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THE EFFICIENCY OF BANKRUPTCY PROCEEDINGS IN OMAN

Abstract:

Unlike the case in the US, England and France, at present, Oman does not have a separate bankruptcy law and in dealing with the bankruptcy of traders both the Omani Commercial Code of 1990 and Omani Commercial Companies Law of 1974 incorporate some articles. Currently, the formal available bankruptcy regimes for traders under financial distress are bankruptcy proceedings, preventive composition with creditors and liquidation procedures. Unless a debtor is able to propose a composition or scheme acceptable to its creditors, the debtor will be declared bankrupt and, as a result, the debtor company will be liquidated. This paper will focus merely on bankruptcy proceedings, so it is beyond its scope to deal with preventive composition with creditors' procedures and liquidation procedures. It will approach a number of issues/ questions, which include, but not limited to,: who can request the initiation of such procedures; declaration of bankruptcy and its effects on debtors, on creditors and on pre-existing contracts; the liability of directors of bankrupt companies and setting-off arrangement on bankruptcy. It is worth noting that a reference will be made to both the UK and the US insolvency/ bankruptcy laws in order to learn from the experience of both jurisdictions.

Keywords:

Bankruptcy, directors liability, setting off arrangement.