



Legal rules governing the insolvency of debtors in Jordanian legislation

Dr. Ahmad Boutosh¹, Intisar Alomari²

¹Ajloun National University, Jordan

²Yarmouk University, Jordan

Abstract

The Jordanian legal system has introduced a new insolvency framework to address debtors' financial distress while safeguarding creditors' interests. This law represents a significant shift, aiming to align the legal and economic sectors by establishing procedures for both natural and legal persons. It encourages debtors to rectify their financial situations and provides mechanisms for their recovery from insolvency. The legislation promotes cooperation with insolvent debtors to aid in their rehabilitation. Our research examines the rules governing insolvency in Jordan, covering the declaration, procedures, and termination of insolvency, along with its consequences. A key finding is the presence of legislative flaws, particularly the absence of penalties for violating deadlines in reorganization schemes. We recommend that lawmakers enhance protections for creditors with secured rights, as they are at risk under current provisions. Strengthening these guarantees would better balance the interests of all parties and improve the effectiveness of the insolvency framework.

Keywords: Insolvency, Debtor, Insolvency trustee, Insolvency estate

Introduction

Financial creditworthiness is typically a key element in commercial transactions. It is primarily based on fiduciary confidence between the parties involved in the commercial process. Judicial frameworks and enforcement mechanisms must be available to gain and grant confidence. Given the prevailing economic conditions and the significant integration between commercial and civil life, it was necessary to establish a comprehensive legal system that genuinely fortifies the idea of credit for traders, particularly in scenarios of debtor's insolvency or financial inability to meet obligations. The insolvency law plays a pivotal role in regulating an insolvent debtor's methods to satisfy his obligations to the parties involved through the debtor's residual assets and future acquisitions.

The insolvency regime is one of the modern laws that bolster economic expansion in Jordan, as it has created an environment that fosters investment attraction and strengthens fiduciary confidence among business stakeholders, unlike the traditional bankruptcy system, which impedes economic advancement due to its rigidity and procedural constraints, as the preceding economic crises have shown an adverse impact on companies and commercial entities, they have obstructed the cessation of their economic activity, leading to an irrecoverable financial position and declaring bankruptcy. The bankruptcy statute was

inadequate, and it failed to provide a comprehensive protection settlement framework to address the exigencies of stakeholders during this critical juncture of bankruptcy. In comparison, the insolvency law serves as a vital safeguard for financially distressed companies and traders, as it affords them the opportunity to maintain their commercial ventures. It typically safeguards the financial rights and interests of creditors, debtors, shareholders, and employees, leading to substantive progress nationally for economic growth and investment advancement that fosters stability in the economic and social environment.

Research importance

Commercial law places a significant emphasis on safeguarding an individual's assets and rights, including the legal obligation imposed on the debtor to satisfy his debt when it is due. If the debtor is genuinely incapable of paying his debt, he is announced to be an insolvent debtor, subject to provisions to protect the insolvent debtor's dignity. This research aims to address the procedures of the insolvency claim, as well as related issues.

The importance of this subject stems from the significance of insolvency, which has relevance to modern economic dynamics, experiencing economic volatility, persistent price fluctuations and abrupt change in individuals' financial status, as well as the emergence of fraudulent claimants

feigning insolvency to escape financial liabilities. The significance of this subject is also related to the regulations this law offers to protect the debtor from potential insolvency during the period he lacks the capacity to initiate regular reorganisation procedures through extra-judicial arrangements with creditors or in the early stages of declaring insolvency. This research seeks to shed light on the legal framework regulating the insolvency of debtors.

Problem statement

The problem in this research lies in the inadequacy and the complexity of legal rules regulating insolvency and safeguarding the debtors.

Additionally, the Jordanian lawmaker deprives creditors of their right to vote, which may create discrimination and imbalance among creditors. This act typically contradicts the fundamental characteristic of the insolvency law, which aims to strike equality among all. Several questions arise from this issue, including:

- What provisions do the new insolvency law regulate safeguarding both the debtor and creditors?
- How adequate and appropriate are the rules of the new insolvency law to protect debtors?
- What procedures are followed when filing an insolvency claim?

Research goals

This research aims at

- Shedding light on the legal provisions regulating the reorganisation scheme.
- Elucidating the debtor's rights and obligations and identifying the debtor's assets subject to the insolvency law.
- Determining the categories to which this law applies and the debtors subject to insolvency procedures.

Research Methodology

This research relied on the inductive approach by referring to theoretical literature and previous studies that addressed the current research subject and reviewing the laws on insolvency.

Chapter One

The Concept of Insolvency

Discussing the insolvency framework requires addressing the concept of insolvency in language and law. This section introduces the definitions of insolvency and its types and distinguishes between them, given their relation to the nature of insolvency. Then, we will highlight the importance of the insolvency framework from a legal perspective.

Section one: The concept of insolvency

In the Arabic language, insolvency "*Oser*" is the opposite of ease; it conveys the meaning of hardship ⁽¹⁾ and the inability to satisfy a debt ⁽²⁾. In the Cambridge dictionary, insolvency means the condition of not having enough money to pay debts or buy goods. All these definitions indicate severity, distress and deficiency.

Insolvency has been regulated and elaborated within distinct legislative frameworks across all jurisdictions. However, specific laws have uniformly subjected insolvent debtors (merchant or non-merchant) to a singular framework, namely, the commercial bankruptcy regime, where other systems subjected some cases of insolvency to the commercial bankruptcy regime ⁽³⁾. In contrast, Contemporary legislation tends to regulate civil insolvency alongside the framework for commercial bankruptcy. It recognises the distinct nature of the bankrupt merchant compared to the insolvent farmer, as the assets of the former can be subject to collective liquidation, and a liquidator is appointed for these funds, unlike the civil insolvent, who is not subjected to the same degree of procedural severity such as the commercial bankrupts. The legal and financial stances of commercial merchants and civil debtors are reflected in this dichotomy. This study will first define the terms insolvency and bankruptcy in the legal context before comparing and contrasting the two systems.

The Jordanian Insolvency Law of 2018 defined insolvency as: "*the debtor's cessation or inability to pay his debts regularly or when the total obligations due exceed the total value of his assets.*" It defined imminent insolvency as "*the state in which the debtor is expected to lose the ability to pay his debts in future when they fall due within six months despite his current ability to pay them.*" It defines the debtor,

the most critical party in insolvency, as "*the natural or legal person to whom the cases of insolvency or imminent insolvency apply.*"

Some jurisprudence defines insolvency as a system that applies specifically to non-commercial debtors and is regulated by civil law. Insolvency assumes that the debtor's assets are insufficient to pay his due debts ⁽¹⁾. Others defined it as a legal framework whereby a debtor is placed under interdiction whose due debts may exceed his assets, and a court ruling is issued to interdict him based on a request submitted by the debtor himself or by his creditor, which the competent court is convinced of ⁽²⁾. Accordingly, formal insolvency is the issuance of a judicial ruling declaring the debtor insolvent when his due debts have exceeded his financial rights before actual insolvency, which is a realistic situation that arises when the debtor's due and unpaid debts exceed his financial rights.

Section Two: The Importance of Insolvency, Its Purpose and Legal Effects

This section presents the axes of the insolvency procedures under the Jordanian Insolvency Law, including its importance for the debtor, creditor, procedures, and legal effects.

First: The importance of insolvency

Insolvency procedures constitute a pivotal factor in trade law due to the failure of other means to safeguard the rights of the parties involved, such as the debtor, creditor, and others ⁽¹⁾. For the debtor, the declaration of insolvency does not necessarily result in the settlement of the deferred debt, as the judge has discretionary power to maintain the original term of the deferred debt. Insolvency also grants the debtor the right to receive maintenance from attached assets.

To protect creditors, the Jordanian lawmaker penalizes debtors for fraudulent acts, including squandering assets, fraud, intentionally becoming insolvent, concealing assets, or fabricating fictitious debts to harm creditors deliberately ⁽²⁾. For the creditor, insolvency provides considerable protection; once the insolvency declaration lawsuit is filed, all the debtor's actions regarding his assets are rendered null and void.

Second: The purpose of an insolvency claim

An insolvency claim is primarily filed for two

reasons: to prevent the debtor from disposing of his assets and harming the creditors. The other reason is to ensure equality among creditors, preventing a single creditor from obtaining a lien on the debtor's real estate and taking precedence over the other creditors ⁽³⁾.

Third: Legal effects resulting from insolvency

The debtors:

Preventing the insolvent debtor from disposing of his property.

Appointing a guardian on the debtor's assets, such as the debtor appoints himself as a guardian for his seized assets unless necessity requires otherwise.

Settling the debtor's deferred debts, as the debtor's acknowledgement of a new debt is not considered.

Preventing paying the debt to any one of the creditors.

Determining financial support to insolvent ⁽⁴⁾.

The creditor

The settlement of all debtors' deferred debts before their term once he is declared insolvent. Accordingly, all creditors can immediately claim their rights.

It is not permissible to challenge creditors who hold established rights (leins) prior to the registration of the insolvency lawsuit with any jurisdiction over the debtor's real estate after this registration. declaration of insolvency does not prevent creditors from taking individual measures against the debtor, unlike bankruptcy, where the declaration of bankruptcy requires a collective measure from the creditors ⁽¹⁾.

However, the state of insolvency typically ends with a judicial ruling issued by the competent court, the one in the jurisdiction where the debtor's domicile is located. The insolvency is considered resolved when the reason it was declared is removed. This can occur in two cases: ⁽²⁾ The first is when the debtor's debts do not exceed his assets and when the debtor pays the due debts without the insolvency declaration influencing the timing of those debts. The second involves the case when the state of insolvency ends by force of law after the expiry of the period stipulated in the law, by virtue

of which the debtor returns to the state he was in before the request for the declaration of insolvency. In this scenario, the state of insolvency lapses even if the reason for the insolvency was declared still exists, and accordingly, its effects are removed.

Based on that, the debtor typically regains the right to dispose of his assets, including cases of disposal against his creditors. As a result, the penalty for squandering is eliminated. Legally, the end of the state of insolvency by force of law does not deprive creditors of the right to challenge the debtor's actions by any other means, "general guarantee protection means". After the conclusion of the state of insolvency, the debtor may request the activation of the deadlines for deferred debts, provided he has paid his dues debts without the insolvency declaration influencing the scheduling of those debts. (3)

Section Two: Identifying the Assets and Obligations of Debtors in Insolvency

The typical insolvency procedures involve identifying, collecting, preserving and disposing of the debtor's assets. Therefore, the insolvency law shall clearly define the assets subject to the insolvency procedures and fall within the concept of the insolvency estate. Accordingly, it is necessary to elucidate what assets are subjected to insolvency, the mandatory evidence that must be included in the insolvency trustee's report regarding the insolvency assets, the mechanism for determining obligations and debts ⁽¹⁾, and the mechanism for including debts as follows:

Section One: The Concept of Insolvency Estate and The Mandatory Evidence Included in The Insolvency Trustee's Report

The insolvency estate includes all of the debtor's assets, including his rights and interests in those assets, whether movable or immovable ⁽²⁾. The Jordanian Insolvency Law defines insolvency estate in Article 2 as *"the assets and rights—both physical and moral— belonging to the debtor at the time of the declaration of insolvency or acquired thereafter. It excludes assets and rights of a natural person that are exempt from seizure under the provisions of the applicable law"*.

According to Article (2), the insolvency estate encompasses both the debtor's assets and rights as of the declaration date and any assets and rights that the debtor may have acquired directly or

through the insolvency trustee after the declaration of insolvency. There is no need to resort to any legal procedure because the debtor's rights and assets are considered an essential component of the insolvency estate. This provision applies to assets and rights that the insolvency trustee is unaware of and that have not been included in the inventory list ⁽³⁾. If the debtor is a natural person, the assets and rights exempted from seizure and stipulated in the Civil Procedure and Execution Law are not considered part of the insolvency estate.

Suppose the insolvency trustee perceives that certain assets are at risk of damage or loss, or that preserving them would require exorbitant expenses, which would harm the insolvency assets. In that case, they may petition the court for appropriate measures, including inventory and seal them by a court officer. Furthermore, the court may authorise the sale of such assets through any method deemed appropriate to safeguard the value of the insolvency estate ⁽¹⁾.

The insolvency trustee shall provide the court with a comprehensive financial and administrative report. This report serves as an evaluation of the debtor's financial situation, including evidence such as financial statements, asset inventories, and any relevant documentation that supports the trustee's findings, pursuant to Article 58, at the end of the preliminary phase of insolvency within a period of two months from the date of his appointment. The court may extend this period for exceptional circumstances for a month. If the insolvency trustee does not submit the report within the stipulated period, the court may impose a fine on him in an amount not exceeding the total of his fees, considering the circumstances and the period of delay, provided that it notifies the entity responsible for licensing insolvency trustee of the incident.

According to Article (58) of the Insolvency Law, the evidence shall include the following:

An analysis of the documents that the debtor attached to his request or submitted based on the court's assignment per Article (10) and Article (13/b) of this law, stating any breach by the debtor of his duties stipulated in this law, if any.

An analysis of the reasons for insolvency, with a detailed assessment of the reasons on which the debtor relied in his request to declare insolvency and a statement of the opinion of the insolvency

trustee regarding the reasons for the debtor's insolvency.

A general assessment of the possibility of continuing economic activity.

A statement of the decisions and procedures the insolvency trustee took since his appointment.

The insolvency trustee must attach the following documents to his report ⁽²⁾:

A list of the debtor's assets and rights and an estimate of the value of each under the provisions of Article (60) of this law, which I will discuss later.

A list of creditors with an identification of each creditor, the amount due to him, and his proposed classification for insolvency procedures, distinguishing between insolvency procedures creditors and insolvency creditors.

A statement of the lawsuits filed by or against the debtor.

Section Two: Identifying the Obligations and Debts Owed by Debtors in Insolvency

The Insolvency Law emphasises the necessity of identifying debts and obligations if the law obliges the insolvency trustee to prepare a list that includes an inventory of the debtor's assets and rights, referred to in Article (60) of the Insolvency Law as follows ⁽¹⁾:

The inventory list includes an estimate of the value of the assets and rights as they are on a previous date, not exceeding ten days before the date of submission of the report prepared by the insolvency trustee.

Adequate description of each asset or right, including its location, registration number, and any attachment or right based on it.

Each asset or right is assessed based on the standard market value, and the estimate included in the debtor's financial statements may be adopted unless there are unbiased reasons, inaccurate data, outdated information, or circumstances have changed since it was prepared. Upon the request of the insolvency trustee, the court may appoint an expert to estimate the value of any of these assets.

The assets of others in the debtor's possession are excluded from the inventory list, provided that if

the assets are in the debtor's possession for a legal reason, the right of possession must be contained in the list.

The inventory list shall include a summary of the debts owed by the debtor to others, stating the debtors' names, the debts' amounts, and the due date. The insolvency trustee shall attach a statement of the disputed debts and rights and another statement of the lawsuits filed by or against the debtor and the stage reached by each of them.

Furthermore, every person claiming to be a creditor of the debtor must register the debt in writing by submitting a registration request attached to the supporting documents within thirty days from the insolvency decision's publication date pursuant to this law's provisions ⁽¹⁾. The registration request shall include the creditor's name, his domicile or registered office, any information necessary to identify him and his address, and his e-mail address for any notification. Furthermore, it shall contain information about his debt, especially its origin, amount, date of inception, due date and nature, and classification according to the insolvency rules and the creditor's opinion.

If the debt is secured, the request must include a description of the security, the data contained in the register in which the right to the security was registered or declared, and the supporting documents shall be attached to the request. The creditor may submit copies of these documents, provided that the insolvency trustee has the right to request the original if he deems it necessary. Debts that have not yet matured shall be treated as debts due for registration purposes ⁽²⁾.

The role of the insolvency trustee includes registering the debt claims submitted by creditors, verifying their validity, classifying them, and attaching them to the creditors' list. The listed debts include those registered during the insolvency procedures and those extracted from the debtor's accounting records and books. The list of creditors must identify the creditor and the amount of the debt, and its classification as a secured debt, preferential debt, an unsecured debt, or one of the lower-priority debts ⁽³⁾.

Debts that the insolvency trustee considers insufficiently proven are included in a separate list, with a statement of why they are not included in the list of creditors. Then, the list of creditors shall be deposited with the court, supported by the attached

claims and documents. The fact of the completion of the preparation of the list and its deposit is announced by a notice in the insolvency register, in the official gazette, and a daily newspaper if the court deems it necessary.

It is worth noting that some debts are mandatorily included in the list of creditors pursuant to Article (63) of Insolvency Law ⁽⁴⁾; these include:

1. Debts are established by a final judicial ruling or an arbitration decision that has acquired finality.
2. Treasury debts.
3. A registered fundamental right under the provisions of applicable legislation guarantees secured debts.
4. Claims of indeterminate value are included by estimating their value as of the date of the declaration of insolvency, provided that this value is used exclusively to include the claims in the creditors' list.

Furthermore, Article (64) of the same law specifies that the debtor and any other insolvency creditors, including those who have not registered their debts, have the right to object to any debt included in the creditors' list, including objections regarding the inclusion or exclusion of debts, the recognised debt amount, or its classification for insolvency purposes. The submitted objection must typically be in writing and submitted to the court within ten days from the date of publication of the debt, accompanied by documents supporting the claims therein. On its own initiative or at the request of the objector, the court may set a session to hear personal evidence.

It should be noted that raising objections does not halt an insolvency proceeding. Nonetheless, the court may terminate all or a portion of the insolvency procedures long enough to address the objections if the percentage of challenged claims exceeds 30% of the total claims.

However, after thirty days of the publication date of the decision to declare insolvency, no request for debt registration is accepted; accordingly, any claim of a creditor's unawareness of the debtor's insolvency shall not be considered a valid excuse for accepting the registration request.

The right of the applicants to participate in voting on any decision or to receive any distribution according to procedures carried out prior to the

date of submitting the registration request shall be forfeited.

Additionally, any claim submitted during the specified period, the registration of which depends on an investigation by an official body, shall not be accepted unless the competent official body submits a claim for a potential debt, in which case the creditor shall bear any additional expenses resulting from the delay in submitting his claim ⁽¹⁾. In all cases, no requests for registering debts shall be considered after twelve months from the date of publishing the insolvency declaration decision according to the provisions of Article (16) of the Insolvency Law ⁽¹⁾.

Chapter Three

Termination and Completion of Insolvency Procedures and Its Legal Effect

After all the insolvency procedures are completed and all their phases are performed, the court announces the termination of all the insolvency procedures in the manner stipulated by the law. This section presents the completion procedures of insolvency and the effects of the declaration of the debtor's insolvency ⁽²⁾.

Section One: Termination of Insolvency Procedures

The seizure is terminated by a judgment issued by the court to which the debtor's domicile belongs based on a request from the interested party in the following cases:

1. If the seized property is divided among the creditors.
2. If it is proven that the debtor's debts do not exceed his assets.
3. The seizure ends by force of law after three years from the date of issuance of the seizure decision. After completing all insolvency procedures, the court announces the termination of the insolvency procedures following specific methods. These methods are presented below.

First: Insolvency proceedings termination methods

Upon the completion of the final distribution of the debts or if all debts are fully paid during the course

of the insolvency proceedings ⁽³⁾, the court declares the termination of insolvency proceedings, stating the reason for the termination of the procedures, and the debtor is also notified by any of the official means of notification, or by registered mail, as stipulated in the Code of Civil Procedure. Additionally, creditors are notified by publishing the decision in two daily newspapers. If there is a foreigner, one of the newspapers must be foreign. Notification is made to all parties within a period of fifteen days starting from the date of issuance of the decision. Other parties are notified within five days.

The Insolvency law permits the debtor acting in good faith to request the court to discharge unpaid debts and immediately notify both the creditors of these debts and the insolvency agent. Those parties have the right to present their objections and defences within seven days starting from the date of notification. The court reviews the request without a hearing and has the authority to approve the discharge of the debtor from the remaining obligations, but after ensuring that the debtor acted in good faith. The court decision must include obligations for the debtor that he must satisfy within three years of the issuance of the decision, including the following: ⁽¹⁾

The court's decision must include the following obligations for the debtor to be fulfilled within three years from the date of the court's discharge decision:

Engaging in a profit-generating activity or seeking employment if unemployed and refraining from refusing any job that matches their qualifications if the debtor is a natural person.

Allocating 50% of their future income to their creditors, including the value of any assets inherited, if the debtor is a natural person.

Immediately notify the court of any change in residence, place of work, income earned, or assets received.

The court may refuse to grant the debtor discharge decision in several cases, as stated in Article (109) thereof:

Issuance of a final judgment convicting the debtor of committing a criminal offence.

During the three years preceding the request to

declare insolvency or after the request, the debtor writes and submits an incomplete and false written statement about his financial status to evade paying the amounts due to the treasury or to obtain a loan or grant.

Second: Resumption of insolvency proceedings

Some things may lead to the resumption of civil insolvency procedures. The law has mentioned these actions, which are ⁽²⁾:

If new assets of the debtor are discovered within one year from the date of termination of insolvency proceedings.

If it is proven that the debtor engaged in transactions subject to avoidance under the provisions of the Insolvency Law.

If liability is established for the person managing the debtor or their partners.

If new assets or sufficient grounds for claims against third parties arise, ensure that the proceedings cover costs and provide at least 5% of the dues to creditors with preferential debts.

In these cases, any creditor has the right to request the resumption of the proceedings. If the debtor has deleted or cancelled his registration or if he was a legal person and this personality has terminated, this does not prevent the resumption of the civil insolvency procedures. However, his registration has been reinstated solely to resume insolvency proceedings. Additionally, the resumption of insolvency proceedings shall be limited to recovering and selling assets or taking the necessary measures to distribute the proceeds to creditors in accordance with the priority rules stipulated in this law.

Fourth: The absence of any assets belonging to the debtor

The Jordanian lawmaker has paid considerable attention to all scenarios and details that ensure the completion of the insolvency proceedings and has considered all the potential scenarios in many provisions. Among these scenarios is the absence of any assets belonging to the debtor. In this case, a special account shall be created to cover the necessary expenses related to the insolvency proceedings at the Ministry of Industry, Trade and Supply. This account is specifically designed to

cover all judicial costs and fees for the insolvency trustee ⁽¹⁾. The financial sources of this account are determined from four sources according to the Insolvency Law ⁽²⁾, and the value of these contributions stipulated is determined according to the system issued for this purpose. It also determines how to spend the assets and monitors all payments issued from it, in addition to the mechanism for determining the minimum annual fees for insolvency trustees ⁽³⁾.

Fifth: Penalties imposed on the debtor for violating the insolvency proceedings

The Insolvency Law imposes multiple penalties against the debtor, creditors and the insolvency trustee for violating the stipulated provisions. The Insolvency Law typically distinguishes between penalties and sanctions that are compensatory ⁽¹⁾.

The Jordanian lawmaker was keen to strike equality before the law regardless of the position and status of any of the parties involved in the insolvency case, in addition to safeguarding the rights of all parties by imposing penalties on the debtor if he violates the insolvency proceeding by acting in bad faith ⁽²⁾.

Section two: Legal effect of insolvency

This section presents the regulations of the Insolvency Law through three subsections:

First: Effects of insolvency on the debtor and on a claim against him

The prohibition of execution actions against the debtor's assets after the declaration of insolvency ⁽³⁾, in addition to other legal repercussions, is one of the main effects of insolvency on the debtor. Furthermore, as soon as the insolvency petition is filed, the debtor's transactions are no longer enforceable ⁽⁴⁾.

The declaration of the debtor's insolvency typically does not affect arbitration and mediation agreements if the debtor is a party to them. However, the court has the right to suspend the validity of these agreements if they have a negative impact on the course of the proceedings ⁽⁵⁾. The declaration of insolvency leads to suspending the statute of limitations, which would prevent the hearing of lawsuits claiming the rights of creditors ⁽⁶⁾.

Regarding the legal effect of claims brought against

the debtor, if the claim's value or nature could materially alter the course of the insolvency proceedings and the lawsuit's value exceeds 20% of all the debtor's debts, the insolvency trustee is entitled to request the court to refer any pending lawsuits to another court ⁽⁷⁾.

Second: Legal effects of contracts concluded by the debtor

The effects of the contract typically vary according to its type. Regarding executory contracts, the Insolvency Law has explicitly addressed and regulated them in a manner that does not affect their continuity ⁽¹⁾.

Regarding contracts of sale, the law provides specific effects for them, chief among them the power to request the termination of a sale contract concluded prior to the declaration of insolvency, subject to the conditions specified by the law, by the debtor or the insolvency agent, under the supervision and approval of the insolvency trustee ⁽²⁾.

As for lease contracts, the lawmaker has established several effects, most notably granting the debtor the authority to terminate any lease contract before its expiration date, provided the terms and conditions specified in the Insolvency Law are met ⁽³⁾.

Additionally, the legislation has stipulated regulations that govern how insolvency affects employment contracts pertaining to disputes between employees and the debtor. The most notable outcome is that the debtor is not permitted to terminate active employment contracts. Still, they are allowed to alter them in compliance with the legal criteria and restrictions. Similarly, the law ensures that administrative contracts are handled according to their terms by addressing the impact of insolvency ⁽⁴⁾.

Conclusion

This research entitled: "Legal rules governing the insolvency of debtors in Jordanian legislation" addressed the definition of insolvency, its importance and purpose. It also presented the procedures for limiting the insolvent debtor's assets and obligations and the procedures for terminating insolvency and its effects. However, the most important results and recommendations can be highlighted as follows:

Results

The Civil Insolvency Law stipulated explicit provisions for declaring the insolvency of the insolvent debtor collectively to protect the rights of all parties involved, including creditors and debtors, and strikes equality among them.

The Jordanian legislator granted the debtor, within the framework of the Insolvency Law, the right to terminate or maintain contracts according to objective controls contained in the law.

Specific articles, such as those pertaining to the deadlines for submitting and assessing the regular reorganisation scheme, had legislative flaws since the legislator did not penalise individuals who violated them.

If the debtor is unable to satisfy his obligations as required under the regular reorganisation scheme, or if a specific circumstance prevents the debtor from executing this scheme, the establishment continues to incur losses during this stage, and the transfer from the reorganisation stage to the liquidation stage takes place.

Recommendations:

Based on the result, we recommend the following:

Amending the provisions of the Insolvency Law regarding the grounds regulating the termination or maintaining contracts in a manner ensuring an equitable course of the insolvency proceedings and adding other controls for terminating contracts, as termination must take into account the rule of not causing serious harm to the other contracting party.

It is hoped that the Jordanian lawmaker intensifies the category of secured rights stipulated to protect creditors because they may be harmed due to the reorganisation scheme.

The legislator stipulates in the law that privilege rights are not enforceable, so creditors who own previous debts cannot be protested against by registering a summons for an insolvency lawsuit on the debtor's real estate.

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