



## More Routes to Recovery for Global Creditors in the Middle East

**Saudi Arabia's adoption of rules based on the UNCITRAL Model Law on Cross-Border Insolvency is the latest signal that the wider Middle East region - including in the United Arab Emirates - is becoming increasingly open to cross-border investors, creditors and claimants considering a global enforcement campaign. Our team explains what these developments mean for creditors.**

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Middle East jurisdictions are increasingly becoming more open to cross-border businesses, investors and creditors, including judgment and award holders, presenting a smoother path for those considering a worldwide enforcement campaign. For example, as of December 2022, the Kingdom of Saudi Arabia has adopted cross-border bankruptcy rules based on the UNCITRAL Model Law on Cross-Border Insolvency.

Of course, the openness is not limited to Saudi Arabia – for savvy creditors, other tools are also available in the region, including in the United Arab Emirates (UAE).

### Saudi Arabia

By adopting the UNCITRAL Model Law, Saudi Arabia has harmonized its insolvency rules and adopted a predictable and well-understood framework, creating potentially valuable recovery opportunities for cross-border insolvency proceedings implicating Saudi Arabia.

Under the rules, foreign officeholders can now request recognition of foreign insolvency proceedings from Saudi courts, which now have the power to offer various forms of judicial assistance. These include suspending rights and actions against debtors, giving the officeholder powers over the debtor's Saudi assets and the distribution of proceeds, and enforcing foreign judgments.

### United Arab Emirates

As one of the region's economic centers, the UAE should be considered in any cross-border strategy.

**Cross-border recognition from the Dubai International Financial Centre (DIFC) or Abu Dhabi Global Market (ADGM) Courts.** As common law jurisdictions, the DIFC and ADGM present a certain and stable legal framework for cross-border claimants. Both the ADGM and the DIFC have adopted the UNCITRAL Model Law.

**Recognition of foreign insolvency proceedings in onshore UAE.** While there is no specific framework regulating the recognition of any foreign insolvency order in the UAE, onshore courts have nonetheless recognized foreign insolvency orders under the overarching regime for the recognition of foreign judgments. This sets a precedent that allows foreign officeholders to have their status recognized in the UAE.

Furthermore, UAE courts can fast track the recognition of foreign judgments within weeks under the principle of reciprocity – for instance, a recent [UAE ministerial circular](#) confirmed UAE courts can enforce English judgments – with the counterparty notified only when the court issues a recognition order. Another way to establish reciprocity is to hold a judgment from a signatory of the Riyadh Convention or Gulf Cooperation Council Convention.

Key jurisdictions in the Middle East are making strides towards recognition of foreign insolvency proceedings and using insolvency tools to assist with the recovery of assets. Saudi Arabia's adoption of the UNCITRAL Model Law is one of the biggest steps yet, but the UAE is also rapidly developing. International creditors should take heart at these recent moves and consider these jurisdictions and the wider Middle East region as part of their route to successful monetization.

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*Paul Hughes will be speaking at RILPA Riyadh 2023 on Monday, June 12, where he will discuss these issues and more at a roundtable.*

# KOBRE & KIM

Kobre & Kim is a global law firm that focuses on cross-border disputes and investigations, often involving fraud and misconduct. The firm:

Focuses on helping clients realize value from their claims, developing investigative, enforcement and asset tracing/recovery plans in the pre-dispute stage, to maximize future monetization.

Often works with other law firms as special counsel in cases beyond their geographic reach, including in Dubai, to enforce high-value judgments and arbitration awards around the world with our integrated team of former U.S. government lawyers, Hong Kong solicitors, UK solicitors and barristers (including King's Counsel) and offshore lawyers.

Maintains our independence as advocates ready to litigate against virtually any institution by avoiding repeat client relationships, and the conflicts of interest that come with them.