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State-owned conglomerate Dubai World edged closer to a second major restructuring in four years on Monday after announcing it had reached agreement with a "substantial majority" of creditors to back its $14.6 billion debt deal.
However, despite having enough backing to effectively prevent challenges to its new deal, a relatively untested court process to impose it will mean formal completion is still months away.

Dubai's economy has rebounded strongly from a local property crash which triggered a wave of debt restructurings at state-owned entities at the turn of the decade -- most notably Dubai World's request for a debt standstill on $25 billion of obligations in 2009 that resulted in a global markets sell-off.
It has been in talks with lenders for months to secure a renegotiation of terms of the debt deal it signed in 2011 which followed the 2009 standstill request, given the size of the $10.3 billion 2018 repayment and the slow pace of asset sales.

An agreement would alleviate worries over Dubai's largest debt hangover and may also lift the upcoming results of local banks. A number, including Emirates NBD ENBD.DU, have said they are studying whether to reverse provisions held against their share of the debt.
On Monday, Dubai World said it had made a "voluntary arrangement notification" under Decree 57 legislation to amend its existing debt deal, the first formal notification from the conglomerate that support from creditors for a new deal had passed the 67 percent mark -- the level needed to authorize a change of restructuring terms.

Big test
Decree 57 was brought in by the Dubai government to administer the conglomerate's previous restructuring in the absence of effective insolvency law in the United Arab Emirates.
The process will begin with a procedural court hearing on Tuesday, which may set a date for a directional hearing at which Dubai World and its creditors will put their cases before a three-member judicial panel at the court in Dubai's financial free zone.
It will be the biggest test of the legislation. While the tribunal played only a supporting role in the 2011 debt deal, it handled the $2.2 billion restructuring of one of Dubai World's subsidiaries, Drydocks World, a year later.
That restructuring process took five months from first court date to final agreement, and a legal source estimated Dubai World's process would take around six months, depending on the progress of talks with creditors.

"The renegotiation of an already rescheduled facility is a clear reminder to all of the scale of the

challenge facing Dubai World," said Doug Bitcon, head of fixed income funds at Rasmala Investment Bank.
He added the restructuring reflected improved fiscal planning from Dubai World, which would hopefully benefit all parties as assets were sold.

For creditors not yet signed up to the restructuring deal, Decree 57 prevents them from launching court action against Dubai World.
Decree 57 also allows for Dubai World to impose the new deal on creditors even if they are against it -- a technical process known as a cramdown. A clause requiring any ruling to be "fair" and "unprejudicial" to creditors in the eyes of the judges would be the likely basis of any challenge brought by dissenters, the legal source added.

The new plan involves repaying early an existing $2.92 billion maturity due in September 2015, Dubai World said.
The company will also extend a 2018 repayment to 2022, with higher pricing, an amortizing structure and more collateral backing the loan, confirming a September Reuters story.