

التميمي و مشاركونه  
ALTAMIMI & CO.

# Liability of UAE Company Managers for Dishonoured Cheques and Financial Default

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# Introduction

- Cheques – Generally
- Status of Cheques under the UAE Criminal Laws
- Status of Cheques under UAE Civil and Commercial Laws
- Overview of UAE Bankruptcy Law
- Bankruptcy Law and Liability of Managers
- Dealing with Creditors when Debtors in Distress

# Cheques

- Legal Definition
- Types (e.g. bearer cheque, managers cheque etc)
- Payment Instrument

# Cheques

- Common Usage
  - Retail
  - General Trading
  - Financing Arrangements
- Capacity and Authority

# Status of Cheques under the UAE Criminal Laws

- UAE Penal Code
  - Article 401 i.e. issuing a cheque in a form that is not bankable
  - Article 402 i.e. issuing cheque with the effective intent of dishonouring
- Strict liability offence
- Police Complaint and statutory threshold (i.e. cheques face value of AED 200,000 or below)

# Status of Cheques under the UAE Criminal Laws

- Case at Public Prosecution and Criminal Court
- Interpol Red Corner Notice
- Settlement Arrangements
- Endorsed Dishonoured Cheques
- Recent Developments (5 year time limitation)

# Status of Cheques under UAE Civil and Commercial Laws

- Commercial Papers (e.g. Bills of Exchange)
- Negotiable Instruments
- Payment Cheques

v/s

- Security Cheques
- UAE Central Bank treatment of Dishonoured Cheques
- Civil and Commercial Enforcement



# Overview of UAE Bankruptcy Law

- Debtors Rights
  - Preventive Composition
  - Restructuring in Bankruptcy
  - Liquidation
- Creditor Driven Bankruptcy
- Does the Bankruptcy Law make it a viable route
  - Creditor perspective
  - Debtor Options
- Status of Current Cases

# Bankruptcy Law and Liability of Managers

- Insolvency risks – what every manager and director needs to know.
  - Who falls within “manager” under the Bankruptcy Law?
  - When should a manager start to become aware of potential liability – when are they trading while insolvent?
  - What activities should a manager be aware of?
  - What are the potential liabilities?
  - How do you mitigate the risks and/or protect yourself?

# Dealing with Creditors when Debtor in Distress

- Standstill and Steering Committees
- Equal Treatment of Creditors or Bilaterally
- Making of Payments – Bank v/s Trade Debt
- Transparency with Creditors
- Benefits of independent skilled advisors

# Key Contact



## Mamoon Khan

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## About Us

17

Offices

9

Countries

68

Partners

350

Lawyers

50

Nationalities

# Core Values



Respect



Transparency



Responsibility



Growth



Teamwork



Innovation

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Dubai, DIC  
Dubai, DIFC  
Dubai, Maze Tower  
Ras Al Khaimah  
Sharjah

## BAHRAIN

Manama

## EGYPT

Cairo

## IRAQ

Baghdad  
Erbil

## JORDAN

Amman

## KUWAIT

Kuwait City

## OMAN

Muscat

## QATAR

Doha

## SAUDI ARABIA

Al Khobar  
Jeddah  
Riyadh

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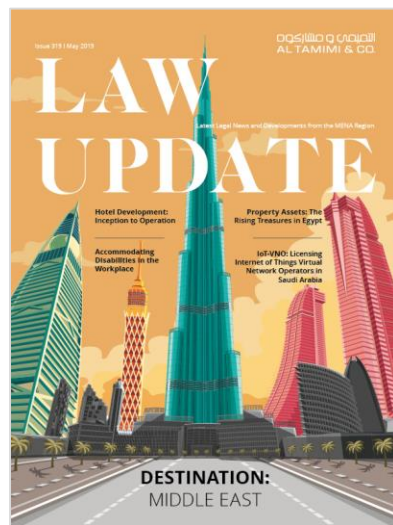
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