



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.

Commented [SE2]: The correct answer is C.

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.

Commented [SE3]: The correct answer is D.

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.

Commented [SE4]: The correct answer is B.

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

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Question 2.1 [maximum 2 marks]

Commented [SE6]: 2/2

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?

The key distinction regarding the registration of real property interest in the different emirates in UAE is that the each emirates maintain its own land registration system. Thus registration and enforcement of mortgages can be subject to slightly different laws and procedures in each emirates although the substance of the law is generally the same.

Under the DIFC Law of security, in the event of non-payment or other defaults by a debtor, a creditor holding a mortgage over the debtor's land can enter into possession of the land by providing 60 days' notice to certain relevant parties without the need for a court order. ADGM is governed by the ADGM Real Property Regulations 2015. DIFC is governed by DIFC Real property law, 2018.

However, under the Mainland UAE, even though the right of a mortgage to sell the mortgaged property following a debtor's default is applicable to every emirates, the same need to exercised through the courts. The mortgagor could initiate sale after petitioning to the court and once the order comes, execute he sale.

Question 2.2 [maximum 4 marks]

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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.

Court based on the report of the expert appointed by the Court.

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

Expert appointed by the Court.

Commented [SE8]: Unsecured creditors.

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

Court.

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

Trustee.

Question 2.3 [maximum 2 marks]

Commented [SE9]: 1/2.

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)?

Yes, mostly. The point here is that the debtor can choose to enter preventive composition but is obligated to commence bankruptcy.

The key difference between the circumstances which could rise to an application to commence preventive composition or an application to commence bankruptcy is that the preventive composition application can only be made by the debtor company, however, bankruptcy proceeding could be initiated by creditors as well. Moreover, the preventive composition application is backed by debtor's proposal, however, bankruptcy application is not. The scheme under the bankruptcy proceeding is prepared by the trustee with the help of the debtor.

Question 2.4 [maximum 2 marks]

Commented [SE10]: 2/2

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

Firstly, the creditor cannot initiate preventive composition. Secondly, preventive composition is a faster process as the debtor's proposal is already ready, however, in bankruptcy restructuring, the scheme is prepared by the trustee. Thirdly, once the bankruptcy procedure commences, the debtor may not manage its assets or pay creditor, except in accordance with the provisions of bankruptcy law.

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

Commented [SE11]: 15/15

Question 3.1 [maximum 5 marks]

Commented [SE12]: 5/5

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.

The historical background of the introduction of the Bankruptcy Law can be traced back to the UAE's efforts to modernize its legal and economic framework. The need for a comprehensive bankruptcy law arose as the country's economy grew and became more diversified, requiring a mechanism to address insolvency and financial distress among businesses.

The UAE introduced its Bankruptcy Law in 2016, which marked a significant milestone in the country's legal system. The law aimed to provide a legal framework for dealing with bankruptcy cases, promoting business confidence, and encouraging entrepreneurship by offering a safety net for businesses facing financial difficulties.

The Bankruptcy Law in the UAE applies to individuals and entities, including companies, establishments, and free zone entities. It offers two main routes for resolving financial difficulties: reorganization and liquidation. Reorganization allows eligible debtors to restructure their debts and continue their business operations under the supervision of a court-appointed trustee. On the other hand, liquidation involves the sale of assets to settle debts and wind up the business.

The law's introduction was met with a positive reception by both local and international businesses. It enhanced the UAE's business-friendly reputation and increased investor confidence by providing a transparent and predictable legal process for resolving insolvency cases.

Since its enactment, the Bankruptcy Law has been applied in several cases, contributing to the resolution of financial distress situations and enabling the recovery of viable businesses. The law's success can be attributed to its clear procedures and the establishment of specialized courts to handle bankruptcy cases efficiently.

Question 3.2 [maximum 8 marks]

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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.

Under the UAE Insolvency Law, if a debtor company seeks to enter bankruptcy and wishes to pursue restructuring, the court is required to be actively engaged in the process. The key steps involved in the restructuring process under the UAE Insolvency Law are as follows:

- Initially when the application for bankruptcy is made, the expert appointed by the court (Article 80), is required to report on debtor's financial condition and to give an opinion on the possibility of the debtor successfully restructuring (Article 77).
- During the restructuring process, the court provides protection to the debtor company from creditor actions, such as the enforcement of claims and assets seizure. This protection aims to allow the debtor to negotiate with creditors and implement the restructuring plan effectively. Once the court is satisfied with the feasibility of the plan, it may approve the restructuring and supervise its implementation.
- Following the appointment of a trustee (Article 82), the trustee is required to produce a report on the debtor's business. The report should address the possibility of restructuring the debtor's business (Article 96).

- The Court is required to review the report (Article 97) and may direct the trustee to convene a meeting of creditors, by way of notice and advertisement. Unless the court considered that liquidation is appropriate, the court must direct the trustee to prepare a restructuring scheme within three months of the trustee's appointment (Article 99).
- Once the proposed scheme has been prepared by the trustee, the trustee is required to submit it to the court. The court is required to review the proposed scheme within 10 business days of submission (Article 103). Court can request the trustee to vary the scheme, if it does not properly observe all parties' interest and to resubmit the proposed scheme within a further 5 business days (Article 103(1)).
- Once the court is satisfied with the scheme, the trustee under the direction of the court shall invite creditors within 5 business days to meeting for reviewing the scheme via notice (along with a copy of the scheme) and advertisement. The meeting shall be held within 15 days from the invitation (Article 103(4)).
- The trustee and the debtor shall explain the restructuring at the creditor's meeting. Creditors may propose amendments to the scheme and further meeting may be held for considering the scheme and such amendments (Article 105).
- Majority of the creditors holding two-third of the debtor's debt shall approve the scheme. If the requisite majority is not achieved in the first voting meeting, the meeting shall be adjourned to a date after 7 days. If the majority is not achieved in the adjourned meeting, scheme is deemed to have been rejected (Article 107).
- If the scheme is approved by the creditors, the trustee is required to put the scheme before the court within 3 business days for the approval or rejection from the court (Article 108).
- Objections may be raised by the creditors within 3 business days and the court must determine on the objection within 5 business days from the date of submission of the objection (Article 108(2)).
- If the court disapproved the scheme, it shall be returned to the trustee for amendment within 10 business days and must then be returned to the court, either for approval or for a decision to initiate the declaration of liquidation of debtor's assets (Article 109).
- Once the court approves the scheme, the trustee shall supervise the implementation of scheme. The trustee is required to monitor the progress and inform the court by way of a report every three months (Article 114).
- The restructuring is completed following the discharge of the obligations provided for in the scheme. Upon that occurring, the court is to make an order confirming the complete implementation of the scheme, which is to be advertised (Article 115).

Question 3.3 [maximum 2 marks]

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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.

Yes, the level of court involvement in approving a restructuring under the UAE Bankruptcy Law is appropriate in my opinion. The high degree of court involvement ensures that the rights of all parties, including individual creditors, are adequately protected. By requiring court approval, the law seeks to prevent potential abuse or unfair treatment of creditors during the restructuring process. The court's oversight also helps to assess the feasibility of the proposed restructuring plan and its potential benefits to all stakeholders. This level of scrutiny promotes transparency, accountability, and the fair distribution of assets, contributing to a balanced and efficient insolvency system in the UAE. It offers a safeguard against potential conflicts of interest and enhances investor confidence by providing a reliable and regulated framework for handling insolvency cases.

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

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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]

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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.

Under the UAE Insolvency Law, the process of preventive composition involves several time-bound steps to address the financial difficulties of a debtor company. Here are the necessary steps and ten specific steps that will determine the maximum time taken from making an application to the registration of the scheme following final approval:

Step 1 (Application Filing): RZA LLC submits an application for preventive composition to the competent court, seeking protection from creditors and approval to proceed with the restructuring plan (Article 68).

Step 2 (Appointment of Expert): The court appoints an expert to assess RZA LLC's financial situation and the proposed preventive composition plan and prepare a report within 20 business days from the date of the expert appointment (Article 13).

Step 3 (Commencement): The court holds a hearing to review the expert's report and the proposed preventive composition plan within 5 business days of application or from the date of expert's report (Article 14). If the court accept the application, the preventive composition procedure commences and appoints a trustee.

Step 4 (Trustee): The trustee shall publish the commencement of preventive composition and collate claims. Within 45 days from the date of publication of the commencement of preventive composition, the trustee shall submit to the court the preventive composition scheme.

Step 5 (Creditors' Meeting): If the court deems the preventive composition plan feasible, it orders the convening of a creditors' meeting to discuss and vote on the scheme within 10 business day from the date of submission of the scheme.

Step 6 (invitation for meeting): within 5 business days, the trustee invites the creditors for a meeting.

Step 7 (Approval of Scheme): The meeting will be held within 15 business days from the date of direction of the court. Assuming there are no disputes about creditor acceptance, the creditors accept the preventive composition plan during the meeting.

Step 8 (Court Approval): After the creditors' approval, the trustee shall place the draft scheme within 3 business days and the court examines the accepted scheme and decides whether to approve it.

Step 9 (Registration of Scheme): Once the court approves the preventive composition plan, the trustee within 7 business days is required to register the court's decision confirming the approval in the debtor's governmental corporate register and publish the summary of the scheme.

Step 10 (Scheme Implementation): With the final approval in place, RZA LLC can proceed with the implementation of the preventive composition scheme, adhering to the approved terms and timelines.

It is important to note that the time taken for each step may vary based on the specific circumstances of the case and the court's workload. The above outline assumes that there are no delays, amendments, or disputes during the process, and all parties involved cooperate smoothly, leading to a relatively swift completion of the preventive composition procedure. The total minimum time take in the above mentioned steps is 105 business days.

Question 4.2 [maximum 5 marks]

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.

In the scenario described, since RZA LLC's creditors have rejected the proposed preventive composition scheme, the company may need to proceed with the liquidation process under

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the UAE Insolvency Law. The following is an outline of the process that would be followed for liquidation:

Initiation of Liquidation: RZA LLC initiates the bankruptcy process by filing an application with the competent court. Once the expert appointed by the Court concludes that the restructuring in bankruptcy is impossible considering the earlier failure under preventive composition scheme, the court is required to make an order for liquidation of debtor's assets.

Appointment of Liquidator: The court appoints a liquidator to oversee the liquidation process. The liquidator is usually a licensed insolvency practitioner, or an expert appointed by the court.

Notification to Creditors: The liquidator notifies RZA LLC's creditors about the initiation of the liquidation process. The notification may include details about the timeframe for submitting their claims and any required supporting documents.

Verification of Claims: Creditors submit their claims to the liquidator for verification. The liquidator assesses the validity of each claim and determines the order of priority for distribution of the liquidation proceeds.

Liquidation of Assets: The liquidator identifies and sells RZA LLC's assets to generate funds to pay off the verified claims of creditors. The restaurant site under development may also be included in the liquidation process.

Distribution of Proceeds: After selling the assets, the liquidator distributes the proceeds to the creditors according to their priority ranking.

Settlement of Liabilities: The liquidator settles RZA LLC's outstanding debts and liabilities to the extent possible with the available funds.

Employees' Claims: The claims of employees, including unpaid salaries and end-of-service benefits, are given a higher priority under the law and are settled before other unsecured claims.

Report to the Court: The liquidator submits a final report to the court detailing the liquidation process, the distribution of assets, and the settlement of liabilities.

Removal of Company from Register: Once the court is satisfied with the liquidation process, RZA LLC is removed from the commercial register, and the company ceases to exist.

Regarding the appointment of the trustee, in a liquidation scenario, the court-appointed liquidator assumes the role of the trustee. The liquidator is responsible for managing the company's assets, settling debts, and distributing the proceeds to creditors in accordance with the law.

It is important to note that the liquidation process can be complex and may take some time, depending on the size and complexity of the company's affairs. The goal is to ensure a fair distribution of assets to creditors and an orderly winding-up of the company's operations.

Question 4.3 [maximum 5 marks]

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,

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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?

DIFC companies are governed by the DIFC Insolvency law and the procedure for the liquidation of the DIFC Company is slightly different from the UAE mainland Insolvency Law. If RZA Limited, the fully-owned subsidiary of RZA LLC, is unable to pay its debts and its creditors wish to see it liquidated in the Dubai International Financial Centre (DIFC), they can take the following actions:

Filing a Winding-Up Petition: Creditors of RZA Limited (Voluntary / Compulsory winding up) or RZA Limited itself (Voluntary winding up) can file a winding-up petition with the DIFC Courts, seeking the liquidation of the company due to its inability to pay its debts. Under the DIFC Insolvency Law, the liquidation of a company is addressed by Winding Up.

Creditor Eligibility: To be eligible to file a winding-up petition, a creditor must be owed a debt of at least USD 2,000, and the debt must be due and payable.

Grounds for Winding-Up: The creditor must establish that RZA Limited is insolvent, i.e., it is unable to pay its debts as they fall due. The court will consider the evidence provided by the creditor to determine if there are grounds for winding up the company. In case of voluntary winding up by the members, the director should give a statutory declaration as to the solvency of the company.

Court Proceedings: The court will review the winding-up petition and may order a hearing to assess the company's financial situation and the creditor's claim.

Appointment of Liquidator: If the court grants the winding-up order, a liquidator will be appointed to manage the winding-up process of RZA Limited.

In the winding-up process of RZA Limited, the liquidator will assume responsibility for administering the affairs of the company. The liquidator's primary tasks include:

- Identifying and realizing the company's assets to generate funds for the payment of creditors.
- Determining the validity of creditor claims and the priority of distribution.
- Settling the company's debts and liabilities to the extent possible with the available funds.
- Distributing the proceeds from asset realisation to creditors in accordance with the priority established by law.
- The liquidator will follow the DIFC Insolvency Law (DIFC Law No. 1 of 2019) and the DIFC Insolvency Regulations to conduct the winding-up process in an orderly and transparent manner.

*** End of Assessment ***

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