

## Judicial Reconciliation after the Bankruptcy Ruling in Arab Systems

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### ABSTRACT

Judicial reconciliation is one of the most successful friendly means of resolving creditors' disputes with the bankrupt merchant after a bankruptcy ruling against him, especially since it is a means that enables the merchant to return to his commercial activities. Therefore, it is considered a means of stabilizing commercial transactions, the effects of which are reflected on the national economy. Therefore, this study aims to present, analyze and interpret the legal rules related to judicial reconciliation in Arab systems. In this context, the researcher reviewed the legal texts in Arab bankruptcy systems. The study was based on the descriptive analytical comparative approach. The study reached several results, the most important of which is that Arab systems agreed to codify the rules of judicial reconciliation for the bankrupt merchant after a bankruptcy ruling against him, although they differed in the procedures followed for that.

**KEYWORDS:** *Judicial Reconciliation, Arab Commercial Systems, Bankruptcy Declaration Ruling.*

### INTRODUCTION

Commercial legislation called it simple settlement or judicial settlement or settlement projects after the bankruptcy ruling to distinguish it from other types of settlement represented in the settlement on leaving the money and the settlement that protects against bankruptcy. If the procedures for investigating and confirming the debts are completed, bankruptcy is prepared after the bankrupt debtor's money and debts are confined to the end, either by judicial settlement between the bankrupt and the creditors under the supervision and oversight of the bankruptcy trustee and the court, or closing the bankruptcy due to insufficient funds or liquidation, or closing it permanently due to the expiration of the debts. The settlement is considered the best solution for the debtor, as Arab laws have allocated special provisions and rules for it in the interest of the debtor and the interest of the creditors together, which we will review in this legal research.

### DEFINITION OF JUDICIAL RECONCILIATION

The UAE Bankruptcy Law of 2023 AD defines it as: An agreement between the debtor and his creditors to settle debts after a final judgment is issued declaring the debtor bankrupt.

The Saudi Bankruptcy Law 2018 called it: (Financial Restructuring Procedure) where it defined it as: A procedure that aims to facilitate the debtor reaching an agreement with his creditors to financially reorganize his activity under the supervision of the Financial Restructuring Trustee.

The Jordanian Insolvency Law of 2018 defined it as the reorganization stage, which is the stage that directly follows the preliminary stage, during which an agreement is reached between the debtor and his creditors on the reorganization plan unless a liquidation request is submitted before starting this stage.

According to Article 612 of the Arab Model Law, which corresponds to Article 622/1 of the Egyptian Commercial Law of 1999 and Article 193 of the UAE Bankruptcy Law of 2023, judicial settlement shall be based on a request submitted by the bankrupt within a specific period that varies from one commercial legislation to another. The application shall be submitted to the competent judge in the court that issued the notification ruling, including his application and the settlement proposals. The judge shall order the court clerk to invite the creditors whose debts have been finally or temporarily accepted to attend the settlement deliberation meeting. This invitation is issued in the

event that no dispute arises over the debts within the specified period (Bouguerra, & Al-Saeed. 2005) If there are disputes over debts, the invitation shall be sent within the fifteen days following the end of the period for appealing the last decision of the bankruptcy judge regarding the acceptance or rejection of the debts. The bankruptcy trustee shall, within the period stipulated in the previous paragraph, publish the invitation for the creditors to attend the conciliation deliberation meeting in the daily newspaper in which the bankruptcy declaration ruling was published (Mohammed Al Balushi, & Ghuloum. 2019). This is what is stated in Article (509) of the current Syrian Commercial Law, which corresponds to Article (70) of the Jordanian Insolvency Law 2018 AD

- The insolvency agent shall prepare a report that includes a comprehensive assessment of the plan proposal submitted by the debtor, provided that the report is completed and is open for discussion with the creditors within a period of thirty days from the date of submission of the proposal if it is attached to the insolvency declaration request and within a period of ten days from the date of its submission to the court if it is made after the request. Article (46/1) of the Sudanese Bankruptcy Law states: “If the debtor is declared bankrupt, the numerical majority of the creditors who have three-quarters of the value of the debts and who have proven their debts may agree at any time after the declaration, if they see fit, to accept any proposal for settlement of the debts owed to them in the bankruptcy.” Article 75 of the Saudi Bankruptcy Law of 2018 stipulates that the debtor
- Within the period specified by the court in its ruling to open the financial restructuring procedure - shall submit a settlement request, provided that the proposal includes a summary of the debtor's financial situation and the effects of the economic situation on him and the information and documents specified by the regulations. The bankruptcy trustee shall prepare a report including his opinion on the possibility of the creditors' approval of the proposal and its enforceability. Article 143 of the Saudi Bankruptcy Law prohibits the opening of a financial restructuring procedure for small debtors or submitting a request to open it if the small debtor has previously been subject to it or to a financial restructuring procedure during the previous (twelve) months. According to Article (191) of the UAE Bankruptcy Law 2023 AD:

1. It is permissible to settle the debt after the issuance of the final judgment declaring the debtor bankrupt, and it is not permissible to conclude a settlement with a bankrupt who has been sentenced to the penalty of bankruptcy by fraud.

2. If the investigation with the bankrupt begins in the crime of bankruptcy by fraud, consideration of the settlement must be postponed.
3. The judgment against the bankrupt with the penalty of bankruptcy by negligence does not prevent settlement with him.
4. If the investigation with the bankrupt begins in the crime of bankruptcy by negligence, the creditors may deliberate on the settlement or postpone the deliberation. By examining these texts, we review the conditions of judicial reconciliation: - Objective conditions: represented by not ruling the bankrupt with bankruptcy by fraud, i.e. the absence of fraud or the absence of any injustice or harm as a result of that reconciliation. - Procedural conditions: represented by the approval of the majority of creditors and the court's ratification of the reconciliation (Zubairi, & Soleimani. 2023) :

**First:** The bankruptcy must be free of fraud, meaning that the bankrupt must not be a fraud. It is prohibited to conclude a settlement with a bankrupt who has been sentenced to bankruptcy, otherwise it will be invalid (Al-Qahtani & Saad 2016) If the bankrupt is accused of the crime of fraudulent bankruptcy and an investigation is initiated with him based on that, the legislation obliges the bankruptcy judge to postpone consideration of the settlement until the completion of the investigation procedures. This is what is stipulated in (Article (619) of the Arab Commercial Project, which corresponds to Article (669/1) of the Egyptian Commercial Law, Article (771) of the Emirati Commercial Law, and Article 515 of the Syrian Commercial Law: “It is not permissible to conclude a settlement with a bankrupt who has been sentenced to the penalty of bankruptcy by fraud. If the investigation begins with the bankrupt in the crime of bankruptcy by fraud, consideration of the settlement must be postponed.”

### **Bankruptcy by Negligence: Article (106) of the Repealed Saudi Commercial Court System defines it as:**

The negligent bankrupt: is the merchant who is extravagant in his expenses and did not disclose his inability at the time, but rather concealed it from his creditors and continued to work in trade until his capital was exhausted, even if he had organized books.

The issuance of a judgment with a penalty of bankruptcy due to negligence does not prevent the bankrupt from obtaining a settlement or continuing its procedures. However, if the investigation with the bankrupt begins in this crime, the creditors have one of two options: either to consider the settlement or to postpone it. This is what was decided by the commercial legislation, Article (620) of the Arab Model Project, which corresponds to Article (676) of the current Egyptian Commercial Code,

and corresponds to Article (516) of the current Syrian Commercial Code, which corresponds to Article (772) of the UAE Commercial Transactions Law. We conclude that it is not permissible to make a settlement with someone who has been bankrupted by fraud, but it is permissible to make a settlement with someone who has been bankrupted by negligence, because the reason for the first person's bankruptcy is due to his bad faith and his intention to begin with, and thus he is not entitled to a settlement, while the reason for the second person's bankruptcy is due to a foreign reason in which he has no hand, or bad luck

### **Second: Procedural Conditions: These are as follows:**

#### **Approval of the Majority of Creditors**

The settlement shall not take place except with the approval of the majority of creditors whose debts have been finally or temporarily accepted, provided that they hold two-thirds of the value of these debts. Creditors who did not participate in the voting are not counted in these two majorities, nor are their debts counted. Article (615/1) of the Arab Commercial Project, which corresponds to 665/1 of the current Egyptian Commercial Law, which corresponds to Article (767/1) of the UAE Commercial Law and Article (512/2) of the Syrian Commercial Law, states that It is clear that the settlement shall not take place unless approved by the majority of creditors holding two-thirds of the value of these debts, and the criterion for calculating this number is the debts that have been finally or temporarily accepted, with the legislation stipulating the majority of creditors with the majority of debts or the majority of two-thirds of the debts, in order to protect small and large creditors without discrimination. (Al-Ruwais, Kh. A. A., & Khaled Abdel Aziz 2012)

#### **Creditors who have the Right to Vote**

The commercial legislation has referred to them as (creditors whose debts have been finally or temporarily accepted). However, it has excluded some creditors from voting on the settlement, namely:

- The bankrupt's spouse and his relatives up to the second degree
- Creditors with real guarantees

This is stipulated in Article (616) of the Unified Arab Project, which corresponds to Article (661/1) of the current Egyptian Commercial Law and Article 768 of the UAE Commercial Transactions Law, and corresponds to Article (512/2) of the current Syrian Commercial Law, as follows: 1- The bankrupt's spouse and his relatives up to the second degree may not participate in the settlement deliberations or vote on its terms. It is clear that the legislation did not limit the ban to the bankrupt husband and his relatives, but rather extended it to the assignee of these people. The wisdom behind this is due to the fear of an effect on the outcome

of the deliberations in the settlement or the vote on it, which the bankrupt might find in favoritism from his relatives or his wife. Rather, it went to the fear of the influence of these people on the assignees from their side, to protect the other creditors, if the assignment was after the issuance of the bankruptcy declaration ruling, meaning that the assignee may participate in the settlement deliberations or vote on it before the issuance of the bankruptcy declaration ruling.

#### **Creditors with Real Guarantees**

Article (617/1) which corresponds to Article (667/1) of the current Egyptian Commercial Law, which corresponds to Article (513) of the current Syrian Commercial Law and corresponds to Article (769) of the current UAE Commercial Transactions Law states: "Creditors with real guarantees imposed on the bankrupt's assets may not participate in voting on the settlement of their debts secured by the aforementioned guarantees unless they waive these guarantees in advance. The waiver may be limited to a portion of the guarantee, provided that it is not less than what corresponds to one-third of the debt, and the waiver shall be mentioned in the minutes of the session". The wisdom behind depriving these creditors is due to the difference in their positions in the group of creditors in general, as creditors with real guarantees enjoy guarantees on which they exercise preference in collecting their full rights, and therefore they have an interest in concluding a settlement contract with the bankrupt or not concluding it, which pushes them to be extravagant and lenient with the bankrupt, so they agree to the settlement on terms that are unfair to ordinary creditors, or may be strict with him, which prevents the settlement from taking place despite its overwhelming benefit to the bankrupt and ordinary creditors (Mohsen Shafiq 1957 AD), and the waiver is not final except by agreeing to the settlement and ratifying it by the court in recovering the insurance if the settlement is invalidated.

#### **The Reconciliation Association and its Deliberations**

The reconciliation procedures begin with the bankruptcy judge inviting the creditors. The legislation has set a specific period in which this lawsuit is carried out, distinguishing between the occurrence of a dispute over debts and the non-occurrence of such dispute. Article (612) of the Arab Commercial Project, which corresponds to Article (612) of the Unified Arab Project, which corresponds to Article (509/1) of the current Syrian Commercial Law and corresponds to Article (764/1) of the UAE Commercial Transactions Law. There are two cases:

- The first case: The bankruptcy judge may direct the invitation to the creditors within fifteen days, effective from the day on which the appeal deadlines have ended.

- The second case: In the event that there is no dispute over the debts, the invitation is directed to the creditors within five days, effective from the day on which the final list of debts was prepared, provided that the creditors are invited in both cases by publication in the newspaper in which the bankruptcy declaration ruling was published (Mohamed Raafat Ibrahim 2023). The assembly shall be held under the chairmanship of the bankruptcy judge and in the presence of the bankrupt in person and the creditors in person or through their representatives and in the presence of the bankruptcy trustee, at the place and time determined by the bankruptcy judge in accordance with Article (613) of the Unified Arab Commercial Law, which corresponds to Article (663) of the Egyptian Commercial Code and corresponds to Article (510) of the Syrian Commercial Code, which corresponds to Article (765) of the UAE Commercial Transactions Law. The work of the assembly begins with the report submitted by the bankruptcy trustee on the state of the bankruptcy and the proposals submitted by the bankrupt for reconciliation, with them being read to the creditors' assembly, the bankrupt's statements being heard, and all opinions being recorded in the reconciliation minutes in accordance with Article (614) of the current Arab Commercial Project, corresponding to Article (664) of the Egyptian Commercial Code of 1999, corresponding to Articles (511) of the current Syrian Commercial Code.

### Voting Result

If the creditors meet upon the invitation of the bankruptcy judge in preparation for voting on the settlement, the matter may end in one of three matters:

The availability of two majorities (numerical and value): (Here the settlement is concluded by ratifying it by the court after verifying the signatures of the creditors who approved it in the minutes of the session, otherwise it is considered void. This is understood by the concept of contradiction to what was stated in the previous texts "The settlement shall not take place except with the approval of the majority of the creditors...." This is to close the door in front of the debtor so that he does not tempt his creditors with preferential methods that violate equality to obtain their vote in his favor. If both majorities are not present, this results in the settlement not being completed. This is evident from the articles of Article (125) of the Saudi Commercial Court System: "If it is estimated that all the creditors have reconciled with the bankrupt," Article 615 and Article 665/1 of the Egyptian Commercial Law of 1999, which corresponds to Article 45 of the Sudanese Bankruptcy Law of 1929, which states: "Reconciliation shall not take place except with the approval of the majority of the creditors...." and Article (512/2) of the Syrian Commercial Law states:

"The contract must be concluded by a vote of a number of creditors who constitute the majority and own two-thirds of the debts...." However, if one of the two majorities is present: If one of the two majorities is available: Commercial legislation explicitly addresses this case by postponing the deliberation and settlement for a specific period, Article (618/2/3) of the Arab Commercial Project, which corresponds to Article (770) of the UAE Commercial Transactions Law (665) of the current Egyptian Commercial Law, Article (514/2/3) of the Syrian Commercial Law.

### Objection to the Settlement

According to Article (622/1) of the Unified Arab Project and Article 672 of the Egyptian Commercial Code of 1999: "Any creditor who has the right to participate in the settlement work may notify the bankruptcy judge in writing of his objection to the settlement and its reasons within ten days from the date of signing the settlement minutes".

Article 518 of the Syrian Commercial Law, which corresponds to Article 391 of the Jordanian Commercial Law, stipulates that creditors have the right to object to the settlement because it infringes on their rights. The majority of commercial legislations have organized the method of objecting to the settlement, as we have seen, as this right is only granted to creditors who have the right to participate in the settlement, and it has given every creditor who has the right to participate in the settlement work the right to submit his objection in writing to the bankruptcy judge, stating his reasons, within a specific period from the date of signing the settlement minutes. The bankruptcy judge must send these objections with the settlement report to the court that declared the bankruptcy ruling, as it is the one with jurisdiction to consider ratifying the settlement, within three days from the date of the end of the period specified for submitting these objections and ratifying the settlement. It shall issue a single final ruling that includes rejecting the objection and ratifying the settlement or vice versa, and it has the right to reject the settlement if it is convinced by the objection submitted to it. Based on what is stated in most commercial legislations in Articles 622 of the Arab Commercial Project, 521 of the Syrian Commercial Law, Article (394) of the Jordanian Commercial Law, and Article (673) of the Egyptian Commercial Law, which states: "The court may refuse to ratify the settlement even if no objection has been submitted in this regard, if there are reasons related to the public interest or if the interest of the creditors justifies that."

### Legal Effects of not Ratifying the Settlement

The legislation stipulated that the refusal to ratify the settlement would cause the creditors to become in a state of union by force of law. This is stated in Articles (536/1) of the Syrian Commercial Code: "If the

settlement is not reached, the creditors will inevitably become in a state of union.”

And Article (634/b) of the Arab Commercial Project and Article 4 (684) of the Egyptian Commercial Code: “If the debtor requests the settlement and the creditors reject it or the court refuses to ratify it.” This means that it stipulated that the settlement with the bankrupt will not be considered again because the settlement comes after the union, and if the court rules for the settlement, it appoints one or more observers to implement the terms of the settlement, where he is a representative of the creditors. Publication of the ruling issued to ratify the settlement:

Article (625) of the Arab Model Law, which corresponds to Article (776) of the UAE Commercial Transactions Law and Article 685 of the Egyptian Commercial Law of 1999, states: “The decision issued to ratify the settlement shall be published in the same manner as a bankruptcy declaration judgment. The summary published in the newspapers shall include the name of the debtor, his place of residence, his registration number in the commercial registry, the date of the ratification decision, and a summary of the most important terms of the settlement”.

The majority of legislations stipulated that the judgment ratifying the settlement must be published and explained how to publish it, using a number of means, namely:

- The judgment shall be published in the same manner as a bankruptcy judgment, provided that the summary published in the newspapers includes the name of the debtor, his place of residence, and his registration number in the commercial registry.
- The summary of the judgment shall be registered in the commercial registry office.
- The summary of the judgment shall be registered in the real estate registration office, provided that this is done in the name of the settlement supervisor in his capacity as a representative of the creditors. This registration results in the creation of a mortgage on the bankrupt’s real estate for the purpose of guaranteeing the rights of the creditors, unless otherwise agreed upon in the settlement, provided that the registration ends after the implementation of the terms of the settlement. This procedure must be completed in the last two means within ten days from the date of issuance of the judgment ratifying the settlement.

(bn Qader, Bin Ibrahim, . 2022)

Effects of Approval of the Settlement: Article (626) of the Unified Arab Commercial Project, Article (523) of the Syrian Commercial Law of 2007, Article (777) of the UAE Commercial Transactions Law, and Article 676 of the Egyptian Commercial Law stipulate: "Once

the ratification ruling acquires the force of *res judicata*, the effects of bankruptcy cease, while retaining the lapse of political rights..." The bankruptcy trustee's mission ends, and the bankrupt is handed over his money, books, and papers, while submitting a final account. This account is discussed in the presence of the bankruptcy judge and the reconciled creditors, Article (523/2) of the Syrian 2007, where the bankruptcy judge prepares a report on the procedures that have been carried out. However, the question that arises is if the reconciled bankrupt recovers all his money once the settlement is ratified, then what is the means of protecting creditors from the bankrupt's actions and how to ensure the implementation of the settlement conditions? We find that most commercial legislations did not neglect this, as they required legislations: 1- Appointing one or more observers to monitor the bankrupt’s work and supervise the implementation of the terms of the settlement, and this is (684) of the Egyptian Commercial Code and (776/2) of the Emirati Commercial Code, and other legislations that gave creditors the right to request the appointment of a guarantor or guarantors to guarantee the implementation of the terms of the settlement contract, Jordanian Commercial Law in Article (339) Syrian Commercial Law 2007 in Article (526)

### Expiry of the Settlement

Considering that the settlement is a contract concluded by the majority of creditors on the one hand and the bankrupt on the other hand, the legislation has taken this into consideration as it has decided to invalidate and terminate the settlement contract in certain cases contrary to what is stipulated by the general rules. The request to invalidate or terminate the settlement contract shall be by a lawsuit that is within the jurisdiction of the court that issued the bankruptcy declaration ruling.

#### First: Invalidation of the Settlement Contract

Article (627) of the Arab Commercial Project and Article (677) of the Egyptian Commercial Law and Article (754) of the Qatari Commercial Transactions Law 2018 stipulate: "1) The settlement shall be invalidated if, after its ratification, a judgment is issued convicting the bankrupt of one of the bankruptcy crimes by fraud.

**Second:** The settlement shall also be invalidated if, after its ratification, fraud arising from concealing the bankrupt's assets or exaggerating his debts appears. In this case, the request to invalidate the settlement must be within six months from the day on which the fraud appears, otherwise the request is not acceptable. In all cases, the request to annul the settlement will not be acceptable if it is submitted after two years have passed from the date of ratification of the settlement. The settlement contract is invalidated by the following:

1. Issuance of a conviction against the bankrupt in one of the crimes of bankruptcy by fraud

2. The emergence of fraud arising from concealing assets or exaggerating his debts.

Articles (628) of the Arab Commercial Project, Article (678) of the Egyptian Commercial Law of 1999, and Article (775) of the Qatari Commercial Transactions Law of 2018 stipulate that if the investigation with the bankrupt begins in the crime of fraudulent bankruptcy after ratification of the settlement, or if a criminal or penal action is brought against him in this crime after ratification of the settlement, the court that issued the bankruptcy declaration ruling may, upon the request of the Public Prosecution or any interested party, order the adoption of whatever measures it deems necessary to preserve the debtor's funds, and these measures shall be cancelled, by virtue of the law, if it is decided to close the investigation or it is decided that there is no reason to file the lawsuit or a ruling is issued acquitting the bankrupt. Article 529 of the Syrian Commercial Law of 2007 states: 1- "If a public right lawsuit is filed against the bankrupt after the ratification of the settlement contract for fraudulent bankruptcy and a temporary or non-temporary arrest warrant is issued against him, the court may order the precautionary measures it is entitled to take. If the investigation with the bankrupt begins in the crime of fraudulent bankruptcy, the court may order the adoption of measures to preserve the bankrupt's assets, with their cancellation if it is decided to close the investigation or it becomes clear that there is no reason to file the lawsuit or a ruling is issued acquitting the bankrupt."

The legislation came to specify a specific period for submitting a request for annulment in the event of fraud arising from concealing the bankrupt's assets or exaggerating debts, where the request for annulment must be within six months from the day on which the fraud appeared, otherwise the request is not acceptable. However, the legislation came with a limitation period in both cases, whereby an annulment claim is not accepted in either of them if two years have passed from the date of ratification of the settlement, Article (627/2) of the Arab project. It thus wanted to put an end to filing an annulment claim by specifying a specific period for its expiration, taking into consideration that the debtor, with the presence of fraud or deception, may have fulfilled the greater part of his obligation during that period.

### Termination of the Settlement

Article (629) of the Unified Arab Project, Article (679/1) of the current Egyptian Commercial Code, and Article (780) of the UAE Commercial Transactions Law, which corresponds to Article 765 of the Qatari Commercial Law 2018, stipulate that: 1) If the bankrupt does not implement the terms of the settlement, it is permissible to request its termination from the court that approved it. 2) Termination of the settlement does not result in the release of the guarantor who guaranteed the

implementation of its terms, and he must be ordered to attend the session in which the termination request is considered. Article 530 of the Syrian Commercial Law 2007 stipulates: "If the bankrupt does not implement the terms of the settlement contract, a lawsuit may be filed against him before the court to terminate this contract. The settlement contract is subject to the general rules governing the termination of Contracts any creditor may request rescission if the bankrupt fails to pay his debt without requiring the involvement of the remaining creditors (Al-Faryan, Faryan bin Abdul Rahman 2019). Commercial legislation did not provide a specific period for filing the request, nor did it mention a period for the statute of limitations for the rescission suit. Therefore, it is referred to the general rules in this regard, so the rescission suit expires after one year from the time the debtor fails to implement it. (Hamad, A. M. M., & Anwar Mutawa Mansour 2021). The wisdom in not setting a specific period for the expiration of the rescission suit in commercial legislation and leaving the matter to the general rules is that the court has discretionary power in this regard to rescission. Effects of nullity and rescission:

Commercial legislation did not stipulate the retroactive effect of invalidity or dissolution by issuing a new bankruptcy declaration ruling. Rather, bankruptcy procedures proceed from the place where they stopped. In application of this, Article (630) of the Arab Commercial Model Project, Article 531 of the Syrian Commercial Law, Article (781) of the UAE Commercial Transactions Law, and Article 680 of the Egyptian Commercial Law of 1999 stipulate that "the court shall appoint in the ruling issued to invalidate or dissolution the settlement a judge for bankruptcy and a trustee for it. The court may order the placement of seals on the bankrupt's assets."

This is with regard to the procedures resulting from the retroactive effect. As for the actions taken by the bankrupt, this retroactive effect only extends to the two parties to the settlement contract between the bankrupt and the creditors who participated in the settlement deliberations and voting on it. Al-Saeed, W. H. A., & Wafaa Helmy Al-Saeed. (2022). As for others, they have no effect on them, as the actions taken by the debtor after ratifying the settlement and before its invalidation or termination are valid against the creditors unless they discover the debtor's bad faith, and it is invalidated in accordance with the general rules, with the lawsuit for the enforcement of the action being dropped after two years from the date of invalidating or rescinding the settlement. This is what Article (631) of the Arab Model Project stipulates.

### CONCLUSION

Commercial legislation has stipulated that upon the issuance of a judgment approving the settlement, all

effects resulting from the issuance of a judgment declaring bankruptcy shall be removed, whether for the debtor or the creditors, with the exception of political rights that are not considered valid. Whereas the legislation has equated the numerical and value majority in terms of the necessity of postponement without canceling the deliberation or voting that took place in the first meeting. Whereas the creditors' approval in the first meeting was considered valid and enforceable in the second meeting unless they amended their approval or there was a fundamental amendment in the settlement proposals by the reconciled bankrupt in the period between the two meetings, and that commercial legislation has granted creditors in the case of bankruptcy by negligence the right to postpone the settlement or not to postpone it without the bankruptcy judge, and this is not permissible in bankruptcies by fraud, considering bankruptcy by negligence as a basis that does not prevent settlement, which means that there is no danger in granting them that right. It was agreed to apply the rules of dissolution if the bankrupt did not abide by the settlement agreement, although the Saudi legislator differed from Arab legislation in that it allocated special provisions for small debtors. Most Arab legislations updated bankruptcy systems to keep pace with economic developments, except for the Sudanese legislator.

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### CONFLICT OF INTEREST

The author declares that there is no conflict of interest.

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