among the experts registered in the Economic Courts' roster or from among the creditors to oversee the implementation of the preventive composition agreement.



Bankruptcy Trustee: The legal representative of the bankruptcy estate appointed by the court to administer it.

Controller: The person selected to monitor the acts of the bankruptcy estate.

Bankruptcy Judge: The judge appointed to conduct bankruptcy proceedings.

Creditors' Union Trustee: The representative of the bankruptcy estate selected by the creditors upon the formation of the creditors' union to prepare the list of admitted debts.

Experts: Individuals, offices, and companies registered in the roster of experts of the Bankruptcy Department.

Restructuring: Procedures that assist the merchant in overcoming financial and administrative distress.

Restructuring Committee: The committee formed from among the experts registered in the roster referred to in Article (13) of this law to prepare the restructuring plan.

Assistant: The person responsible for assisting the merchant in evaluating his financial and administrative position and following up the implementation of the restructuring plan in accordance with this law.

Financing Entity: Entities licensed to engage in financing or granting credit facilities in accordance with the law, even if they are among the creditors.

Class-Based Voting: A decision-making mechanism whereby creditors entitled to vote, whose debts have been finally or provisionally accepted, vote after being divided into classes according to the type and nature of the debt.

Article (2):

The courts of first instance within the Economic Courts in whose jurisdiction the debtor has a commercial domicile or the company's principal place of business shall have jurisdiction to hear lawsuits arising from the application of this law. If such principal place is outside Egypt, jurisdiction shall lie with the court within whose jurisdiction the local management center is located.



If the merchant does not have a commercial domicile, the competent court shall be the one within whose jurisdiction his habitual residence is located. The last domicile recorded in the Commercial Register shall be deemed an elected domicile for the merchant.

Without prejudice to international agreements in force in Egypt, a merchant having a branch or agency in Egypt may be declared bankrupt even if no judgment declaring his bankruptcy has been issued in a foreign state. In such case, the court competent to declare bankruptcy in Egypt shall be the one within whose jurisdiction the branch or agency is located.

Article (3):

By way of exception to the provisions of Article (8) of the Economic Courts Law issued by Law No. 120 of 2008, a department shall be established in each Economic Court called the “Bankruptcy Department,” formed under the chairmanship of a judge of at least the rank of Court of Appeal judge and comprising a sufficient number of its judges of at least the rank of President of Court, to be designated as “Bankruptcy Judges,” selected by the court’s General Assembly at the beginning of each judicial year.

A sufficient number of experts of the Bankruptcy Department, as well as administrative and clerical staff, shall be attached thereto.

Article (3 bis):

Litigation may be conducted electronically in accordance with the provisions set forth in Articles (13) to (22) of the Law on the Establishment of Economic Courts issued by Law No. 120 of 2008, in respect of all procedures stipulated in this law, particularly in the following cases:

- Applications
- Lawsuits
- Procedures
- Disputes
- Objections



- Appeals
 - Grievances
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Article (4):

The Bankruptcy Department shall have jurisdiction over the following:

- Conducting mediation procedures in applications for restructuring, preventive composition from bankruptcy, and declaration of bankruptcy.
 - Completing the documentation of applications and lawsuits within the jurisdiction of the Bankruptcy Court, preparing them, and drafting a memorandum setting out the parties' requests and supporting grounds, within a period not exceeding sixty days from the date of registration of the application or lawsuit.
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Article (5):

Applications shall be submitted to the Head of the Bankruptcy Department after being registered with the registry of the competent court. The Head shall refer the applications to the Bankruptcy Judges to undertake mediation procedures, provided that such procedures are completed within thirty days from the date of submission of the application.

The Head of the Department may extend this period for a similar duration, once only.

Article (6):

The Bankruptcy Judge shall be required to maintain the confidentiality of all information related to mediation procedures, unless disclosure is required by law or for the purposes of enforcing the settlement.



Article (7):

Mediation sessions shall not be valid unless attended by the parties to the dispute or their representatives holding a special power of attorney authorizing them to settle the dispute.

The Bankruptcy Judge may conduct mediation in the manner he deems appropriate, taking into account the parties' requests and the circumstances of mediation. For this purpose, he may meet with the parties or their representatives jointly or separately, and take any measures he deems appropriate to bring the parties' views closer with the aim of reaching a binding settlement agreement.

Article (8):

The Bankruptcy Judge may seek the assistance of any person he deems necessary to complete mediation procedures, including experts from the Restructuring Committee, and may order either party to the dispute to deposit the expert's fees.

Article (9):

If a settlement is reached, a settlement agreement shall be drawn up and signed by all parties, setting out the details of the agreement and the mediation procedures undertaken.

The Bankruptcy Judge shall issue a decision ratifying the settlement and terminating the application, and such agreement shall have the force of an enforceable instrument.

Article (10):

If no settlement is reached in applications for the declaration of bankruptcy or preventive composition, the Bankruptcy Judge shall reject them. In such case, the applicant may file the relevant lawsuit by submitting a statement of claim to the court registry within one month from the date of rejection; otherwise, the right to file the claim shall lapse.

The applicant may not submit another similar application except after the lapse of three months from the date of determination of the previous application. In all cases, no other person may submit a similar application while the original application is pending, although intervention therein shall be permitted.



Article (11):

If the applicant fails to appear before the Bankruptcy Judge for two sessions, the judge shall order the application to be archived.

Article (12):

Decisions of the Bankruptcy Judge shall be final and not subject to appeal, unless otherwise provided by law or where the decision exceeds his jurisdiction. In such case, the appeal shall be filed before the competent court within ten days from the date of issuance of the decision.

Part One: General Provisions

Chapter Three: Restructuring Committee

Article (13):

A schedule shall be established as an annex to the rosters of experts of the Economic Courts, to be called the “Roster of Bankruptcy Department Experts,” in which a sufficient number of offices and companies specialized in restructuring and asset management shall be registered, along with experts from the Ministries of Finance, Investment, Trade and Industry, Manpower, the Central Bank of Egypt, the General Authority for Investment, the Financial Regulatory Authority, the Egyptian Exchange, the General Federation of Egyptian Chambers of Commerce, the Federation of Egyptian Industries, bankruptcy trustees, valuation experts, and others as necessary.

The competent minister shall issue the regulations governing their selection, registration, the manner in which they perform their work, their accountability, and the minimum and maximum limits of their remuneration.



Article (14):

The competent judge may, at any stage of the dispute, form a committee called the “Restructuring Committee” from among the experts registered in the Roster of Bankruptcy Department Experts. This committee shall be entrusted with preparing the restructuring plan, managing and evaluating the merchant’s assets, in addition to any other tasks assigned to it.

The competent judge shall determine the fees of the committee.

Part Two: Applications Submitted to the Bankruptcy Department

Chapter One: Restructuring

Article (15):

Any merchant whose capital is not less than one million Egyptian pounds, who has engaged in trade continuously during the two years preceding the submission of the application, and who has not committed fraud, may apply for restructuring.

A company undergoing liquidation may not be subject to restructuring.

Article (16):

The restructuring of a merchant’s business or assets after his death may be requested by his heirs or legatees within one year from the date of death, provided that all of them consent.

Article (17):

An application for restructuring may not be submitted if a judgment declaring the merchant bankrupt has been issued or if a judgment opening preventive composition proceedings has been rendered.



The submission of an application for restructuring shall result in the suspension of applications and lawsuits for the declaration of bankruptcy and preventive composition until a decision is rendered on the restructuring application.

No new restructuring application may be submitted except after the lapse of three months from the rejection or archiving of the previous application. In all cases, submitting another application shall not suspend applications or lawsuits for the declaration of bankruptcy or preventive composition.

Article (18):

Restructuring aims at establishing a plan for reorganizing the merchant's financial and administrative activities, including the manner in which he may overcome financial and administrative distress and settle his debts, with an indication of the proposed sources of financing.

This may be achieved through various methods, including revaluation of assets, restructuring of debts (including state debts), capital increase, increasing internal cash flows and reducing external cash flows, and administrative restructuring.

Article (19):

An application for restructuring shall be submitted stating the causes of financial distress, the date of its occurrence, the measures taken to avoid or remedy its effects, and the proposed procedures deemed necessary to overcome it.

The following documents shall be attached to the application:

- Documents supporting the data stated therein.
- A certificate from the Commercial Register Office proving that the merchant has complied with the provisions relating to the Commercial Register during the two years preceding the application.
- A certificate from the Chamber of Commerce confirming that the merchant has carried on trade continuously during the two years preceding the application.



- A copy of the balance sheet and profit and loss account for the two years preceding the application.
 - A statement of total personal expenses during the two years preceding the application, except where the application is submitted by a joint stock company.
 - A detailed statement of movable and immovable assets and their approximate value at the time of submitting the application.
 - A statement including the names of creditors and debtors, their addresses, the amounts of their rights or debts, and the securities guaranteeing them.
 - A certificate confirming that no prior restructuring application has been submitted, or that a prior application was archived and that a period of three months has elapsed.
 - A certificate confirming that no bankruptcy judgment has been issued against the merchant and that no preventive composition has been concluded.
 - If the application relates to a company, it must additionally include a copy of the company's contract and articles of association certified by the Commercial Register Office, documents evidencing the capacity of the applicant, the partners' or general assembly's resolution to apply for restructuring, and a statement of the names, addresses, and nationalities of the general partners.
 - All such documents must be dated and signed by the applicant. If submission of any document or completion of its data is not possible, the application must state the reasons.
 - The judge may require the applicant, within a specified period, to provide additional information or documents regarding his economic and financial position.
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Article (20):

The Restructuring Committee shall submit a report to the Bankruptcy Judge within six months from the date of submission of the application, including its opinion on the causes of the merchant's distress, the feasibility of restructuring, and the proposed plan. This period may be extended for a similar duration with the permission of the Bankruptcy Judge.

The restructuring plan shall be implemented within a period not exceeding five years, which may be extended by the judge, upon request of any party to the plan or the assistant, for an additional period of two years, provided that all parties to the plan consent.

Article (20 bis):

The restructuring plan may include the debtor obtaining financing for the project, provided that the plan specifies the amount of financing, its duration, the applicable interest, the method of repayment, and the financing entity, whether among the creditors or otherwise.

If the plan fails and this results in the declaration of the debtor's bankruptcy, the financing entity shall recover its rights in the amount of its financing prior to the recovery of amounts due in respect of criminal fines, taxes, fees, or social insurance contributions, and after secured creditors have recovered their rights over the debtor's assets.

Notwithstanding the foregoing, the financing entity may agree with secured creditors to be granted priority over them in the recovery of its debts.

Article (21):

The Bankruptcy Judge shall approve the restructuring plan submitted by the Restructuring Committee upon the approval of the parties who have signed it, and in such case the plan shall be binding upon them.

The Bankruptcy Judge may appoint an assistant to support the merchant, if deemed necessary, from among trustees or experts registered in the Roster of Bankruptcy Department Experts or from among others selected by the parties. The judge shall determine the assistant's fees in accordance with the agreement of the parties, and failing such agreement, the judge shall determine such fees.



Article (22):

The assistant shall perform all tasks required for the purpose of his appointment, including:

- Assisting the merchant in evaluating his financial and administrative position.
- Providing advice and technical support.
- Establishing a mechanism for implementing the restructuring plan procedures.
- Assisting the merchant in amicable settlement with his creditors.
- Preparing a report every three months and submitting it to the Bankruptcy Judge and the parties to inform them of the progress of the restructuring plan and the extent of the merchant's compliance therewith.

Article (23):

The Bankruptcy Judge may replace the assistant, with remuneration, either on his own initiative or upon the request of any of the parties to the restructuring plan.

Article (24):

The merchant shall continue to manage his assets throughout the restructuring period and shall remain responsible for obligations arising therefrom or from contracts concluded before or after the approval of the restructuring plan, provided that this does not conflict with the plan.

Article (25):

The merchant may not undertake any acts that would prejudice the interests of creditors, including sales unrelated to the ordinary course of his business, donations, gifts, borrowing or lending, gratuitous acts, guarantees, or the creation of any mortgage, security, or similar acts, in violation of the restructuring plan.



Article (26):

Any interested party may resort to the Bankruptcy Judge to consider any request related to the restructuring plan.

Article (27):

By way of exception to the provisions of Article (10), the Bankruptcy Judge shall order the archiving of the restructuring application in the following cases:

- If agreement on a restructuring plan cannot be reached.
 - If the merchant fails to attach to the application the required information or documents previously indicated, or those he was instructed to submit within the specified time limit.
 - If the merchant fails to pay the costs and expenses necessary for restructuring procedures, including the assistant's fees, or if it is established that his assets are insufficient to cover such costs.
 - If the reasons that led the merchant to submit the restructuring application cease to exist.
 - If restructuring procedures are deemed unsuitable for the merchant based on the data and documents submitted with the application or based on the report prepared by the Restructuring Committee.
 - If all heirs and legatees do not agree to the restructuring.
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Article (28):

The judge shall terminate the restructuring plan upon completion of its implementation, the impossibility of its implementation, or its breach for any reason, upon the request of any of its parties.

Article (29):

Following the approval of the restructuring plan, no lawsuit may be brought between the merchant and any of the signatory creditors in relation to the plan, its implementation, or individual claims or judicial proceedings.

Limitation periods related to their claims, demands, and debts shall be suspended until the completion of the restructuring plan.

Part Two: Applications Submitted to the Bankruptcy Department

Chapter Two: Preventive Composition from Bankruptcy

Article (30):

Any merchant who may be declared bankrupt, and who has not committed fraud or gross error inconsistent with that of an ordinary merchant, may request preventive composition from bankruptcy if his financial affairs have become disordered in a manner likely to lead to cessation of payments.

A merchant who has ceased paying his debts, even if a request for the declaration of his bankruptcy has been submitted, may request preventive composition from bankruptcy if he meets the conditions stated in the preceding paragraph and submits the request within fifteen days from the date of cessation of payment.

Preventive composition may also be granted to any company meeting the conditions set forth in the preceding paragraphs; however, it may not be granted to a company undergoing liquidation.



Article (31):

An application for preventive composition from bankruptcy shall not be admissible unless the debtor has engaged in trade continuously during the two years preceding the submission of the application and has complied during such period with the provisions governing the Commercial Register and commercial books.

A debtor company may not apply for preventive composition without prior authorization from the majority of partners or from the general assembly, as the case may be depending on the type of company.

Article (32):

Persons to whom the business has devolved by inheritance or will may request preventive composition if they decide to continue the business and if the deceased merchant had been eligible to request such composition prior to his death.

The heirs or legatees must submit the request for preventive composition within three months from the date of death. If they do not unanimously agree to submit the request, the court shall hear the objections of those who oppose it and then decide in accordance with the best interests of the concerned parties.

Article (33):

The debtor may not request another preventive composition while implementing an existing preventive composition or restructuring plan.

Article (34):

If an application for the declaration of bankruptcy and another application for preventive composition from bankruptcy are submitted to the Bankruptcy Department, the application for bankruptcy may not be decided until the application for preventive composition has been determined.



The submission of another application for preventive composition shall not result in the suspension of the application or lawsuit for the declaration of bankruptcy.

Article (35):

An application for preventive composition shall be submitted by the debtor to the Head of the Bankruptcy Department at the competent court. The application must include the reasons for the financial disorder and proposals for composition, including the method of settling debts, their ranking, and a proposed classification of creditors into categories according to the nature and type of debt.

It shall also include details of any proposed financing, including its amount, interest, financing entity, duration, and the manner of implementing such proposals.

Article (36):

The following documents shall be attached to the application for preventive composition:

- Documents supporting the data stated therein.
- A certificate from the Commercial Register Office proving that the merchant has complied with the provisions relating to the Commercial Register during the two years preceding the application.
- A certificate from the Chamber of Commerce confirming that the merchant has carried on trade continuously during the two years preceding the application.
- A copy of the balance sheet and profit and loss account for the two years preceding the application.
- A statement of total personal expenses during the two years preceding the application, except where the application is submitted by a joint stock company.
- A detailed statement of movable and immovable assets and their approximate value at the time of submitting the application.



- A statement including the names of creditors and debtors, their addresses, the amounts of their rights or debts, and the securities guaranteeing them.
- Proof of deposit of an amount of ten thousand Egyptian pounds in the court treasury on account of publication expenses of judgments issued.
- A certificate confirming that no bankruptcy judgment has been issued against the merchant and that no restructuring application has been submitted.

If the application relates to a company, it must additionally include a copy of the company's contract and articles of association certified by the Commercial Register Office, documents evidencing the capacity of the applicant, a copy of the partners' or general assembly's resolution to request composition, and a statement of the names, addresses, and nationalities of the general partners.

All such documents must be dated and signed by the applicant. If submission of any document or completion of its data is not possible, the application must state the reasons.

The judge may require the applicant, within a specified period, to submit additional documents or information regarding his economic and financial position.

- A certificate confirming that no prior application for preventive composition has been submitted, or that a previous application was rejected and that three months have elapsed since such rejection.

Article (36 bis):

Unless there is a pending application or lawsuit for the declaration of bankruptcy or for preventive composition, any creditor holding an undisputed commercial debt may apply for preventive composition with his debtor who is a merchant that has ceased payment of his commercial debts due to financial distress, provided that the debtor has carried on trade continuously during the two years preceding the application.



The creditor shall, upon submission of the application, attach the debt instrument, the proposed composition, and the documents specified in items (b), (c), (d), (h), (i), and (j) of Article (36) of this law. If submission of any of these documents is not possible, the application must state the reasons. The Bankruptcy Judge may authorize the creditor, within a specified period, to submit such documents or any additional documents deemed necessary.

Article (37):

The court examining the application for preventive composition may order the necessary measures to preserve the debtor's assets until a decision on the application is rendered.

The court may also take such measures as may enable it to fully ascertain the debtor's financial position and the causes of its disturbance.

The court shall examine the application in chambers and on an expedited basis, and shall decide on it by a final judgment.

Article (38):

The court shall reject the application for preventive composition in the following cases:

- If the applicant fails to submit the documents and data stipulated in Article (36) of this law, or submits them incomplete without justification.
 - If the merchant has previously been convicted of fraudulent bankruptcy, forgery, theft, fraud, breach of trust, issuing a cheque without sufficient funds, or embezzlement of public funds, unless he has been rehabilitated.
 - If the merchant has ceased trading or has absconded.
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Article (39):

If the court rejects the application for preventive composition, it may impose a fine on the merchant of not less than twenty thousand Egyptian pounds and not more than one hundred thousand Egyptian pounds if it is established that he deliberately created the illusion of financial distress or caused such distress.

Article (40):

If the court accepts the application for preventive composition, it shall order the commencement of the procedures, and the judgment must include the following:

- Appointment of one of the court's composition judges to supervise the procedures.
- Appointment of one or more trustees to conduct and follow up the composition procedures.

The court may, in the judgment opening the procedures, order the debtor to deposit a cash security in the court treasury to cover procedural expenses, and may order the termination or suspension of the composition procedures if the debtor fails to deposit such security within the prescribed period.

- Appointment of one or more valuation experts from among those registered in the Bankruptcy Experts Roster to evaluate the debtor's assets, provided that they submit a report of their findings to the Composition Judge within thirty days from the date of commencement of the procedures.
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Article (41):

The Composition Trustee shall be appointed from among individuals or companies with expertise in financial analysis registered in the roster of composition trustees from among the Bankruptcy Department Experts.

The Composition Trustee shall record daily all acts related to the composition in a special register, to be signed or sealed by the Composition Judge, and the parties to the composition shall have the right to review it.



Article (42):

Decisions of the Composition Judge may be appealed by filing a statement of claim with the court registry within ten days from the date of deposit of the decision. The appeal shall be notified to the concerned parties and examined by the court at its first session, provided that the Composition Judge shall not participate in the hearing of the appeal. The judgment rendered thereon shall be final.

Article (43):

The filing of an appeal shall result in the suspension of the execution of the decision until the court decides on it, unless the court orders its continued execution.

If the court rejects the appeal, it may impose a fine not exceeding fifty thousand Egyptian pounds on the appellant if it is established that he intentionally sought to delay the execution of the Composition Judge's decision.

Article (44):

The court registry shall notify the Composition Trustee of the judgment appointing him immediately upon its issuance.

Within five days from the date of notification, the Composition Trustee shall register the judgment opening the composition procedures in the Commercial Register and publish a summary thereof, accompanied by an invitation to creditors to attend a meeting, in a daily newspaper designated by the Composition Judge.

The Composition Trustee shall, within the same period, send the invitation to the meeting together with the proposed composition to creditors whose addresses are known.



Article (45):

Upon issuance of the judgment opening the composition procedures, the Composition Judge shall close the debtor's books and affix his signature thereto.

The Composition Trustee shall, within twenty-four hours from the time of being notified of the judgment, commence the inventory procedures in the presence of the debtor and the court clerk.

Article (46):

After the issuance of the judgment opening the preventive composition procedures, the debtor continues to manage his assets under the supervision of the Composition Trustee. He may carry out all ordinary transactions required by his commercial operations. However, the debtor may not assert donations made after the judgment against creditors.

The debtor may not, after the judgment, enter into any composition, mortgage, or any transfer of ownership not required for his ordinary commercial operations without obtaining permission from the Composition Judge. Without prejudice to the rights of a bona fide transferee, creditors may not object to any transaction made in contravention of this provision.

Article (47):

All lawsuits and enforcement proceedings directed against the debtor shall be suspended upon the issuance of the judgment opening the composition procedures. However, lawsuits filed by the debtor and enforcement proceedings initiated by him shall continue with the involvement of the Composition Trustee.

After the issuance of the judgment opening the procedures, creditors may not enforce registration of mortgages, privileges, or special rights over the debtor's assets.

Article (48):

The issuance of the judgment opening the composition procedures does not trigger the maturity of debts due by the debtor, nor does it suspend the accrual of interest thereon.



Article (49):

If the debtor conceals part of his assets, destroys them, or engages in transactions harmful to creditors or in contravention of Article (46) of this law after filing for composition, the court shall, of its own accord, cancel the composition procedures.

Article (50):

All creditors, whether their debts are disputed, secured by special guarantees, or established by final judgments, must submit to the Composition Trustee, within fifteen days from the publication of the summary of the judgment opening the composition procedures, the original documents evidencing their debts, together with a statement of these debts, their securities if any, and their value in local currency based on the Central Bank's announced exchange rate for sales, closures, transfers, or banknotes if no official rate exists on the day of the judgment.

For creditors residing outside Egypt, the period shall be thirty days. No additional period shall be granted for distance.

Article (51):

After the deadline set in Article (50), the Composition Trustee shall prepare a list of creditors who requested to participate in the composition procedures, specifying each debt, the supporting documents, any guarantees, and the trustee's opinion on acceptance or rejection.

The trustee may request the creditor to provide clarifications regarding the debt, complete its documents, or amend its amount or characteristics.

Article (52):

The Composition Trustee shall deposit the list of debts with the court registry within forty days from the issuance of the judgment opening the composition procedures. The Composition Judge may extend this period if necessary.

On the day following the deposit, the trustee shall publish a notice of the deposit in a widely circulated daily newspaper designated by the Composition Judge.



Any interested party has the right to inspect the list deposited with the court registry.

Article (53):

The debtor and any creditor listed may dispute the debts recorded in the list within ten days from the date of publication in the newspapers. The dispute shall be submitted to the court registry, and no additional time shall be granted for distance.

Article (54):

After the expiration of the period specified in Article (53), the Composition Judge shall prepare a final list of undisputed debts and annotate each entry to indicate acceptance and the accepted amount.

The Composition Judge may consider a debt disputed even if no dispute has been filed and shall resolve disputed debts within thirty days from the end of the dispute period.

Article (55):

Decisions of the Composition Judge regarding acceptance or rejection of a debt may be appealed before the court within ten days from the date of filing the decision. The appeal does not suspend the composition procedures unless the court orders otherwise.

Before ruling on the appeal, the court may provisionally accept a debt at an estimated amount, except if a criminal case is pending regarding the debt.

If the dispute concerns the debt's securities, the debt shall be provisionally accepted as an ordinary debt.



Article (56):

Creditors who fail to submit the original documents evidencing their debts within the period specified in Article (50) of this law, or whose debts were not accepted either definitively or provisionally, shall not participate in the preventive composition procedures.

Article (57):

After completing the verification of debts, the Composition Judge shall set a date for a creditors' meeting, over which he shall preside.

Both creditors and the debtor may appoint a special proxy authorized to participate and vote at the meeting. The Composition Judge shall invite creditors whose debts were accepted either definitively or provisionally to attend the first meeting to vote on whether to retain or replace the Composition Trustee. The invitation shall be sent by registered letter with acknowledgment of receipt or by any electronic means agreed upon by the parties.

The Composition Judge may also order publication of the invitation in a daily newspaper he designates.

Article (57 bis):

The Composition Judge shall assign the Composition Trustee to prepare a report on the composition proposals submitted by the debtor or the creditor who initiated the composition, as applicable, including the trustee's opinion and recommendations.

The report shall include: the debtor's financial status, the size of the business, the proposed composition period, repayment method and duration, the amounts creditors are expected to receive under the composition, the amounts expected from the sale of the debtor's assets (according to the expert report under Article 40(c)), and whether the composition requires financing, specifying amount, duration, and interest. The trustee may deliberate with the debtor and creditors.

The report must be submitted within thirty days from the date of assignment, with a possible extension of thirty additional days by order of the Composition Judge.



Article (57 bis 1):

Financing entities have the right to obtain financial information regarding the debtor's business by applying to the competent judge.

Creditors whose debts were accepted may inspect all documents submitted by the debtor, the final debt list, expert reports, and any financial information related to the composition plan to prepare proposals and vote on the proposals.

The debtor and any creditor whose accepted debt represents at least one-quarter of the total accepted debts may submit additional composition proposals at the next meeting following the one in Article (57).

The Composition Judge shall assign the Composition Trustee to prepare a report on these proposals, including his opinion and recommendations, as per Article (57 bis).

In all cases, the trustee shall deposit reports with the court registry at least fifteen days before the scheduled creditors' meeting.

Article (58):

Repealed.

Article (59):

Repealed.

Article (60):

After receiving the Composition Trustee's report under Article (57 bis 1), the Composition Judge shall present the composition proposals to the debtor to choose one within one month. The judge shall then set a subsequent creditors' meeting to vote on the chosen proposal.

If the debtor rejects all proposals, the vote shall proceed on the proposal submitted by the party requesting composition. If that is also rejected, the remaining proposals are voted on according to the order of submission.



If the debtor is a company, the decision to accept or reject proposals requires approval by the board of directors or the majority of partners, as applicable.

Voting is conducted by classes: the judge divides creditors (who may receive full or partial payment if the debtor were declared bankrupt) according to the type and nature of the debt into classes such as: privileged under special law, special secured creditors (e.g., lessor on movable property), mortgaged creditors, employees, ordinary creditors, public treasury claims (e.g., fines, taxes, fees, social insurance), and suppliers.

The Composition Judge may merge or create new classes. Within each class, approval requires a majority of the debt value represented by creditors present. Each class receives one vote.

Approval of the composition requires a numerical majority across all voting classes; with the consent of secured creditors whose rights are encumbering the debtor's assets included in the composition.

Article (61):

The spouse of the debtor and relatives up to the second degree may not participate in composition deliberations or vote on its terms.

If any of these persons transfers their accepted debt to another after the judgment opening the composition procedures, the transferee may not participate in deliberations or voting.

Article (62):

Repealed.

Article (63):

The preventive composition record shall be signed in the session where voting took place; otherwise, it is null.



If the required majority under Article (60 bis) or Article (74 bis a) is not achieved, the Composition Judge shall refer the matter to the court to consider terminating the procedures.

Article (64):

A record of the composition session shall be prepared and signed by the Composition Judge, the trustee, the debtor, and attending creditors.

The debtor or any creditor entitled to participate may submit written objections to the composition within ten days of signing the record.

The judge shall forward the composition record, including objections, the debtor's financial status, causes of business disruption, composition terms, asset values, and expected payments under the composition or sale of assets, to the court that issued the judgment opening the procedures within seven days of the objection period's end for approval.

Article (65):

The court registry shall notify the debtor and creditors who submitted objections of the session date for reviewing objections and approving the composition. Interested parties may attend.

The court shall decide on the objections and the request for approval in a single, final judgment, whether approving or rejecting the composition.

The court may reject approval even if no objections were filed if public interest or creditor interests justify it.

If the court rejects an objection to the composition, it may impose a fine from 5,000 to 20,000 EGP if the objector deliberately delayed the composition.

The court may also refuse approval if the objecting creditor would receive less than one-fifth of the amount they would have obtained from their debt in case of a debtor's bankruptcy sale.



Article (65 bis):

By way of exception to the provisions of Article (65) of this Law, if the court rules to reject the objection submitted by the debtor, or to refuse ratification of the composition, or to terminate the composition proceedings, and the cessation of payment by the debtor is established, it shall, of its own motion, in the same judgment, adjudge the declaration of bankruptcy, without prejudice to the right of concerned parties to appeal against the bankruptcy judgment.

Article (66):

A preventive composition may include granting the debtor time for payment of debts or interest, or may include a waiver of all or part of the debts or interest, with or without consideration, or in consideration of acquiring an asset of the debtor or participating in his business.

A composition may also be concluded subject to a condition of payment if the debtor becomes solvent within a period specified therein, provided that such period does not exceed five years from the date of ratification of the composition. The debtor shall not be deemed solvent unless his assets exceed his liabilities by at least ten percent.

Creditors may stipulate the provision of in rem or personal security for the implementation of the composition terms.

Article (67):

The judgment ratifying the preventive composition shall be published in accordance with the rules prescribed for the publication of a bankruptcy judgment.

The summary of the judgment published in newspapers shall include the debtor's name, domicile, commercial registration number, the court that ratified the composition, and the date of the ratification judgment.

The ratification judgment shall be enforceable in its draft form, and filing an appeal shall not result in a stay of execution unless the appellate court orders otherwise.



Article (68):

The preventive composition from bankruptcy shall take effect, upon issuance of the ratification judgment, against all creditors whose debts are considered ordinary in accordance with the provisions of bankruptcy, even if they did not participate in the proceedings or did not approve its terms.

The composition shall not benefit co-debtors jointly liable with the debtor or his guarantors; however, if the composition is concluded with a company, the partners liable for all the company's debts shall benefit from its terms unless otherwise stipulated in the composition agreement.

The composition shall not apply to alimony debts or to debts arising after the issuance of the judgment opening the composition proceedings.

Article (69):

The court that ratified the composition may, upon the debtor's request, grant him time limits for the payment of debts not covered by the composition, provided that such time limits do not exceed those stipulated in the composition.

Ratification of the composition shall not deprive the debtor of any longer time limits than those stipulated in the composition.

Article (70):

In the judgment ratifying the composition, the court shall order the retention or replacement of the composition trustee, and it may order the appointment of a supervisor, all based on a report from the composition judge.

The composition judge may at any time request the competent court to remove or replace the trustee or the supervisor if it is established that they have failed to perform their assigned duties or have violated the composition plan. The judgment issued by the court in this regard shall be final.



Article (70 bis):

The composition trustee shall annotate the debt instrument with the amounts paid, and the creditor shall deliver to the debtor a discharge for the amounts received, signed by the composition trustee, all under the supervision of the composition judge.

The composition trustee or the supervisor, as the case may be, shall request the court that ratified the composition, within ten days from the completion of the implementation of its terms, to issue a judgment terminating the proceedings. Such request shall be published in the manner prescribed in Article (44) of this Law.

The judgment terminating the proceedings shall be issued within thirty days from the date of publication of the request in the newspapers, and a summary thereof shall be registered in the commercial register. Such judgment shall not be subject to appeal.

Article (71):

The preventive composition from bankruptcy shall be nullified if fraud by the debtor appears after its ratification. Fraud shall, in particular, include concealment of assets, concealment of debts, fabrication thereof, or deliberate exaggeration of their amount.

A request for nullification must be submitted within six months from the date on which the fraud appears; otherwise, the request shall be inadmissible. In all cases, the request shall be inadmissible if submitted after the lapse of one year from the date of issuance of the ratification judgment.

Creditors shall not be required to return what they have received before the nullification judgment, and the debtor shall be discharged to the extent of what has been paid.

Nullification of the composition shall result in the discharge of the guarantor who guarantees the implementation of its terms.

The court that issued the ratification judgment shall have jurisdiction to hear the nullification action.



Article (72):

Upon the request of any creditor to whom the composition applies, the court may order the rescission of the composition in the following cases:

- If the debtor breaches the terms of the composition as agreed.
- If the debtor, after ratification of the composition, disposes of his business in a manner transferring its ownership without justification.
- If the debtor dies and all heirs and legatees fail, within three months from the date of death, to request continuation or completion of the composition.

Creditors shall not be required to return what they have received before the rescission judgment, and the debtor shall be discharged to the extent of what has been paid.

Rescission of the composition shall not result in the discharge of the guarantor who guarantees its implementation, and such guarantor must be summoned to attend the hearing considering the rescission request.

If the court rules for nullification or rescission of the composition, it shall, of its own motion, adjudge the declaration of bankruptcy whenever its conditions are met.

If nullification or rescission results in the declaration of the debtor's bankruptcy, the financing provider shall recover its financing before the payment of amounts due for criminal fines, taxes, fees, or social insurance, and after secured creditors have recovered their rights over the debtor's assets. Nevertheless, it may be agreed to grant the financing provider priority over them.

Article (73):

The composition judge shall determine the remuneration of the composition trustee and the supervisor if they are not creditors. The judge's decision shall be deposited with the court registry on the same day or the following day, and any interested party may object before the court within fifteen days from the date of deposit. The judgment on the objection shall be final.



Article (74):

The court may, on its own motion or based on a report from the composition judge, order upon closing the composition proceedings the payment of a lump-sum reward to the supervisor if he is one of the creditors and it is established that he has exerted extraordinary effort, provided that the debtor's financial condition permits.

Article (74 bis):

If the expert valuer's report shows that the value of the debtor's assets does not exceed five hundred thousand Egyptian pounds, the composition judge may, on his own motion or upon request of the trustee or a creditor, provide that voting on the composition proposals shall be by the absolute majority of creditors without classification into categories.

If the value of the debtor's assets exceeds five hundred thousand Egyptian pounds, the composition judge may, on his own motion or upon request of the trustee or a creditor, provide that voting shall be by the absolute majority of creditors where the type or nature of accepted debts, the number of creditors, or the categories do not allow for classification-based voting.

Part Two: Applications Submitted to the Bankruptcy Department**Chapter Three: Declaration of Bankruptcy**

Article (75):

Any trader obliged under the provisions of the Trade Law issued by Law No. 17 of 1999 to keep commercial books shall be deemed bankrupt if he ceases to pay his commercial debts due to disturbance of his financial affairs.

Cessation of payment shall have no effect prior to the issuance of a bankruptcy judgment, unless otherwise provided by law.



Article (76):

A trader shall be declared bankrupt upon his own request, the request of one of his creditors, or the Public Prosecution. The court may also declare bankruptcy of its own motion.

A trader may be declared bankrupt after his death or retirement from trade if he died or retired while in a state of cessation of payment.

A petition for declaration of bankruptcy must be submitted within one year following death or retirement from trade.

This period shall not commence, in the case of retirement from trade, except from the date of deletion of the trader's name from the commercial register.

The heirs of the trader may request the declaration of his bankruptcy after his death, subject to the time limit mentioned in the preceding paragraph.

If some of the heirs' object to the declaration of bankruptcy, the court shall hear their statements and then decide on the request in accordance with the interests of the concerned parties.

In the event of the trader's death, the statement of claim for bankruptcy shall be served collectively upon the heirs at the last domicile of the deceased.

A creditor's action to declare his trader-debtor bankrupt shall not be admissible where the debt is fully secured by an in-rem security or a registered movable security, unless the value of the debt exceeds the value of the security.

Article (77):

A trader must request the declaration of his bankruptcy within fifteen days from the date of cessation of payment, by submitting a petition to the Bankruptcy Department stating the reasons for cessation of payment, accompanied by the following documents:

- The principal commercial books.
- A copy of the latest balance sheet and profit and loss account.
- A statement of total personal expenses for the two years preceding the submission of the bankruptcy petition, or for the duration of engaging in trade if less than that, except



for petitions submitted by joint stock companies.

- A detailed statement of owned immovable and movable assets and their approximate value at the date of cessation of payment, as well as cash amounts deposited in his name with banks, whether in Egypt or abroad.
- A statement of the names and addresses of creditors and debtors, the amounts of their rights or debts, and the securities guaranteeing them.
- A statement of protests drawn up against the trader during the two years preceding the submission of the bankruptcy petition.
- A certificate stating that no judgment has been issued opening preventive composition proceedings, or evidence that he has not previously submitted a restructuring request.

The documents referred to in the preceding paragraph must be dated and signed by the trader. If it is not possible to submit some of these documents or complete their data, he must state the reasons for this.

The judge may require the applicant, within a period he determines, to submit additional documents or information regarding his economic or financial situation.

- Proof of depositing an amount of ten thousand Egyptian pounds in the court treasury on account of publication expenses of judgments issued.
- A certificate stating that he has not previously submitted a bankruptcy petition, or that he has submitted a petition which was rejected and three months have elapsed thereafter.

Article (78):

Any creditor with a due and undisputed commercial debt may request a judgment declaring his trader-debtor bankrupt. A creditor with a due civil debt shall have the same right if he proves that the trader has ceased to pay his due commercial debts in addition to his civil debt.

A creditor with a deferred debt may request declaration of bankruptcy if his trader-debtor has no known domicile in Egypt, or has absconded, closed his shop, commenced liquidation, or carried out acts detrimental to his creditors, provided that the creditor proves that the debtor has ceased to pay his due commercial debts.



The creditor shall request the declaration of bankruptcy by submitting a petition to the Bankruptcy Department of the competent court, accompanied by proof of depositing ten thousand Egyptian pounds in the court treasury as a guarantee for publication expenses of the bankruptcy judgment. The petition shall request necessary precautionary measures and state the circumstances indicating cessation of payment.

Article (79):

A trader may not be declared bankrupt solely due to cessation of payment of criminal fines, taxes, fees, or social insurance contributions.

Article (80):

By way of exception to the provisions of Articles (4, 5, 9, 10, 11) of this Law, if the Public Prosecution requests the declaration of a trader's bankruptcy, or if the court considers declaring bankruptcy of its own motion, the court registry shall notify him of the hearing date.

In the event of the trader's death or retirement from trade, the court may not consider a request by the Public Prosecution to declare bankruptcy after the lapse of one year from the date of death or retirement.

Article (81):

The registry of the competent court shall notify the Public Prosecution of the bankruptcy petition. Failure of the Public Prosecution to attend or express an opinion shall not prevent the court from ruling in the bankruptcy case.

Article (82):

The court competent to hear the bankruptcy case may order the taking of necessary measures to preserve or manage the debtor's assets for a period of three months, renewable for further periods until the case is decided. It may also take measures enabling it to ascertain the debtor's financial condition and the reasons for cessation of payment.



Article (83):

The bankruptcy court shall have jurisdiction over all actions arising out of the bankruptcy and actions brought by or against the bankruptcy estate.

An action shall be deemed to arise out of the bankruptcy in particular if it relates to its assets, management, or property, or if adjudication thereof requires the application of the provisions of this Law.

Article (84):

In the bankruptcy judgment, the court shall determine a provisional date for cessation of payment, appoint a trustee in bankruptcy, designate one of its judges as bankruptcy judge, and order the sealing of the debtor's place of business until completion of the inventory.

The court registry shall send a summary of the bankruptcy judgment to the Public Prosecution immediately upon its issuance.

Article (85):

In determining the date of cessation of payment, the court shall rely on any act, statement, or conduct of the debtor revealing disturbance of his business or his attempt to continue his commercial activity by unlawful means or in a manner harmful to his creditors. This includes, in particular, attempts to abscond or commit suicide, concealment of assets, selling at a loss, contracting loans under onerous conditions, or engaging in reckless speculation.

If the bankruptcy judgment does not specify the date of cessation of payment, the date of issuance of the bankruptcy judgment shall be considered the provisional date of cessation of payment.

If the bankruptcy judgment is issued after the debtor's death or retirement from trade and does not specify the date of cessation of payment, the date of death or retirement shall be considered the provisional date.



Article (86):

The court may, of its own motion or upon request of the Public Prosecution, the debtor, a creditor, the bankruptcy trustee, or any interested party, amend the provisional date of cessation of payment until the date of deposit of the list of verified debts with the court registry.

After the lapse of this period, the determined date shall become final.

In all cases, the date of cessation of payment may not be set back to more than two years prior to the date of issuance of the bankruptcy judgment.

Article (87):

The registry of the court that issued the bankruptcy judgment shall notify the bankruptcy trustee immediately upon issuance of the judgment by registered letter with acknowledgment of receipt, in order to commence the administration of the bankruptcy estate.

The bankruptcy trustee shall register the judgment, as well as any judgment amending the date of cessation of payment, in the commercial register.

The bankruptcy trustee shall publish a summary of the judgment in a daily newspaper designated by the court in the bankruptcy judgment. Such publication must be made within ten days from the date of notification of the judgment.

The summary relating to the bankruptcy judgment shall include the name of the bankrupt, his domicile, his commercial registration number, the court that issued the judgment, the date of issuance, the provisional date of cessation of payment, the name of the bankruptcy judge, the name of the trustee and his address.

The publication shall also include an invitation to creditors to submit their claims in the bankruptcy.

In the event of amending the date of cessation of payment, the publication shall, in addition to the aforementioned data, include the new date determined by the court.



The bankruptcy trustee shall, within fifteen days from the date of notification of the bankruptcy judgment, undertake the following:

- Annotate the judgment in the Movable Collateral Registry, and annotate its summary in the name of the body of creditors at each real estate registry office within whose jurisdiction property of the bankrupt is located. Such annotation shall not create any additional rights for the body of creditors.
- Notify the Central Bank of Egypt of the bankruptcy judgment, in order to instruct banks operating in Egypt to inform the bankruptcy judge of the balances of the bankrupt debtor held with them and to refrain from dealing with such balances except by decision of the bankruptcy judge.
- Notify the Financial Regulatory Authority, the Egyptian Exchange, Misr for Central Clearing, and other entities operating in the same field, to inform the bankruptcy judge of the shares and balances of the bankrupt debtor held with them and to suspend dealing therewith except by decision of the bankruptcy judge.
- Notify all entities related to the activity of the bankrupt or those dealing with him in respect of his assets.

Article (88):

Any interested party other than the litigants may object to the bankruptcy judgment before the court that issued it within thirty days from the date of its publication in the newspapers, unless it has been appealed; in such case, the objection shall be submitted to the court hearing the appeal.

The provisions of the Civil and Commercial Procedures Law shall apply to the time limits and procedures for appealing judgments issued in bankruptcy cases and other actions arising from the bankruptcy.



Article (89):

Judgments issued in bankruptcy cases shall be provisionally enforceable without bond and in their draft form, unless otherwise provided.

Article (90):

No appeal by any means shall be permitted against:

- Judgments or decisions concerning the appointment or replacement of the bankruptcy judge, trustee, or supervisor.
 - Judgments issued in appeals against decisions of the bankruptcy judge.
 - Judgments issued suspending bankruptcy proceedings pending determination of an appeal against a decision of the bankruptcy judge regarding acceptance or rejection of claims.
 - Judgments issued concerning the provisional acceptance of disputed claims.
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Article (91):

If the debtor settles all due commercial debts before the bankruptcy judgment acquires res judicata authority, the court shall order the annulment of the bankruptcy judgment, provided that the debtor bears all litigation expenses.

Article (92):

If, at the time of declaration, the bankruptcy estate lacks available cash to cover the expenses of declaring and publishing the bankruptcy judgment or placing or lifting seals on the bankrupt's assets, such expenses shall be paid from the deposit made by the applicant for bankruptcy.

The applicant shall recover the amounts paid with priority over all creditors from the first funds entering the bankruptcy estate.



The bankruptcy judge may also order the prompt sale of some assets of the estate to cover such expenses.

Article (93):

If the debtor requests the declaration of his bankruptcy and the court rejects the request; it may impose a fine of not less than ten thousand Egyptian pounds and not exceeding fifty thousand Egyptian pounds if it is established that he deliberately fabricated bankruptcy.

If a creditor requests the declaration of bankruptcy and the court rejects the request, the creditor shall be fined as provided in the preceding paragraph, and the judgment shall be published at his expense in newspapers designated by the court if it is established that he deliberately harmed the commercial reputation of the debtor, without prejudice to the debtor's right to claim compensation.

Article (94):

In the bankruptcy judgment, the court shall appoint, from the schedule of experts of the Bankruptcy Department, a legal representative for the bankruptcy estate called the "bankruptcy trustee."

The bankruptcy judge may, at any time, on his own motion or upon request of the bankrupt or the supervisor, order the appointment of one or more additional trustees, provided that their number does not exceed three.

The profession of bankruptcy trustees shall be regulated by a decision issued by the competent minister.

Article (95):

A person may not be appointed as bankruptcy trustee if he is the spouse of the bankrupt, or a relative up to the fourth degree, or if within the two years preceding the declaration of bankruptcy, he was a partner, employee, accountant, or agent of the bankrupt.



Likewise, any person previously convicted of a felony or a misdemeanor involving dishonor or breach of trust may not be appointed.

Article (96):

The bankruptcy trustee shall administer and preserve the assets of the bankruptcy estate and shall represent the bankrupt in all actions and transactions required for such administration.

The trustee shall record, on a daily basis, all acts related to the administration of the bankruptcy in a special register, the pages of which shall be numbered and signed or sealed by the bankruptcy judge, who shall also certify at the end of the register that it has been completed.

The court, the bankruptcy judge, and the supervisor may inspect this register at any time, and the bankrupt may also inspect it with the permission of the bankruptcy judge.

Creditors whose claims have been accepted shall have the right to review all documents submitted by the debtor, the final list of claims, expert reports submitted in the proceedings, and any financial information related to the bankrupt's business.

Financing entities shall have the right to obtain financial information related to the debtor's business upon a request submitted to the competent judge.

Article (97):

If there are multiple bankruptcy trustees, they must act jointly and shall be jointly liable for their administration.

The bankruptcy judge may divide the work among them or assign a specific task to one of them; in such case, the trustee shall only be liable for the task assigned to him.

The trustees may delegate tasks among themselves, but they may not delegate to third parties except with the permission of the bankruptcy judge. In such case, the trustee and his delegate shall be jointly liable for the said acts.



Article (98):

The bankrupt and the supervisor may object before the bankruptcy judge to the acts of the trustee prior to their completion, and such objection shall result in the suspension of the act.

The bankruptcy judge must decide on the objection within seven days from the date of its submission, and the decision of the bankruptcy judge shall be immediately enforceable.

Article (99):

The court may, on its own motion or upon the request of the bankruptcy judge, the bankrupt, or the supervisor, order the removal of the trustee and appoint another, or reduce the number of trustees if they are multiple.

Article (100):

The fees and expenses of the bankruptcy trustee shall be determined by a decision of the bankruptcy judge after the trustee submits a report on his administration.

The bankruptcy judge may order the payment of amounts to the trustee prior to the submission of the said report, on account of his fees.

Any interested party may appeal before the court against the decision of the bankruptcy judge concerning the determination of the trustee's fees and expenses.

Article (101):

In addition to the powers conferred upon him, the bankruptcy judge shall:

- Supervise the administration of the bankruptcy estate, monitor the progress of its procedures, and order the necessary measures to preserve its assets, including instructing the trustee to initiate actions or undertake specific procedures.
- Convene meetings of creditors in the cases provided by law and preside over such meetings.



- Submit to the court, every three months, a report on the status of the bankruptcy, and also submit reports on any disputes related to the bankruptcy that fall within the court's jurisdiction.
 - Summon the bankrupt, his heirs, agents, employees, or any other person to hear their statements regarding the bankruptcy.
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Article (102):

Decisions issued by the bankruptcy judge shall be deposited with the court registry on the day following their issuance. The judge may order the registry to notify them to any interested party, and such notification shall be by registered letter with acknowledgment of receipt unless the judge orders another method.

Article (103):

Decisions issued by the bankruptcy judge may not be appealed unless otherwise provided by law or if the decision exceeds his jurisdiction.

The appeal shall be submitted within ten days from the date of deposit of the decision by a statement filed with the court registry and served upon the concerned parties. The court shall hear the appeal at the first hearing, provided that the bankruptcy judge whose decision is appealed shall not participate in its consideration.

The appeal shall suspend the execution of the decision until the court rules on it, unless the court orders the continuation of its execution.

If the court rejects the appeal, it may impose a fine on the appellant ranging from five thousand to twenty thousand Egyptian pounds if it finds that he intentionally sought to delay the execution of the bankruptcy judge's decision.



Article (104):

The court may, at any time, order the replacement of the bankruptcy judge with another judge of the court or appoint a substitute in case of his temporary absence.

Article (105):

The bankruptcy judge may appoint one or more supervisors from among the creditors who nominate themselves for this role.

The bankrupt and any creditor may object to the decision of the bankruptcy judge appointing the supervisor, without such objection suspending the execution of the decision. The objection shall be submitted to the bankruptcy judge himself and must be decided promptly.

Article (106):

A supervisor, or the representative of a legal person appointed as supervisor, may not be the spouse of the bankrupt or a relative up to the fourth degree.

Article (107):

In addition to the powers conferred upon him by special provisions, the supervisor shall examine the balance sheet and report submitted by the debtor and perform other tasks assigned by the bankruptcy judge concerning supervision of the trustee's acts, and assist the bankruptcy judge in this regard.

The supervisor may request from the trustee clarifications regarding the progress of the proceedings, its revenues and expenses, and the status of related lawsuits.

Article (108):

The supervisor shall not receive remuneration for his work; however, the court may grant him a lump-sum reward if he has exerted extraordinary effort and the financial condition of the bankruptcy estate permits.



The supervisor may be removed by a decision of the bankruptcy judge.

The supervisor shall only be liable for gross fault.

Article (109):

The court may, upon the request of the bankruptcy judge, the Public Prosecution, the trustee, or the supervisor, order, when necessary, that the bankrupt be prohibited from leaving the country for a period not exceeding six months, renewable, if he has committed acts that would harm the rights of creditors.

The bankrupt may challenge this order before the competent court, without such challenge suspending its execution.

The court may, at any time, decide to revoke the travel ban order.

Article (110):

The bankrupt may not be absent from his domicile without notifying the bankruptcy trustee in writing of his place of presence, and he may not change his domicile except with the permission of the bankruptcy judge.

Article (111):

Without prejudice to the provisions of Law No. 45 of 2014 promulgating the Law Regulating the Exercise of Political Rights, and Law No. 46 of 2014 promulgating the House of Representatives Law, any person against whom a final judgment has been rendered for committing any of the crimes of fraudulent bankruptcy or bankruptcy by negligence shall be temporarily deprived of the exercise of political rights and of membership in the House of Representatives or local councils. Such deprivation shall last for six years from the date of execution of the penalty. This deprivation shall not apply if such person has been rehabilitated or if execution of the penalty has been suspended by a judicial ruling.



A person declared bankrupt may not be a member of chambers of commerce or industry, trade unions, professional or sports federations, nor may such person be a manager or a member of the board of directors of any company, or engage in banking activities, commercial agency, export and import, brokerage in the sale or purchase of securities, or sale by public auction.

All of the foregoing shall cease to apply if such person has been rehabilitated.

A person declared bankrupt may not act on behalf of others in the management or disposal of their assets.

However, the competent court may, upon the request of the bankruptcy judge, order that the bankruptcy trustee or the trustee of the creditors' union, as the case may be, replace the bankrupt in carrying out such agency, on a permanent or temporary basis, with a note of such ruling to be entered in the margin of the power of attorney issued to the bankrupt by third parties; and such ruling shall take effect from the date of such notation. The court may also authorize the bankrupt to manage the assets of his minor children if no harm would result to them.

Article (112):

Upon the issuance of the judgment declaring bankruptcy, the bankrupt shall be divested of the management and disposal of his assets, and any dispositions made by the bankrupt on the day of issuance of the bankruptcy judgment shall be deemed to have occurred after its issuance.

If the disposition is of a kind that is not effective against third parties except by entry, registration, or any other procedure, it shall not be effective against the body of creditors unless the disposition bears a fixed date prior to the date of cessation of payments.

The divestment of the bankrupt from the management and disposal of his assets shall not prevent him from taking the necessary measures to preserve his rights.

Article (113):

After the issuance of the judgment declaring bankruptcy, the bankrupt may not pay the debts owed by him or collect the rights due to him.

However, if the bankrupt is the holder of a commercial paper, payment of its value to him upon maturity shall be permissible unless the bankruptcy trustee objects to such payment in accordance with Article (431) of Commercial Law No. 17 of 1999, provided that the value of



the commercial paper is deposited into the bankruptcy account.

Article (114):

After the issuance of the judgment declaring bankruptcy, set-off may not take place between the rights due to the bankrupt and the obligations owed by him unless there is a connection between them. Such connection shall exist in particular if the rights and obligations arose from one cause or were included in a current account.

Article (115):

Divestment shall include all assets owned by the bankrupt on the day of issuance of the judgment declaring bankruptcy and all assets the ownership of which devolves upon him while he is in a state of bankruptcy.

However, divestment shall not include the following:

- Assets that may not be legally attached and any allowance granted to the bankrupt.
 - Assets owned by persons other than the bankrupt.
 - Rights connected to the person of the bankrupt or to his personal status.
 - Compensation due to the beneficiary under a valid insurance contract concluded by the bankrupt before the issuance of the judgment declaring bankruptcy. Nevertheless, the beneficiary shall be obliged to refund to the bankruptcy estate all insurance premiums paid by the bankrupt starting from the date determined by the court as the date of cessation of payments, unless the law provides otherwise.
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Article (116):

If an estate devolves upon the bankrupt, his creditors shall have no right over its assets until the creditors of the deceased have satisfied their rights from those assets.

The creditors of the deceased shall have no right whatsoever over the assets of the bankruptcy estate.



Article (117):

After the issuance of the judgment declaring bankruptcy, no action may be brought by or against the bankrupt, nor may proceedings therein continue, except for the following:

- Actions relating to assets and dispositions not covered by divestment.
- Actions relating to bankruptcy matters that the law permits the bankrupt to undertake.
- Criminal actions.

The court may permit the bankrupt to be joined in actions relating to the bankruptcy, and it may also permit a creditor to be joined in such actions if that creditor has a special interest therein.

If the bankrupt brings or is subject to a criminal action, or an action relating to his person or personal status, the bankruptcy trustee must be joined therein if such action includes financial claims.

Article (118):

By way of exception to Article (121) of this Law, if, after bankruptcy has been declared, the bankrupt is ordered to pay compensation for damage caused to a third party before the filing of the petition for bankruptcy, the judgment creditor may participate in the bankruptcy with the awarded compensation unless collusion with the bankrupt is proven.

Article (119):

After hearing the statements of the bankruptcy trustee, the bankruptcy judge may decide to grant an allowance to the bankrupt, payable out of the assets of the bankruptcy estate, upon his request or upon the request of those whom he supports.

The person requesting the allowance and the bankruptcy trustee may challenge its assessment before the bankruptcy judge, without such challenge resulting in suspension of payment of the allowance.



At any time, the bankruptcy judge may, on his own initiative or upon the request of the bankruptcy trustee, amend the amount of the allowance or order its cancellation, and this decision may also be challenged before the same bankruptcy judge.

Payment of the allowance shall cease once the judgment ratifying the composition acquires the authority of *res judicata*, and if no composition is concluded, payment of the allowance shall cease immediately upon the commencement of the state of union.

Article (120):

Subject to Article (111) of this Law, the bankrupt may, after obtaining the permission of the bankruptcy judge, engage in a new trade using assets other than those of the bankruptcy estate, and the creditors whose debts arise on the occasion of such trade shall have priority in satisfying their rights from its assets.

Article (121):

Judgments rendered after the declaration of bankruptcy may not be invoked against the body of creditors with respect to debts adjudged thereby, subject to the application of Article (118) of this Law. Nor may the following acts, if carried out by the debtor after the date of cessation of payments and before the judgment declaring bankruptcy, be invoked against the body of creditors:

- The granting of donations of any kind, except for small customary gifts.
- Payment of debts before maturity, regardless of the manner of payment. The creation of funds for the payment of a commercial paper not yet due shall be deemed payment before maturity.
- Payment of due debts otherwise than in the thing agreed upon. Payment by means of commercial papers or bank transfer shall be deemed payment in cash.
- Any mortgage or other consensual security, as well as any judicial charge established over the debtor's assets as security for a debt arising prior to such security.



Article (122):

Any acts carried out by the bankrupt, other than those mentioned in Article (121) of this Law, during the period referred to therein, may be declared ineffective against the body of creditors if the act is prejudicial to them and the person in whose favor the act was made knew, at the time of the act, that the bankrupt had ceased making payments.

Article (123):

If the value of a commercial paper is paid after the date of cessation of payments and before the judgment declaring bankruptcy, the amount paid may not be recovered from the holder.

Rather, the drawer, or the person for whose account the commercial paper was drawn, shall be bound to refund the amount paid if he knew, at the time of issuing the commercial paper, that the bankrupt had ceased making payments. In the case of a promissory note, the obligation to refund shall fall upon the first endorser if he knew, at the time he acquired the note, that the bankrupt had ceased making payments.

Article (124):

Rights of mortgage, privilege, or judicial charge established over the debtor's assets may be declared ineffective against the body of creditors if they were registered after the date of cessation of payments and after the lapse of thirty days from the date on which the mortgage, privilege, or judicial charge was created.

The creditor holding the mortgage or judicial charge that ranks after the mortgage or judicial charge declared ineffective against the body of creditors shall assume the rank of such security. However, that creditor shall receive from the proceeds of the sale of the secured asset only what he would have received had the prior mortgage or judicial charge been effective, and the difference shall accrue to the body of creditors.



Article (125):

Only the bankruptcy trustee, whether on his own initiative or at the request of the bankruptcy judge, may request that the debtor's acts be declared ineffective against the body of creditors if the act occurred before the issuance of the judgment declaring bankruptcy, in accordance with the provisions of the Civil Code. The judgment declaring the act ineffective shall apply in favor of all creditors, whether their rights arose before or after the act occurred.

Article (126):

If any act is declared ineffective against the body of creditors, the person in whose favor the act was made shall be bound to restore to the bankruptcy estate what he received from the bankrupt pursuant to that act, or the value of the thing at the time he received it, and he shall also be bound to pay the returns or fruits of what he received from the date of receipt.

That person shall have the right to recover the consideration he provided to the bankrupt if such consideration exists in kind within the bankruptcy estate. If it does not exist, he shall have the right to claim from the body of creditors the benefit that accrued to them from the act and to participate in the bankruptcy as an ordinary creditor for any amount exceeding the value of that benefit.

Article (127):

Actions arising from the application of the provisions set out in Articles (121) to (125) of this Law shall lapse after two years from the date of issuance of the judgment declaring bankruptcy.

Article (128):

After the issuance of the judgment declaring bankruptcy, ordinary creditors and creditors holding general preferential rights may not bring individual actions against the bankruptcy estate or take any other judicial measures against it.



Likewise, the issuance of the judgment declaring bankruptcy results in the suspension of individual actions brought by the creditors mentioned in the preceding paragraph, and the suspension of execution procedures commenced by such creditors before the issuance of the judgment declaring bankruptcy. However, if a date has been fixed for the sale of the bankrupt's immovable property, execution procedures may continue with the permission of the bankruptcy judge.

As for mortgage creditors, holders of special preferential rights, and persons holding judicial charges over the debtor's assets, they may bring or continue individual actions against the bankruptcy trustee. They may also commence or continue execution against the assets subject to their security, provided that the bankruptcy judge is notified of the execution, and such execution shall take place against the bankruptcy trustee.

Article (129):

The judgment declaring bankruptcy shall accelerate the maturity of all monetary debts owed by the bankrupt, whether ordinary or secured by a general or special privilege.

Article (130):

The judgment declaring bankruptcy shall suspend the accrual of interest on ordinary debts with respect to the body of creditors only. Interest on debts secured by mortgage, privilege, or judicial charge may be claimed only from the amounts resulting from the sale of the assets subject to such security. The principal debt shall first be deducted, then the interest accrued before the issuance of the judgment declaring bankruptcy, and then the interest accrued after its issuance.

Article (131):

The bankruptcy judge may deduct from a deferred debt that does not bear interest an amount equivalent to the interest due for the period from the date of the judgment declaring bankruptcy until the date of maturity of the debt.



Article (132):

Claims subject to a resolutive condition may be admitted in the bankruptcy upon the furnishing of a guarantor. As for claims subject to a suspensive condition, their share in distributions shall be set aside until the outcome of the condition becomes clear.

Article (133):

If there are several obligors bound by one debt and one of them is declared bankrupt, such bankruptcy shall have no effect with respect to the other obligors unless the law provides otherwise.

If a composition is concluded with the obligor who has been declared bankrupt, its terms shall not apply to the other obligors.

Article (134):

If a creditor obtains from one of several obligors bound by one debt a part of the debt, and then the remaining obligors or one of them is declared bankrupt, the creditor may participate in the bankruptcy proceedings only for the remainder of his debt, while retaining his right to claim such remainder from the obligor who has not been declared bankrupt. That obligor may participate in each bankruptcy proceeding for the amount he has paid on its behalf.

Article (135):

If all obligors bound by one debt are declared bankrupt at the same time, the creditor may participate in each bankruptcy proceeding for the full amount of his debt until he has been fully satisfied, including principal, interest, and costs.

No bankruptcy estate may seek recourse against another bankruptcy estate for what it has paid on its behalf.



If the total amount recovered by the creditor exceeds his debt and its accessories, the excess shall revert to the bankruptcy estate of the obligor guaranteed by the others according to the order of their obligations in the debt. If no such order exists, the excess shall revert to the bankruptcy estates that paid more than their share of the debt.

Article (136):

The names of the bankrupt's creditors who lawfully hold a mortgage or a special privilege over movable or immovable property shall not be included among the body of creditors except by way of memorandum.

Article (137):

The bankruptcy trustee may, at any time and after obtaining the permission of the bankruptcy judge, pay the debt secured by a mortgage and redeem the mortgaged items for the account of the body of creditors.

Article (138):

After obtaining the permission of the bankruptcy judge, the bankruptcy trustee shall, within the ten days following the issuance of the judgment declaring bankruptcy, pay out of the cash of the bankruptcy estate in his possession, and notwithstanding the existence of any other debt, the wages, salaries, and amounts due before the issuance of the judgment declaring bankruptcy for a period of thirty days to the employees of the bankrupt. If the bankruptcy trustee does not have the funds necessary to satisfy these debts, payment must be made from the first funds entering the bankruptcy estate, even if there are other debts ranking ahead of them in priority.

Any amounts due to the aforesaid categories in excess of the above shall enjoy the priority prescribed by law.



Article (139):

In the event of termination of the lease of the real property in which the bankrupt carries on trade, in accordance with Article (143) of this Law, the lessor shall have a privilege securing the rent due to him for the year preceding the issuance of the judgment declaring bankruptcy and for the current year. If the movables located in the leased premises are sold or removed, the lessor shall retain his privileged right.

Article (140):

The privilege prescribed for the government in respect of taxes of all kinds shall extend only to the tax debt due from the bankrupt for the two years preceding the issuance of the judgment declaring bankruptcy. Any other taxes due shall participate in distributions as ordinary debts.

Article (141):

The bankruptcy judge may, upon the proposal of the bankruptcy trustee, order where necessary that the first funds entering the bankruptcy estate be used to satisfy the rights of creditors having a privilege over the bankrupt's movables, provided that their names are included in the final list of undisputed debts referred to in the first paragraph of Article (171) of this Law. If a dispute arises as to the privilege, payment may not be made until a final judgment is rendered thereon.

Article (142):

The judgment declaring bankruptcy shall not result in the rescission of bilateral contracts to which the bankrupt is a party, unless such contracts are based on personal considerations.

If the bankruptcy trustee does not perform the contract or does not continue performing it, the other party may request rescission. Any decision taken by the bankruptcy trustee concerning the contract must be submitted to the bankruptcy judge for authorization, and the other party may set an appropriate period for the bankruptcy trustee to clarify his position with respect to the contract.



The contracting party may participate in the bankruptcy as an ordinary creditor for the compensation resulting from rescission, unless it is stipulated that such compensation shall retain the priority granted to it by law.

Article (143):

If the bankrupt is the lessee of the real property in which he carries on trade, the issuance of the judgment declaring bankruptcy shall not result in the termination of the lease or in the acceleration of the rent for the remaining term, and any agreement to the contrary shall be deemed null and void.

If the lessor has commenced execution against the movables located in the property and such execution has not been completed at the time of issuance of the judgment declaring bankruptcy, execution must be stayed for ninety days from the date of that judgment, without prejudice to the lessor's right to take precautionary measures and to request eviction of the property in accordance with the general rules.

The bankruptcy judge may order the continuation of the stay of execution for one additional period of thirty days, once only, if he deems it necessary. The bankruptcy trustee shall notify the lessor of the property, during the period of the stay of execution, of his intention either to terminate the lease or to continue it.

If the bankruptcy trustee decides to continue the lease, he must pay the overdue rent and provide adequate security for payment of future rent.

The lessor may request the bankruptcy judge to terminate the lease if the security is inadequate, within fifteen days from the date on which he is notified of the bankruptcy trustee's intention to continue the lease.

After obtaining the permission of the bankruptcy judge and with the consent of the lessor, the bankruptcy trustee may sublease the property or assign the lease in accordance with the provisions governing the relationship between lessor and lessee.



Article (144):

If the employer is declared bankrupt and the employment contract is for an indefinite term, the employee and the bankruptcy trustee may terminate the contract subject to the provisions set out in the labor laws.

In such cases, the employee may not claim compensation from the bankruptcy estate unless the termination was arbitrary or made without observing the notice periods.

If the employment contract is for a fixed term, it may not be terminated unless it is decided not to continue the trade. In such cases, the employee may claim compensation from the bankruptcy estate.

The compensation due to the employee in accordance with the preceding two paragraphs shall enjoy the priority prescribed by law.

Article (145):

Any person may recover from the bankruptcy estate items in respect of which he proves ownership or a right of recovery at the time bankruptcy is declared.

After taking the opinion of the controller and obtaining the permission of the bankruptcy judge, the bankruptcy trustee may return the item to its owner or to the person having the right to recover it. If the request for recovery is refused, the claimant may submit the dispute to the court.

Article (146):

Items in the possession of the bankrupt may be recovered if they are held by way of deposit, for sale on behalf of their owner, or for delivery thereto, provided that they exist in kind in the bankruptcy estate.

The price of goods may also be recovered if it has not been paid in cash, by commercial paper, or by entry in a current account between the bankrupt and the buyer.

The recovering party must pay to the bankruptcy trustee the rights due to the bankrupt.

If the bankrupt has deposited the goods with a third party, they may be recovered from that third party.



If the bankrupt borrowed against a pledge of the goods and the pledgee did not know, at the time the pledge was created, that the bankrupt did not own them, they may not be recovered except after payment of the debt secured by the pledge.

Article (147):

Commercial papers and other instruments of value delivered to the bankrupt for collection or for allocation to a specified payment may be recovered if they exist in kind in the bankruptcy estate and their value has not been paid. Banknotes deposited with the bankrupt may not be recovered unless the claimant proves their identity in kind.

Article (148):

If the contract of sale is rescinded by judgment or pursuant to a contractual condition before the issuance of the judgment declaring the buyer bankrupt, the seller may recover all or part of the goods from the bankruptcy estate, provided that they exist in kind.

Recovery shall also be permissible even if the rescission occurs after the issuance of the judgment declaring bankruptcy, provided that the action for recovery or the action for rescission was brought before the issuance of that judgment.

Article (149):

If the buyer is declared bankrupt before paying the price while the goods are still with the seller, the seller may retain them.

If the buyer is declared bankrupt after the goods have been dispatched to him and before they enter his warehouses or the warehouse of his agent entrusted with selling them, the seller may recover possession thereof. However, recovery shall not be permissible if the goods have lost their identity, or if the bankrupt, without fraud, disposed of them before their arrival by virtue of documents of title or transport.



In all cases, the bankruptcy trustee may, after obtaining the permission of the bankruptcy judge, request delivery of the goods provided that he pays the seller the agreed price. If the bankruptcy trustee does not make such request, the seller may rely on his right to rescind and claim compensation and participate in the bankruptcy estate therefor.

Article (150):

Without prejudice to the provisions of the Movable Securities Law promulgated by Law No. 115 of 2015, if the buyer is declared bankrupt before paying the price and after the goods have entered his warehouses or the warehouses of his agent entrusted with selling them, the seller may neither request rescission of the sale nor recovery of the goods, and his right of privilege shall lapse. Any condition enabling the seller to recover the goods or retain his privilege thereon shall not be enforceable against the body of creditors.

Article (151):

Actions for recovery brought against the bankruptcy trustee in the cases referred to in Articles (145) to (149) of this Law shall be barred by prescription after one year from the date of publication of the judgment declaring bankruptcy.

Article (152):

Seals shall be affixed to the bankrupt's business premises, offices, safes, books, papers, and movables.

The bankruptcy judge shall affix the seals immediately upon the issuance of the judgment declaring bankruptcy, and he may delegate one of the court officers to do so. He shall also notify the chief judge of each court within whose jurisdiction any asset of the bankrupt is located, so that such chief judge may order the delegation of a person to affix seals to that asset.

If the bankruptcy judge finds that it is possible to inventory the bankrupt's assets in one day, he or the person delegated by him may immediately begin the inventory without the need to affix seals.



A record shall be prepared of the affixing of seals or of the inventory, signed by the person who carried out the procedure, and such record shall be delivered to the bankruptcy judge.

Article (153):

Seals may not be affixed to the clothing and movables necessary for the bankrupt and those he supports. The bankruptcy judge shall determine such items, and they shall be delivered to the bankrupt under a list signed by both the bankruptcy judge and the bankrupt.

Article (154):

The bankruptcy judge may, on his own initiative or upon the request of the bankruptcy trustee, order that seals not be affixed, or that they be removed, from the following items:

- Commercial books.
- Commercial papers and other instruments falling due within a short period or requiring measures to preserve the rights evidenced therein.
- Funds necessary for urgent expenses of the bankruptcy estate.
- Items subject to rapid deterioration or urgent depreciation in value, or whose maintenance requires excessive expenses.
- Items necessary for operating the business if it has been decided to continue its operation.

The items referred to in the preceding paragraph shall be inventoried in the presence of the bankruptcy judge or the person delegated by him for that purpose, and shall be delivered to the bankruptcy trustee under a signed list.



Article (155):

The bankruptcy judge shall, upon the request of the bankruptcy trustee, order the removal of the seals in order to commence the inventory of the bankrupt's assets.

The removal of the seals and the inventory must begin within thirty days from the date of issuance of the judgment declaring bankruptcy.

Article (156):

The inventory shall be conducted in the presence of the bankruptcy judge or the person delegated by him for that purpose, the bankruptcy trustee, and the clerk of the court. The bankrupt must be notified thereof, and he may attend.

An inventory list shall be prepared in two copies, signed by the bankruptcy judge or the person delegated by him for that purpose, the bankruptcy trustee, and the clerk of the court. One copy shall be deposited with the court registry, and the other shall remain with the bankruptcy trustee.

The list shall mention the assets to which seals were not affixed or from which the seals were removed.

An expert may be engaged to assist in conducting the inventory and valuing the assets.

Article (157):

If bankruptcy is declared after the trader's death and no inventory list was prepared upon the death, or if the trader dies after bankruptcy has been declared and before the preparation of the inventory list has begun or before it has been completed, the list must be prepared immediately or its preparation must continue in the manner set out in Article (156) of this Law. The heirs must be notified thereof, and they may attend.

Article (158):

After the inventory, the bankruptcy trustee shall take possession of the bankrupt's assets, books, and papers, and shall sign at the end of the inventory list to that effect.



Article (159):

The commercial books may not be delivered to the bankruptcy trustee until after the bankruptcy judge has closed them.

The bankrupt shall be summoned to attend the session for closing the commercial books, and if he does not attend, the books shall be closed in his absence.

The bankrupt may not appoint another person to attend the session for closing the books on his behalf except for reasons accepted by the bankruptcy judge.

Article (160):

If the bankrupt has not submitted the balance sheet, the bankruptcy trustee shall prepare it and deposit it with the court registry.

The bankruptcy trustee shall receive correspondence addressed to the bankrupt relating to his business. The bankruptcy trustee may open and retain such correspondence, and the bankrupt may inspect it.

Article (161):

The bankruptcy trustee shall undertake all actions necessary to preserve the bankrupt's rights against third parties, shall claim and collect such rights, and shall register the bankrupt's real rights over the immovables of his debtor if the bankrupt has not effected such registration.

Article (162):

After taking the opinion of the controller and hearing the statements of the bankrupt or notifying him, the bankruptcy judge may authorize the bankruptcy trustee to enter into a settlement or to accept arbitration in any dispute relating to the bankruptcy, even if it concerns real property rights or real property actions.



If the dispute is of unascertained value, or if its value exceeds twenty thousand Egyptian pounds, the settlement or acceptance of arbitration shall not be effective unless the bankruptcy judge ratifies its terms. The bankrupt shall be summoned to attend the ratification session, and the bankruptcy judge shall hear his statements if he attends; however, his objection shall have no effect. A decision of the bankruptcy judge refusing to ratify the terms of the settlement or arbitration may be challenged before the court.

The bankruptcy trustee may not waive any right of the bankrupt, or acknowledge any right of a third party against him, except in accordance with the procedures set out in this Article.

Article (163):

The bankruptcy judge may, on his own initiative or upon the request of the bankruptcy trustee or the bankrupt, assign the Restructuring Committee to prepare a plan for the continuation of the operation of the bankrupt's business if required by the public interest, the interest of the bankrupt, or the interest of the creditors.

Upon the proposal of the committee referred to in the preceding paragraph, and after taking the opinion of the bankruptcy trustee, the bankruptcy judge shall appoint the person who will manage the business in accordance with the operating plan and shall determine that person's remuneration. The bankrupt himself may also be appointed to the management, and the remuneration he receives shall replace the allowance.

The bankruptcy trustee shall supervise the person appointed to the management and shall submit a monthly report to the bankruptcy judge on the progress of the business.

The bankrupt and the bankruptcy trustee may challenge before the court the decision of the bankruptcy judge refusing to assign the committee or to implement the operating plan.

Article (164):

In the event of the bankrupt's death, his heirs shall take his place in the bankruptcy proceedings, and they may appoint one of them to represent them therein. If they fail to agree, the bankruptcy judge may, upon the request of the bankruptcy trustee, appoint a representative for them. The judge may at any time dismiss the person so appointed and appoint another in his place.



Article (165):

The bankruptcy trustee shall submit to the bankruptcy judge, within thirty days from the date on which he is notified of his appointment, a report on the causes of the bankruptcy, the apparent condition of the bankruptcy estate, and its circumstances. The bankruptcy judge may extend the time limit prescribed for the submission of this report, and the judge shall refer the report, together with his observations, to the Public Prosecution.

The bankruptcy trustee shall also submit to the bankruptcy judge reports on the condition of the bankruptcy estate at periodic intervals determined by the judge.

Article (166):

All creditors, even if their debts are secured by special securities or established by final judgments, shall, following the issuance of the judgment declaring bankruptcy, deliver to the bankruptcy trustee the originals of the documents evidencing their debts, accompanied by a statement of such debts, their securities if any, and their amount valued in the national currency on the basis of the exchange rate announced by the Central Bank, whether selling, closing, transfers, or banknotes, if no transfer rate exists on the day of issuance of the judgment declaring bankruptcy. The bankruptcy trustee shall issue a receipt acknowledging delivery of the statement and debt documents.

The statement must include the designation of an elected domicile for the bankruptcy trustee within the jurisdiction of the court.

The bankruptcy trustee shall remain responsible for the documents for one year from the date of the termination of the bankruptcy, and shall return them to the creditors after the closing of the bankruptcy.



Article (167):

If not all creditors whose names are entered in the balance sheet submit the originals of the documents evidencing their debts, accompanied by the statement referred to in Article (166) of this Law, within the thirty days following the publication of the judgment declaring bankruptcy and the invitation to creditors to submit their claims, the bankruptcy trustee must immediately republish the notice in the daily newspaper in which the bankruptcy judgment was published. The judge may also determine another means of publication to be undertaken by the bankruptcy trustee in addition to publication in newspapers.

Within the period referred to in the preceding paragraph, the bankruptcy trustee shall notify the creditors whose names appear in the bankrupt's approved balance sheet, if any, of the judgment and of the need to submit their claims in the bankruptcy, and shall also notify all governmental authorities. Publication shall constitute evidence of notice to all persons.

The creditors shall submit the originals of the documents evidencing their debts, accompanied by the said statement, within thirty days from the date of the second publication in the newspapers; otherwise, their right to participate in the bankruptcy shall lapse.

Article (168):

The bankruptcy trustee shall verify the claims with the assistance of the controller and in the presence of the bankrupt or after notifying him to attend.

If the bankruptcy trustee, the controller, or the bankrupt disputes the validity, amount, or securities of any claim, the bankruptcy trustee must immediately notify the creditor thereof, and the creditor may submit written or oral explanations within ten days from the date of receipt of the notice.

Claims due and payable to the government in respect of fees and taxes of all kinds shall not be subject to the verification procedures.



Article (169):

After completing verification of the claims, the bankruptcy trustee shall deposit with the court registry a list thereof including a statement of their supporting documents, the grounds for dispute concerning them, if any, and his opinion as to whether they should be admitted or rejected. He shall also deposit a schedule of the names of creditors claiming special securities over the bankrupt's assets, indicating the amount of their claims, the type of their securities, and the assets to which such securities are attached.

This deposit must be made within no more than forty days from the date of the second publication of the invitation to creditors to submit their claims.

Within six days from the date of deposit, the bankruptcy trustee shall publish in a daily newspaper a notice thereof.

Any interested party may inspect the list and schedule deposited with the court registry.

Article (170):

The bankrupt and every creditor whose name appears in the list of claims may dispute the claims listed therein within ten days from the date of publication in the newspapers of the notice of deposit. The dispute shall be delivered to the court registry or sent thereto by registered mail with acknowledgment of receipt, and the court registry shall immediately submit it to the bankruptcy judge. No distance period shall be added to this time limit.

Article (171):

After the expiry of the period provided for in Article (170) of this Law, the bankruptcy judge shall prepare, within no more than thirty days, a final list of undisputed claims, and the bankruptcy trustee shall endorse on the statement accompanying the documents of such claims what indicates their admission and the amount admitted for each claim.

The bankruptcy judge may consider a claim disputed even if no dispute has been raised in respect thereof.



The bankruptcy judge shall decide disputed claims within thirty days from the date of expiry of the period for dispute, and the court registry shall notify the persons concerned of the hearing date at least three days before it is held.

The creditors shall, by operation of law, enter into a state of union after the deposit of the final list of undisputed claims.

Article (172):

A decision issued by the bankruptcy judge admitting or rejecting a claim may be challenged before the court within ten days from the date of issuance of the decision. Such challenge shall not result in a stay of the bankruptcy proceedings unless the court orders such stay. Before deciding the challenge, the court may order provisional admission of the claim in an amount it determines. No appeal may be brought against the court's judgment finally rejecting or admitting the claim. If the challenge concerns the securities attached to the claim, the claim must be provisionally admitted as an ordinary claim. A creditor whose claim has not been finally or provisionally admitted shall not participate in the bankruptcy proceedings.

Article (173):

If the bankruptcy proceedings cease because of the insufficiency of funds necessary for their administration and conduct, the bankruptcy judge may, on his own initiative or upon a report from the bankruptcy trustee or the trustee of the creditors' union, as the case may be, order their closure by a reasoned decision.

The bankrupt, every interested party, and the bankruptcy trustee may request the bankruptcy judge to revoke the closure decision within three months from the date of its issuance, if it is proved that sufficient funds exist to cover the expenses necessary to complete the bankruptcy proceedings, or if an amount sufficient for that purpose, as determined by the bankruptcy judge, is deposited.

If the period referred to in the preceding paragraph expires without any person submitting a request to the bankruptcy judge for revocation of the closure decision, the bankruptcy shall be deemed terminated by operation of law.



Article (174):

A grievance may be filed against the decisions closing the bankruptcy and refusing to revoke such closure within ten days from the date of issuance thereof, provided that such grievance shall not result in suspension of execution of the decision or interruption of the period referred to in the second paragraph of Article (173) of this Law.

Article (175):

Once the decision closing the bankruptcy for insufficiency of funds becomes final, each creditor shall regain the right to take measures and pursue individual actions against the bankrupt.

If the creditor's claim has been finally established in the bankruptcy, he may execute against the bankrupt's assets on the basis of a certificate issued by the bankruptcy judge stating the amount of his claim. Such certificate shall be deemed equivalent to a final judgment for the purposes of such execution, and an endorsement shall be made on the instrument of debt to indicate that the creditor has received the certificate.

In all cases, the costs of the procedures carried out in the bankruptcy proceedings must be paid in priority.

Article (176):

The bankruptcy judge shall issue a decision terminating the bankruptcy in the following cases:

- If the debts have been verified and the bankruptcy, at any of its stages, results in there being no debts admitted therein, or in there being debts consisting only of criminal fines, taxes and fees of all kinds, or social insurance contributions, or in there being only one creditor, or where all debts are held by a single creditor.
- Payment of all debts admitted in the bankruptcy.
- Composition with the bankrupt debtor.
- Absence of any assets of the bankrupt capable of execution.
- Liquidation of all assets of the bankrupt and ratification of the final account.



- Rejection by the creditors of both the restructuring plan and the sale of the bankrupt's assets.

Article (177):

The bankruptcy judge may not order termination of the bankruptcy except after reviewing a report from the bankruptcy trustee or the trustee of the creditors' union, as the case may be, showing that one of the cases referred to in Article (176) of this Law has occurred.

The bankruptcy shall terminate immediately upon the issuance of the bankruptcy judge's decision declaring its termination, and the bankrupt shall recover all his rights.

Article (178):

The bankruptcy judge may, upon the request of any interested party and at any stage of the proceedings, undertake mediation procedures in order to reach a composition. For this purpose, he may order the court registry to summon the creditors whose claims have been finally or provisionally admitted to attend the deliberation on the request for composition.

The bankruptcy trustee or the trustee of the creditors' union, as the case may be, shall submit to the body of creditors a report including the condition of the bankruptcy estate, the measures taken in respect thereof, the bankrupt's proposals for composition, and his opinion thereon.

No composition shall be concluded except with the approval of all creditors.

Article (179):

Repealed.



Article (180):

The minutes of the composition shall be signed in the session in which the vote thereon took place, and the judge shall ratify it, and it shall be published in a daily newspaper.

Article (181):

No composition may be concluded with a bankrupt who has been convicted of the offense of fraudulent bankruptcy. If an investigation has commenced against the bankrupt in respect of the offense of fraudulent bankruptcy, consideration of the composition must be postponed.

Article (182):

All effects of bankruptcy shall cease upon the issuance of the decision ratifying the composition, and the trustee shall submit a final account to the bankrupt, and such account shall be discussed in the presence of the bankruptcy judge.

The trustee's mission shall terminate, and the bankrupt shall receive from him his assets, books, and papers against a receipt. The trustee shall not be liable for such items if the bankrupt does not take delivery of them within one year from the date of approval of the final account.

The bankruptcy judge shall prepare minutes recording all of the foregoing.

Article (183):

The composition shall be nullified if, after its ratification, a judgment is issued convicting the bankrupt of one of the offenses of fraudulent bankruptcy.

The composition shall likewise be nullified if, after its ratification, fraud appears arising from concealment of the bankrupt's assets or exaggeration of his debts. In this case, the request for nullification of the composition must be made within six months from the day on which the fraud appears; otherwise, the request shall be inadmissible. In all cases, a request for nullification of the composition shall not be admissible if submitted after the lapse of two years from the date of ratification of the composition.



The nullification of the composition shall result in the discharge of the guarantor who guarantees performance of its terms.

The court that issued the judgment declaring bankruptcy shall have jurisdiction to hear the action for nullification of the composition.

Article (184):

If, after ratification of the composition, an investigation is commenced against the bankrupt in respect of the offense of fraudulent bankruptcy, or if a criminal action is brought against him in respect of that offense after ratification of the composition, the court that issued the judgment declaring bankruptcy may, upon the request of the Public Prosecution or any interested party, order such measures as it deems necessary to preserve the debtor's assets. Such measures shall be lifted by operation of law if the investigation is closed, or a decision is issued that there are no grounds for bringing the criminal action, or the bankrupt is acquitted.

Article (185):

If the bankrupt fails to perform the terms of the composition, its rescission may be requested from the court that issued the judgment declaring bankruptcy.

The rescission of the composition shall not result in the discharge of the guarantor who guarantees performance of its terms, and such guarantor must be summoned to attend the session in which the request for rescission of the composition is considered.

Article (186):

Acts carried out by the debtor after ratification of the composition and before its nullification or rescission shall be effective against the creditors, and they may not seek a declaration that such acts are ineffective against them except in accordance with the provisions set out in Article (237) of the Civil Code.



The action for a declaration of ineffectiveness referred to in the preceding paragraph shall be barred after two years from the date of nullification or rescission of the composition.

Article (187):

Upon the nullification or rescission of the composition, the creditors' claims in full shall revive against the bankrupt only.

Such creditors shall participate in the body of creditors with the full original amount of their claims if they have received nothing of the portion determined for them in the composition. Otherwise, their original claims must be reduced in proportion to what they have received of the said portion.

The provisions stated in the preceding two paragraphs shall apply where the debtor is declared bankrupt again before a judgment nullifying or rescinding the composition is issued.

Article (188):

A composition may be concluded on the basis that the debtor relinquishes all or part of his assets for sale and distribution of their proceeds among the creditors. The provisions governing judicial composition shall apply to such composition, and the debtor shall remain prohibited from disposing of and managing the assets relinquished by him.

The assets relinquished by the debtor shall be sold and their proceeds distributed in accordance with the rules prescribed for the sale and distribution of the bankrupt's assets in the state of union.

If the proceeds resulting from the sale of the assets relinquished by the debtor exceed the debts claimed from him, the excess amount must be returned to him.



Article (189):

Upon the commencement of the state of union, the bankruptcy judge shall invite the creditors to deliberate on matters relating to the bankruptcy and to consider whether the bankruptcy trustee should be retained or replaced. At this stage, he shall be called the trustee of the union. Creditors holding in rem securities over the bankrupt's assets may participate in such deliberations and vote without this resulting in the loss of their securities.

If the majority of the creditors present decide to replace the bankruptcy trustee, the bankruptcy judge must immediately appoint another. If the creditors unanimously nominate a trustee other than the next in rotation, the bankruptcy judge shall comply with their choice.

The former bankruptcy trustee shall submit to the trustee of the union, within the period determined by the bankruptcy judge and in his presence, an account of his administration, and the debtor shall be notified of the date for submission of the account.

The competent court may, upon the request of the bankruptcy judge, replace the trustee of the creditors' union if he breaches his duties.

Article (190):

The opinion of the creditors shall be sought, during the meeting referred to in Article (189) of this Law, on whether an allowance should be granted from the bankruptcy estate to the bankrupt or to those whom he supports.

If the majority of the creditors present approve granting an allowance to the bankrupt or to those whom he supports, the bankruptcy judge shall, after taking the opinion of the trustee of the union and of the controller, determine the amount of the allowance.

The trustee of the union, as well as the bankrupt or those whom he supports, may challenge before the court the decision of the bankruptcy judge determining the amount of the allowance. In such a case, one-half of the allowance shall be paid to the person for whom it has been determined until the challenge is decided.



Article (191):

In the event that the bankrupt's business is operated in accordance with Article (163) of this Law, the creditors' opinion shall be sought, during the meeting referred to in Article (189) of this Law, on whether to continue the operating plan. If they reject it, or if the bankrupt's business is not being operated, a vote shall be taken on assigning the Restructuring Committee to prepare the restructuring plan provided for in Article (18) of this Law.

If the creditors reject the vote on assigning the Restructuring Committee, their opinion shall be sought on commencing the procedures for selling the assets of the bankruptcy estate as a going concern, provided that operation shall continue until the sale is completed. If they reject that, a vote shall be taken on liquidating the core assets required for carrying on the bankrupt's business and the other assets of the bankruptcy estate.

In all cases, decisions shall be adopted by the approval of the majority of the creditors.

Article (191 bis):

By way of exception to Article (213) of this Law, if the creditors approve the assignment of the Restructuring Committee referred to in Article (191) of this Law, the mortgage creditors may not dispose of the immovable or movable property subject to their mortgages. The committee shall deposit its report within sixty days from the date of its assignment, and the bankruptcy judge may extend such period for a similar duration.

Article (191 bis 1):

The restructuring plan may include obtaining financing for the project, provided that it specifies the amount, duration, interest due, and method of repayment.

If the plan does not include financing and circumstances subsequently arise requiring that financing be granted, the bankruptcy judge shall, upon the request of any creditor, the trustee of the creditors' union, the controller, or the debtor, invite the creditors to vote on granting such financing.

The bankruptcy judge shall divide the creditors into classes in the manner set out in Article (60 bis) of this Law for the purpose of voting on the restructuring plan or on granting financing during its implementation.



If approval is given for granting the financing, it shall be treated as part of the bankruptcy expenses and shall be given priority over all other debts.

If, however, the creditors reject the restructuring plan, the mortgage creditor shall recover the right to dispose of the mortgaged property in accordance with Article (213) of this Law.

Part Two: Applications Submitted to the Bankruptcy Department

Chapter Four: Bankruptcy of Companies

Article (192):

The provisions set out in this Chapter and the following rules shall apply to the bankruptcy of companies.

Article (193):

Every company that ceases to pay its debts as a result of a disturbance in its financial affairs shall be deemed bankrupt, and its bankruptcy shall be declared by a judgment issued to that effect.

A company may be declared bankrupt even if it is in the course of liquidation.

Article (194):

The legal representative of the company may not request a declaration of its bankruptcy except after obtaining authorization to do so from the majority of the partners or from the general assembly, as the case may be.

The request for a declaration of bankruptcy must include the names of the current general partners and those who withdrew from the company after it ceased making payments, together with the domicile, nationality, and date of registration of withdrawal in the commercial register of each general partner.



Article (195):

A creditor of the company may request a declaration of its bankruptcy even if he is a partner therein; however, partners who are not creditors may not, in their individual capacity, request a declaration of the company's bankruptcy.

If a creditor requests a declaration of the company's bankruptcy, all general partners must be joined in the proceedings.

Article (196):

The court may, on its own initiative or at the request of the company, postpone consideration of the declaration of its bankruptcy for a period not exceeding three months if it is likely that its financial position will be supported or if the interest of the national economy so requires. The court may order such measures as it deems appropriate to preserve the company's assets.

Article (197):

If the company is declared bankrupt, the bankruptcy of all its general partners must also be declared. The declaration of bankruptcy shall also extend to any general partner who withdrew from the company after it ceased making payments, if the declaration of the company's bankruptcy is requested before the lapse of one year from the date of registration of that partner's withdrawal in the commercial register.

The court shall, by one judgment, declare the bankruptcy of the company and of the general partners, even if it does not have jurisdiction to declare the bankruptcy of those partners.

The court shall appoint one judge and one or more trustees for the bankruptcy of the company and the bankruptcies of the general partners. Nevertheless, each bankruptcy shall remain independent from the others as regards its assets, liabilities, administration, verification of claims, and manner of termination.



Article (198):

The court may, on its own initiative or at the request of the bankruptcy judge, order the deprivation of the rights provided for in Article (111) of this Law from members of the company's board of directors or its managers who committed gross errors leading to the disturbance of the company's affairs and its cessation of payments.

If a declaration of the company's bankruptcy is requested, the court may also declare bankrupt any person who, under cover of that company, carried on commercial activities for his own account and disposed of the company's assets as though they were his own assets.

If it appears that the company's assets are insufficient to satisfy at least twenty percent of its debts, the court may, upon the request of the bankruptcy judge, order all or some of the members of the board of directors or the managers, jointly or severally, to pay all or part of the company's debts, unless they prove that they exercised in the management of the company's affairs the care of a prudent person.

Article (199):

The legal representative of the company declared bankrupt shall stand in its place in every matter in which the law requires the bankrupt's opinion to be taken or his attendance, and he must appear before the bankruptcy judge or trustee whenever requested to do so and provide such information or explanations as may be required.

Article (200):

The bankruptcy trustee may, after obtaining the permission of the bankruptcy judge, require the partners or shareholders to pay the unpaid balance of their capital contributions or the unpaid balance of the value of their shares in the capital, even if the due date has not yet fallen. The bankruptcy judge may order that such demand be limited to the amount necessary to satisfy the company's debts.



Article (201):

Loan bonds or financing sukuk issued by the company shall not be subject to the claim verification procedures. Such bonds or sukuk shall be admitted at their nominal value after deducting what the company may already have paid thereon. If payment of a premium upon repayment of the loan bond is stipulated, the bond must be admitted at its nominal value plus the portion of the premium accrued up to the issuance of the judgment declaring bankruptcy.

Article (202):

Proposals for composition shall be made with the approval of the majority of the partners or the general assembly, as the case may be.

The legal representative of the company shall submit the composition proposals to the body of creditors.

Article (203):

If the composition concerns a company that has issued loan bonds or financing sukuk whose value exceeds one-third of the total of its debts, such composition may not be granted unless the general assembly of the holders of such bonds or sukuk approves its terms, and the invitation to the creditors to meet and deliberate on the composition shall be postponed until such approval is issued.

Article (204):

If the company's bankruptcy ends in a state of union and composition is concluded with one or more of the general partners, the company's assets may not be allocated to satisfy the terms of such composition or to secure their performance, and the partner who has obtained the composition shall be discharged from joint liability.

If composition is concluded with the company and the bankruptcies of the general partners end in a state of union, the company shall continue to exist unless the subject matter of the composition is the relinquishment of all its assets.



If the bankruptcy of the company and the bankruptcies of the partners end by composition, each composition shall be deemed independent from the others, and its terms shall apply only to the creditors of the bankruptcy to which it relates.

Article (205):

The company shall not be dissolved by the ending of its bankruptcy in a state of union. However, the company may be dissolved if it appears that what remains of its assets after liquidation of the union is insufficient for continuing its business in a beneficial manner.

Article (206):

If six months elapse from the date of commencement of the state of union without completion of the liquidation, the trustee of the union must submit to the bankruptcy judge a report on the condition of the liquidation and the reasons for the delay in completing it. The judge shall send this report to the creditors together with an invitation to meet and discuss it. This procedure shall be repeated whenever six months elapse without the trustee of the union completing the liquidation work.

Article (207):

After completing the liquidation work, the trustee of the union shall submit a final account to the bankruptcy judge. The judge shall send this account to the creditors together with an invitation to meet and discuss it, and the bankrupt shall be notified of this meeting and may attend it.

The union shall be dissolved and the bankruptcy shall be deemed terminated by operation of law after approval of the account referred to in the preceding paragraph.

The trustee of the union shall remain responsible for one year from the date of termination of the bankruptcy for the books, documents, and papers delivered to him.



Article (208):

After the termination of the state of union, each creditor shall recover the right to execute against the debtor to obtain the remainder of his debt on the basis of a certificate from the bankruptcy judge stating the balance remaining due on his debt. Admission of the debt in the bankruptcy shall be deemed equivalent to a final judgment for the purposes of such execution, provided that an endorsement is made on the instrument of debt indicating that the creditor has received the certificate.

Article (209):

If, after inventorying the bankrupt's assets, it appears that their value does not exceed five hundred thousand Egyptian pounds, the bankruptcy judge may, on his own initiative or upon the request of the bankruptcy trustee or one of the creditors, order that the bankruptcy proceedings continue in accordance with the following rules:

- The time limits set out in the first paragraph of Article (165), Article (167), the second paragraph of Article (168), the second paragraph of Article (169), Article (170), and the third paragraph of Article (171) of this Law shall be reduced by half.
- All decisions of the bankruptcy judge shall be non-appealable, unless the law provides otherwise or the decision exceeds his jurisdiction.
- No controller shall be appointed for the bankruptcy.
- The bankruptcy trustee shall not be replaced upon commencement of the state of union.
- Only one distribution shall be made to the creditors after completion of the sale of the bankruptcy assets.
- Voting shall take place in accordance with the absolute majority of the creditors.

If the value of the bankrupt's assets exceeds five hundred thousand Egyptian pounds, the bankruptcy judge may, on his own initiative or upon the request of the trustee of the creditors' union or any of the creditors, make voting subject to the absolute majority of the creditors if the type or nature of the admitted debts, or the number of creditors or classes, does not permit the class-based voting system.



Part Three: Liquidation of the Assets of the Bankruptcy Estate

Chapter One: General Provisions

Article (210):

Without prejudice to the provisions governing the registration of official mortgages over real property, aircraft, and ships, commercial mortgages over commercial stores, movable securities, mortgage finance, financial leasing, possessory pledge, and intellectual property as provided for in the laws regulating them, the provisions set out in this Part shall apply to the sale of the assets of the bankruptcy estate.

Article (211):

The assets of the bankruptcy estate may not be sold during the period of preliminary procedures in which seals are affixed, publication is made, seals are removed, and the inventory is conducted. However, the bankruptcy judge may, upon the request of the bankruptcy trustee, authorize the sale of items subject to rapid deterioration or urgent depreciation in value, or whose maintenance requires excessive expenses. Authorization may also be granted for the sale of the bankruptcy assets if the sale is necessary to obtain funds for the affairs of the bankruptcy estate, or if the sale achieves a definite benefit for the creditors or for the bankrupt.

In the latter case, authorization for the sale may not be granted except after notifying the bankruptcy of the sale and hearing his statements.

Article (212)

A decision issued by the bankruptcy judge for the sale of the bankrupt's assets during the period of preliminary procedures may be challenged before the court within ten days from the date of issuance of the decision to commence the sale procedures.



Article (213):

Mortgage creditors must take the procedures for selling the movable or immovable property subject to their mortgages in accordance with the method specified in the security agreements and satisfy their secured rights from such movable or immovable property, within no more than one year from the date of declaration of bankruptcy, provided that such sale takes place against the bankruptcy trustee. Otherwise, the bankruptcy trustee or the trustee of the creditors' union, as the case may be, shall alone, after notifying the creditor, have the right to execute against such property in accordance with the provisions of this Law.

If the mortgaged movable or immovable property is sold at the request of the mortgage creditor for a price exceeding the debt, the bankruptcy trustee or the trustee of the creditors' union must collect the excess amount for the account of the body of creditors and deposit it into the bankruptcy account.

The trustee of the creditors' union may sell the mortgaged movable or immovable property after obtaining the mortgage creditor's approval to the sale before the expiry of the period provided for in the first paragraph of this Article.

The provisions set out in this Article shall apply to holders of special preferential rights and to persons holding a judicial charge over the debtor's assets.



Chapter Two: Sale Procedures

Article (214):

The assets of the bankruptcy estate shall be sold, by authorization or decision of the bankruptcy judge to commence the sale procedures, through public auction on the basis of the conditions of sale deposited by the bankruptcy trustee or the trustee of the creditors' union, as the case may be, with the registry of the competent court.

Article (215):

Where the bankrupt's real property is registered, the trustee of the creditors' union shall serve the decision issued by the bankruptcy judge to commence the sale procedures on the competent Real Estate Registration Office or Cadastral Office, in order for it to be annotated, free of charge, within a period not exceeding one week from the date of such service, in the margin of the bankrupt debtor's title deed to the real property, or directly in the real property record, as the case may be. Notice thereof shall also be given to all creditors whose rights are registered over the property and to the actual possessor thereof.

Article (216):

The annotation of the decision issued by the bankruptcy judge in the Real Estate Registration Office or the Cadastral Office shall take the place of registration of the notice of seizure and sale.



Article (217):

The bankruptcy judge shall issue a decision appointing an expert from among the valuation experts whose names are entered in the schedule of experts of the Bankruptcy Department, and may, where necessary, appoint another expert, in order to value the property to be sold in accordance with the following criteria:

- The value of the property at the time of its purchase.
 - The modifications made to the property.'
 - The effect of inflation rates on the property.
 - The market value at the time of valuation.
 - The rental value of the property at the time of valuation.
-

Article (218):

The bankruptcy trustee or the trustee of the creditors' union, as the case may be, shall prepare the conditions of sale by public auction and deposit them with the registry of the competent court, after approval by the bankruptcy judge, within thirty days from the date of the bankruptcy judge's decision to commence the sale procedures, provided that they include the following:

- Identification of the property to be sold, together with the particulars useful for describing it, and, in the case of real property, specification of its area, location, and boundaries.
- The date of the authorization or decision of the bankruptcy judge to commence the sale procedures.
- The date, time, and place of the sale procedures.
- The conditions of sale, the reserve price for opening the auction, and the increments for bidding.
- Division of the property to be sold into lots, where applicable, with the reserve price for each lot.



- The amount of the auction participation deposit, which shall not be less than one percent and not more than five percent of the reserve price of the property to be sold, whether paid in cash or by certified cheque.
- The rental value of the hall in which the sale procedures will be conducted, whether inside or outside the court.
- The percentage to be borne by the successful bidder and collected for the account of the bankruptcy proceedings, from which the percentage determined for the bankruptcy trustee or the trustee of the creditors' union, as the case may be, and the valuation experts shall be deducted in accordance with the decision of the bankruptcy judge, provided that it does not exceed three percent of the auction award amount.
- The obligation of the successful bidder to pay all judicial fees prescribed on the sale of real property and movables before taking delivery of the property sold.
- The date of the hearing is set for considering any objections or remarks that may be submitted in respect of the conditions of sale, provided that such hearing shall be no more than two weeks before the hearing is fixed for the sale.

The competent court shall have jurisdiction to hear all actions arising out of the sale in this case.

Article (219):

The bankruptcy trustee or the trustee of the creditors' union, as the case may be, shall publish notice of the deposit of the conditions of sale in a widely circulated daily newspaper or by any other means determined by the bankruptcy judge. In the case of the sale of the bankrupt's real property, notices shall be posted on the property.



Article (220):

Any interested party may object to the conditions of sale by filing a report thereon with the registry of the competent court at least three days before the hearing fixed for considering the objections; otherwise, the right to rely on such objection shall lapse. The court shall rule on the objection by a judgment not subject to appeal, and this shall be done before the hearing fixed for the sale.

Article (221):

The bankruptcy trustee or the trustee of the creditors' union, as the case may be, shall bear the costs of repeating the auction and sale procedures if this is attributable to his fault.

No appeal may be brought against the decision of the bankruptcy judge issued in this regard.

Article (222):

The bankruptcy trustee or the trustee of the creditors' union, as the case may be, shall, in the presence of the bankruptcy judge, conduct the auction on the day fixed for the sale.

The auction shall begin by calling for the reserve price and shall end when the bankruptcy judge confirms the sale in favor of the person submitting the highest bid. Any bid on which no higher bid is made within three minutes shall be deemed to conclude the auction.

Article (223):

If the bid submitted is lower than the reserve price, or if no creditor or bidder appears at the auction, the bankruptcy judge may adjourn the auction to another day within the following sixty days. He may reduce one-tenth of the reserve price from time to time as circumstances require, but not more than twice, after which the bankruptcy judge shall suspend the sale procedures pending marketing of the property sold in the manner he determines and submission of the matter to the body of creditors.

The bankruptcy trustee or the trustee of the creditors' union, as the case may be, shall announce the hearing to which the auction is adjourned in accordance with the procedures set out in Article (219) of this Law.



Article (224):

The person whose bid is confirmed by the bankruptcy judge must deposit, at the auction session, the full confirmed price together with the costs and the fees of conducting the auction.

The bankruptcy judge may grant him a period for completing payment, after deduction of the deposit amount, not exceeding three months from the date of the auction session.

If the successful bidder fails to deposit the full price within the specified period, he shall forfeit the right to recover the deposit amount, and the auction procedures shall be repeated under the previous conditions on the basis of the last fixed price.

Article (225):

If the successful bidder is a creditor and the amount and rank of his debt justify exempting him from depositing the balance of the price, the judge shall exempt him, and that value shall be deducted from the amount of his admitted debt when distributions are made.

Article (226):

The bankruptcy judge shall issue a decision delivering the sold movables and unregistered real property to the successful bidder after payment of the full price and upon submission of proof of payment of the fees due on the auction.

The issuance of this decision shall result in the clearing of the real property and movables from all debts and rights attached thereto.



Article (227):

The bankruptcy judge shall issue a judgment confirming the sale in the case of sale of registered real property only, on the basis of the procedures that have been completed and after payment of the full price, provided that the judgment includes the conditions of sale and the procedures followed on the day of the sale. The operative part of the judgment must include the order to deliver the real property to the person in whose favor the sale has been confirmed, after he submits proof of payment of the judicial fees due on the auction.

Article (228):

A judgment confirming the sale may be challenged only for a defect in the auction procedures or in the form of the judgment, and the challenge shall be brought through the usual procedures within fifteen days from the date of issuance of the judgment.

Article (229):

The person in whose favor the sale has been confirmed may register the judgment unless it has been challenged, provided that he shall bear the costs of registering the judgment. Such registration shall result in clearing the real property from rights of privilege, judicial charges, official mortgages, possessory mortgages, and all accessory real rights.

The registered judgment shall constitute title of ownership for the person in whose favor the sale has been confirmed, provided that it transfers only such rights as the bankrupt debtor had over the real property sold.

Article (230):

The decision for delivery of the sold movables and unregistered real property, or the judgment confirming the sale, shall not be served, but shall be enforced compulsorily by the bankruptcy trustee or the trustee of the creditors' union, as the case may be, by requiring the debtor, the possessor, the in rem guarantor, or the custodian, as the case may be, to attend at the place of delivery on the day and at the time fixed for carrying it out, provided that such requirement is made at least one week before the date fixed for delivery.



If the real property contains movables in respect of which a third party has rights other than the bankrupt debtor, the trustee of the creditors' union must request the bankruptcy judge to take the necessary measures to preserve the rights of the persons concerned.

Article (231):

The bringing of an action to establish ownership and an action for recovery shall not result in a stay of execution proceedings against the real property or the movable, as the case may be, unless the competent court rules otherwise.

Article (232):

Where the bankrupt debtor has real property by virtue of an allocation contract or allocation decision, the procedures for sale or assignment of the allocation right shall be taken in accordance with the provisions and procedures governing the sale of movables and unregistered real property set out in this Part.

The trustee of the union shall notify the granting authority of the bankruptcy judge's decision to commence the sale procedures in order to ascertain the special conditions governing assignment of the allocation right and to include them in the conditions of sale. The trustee of the creditors' union shall take the procedures necessary to transfer the allocation to the successful bidder before the granting authority.

Article (233):

Where commonly owned real property is sold because division without prejudice is not possible, it shall be sold in the same manner provided for in this Part, provided that the conditions of sale shall include, in addition to the particulars mentioned in Article (218) of this Law, a statement of all co-owners and the domicile of each of them.

The trustee of the creditors' union shall notify all co-owners of the deposit of the conditions of sale, and they shall have the right to submit any objections and remarks they may have on the conditions of sale by way of objection to the list.



Article (234):

The bankruptcy trustee or the trustee of the creditors' union, as the case may be, shall deposit the sums resulting from the sale of the bankrupt's assets into the treasury of the court or into a bank designated by the bankruptcy judge no later than the next business day following collection. He shall be liable to compensation, as determined by the bankruptcy judge, if he delays the deposit, and he shall submit to the bankruptcy judge a statement of the said sums within one week from the date of deposit.

No such sums, nor any other sums deposited by third parties into the bankruptcy account, may be withdrawn except by order of the bankruptcy judge.

Part Three: Liquidation of the Assets of the Bankruptcy Estate**Chapter Three: Distributions**

Article (235):

From the sums resulting from the sale of the bankrupt's assets there shall be deducted the fees, the expenses of administering the bankruptcy, the debts due from the bankruptcy estate, the allowances granted to the bankrupt and to those whom he supports, and the amounts due to preferential creditors. The remainder shall be distributed among the creditors in proportion to their verified debts on a pari passu basis.

The share attributable to disputed debts and debts provisionally admitted shall be set aside and preserved until they are adjudicated.

Article (236):

The bankruptcy judge may, at any stage of the bankruptcy proceedings, order distributions to creditors whose debts have been verified, and shall determine the amount to be distributed.

The distribution shall be made pursuant to a list prepared by the bankruptcy trustee or the trustee of the creditors' union, as the case may be, and approved by the bankruptcy judge for the purpose of making the distribution. Where necessary, he may order publication of the distribution decision in a daily newspaper.



The bankrupt and any interested party may challenge before the competent court the decision of the bankruptcy judge regarding distributions to creditors, within ten days commencing from the date of deposit of the list with the court registry.

Article (237):

The trustee of the creditors' union shall endorse on the instrument of debt the amounts paid.

In all cases, the creditor must provide a discharge on the distribution list.

Article (238):

Where the proceeds of real property or movables are distributed, mortgage creditors, priority creditors, or persons holding a judicial charge who have not recovered all or part of their rights from the proceeds of the real property or movables burdened with the security may participate, for the balance remaining due to them, together with the ordinary creditors in the pro rata distribution of the assets to which the right of the body of creditors attaches, provided that their debts have been verified in accordance with the provisions of this Law.

If, upon final settlement, it appears that one of them has recovered more than the amount of his debt, the excess must be deducted and returned to the body of creditors.



Article (239):

Except in the case of fraudulent bankruptcy, all rights that have lapsed from the bankrupt pursuant to Article (111) of this Law shall be restored by operation of law after the lapse of three years from the date of termination of the bankruptcy.

Article (240):

Rehabilitation of the bankrupt must be ordered, even if the period prescribed in Article (239) of this Law has not elapsed, if he has paid all his debts, including principal, costs, and interest for a period not exceeding two years.

If the bankrupt was a general partner in a company that was declared bankrupt, his rehabilitation shall not be mandatorily ordered unless he has paid all the debts of the company, including principal, costs, and interest for a period not exceeding two years.

Article (241):

Rehabilitation of the bankrupt may be ordered, even if the period prescribed in Article (239) of this Law has not elapsed, in the following two cases:

- If the bankrupt has concluded a composition with his creditors and has performed its terms. This provision shall also apply to a general partner in a company that was declared bankrupt if that partner has concluded a special composition of his own and has performed its terms.
 - If the bankrupt proves that the creditors have discharged him from all debts or that they have unanimously agreed to approve his rehabilitation.
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Article (242):

If a creditor refuses to receive his debt, or is absent, or if it is impossible to ascertain his domicile, the debt may be deposited with the court treasury.

The certificate of deposit shall, for the purposes of rehabilitation, have the same effect as a discharge.

Article (243):

Rehabilitation shall not be granted to a bankrupt who has been convicted of one of the offenses of bankruptcy by negligence except after execution of the penalty imposed, or the granting of a pardon in respect thereof, or the lapse of the penalty by prescription.

Rehabilitation shall not be granted to a bankrupt who has been convicted of one of the offenses of fraudulent bankruptcy except after the lapse of six years from the date of execution of the penalty imposed or the granting of a pardon in respect thereof.

In all cases, rehabilitation may not be granted to the bankrupt unless he has paid all debts claimed from him, including principal, costs, and interest for a period not exceeding two years, or has reached a settlement concerning them with the creditors.

Article (244):

Rehabilitation may be granted to the bankrupt after his death upon the request of one of his heirs, in accordance with the provisions set out in the preceding Articles.

Article (245):

The application for rehabilitation shall be submitted, together with the supporting documents, to the registry of the competent bankruptcy court.

The registry shall immediately send a copy of the application to the Public Prosecution.

A summary of the application shall be published, at the debtor's expense, in one of the daily newspapers issued or distributed within the jurisdiction of the court.



This summary must include the name of the debtor, the date of issuance of the judgment declaring bankruptcy, the manner in which the bankruptcy ended, and a notice to creditors to submit their objections, if any.

Article (246):

Within thirty days from the date of receipt of a copy of the application for rehabilitation, the Public Prosecution shall deposit with the court registry a report containing information on the type of bankruptcy and the judgments issued against the bankrupt in bankruptcy offenses, or any trials or investigations pending against him in that regard.

Article (247):

Any creditor whose right has not been satisfied may submit an objection to the application for rehabilitation within fifteen days from the date of publication of the application in the newspapers.

The objection shall be made by a written statement submitted to the court registry together with the supporting documents.

Article (248):

After the expiry of the period set out in Article (247) of this Law, the court registry shall notify the creditors who submitted objections to the application for rehabilitation of the date of the hearing fixed for consideration of the application.

Article (249):

The court shall decide the application for rehabilitation by a final judgment.

If the court rejects the application, it may not be submitted anew except after the lapse of one year from the date of issuance of the judgment.



Article (250):

If, before a decision is made on the application for rehabilitation, investigations are conducted against the bankrupt in respect of one of the bankruptcy offenses, or a criminal action is brought against him in that regard, the Public Prosecution must immediately notify the court.

The court must stay determination of the application for rehabilitation until the investigations are concluded or a final judgment is issued in the criminal action.

Article (251):

If the debtor is convicted of one of the bankruptcy offenses after the judgment granting rehabilitation has been issued, that judgment shall be deemed null and void.

Thereafter, the debtor may not obtain rehabilitation except under the conditions set out in Article (243) of this Law.



Part Four: Rehabilitation and Penalties

Chapter Two: Penalties

Article (252):

A trader who ceases to pay his debts shall be deemed to have committed fraudulent bankruptcy in the following cases:

- If he conceals, destroys, or alters his books.
 - If he embezzles or conceals part of his assets to the prejudice of his creditors.
 - If, by fraud, he acknowledges or makes himself indebted for sums not actually due from him, whether arising from his writings, his balance sheet, or other papers, or from his oral declaration, or from his refusal to submit papers or explanations while knowing the consequences resulting from such refusal.
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Article (253):

A person committing fraudulent bankruptcy, and any person participating therein, shall be punished by imprisonment for a term of three to five years and by a fine of not less than fifty thousand Egyptian pounds and not more than five hundred thousand Egyptian pounds.

Article (254):

As a general rule, any trader who causes loss to his creditors due to lack of prudence or gross negligence shall be deemed to have committed bankruptcy by negligence, and in particular any trader who falls into one of the following cases:

- If his personal expenses or household expenses are found to be excessive.
- If he obtains a composition by fraud.
- If he spends large sums on gambling, purely speculative lottery activities, or any fictitious ventures.



- If he purchases goods in order to sell them at less than their price so as to delay the declaration of his bankruptcy, or borrows sums, issues financial papers, or uses other methods causing severe losses in order to obtain money and thereby delay the declaration of his bankruptcy.
- If he fails to keep the books that he is legally required to keep, or fails to conduct the inventory prescribed by law, or if his books are incomplete or irregular so that his financial position cannot be ascertained therefrom.
- If he fails to declare cessation of payment within the prescribed time, or fails to submit the balance sheet, or if the inaccuracy of the statements required to be submitted pursuant to this Law is established.
- If he fails to appear in person before the bankruptcy judge without lawful excuse, or fails to provide the information requested by the said judge, or if the inaccuracy of such information becomes apparent.
- If, intentionally after ceasing payment, he pays the debt of one of his creditors or grants him a preference to the prejudice of the remaining creditors, or if he allows him a special advantage for the purpose of obtaining his acceptance of the composition.
- If he is adjudged bankrupt before fulfilling the obligations resulting from a previous composition.

Article (255):

If a joint stock company or a quota company is declared bankrupt, its board members and managers shall be sentenced to the penalties prescribed for fraudulent bankruptcy if it is established that they committed one of the acts provided for in Article (252) of this Law, or if they caused the company's bankruptcy through fraud or deceit, in particular if they contributed to the company's cessation of payments by declaring untrue statements regarding the subscribed or paid-up capital, by distributing fictitious profits, or by fraudulently taking for themselves more than what is authorized to them under the company's contract.



Article (256):

If a joint stock company or a quota company is declared bankrupt, its board members and managers shall be sentenced to the penalty prescribed for bankruptcy by negligence in the following cases:

- If it is established that they committed one of the acts provided for in items three through nine of Article (254) of this Law.
 - If they fraudulently neglect publication of the company's contract in the manner prescribed by law.
 - If they engage in activities contrary to what is provided for in the company's articles of association.
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Article (257):

A person committing bankruptcy by negligence shall be punished by a fine of not less than fifty thousand Egyptian pounds and not more than two hundred thousand Egyptian pounds.

Article (258):

Except in the cases of participation provided for by law, the following persons shall be punished by imprisonment and by a fine of not less than fifty thousand Egyptian pounds and not more than five hundred thousand Egyptian pounds, or by either of these two penalties:

- Any person who steals, conceals, or hides all or part of the bankrupt's movable or immovable property, even if that person is the spouse of the bankrupt or one of his descendants, ascendants, or relatives in the direct line.
- Persons who are not creditors and who, by fraud, participate in the deliberations on the composition, or who by fraud submit and prove in the bankruptcy fictitious debt instruments in their own names or in the names of others.



- Creditors who, by fraud, increase the amount of their debts, or stipulate for themselves with the bankrupt or with another person special advantages in consideration of giving or promising to give their vote in the deliberations on the composition or the bankruptcy, or who conclude a special arrangement for their own benefit and to the prejudice of the remaining creditors.
- Bankruptcy trustees who embezzle anything in the course of performing their duties.

The judge shall also, of his own motion, order whatever must be restored to the body of creditors and any compensation claimed in their name, where appropriate, even in the event of acquittal.

Article (259):

The following provisions shall apply to offenses relating to composition to avoid bankruptcy:

- The debtor shall be punished by imprisonment for a term of not less than six months and by a fine of not less than fifty thousand Egyptian pounds and not more than five hundred thousand Egyptian pounds, or by either of these two penalties, if he:
 - Conceals in bad faith all or part of his assets, or grossly overvalues them, for the purpose of obtaining the composition.
 - In bad faith leaves a creditor with a fictitious, inadmissible, or inflated debt to participate in the deliberations on the composition and the voting thereon, or enables him to do so.
 - In bad faith omits mention of a creditor from the list of creditors.
- A creditor shall be punished by the penalty set out in the preceding paragraph if he participates in bad faith in the deliberations on the composition and the vote thereon while prohibited from such participation, or if his debt is inflated, or if the debtor or any other person grants him special advantages in return for his vote in favor of the composition.
- The composition trustee shall be punished by the same penalty if he submits or confirms in bad faith incorrect statements regarding the debtor's condition.



Article (260):

The institution of a criminal action for fraudulent bankruptcy or bankruptcy by negligence shall not result in any modification of the provisions governing the bankruptcy proceedings unless the law provides otherwise.

Article (261):

If a criminal action is brought against the bankrupt, the bankruptcy trustee must submit to the Public Prosecution or the court all documents, papers, information, or explanations that they request in relation to the bankruptcy.

Such documents and papers shall remain, during the investigation or trial, with the Public Prosecution or the court, and shall be returned after the conclusion of the investigation or trial to the bankruptcy trustee or to the debtor or his heirs, as the case may be.

Article (262):

If the offense relates to an agreement concluded by the debtor or any person with one of the creditors to grant that creditor special advantages in return for voting on the composition, the criminal court may, of its own motion, declare that agreement void and order the creditor to restore what he obtained thereunder, even if the judgment in the criminal case is one of acquittal.

The court may also, upon the request of the persons concerned, award compensation where appropriate.

