



**SUMMATIVE (FORMAL) ASSESSMENT: MODULE 7E**

**UNITED ARAB EMIRATES**

This is the **summative (formal) assessment for Module 7E** of this course and must be submitted by all candidates who **selected this module as one of their elective modules**.

**The mark awarded for this assessment will determine your final mark for Module 7E.** In order to pass this module, you need to obtain a mark of 50% or more for this assessment.

## **INSTRUCTIONS FOR COMPLETION AND SUBMISSION OF ASSESSMENT**

**Please read the following instructions very carefully before submitting / uploading your assessment on the Foundation Certificate web pages.**

1. You must use this document for the answering of the assessment for this module. The answers to each question must be completed using this document with the answers populated under each question.
2. All assessments must be submitted electronically in **Microsoft Word format**, using a standard A4 size page and an 11-point Arial font. This document has been set up with these parameters - **please do not change the document settings in any way**. **DO NOT** submit your assessment in PDF format as it will be returned to you unmarked.
3. No limit has been set for the length of your answers to the questions. However, please be guided by the mark allocation for each question. More often than not, one fact / statement will earn one mark (unless it is obvious from the question that this is not the case).
4. You must save this document using the following format: **[studentID.assessment7E]**. An example would be something along the following lines: 202223-336.assessment7E. **Please also include the filename as a footer to each page of the assessment** (this has been pre-populated for you, merely replace the words "studentID" with the student number allocated to you). Do not include your name or any other identifying words in your file name. **Assessments that do not comply with this instruction will be returned to candidates unmarked.**
5. Before you will be allowed to upload / submit your assessment via the portal on the Foundation Certificate web pages, you will be required to confirm / certify that you are the person who completed the assessment and that the work submitted is your own, original work. Please see the part of the Course Handbook that deals with plagiarism and dishonesty in the submission of assessments. **Please note that copying and pasting from the Guidance Text into your answer is prohibited and constitutes plagiarism. You must write the answers to the questions in your own words.**
6. The final submission date for this assessment is **31 July 2023**. The assessment submission portal will close at **23:00 (11 pm) BST (GMT +1) on 31 July 2023**. No submissions can be made after the portal has closed and no further uploading of documents will be allowed, no matter the circumstances.
7. Prior to being populated with your answers, this assessment consists of **10 pages**.

## ANSWER ALL THE QUESTIONS

### QUESTION 1 (multiple-choice questions) [10 marks in total]

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Questions 1.1. - 1.10. are multiple-choice questions designed to assess your ability to think critically about the subject. Please read each question carefully before reading the answer options. Be aware that some questions may seem to have more than one right answer, but you are to look for the one that makes the most sense and is the most correct. When you have a clear idea of the question, find your answer and mark your selection on the answer sheet by highlighting the relevant paragraph in yellow. Select only **ONE** answer. Candidates who select more than one answer will receive no mark for that specific question.

#### Question 1.1

One of the **most significant barriers** to the restructuring process in the UAE has been:

- (a) The failure of the responsible authorities to enact laws which would encourage a business rescue culture.
- (b) The low rate of business failure in the UAE.
- (c) The absence of a moratorium on creditor actions after the commencement of a bankruptcy proceeding inhibits the restructuring process.
- (d) There could be criminal law consequences for business owners arising from the security agreements which a business might have with its creditors.

#### Question 1.2

What is the **principal difference** between the "mainland" UAE Bankruptcy Law and the insolvency laws of the two financial centres (the DIFC and the ADGM)?

- (a) The insolvency laws of the financial centres govern the insolvency of financial service businesses only, while the Bankruptcy Law governs the insolvency all other businesses.
- (b) The insolvency laws of the financial centres have no application and cannot be enforced in the UAE "mainland" (that is, outside of the financial centres), while the Bankruptcy Law is the only applicable law governing insolvency in the UAE "mainland".
- (c) The Bankruptcy Law drew on the experiences of a number of jurisdictions, while the DIFC and AGDM insolvency laws and regulations are primarily based on the insolvency laws of one other country.
- (d) The Bankruptcy Law incorporates substantial elements of Islamic law, while the insolvency laws of the financial centres are based on the common law.

### Question 1.3

Which statement **correctly describes** the relationship between the courts of the DIFC and the courts in mainland UAE?

- (a) The judgments and orders of the courts of the DIFC are not enforceable outside of the DIFC.
- (b) The judgments and orders of the courts of the DIFC are enforceable elsewhere in Dubai only through the Dubai courts.
- (c) The judgments and orders of the courts of the DIFC are enforceable elsewhere in Dubai only after recognition for enforcement by the Joint Judicial Committee.
- (d) The judgments and orders of the courts of the DIFC are not capable of enforcement outside of Dubai.

### Question 1.4

As regards security in mainland UAE, a secured creditor's rights, both in relation to real and personal property security, are **not substantially affected** by any formal insolvency process; the secured creditor can generally enforce its rights notwithstanding the debtor's insolvency.

Is this statement True or False?

(a) True.

(b) False.

### Question 1.5

Which statement is **correct** in relation to the operation of security interests for both real and personal property in the DIFC?

- (a) The law regulating security interests in land and personal property in the DIFC is based on Australian law.
- (b) A mortgagee of land in the DIFC requires a court order to allow it to repossess land subject to a mortgage.
- (c) The regulating security interests in land and personal property in the DIFC is based on English common law.
- (d) There are separate registers in which security interests in both land and personal property in the DIFC can be registered.

#### Question 1.6

Which of the following statements is **incorrect** in relation to creditor rights following the court's decision to commence preventive composition under the UAE Bankruptcy Law up until the approval of the scheme?

- (a) All legal claims and proceedings and any judicial enforcement procedures against the debtor are suspended, unless otherwise decided by the court.
- (b) The commencement of preventive composition procedures will also suspend any criminal proceedings brought in relation to a dishonoured cheque, including against the signatory of the cheque.
- (c) Creditors may not bring or pursue claims against persons jointly liable with the debtor or any guarantors of the debtor's debts.
- (d) Secured creditors may enforce their securities provided they have obtained court permission to do so.

#### Question 1.7

Which of the following is **not** a consequence or possible outcome of the commencement of preventive composition?

- (a) Interest on debts owed by the debtor stops accruing on the date of commencement of preventive composition.
- (b) The debtor can borrow further money during the period of preventive composition, with the court's permission.
- (c) The debtor is not allowed to change its ownership in any way.
- (d) The court can order the rescission of effective contract to which the debtor is a party.

#### Question 1.8

Which of the following is **not** a basis for an application to the court for the commencement of bankruptcy proceedings under the UAE Bankruptcy Law?

- (a) If a secured creditor, having security over all or substantially all of the assets of a debtor, takes steps to enforce its security.
- (b) If a creditor (or a group of creditors) has given notice to a debtor requiring the debtor to pay a debt of AED 100,000, and the debtor has failed to discharge the debt within 30 business days of that notification.

- (c) Following the annulment or rescission of preventive composition by the court.
- (d) If a debtor is in default of its payment obligations for 30 consecutive business days.

**Question 1.9**

Rehabilitation is a DIFC insolvency procedure introduced by the 2019 law, which allows companies unable to pay their debts but able to reach agreement with its shareholders and creditors to agree to a plan referred to as a Rehabilitation Plan to achieve a court sanctioned plan that binds creditors. In regard to the rehabilitation procedure, which of the following statements is **incorrect**?

- (a) In order to initiate the rehabilitation process the company is required to make an application to court submitting the rehabilitation plan and nominating the proposed rehabilitation nominee.
- (b) A moratorium comes into effect for an initial 180 days, preventing creditors from commencing or continuing legal action against the company.
- (c) The moratorium disappplies contractual provisions that would otherwise enable a contract to be terminated upon insolvency.
- (d) Any creditor materially prejudiced by the moratorium may apply to court seeking the disapplication of the moratorium in relation to a particular contract.

**Question 1.10**

Which of the following statements is **incorrect**?

- (a) The DIFC courts will enforce judgments and arbitration awards from other countries in accordance with the Riyadh Convention (Riyadh Arab Agreement for Judicial Co-operation).
- (b) A foreign judgment is enforceable in mainland UAE as long as there is reciprocity between the UAE and the foreign state issuing the judgment for which enforcement is sought.
- (c) The ADGM courts may recognise reciprocity with a foreign jurisdiction in the absence of an applicable treaty if the Chief Justice of the Courts is satisfied that substantial reciprocal treatment will be assured regarding recognition and enforcement in that foreign country of the judgments of the ADGM courts.
- (d) The DIFC courts will enforce judgments and arbitration awards from other countries, even if the debtor has no presence of any type in the DIFC.

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**QUESTION 2 (direct questions) [10 marks in total]**

Commented [SE3]: 10/10

**Question 2.1 [maximum 2 marks]**

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What is the key point of distinction regarding the registration of real property interests, including mortgages, in the different emirates of the UAE? What is the key difference between the sale of mortgaged real property following a debtor default if that real property is in a financial free zone or if the real property is in "mainland" UAE?

There are a number of important distinctions regarding the registration of real property interests, including mortgages, in the different emirates and zones of the UAE. For example, the DIFC utilizes the Torrens system, which originated in Australia, to register interests in land. This system is the exclusive method for recording interests in land and a separate register is provided for recording other interests, like mortgages. ADGM utilizes a substantially similar registration system to the DIFC. The mainland UAE utilizes yet another, separate registration system for real property interests.

In the UAE, to sell real property following a default, a secured party must utilize the courts to obtain an order of sale. Conversely, in the DIFC, so long as the secured party's contract contains a sale provision, following default the secured party can provide notice, take possession of the land, and sell it all without a court order.

**Question 2.2 [maximum 4 marks]**

Commented [SE5]: 4/4

Preventive composition and restructuring are both insolvency processes that an entity can adopt under the UAE Bankruptcy Law. They share a number of similarities regarding the entry into and conduct of each of the respective processes. While the processes are different, various "actors" assume similar roles in each process. Which actor is responsible for each of the following processes?

(a) A decision on any application to commence an insolvency process.

In preventive composition, only a debtor can apply to the court for the appointment of a composition trustee and the court must review and decide whether to approve the application.

In restructuring, either a debtor or creditor can initiate the bankruptcy proceedings. While the Court makes the final decision on an application, it relies on an appointed expert to assess the financial condition of the would-be debtor.

(b) A primary determination as to whether a debtor's proposal should be adopted.

In preventive composition, creditors holding admitted debts will vote on whether to adopt the debtor's proposal for a scheme and secured creditors may not vote. Then, the Court must approve or reject the scheme.

In restructuring, the Court initially reviews the trustee's proposal and then, if acceptable, directs the trustee to issue invitations to creditors to review the scheme, similar to the process in preventive composition. Then the creditors will vote on the scheme at the creditors' meeting. Secured creditors may not vote without surrendering their security.

(c) Confirmation of the primary determination as to whether a debtor's proposal should be adopted.

In preventive composition, the Court must approve or reject the scheme which creditors voted upon. The Court's determination is final.

In restructuring, the Court must approve or reject the scheme which creditors voted upon. The Court's determination is final.

(d) To supervise the implementation of the insolvency process by the debtor.

In preventive composition, the trustee is responsible for supervising the implementation of the approved scheme.

In restructuring, the trustee is responsible for supervising the implementation of the approved scheme.

**Question 2.3 [maximum 2 marks]**

Commented [SE6]: 2/2

Under the UAE Bankruptcy Law, for a debtor, what is the key difference between the circumstances which could give rise to an application to commence preventive composition or an application to commence bankruptcy (whether leading to restructuring or liquidation)?

For a debtor, the key difference between the circumstances which give rise to an application for preventive composition versus an application for bankruptcy is the debtor's obligation to commence such a proceeding. For example, a debtor is required to initiate bankruptcy procedures if it is in default on a debt payment obligation for 30 consecutive business days. In this circumstance, bankruptcy is compulsory rather than optional. In contrast, there is no obligation to commence preventive composition procedures, though doing so fulfils any obligation to commence a bankruptcy procedure.

**Question 2.4 [maximum 2 marks]**

Commented [SE7]: 2/2

What is the key difference for a creditor regarding the commencement of preventive composition or bankruptcy of a debtor?



The key difference for a creditor regarding the commencement of preventive composition versus an application to commence bankruptcy is who can make the application. Only a debtor can seek preventive composition and the process is optional. This is different from bankruptcy, where either a debtor or creditor can initiate the application and in some circumstances, the debtor is legally obligated to make the application.

### QUESTION 3 (essay-type question) [15 marks in total]

#### Question 3.1 [maximum 5 marks]

Briefly explain the historical background to the introduction of the Bankruptcy Law. Describe which entities the Bankruptcy Law applies to and how it has been received and applied in the UAE.

In 2009, following the near default of Dubai World, a large investment company, the UAE government realized the importance of adopting a more robust insolvency regime. In 2016, Federal Decree Law (Number 9) was introduced and created a consolidated insolvency regime for commercial insolvencies. In 2019, Federal Decree Law (Number 19) introduced a scheme for consumer/personal insolvency. Both laws are young and continue to be amended, such as in 2020 when the Bankruptcy Law was revised to account for the financial hardships of the COVID-19 pandemic.

The Bankruptcy Law applies to companies governed by UAE corporate law, companies who, by law or by choice, have submitted to the provisions of the Bankruptcy Law, free zone companies not governed by other insolvency laws, traders, and licensed professional companies. The personal bankruptcy laws were created to capture the gamut of people who are not encompassed in the primary Bankruptcy Law. Because the laws are so young, it is unclear how effective they will be, though anecdotally, they have been well received.

#### Question 3.2 [maximum 8 marks]

If a debtor company seeks to enter bankruptcy, describe the ways in which the court is required to be actively engaged in the restructuring in bankruptcy process (assume that a restructuring is possible, that there are no unusual features to the bankruptcy, there are no secured creditors and there has been no criminal conduct by any person involved in the debtor). Your answer should provide references to the legislation.

The Court is an active participant in a bankruptcy under UAE Bankruptcy Law. Once a debtor applies for bankruptcy, the Court will appoint an expert to advise on the financial condition of the debtor. (See Art. 77 of Bankruptcy Law). This is because it is the Court which decides whether the debtor is eligible for bankruptcy relief, in which case the Court will enter an order commencing the case within five days. (See Art. 78 of Bankruptcy Law). The Court will subsequently appoint a trustee and consider any objections to the trustee's appointment. After the trustee is appointed, they may request additional powers or permissions from the Court, and the Court must consider these. (See Art. 83 of Bankruptcy

Commented [SE8]: 9/15

Commented [SE9]: 2/5.

This questions asks for a discussion of the evolution, application and reception of the bankruptcy law. Good start, but give us more!

Commented [SE10]: 5/8.

This is a good start, but there are many other ways that the court is involved in the process, such as:

- The bankruptcy procedure is preceded by an application to the court, by either a debtor or a creditor, for an order initiating bankruptcy proceedings. When a bankruptcy application is made, the court is required to appoint an expert from the panel of experts to assess the financial condition of the debtor. The expert is required to report on the debtor's financial condition and to give an opinion on the possibility of the debtor successfully restructuring. If the court is satisfied that the necessary conditions have been met, an order will be made whereby the bankruptcy procedures commence at that point.
- If the court decides to accept the commencement of the bankruptcy procedure, the court is required to appoint a trustee, being either a person nominated by the debtor or a person enrolled in the table of experts appointed by the Financial Restructuring Committee. Upon making an appointment, the court is required to provide any information which it holds about the debtor to the trustee. The court shall determine the trustee's fees and shall authorise payment from the funds deposited by the debtor when making the application.
- The court may also appoint one or more supervisors. The procedure to be adopted for the appointment of supervisors is to be the same as is adopted for supervisors of preventive composition. Essentially, supervisors are representatives of the creditors.
- The court must determine any application regarding whether a creditor should or should not be included in the list of creditors. The court's decision may be appealed. The court may admit the debt on an interim basis (although no debt may be admitted if the creditor has brought a criminal claim in relation thereto). The court must finally determine the list of creditors.
- The court should direct the trustee to prepare a restructuring scheme, but may not do so unless the debtor confirms its willingness to continue to carry on business and unless it appears that the proposed restructuring is viable.
- Once the trustee submits the proposed restructuring to the court, the court is required to review the proposed scheme and can request the trustee to vary the scheme if it does not properly observe all parties' interests and to re-submit the proposed scheme.
- Following that review, the court must direct a meeting of the debtor's creditors to review the scheme. The court may also direct the formation of committees representing classes of creditors and may give directions about the appointment or conduct of any representatives of those classes at the meeting of creditors.
- If the scheme is approved by creditors at the creditors' meeting, the trustee is required to put the scheme before the court, for the court either to approve or reject the scheme. Any creditor who voted against the scheme may object to the proposed scheme, with such an objection being determined by the court.
- The court is required to give its decision approving the scheme, provided that it is satisfied that all necessary conditions have been satisfied. The court must be satisfied that all affected creditors will receive at least as much as the creditors would have received if the debtor's assets had been liquidated on the date of voting on the scheme.
- Upon the conclusion of a successful implementation of a restructuring, the court is required to make an order confirming the complete implementation of the scheme, which is to be advertised.

Law). The Trustee may make certain requests of the Court, which the Court must consider, such as whether to allow the rescission of contracts, the termination of leases, or the termination of employment contracts. (See Art. 165, 166, 167 of Bankruptcy Law). The Court determines the trustee's compensation and authorises payments from the debtor's funds.

While nearly all proceedings against the debtor are barred following the order, the Court must consider secured creditors' applications to enforce their security, although in this case there are no secured creditors. Other creditors who elect to lodge a claim will have their claims evaluated by the Court. (See Art. 94 of Bankruptcy Law). After claims have been submitted, the Court must evaluate the trustee's report on possible restructuring. (See Art. 96 of Bankruptcy Law). It is the Court's determination regarding whether restructuring or liquidation is required which then directs the remainder of the case.

If the Court elects for the company to restructure (and the debtor agrees to comply with restructuring), the trustee must prepare a scheme which is then reviewed by the Court to ensure it properly represents all parties' interests. As the trustee prepares to initiate voting on the scheme, the Court may elect to direct the trustee to form committees to represent the classes of creditors. (See Art. 104 of Bankruptcy Law). Following the creditors' approval, the Court must then consider and approve the restructuring scheme.

**Question 3.3 [maximum 2 marks]**

Commented [SE11]: 2/2

In any insolvency system that involves the forced compromising of individual creditor claims, the requirement for court involvement is to ensure that the rights of all parties, including individual creditors, are being protected. The UAE Bankruptcy Law requires a high degree of court involvement. Briefly describe (100 to 150 words) whether you consider that the level of court involvement in approving a restructuring to be appropriate. Provide reasons for your answer.

Because of the potential for unequal bargaining power and the temptation for collusion, I think a high degree of court involvement is required to protect the rights of all creditors. For example, because secured creditors are generally able to receive court permission to enforce their security, thereby taking a potentially important or valuable asset away from the debtor and other creditors, I believe it is vital not only for the Court to evaluate the request, but to evaluate the nature of the granting of the security to ensure there was no collusion by the debtor and creditor in an attempt to prefer one creditor over the others. Furthermore, because there may be situations of unequal bargaining power between debtors, creditors, and among creditors, I believe court supervision encourages fairness to all classes of creditors.

**QUESTION 4 (fact-based application-type question) [15 marks in total]**

Commented [SE12]: 14/15

RZA LLC operates a restaurant chain in various locations in Dubai. It was a thriving and successful business but has been negatively impacted by the increase in global food prices. It has exhausted all available funds and has no cash to pay creditors. RZA LLC owns a restaurant site which is under development, but the development is not expected to be

completed for seven months. The site had been purchased by one of RZA LLC's shareholders and was transferred to RZA LLC on the basis that payment for the site would be made by RZA LLC to the shareholder in full in 2024. In the meantime, the shareholder holds a mortgage over the property for the unpaid purchase price.

**Question 4.1 [maximum 5 marks]**

Commented [SE13]: 5/5

The process of preventive composition requires adherence to a number of time-frames. Briefly outline the necessary steps and 10 specific steps that will determine the maximum time taken between making an application (the first step) and the registration of the scheme following final approval (the tenth and final step before its implementation).

Assume that: an expert's report is required by the court; there are no disputes about whether a creditor is accepted or not; there are no amendments to the proposed scheme by the court; the scheme is accepted by the creditors without the requirement for any adjournment of the creditors' meeting; the scheme is approved by the court following the meeting; and there are no other extensions.

**First**, RZA LLC must make an application for preventive composition with the court, at which time the court will appoint an expert to investigate and prepare a report regarding RZA's financial condition. The expert must issue their report no later than 20 days following their appointment. **Second**, the court must render a decision on the application for preventive composition, either within 5 days of the application or within 5 days of the expert's report. **Third**, following the court's acceptance of the application, the court must appoint a trustee. The court must determine any objection to the trustee's appointment within 5 days of the objection. Throughout the case, the court must rule on the trustee's requests and pay the trustee. The court must determine any objection to the trustee's fees within 5 days of the objection. **Fourth**, the trustee must publish a summary of the court's decision to commence the preventive composition within 5 business days. **Fifth**, the trustee's notice invites creditors to lodge claims, which they must do within 20 business days from the date of publication. **Sixth**, the court must rule on any applications by secured creditors, such as the shareholder holding the mortgage on RZA's property, to enforce their security, which it must do within 10 working days of the application. **Seventh**, the trustee and debtor must submit a composition scheme to the court within 45 business days from the date of the publication of the trustee's notice. **Eighth**, within 10 business days of the submission of the scheme to the court, the court must review the draft and confirm it acceptably represents the rights of all parties. In this case, the court did not require any amendments to the scheme. Because the court approves, the scheme must be transmitted to the debtor's creditors within 5 days. **Ninth**, within 15 working days of the court's direction to the trustee to invite creditors to vote, the trustee shall host a meeting of creditors, at which point the creditors will vote on the scheme. **Tenth**, if accepted by the creditors, the trustee must submit RZA's scheme to the court within 3 days. Creditors may object to the scheme if they voted against it within 3 days and the court must resolve the objection within 5 days. At this point, the court will approve RZA's scheme.

**Question 4.2 [maximum 5 marks]**

Commented [SE14]: 5/5

RZA LLC's creditors rejected the proposed preventive composition scheme after a process of nearly four months. During that time, creditors, including staff, were not paid. The owners consider that without creditor support, restructuring would be impossible and liquidation is the only option available. With specific reference to the facts described above, describe the process that would be followed as part of any liquidation and, in particular, considering who could be appointed as trustee.

When the preventive composition is terminated, the court would be obligated to make an order for liquidation through bankruptcy. At this time, the court would appoint a trustee to facilitate the liquidation. The court may elect to request that the expert or trustee from the preventive composition continue in their current position. Within 3 days, the trustee must advertise their appointment. Creditors have only 10 days from the date of the bankruptcy judgment to lodge their claims with the trustee. The trustee, under the supervision of the court, will seek to liquidate the debtor's business over a period of 6 months. The trustee then uses the proceeds of the sale to make payments to creditors who have filed claims. Secured creditors like the mortgage holder will be paid when the property subject to their security interest is sold, with the remainder being returned to the debtor. The remaining creditors are paid in order of priority, the priority being first to court and trustee costs, and second to the unpaid staff. However, the prioritized amount for the unpaid staff cannot exceed three months' salary. Following the liquidation, the trustee must report to the court and the court must make an order confirming the liquidation has concluded and attach a final list of unpaid creditors and the amounts owed to them. To the extent creditors remain unpaid, those creditors may continue to enforce the debt against RZA.

**Question 4.3 [maximum 5 marks]**

Commented [SE15]: 4/5

RZA LLC incorporated and registered a fully-owned subsidiary company in the DIFC to operate a restaurant in the DIFC. The subsidiary is called RZA Limited and it is incorporated as a DIFC company. RZA Limited is also unable to pay its debts. What actions can RZA Limited's creditors take if they wish to see RZA Limited liquidated in the DIFC? In particular, who can take such actions and what steps would have to be taken? If the RZA was to be wound up, who would be responsible for it and what process would be adopted for addressing creditor claims in the winding up?

If the creditors of RZA Limited wish to see the entity wound up, they may wish to pressure the company (or remind the company of its obligations) to pass a winding up resolution. As a creditors' voluntary winding up, the creditors are able to nominate a liquidator and/or a liquidation committee.

Alternatively, the creditors may petition the court to initiate a compulsory winding up, which the court will do if it considers it just and equitable under the circumstances. When the court makes its winding up order, it will also appoint an insolvency practitioner to act as liquidator who will hold a meeting of creditors. At the meeting of creditors, the creditors will either

elect to retain the court's liquidator or appoint their own. Whoever is selected to act as liquidator becomes responsible for the liquidation process.

Following their appointment, the insolvency practitioner elected as liquidator has the responsibility of realising and distributing the assets of the company. They can sell the company and its assets, run the company (to the extent required to maximise value at sale), and commence litigation. The liquidator may also rescind, cancel, or reject burdensome property or contracts, among other powers intended to allow the liquidator to maximise the debtor's assets for the benefit of creditors.

The liquidator will also invite creditors to lodge claims by filing a proof of debt with the liquidator. The liquidator applies DIFC financial law when determining the value of claims. The liquidator evaluates all the claims and then accepts or rejects them. Then, as funds become available, the liquidator may announce dividends and distribute funds equally to creditors, with the exception of preferential claims, like debts owed to or on behalf of employees. Once the liquidator has exhausted the available funds, they will provide notice to creditors and declare a final distribution. At this point, the liquidator will call a final meeting of creditors and the company will be dissolved.

**\* End of Assessment \***

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