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Federal Decree-Law No. 50/2022 Issuing the Commercial Transactions Law *Commercial Code*

Туре	Law
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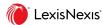
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Abrogating

Federal Law No. 18/1993 dated 07/09/1993

We, Mohammad Bin Zayed Al Nahyan President of the United Arab Emirates Having reviewed the Constitution; The Federal Law No. 1/1972 on the Competencies of Ministries and Powers of Ministers, as amended; The Federal Law No. 18/1981 on the Regulation of Commercial Agencies, as amended; The Federal Law No. 26/1981 on the Commercial Maritime Law, as amended; The Civil Transactions Law issued by the Federal Law No. 5/1985, as amended; The Federal Law No. 20/1991 Concerning the Issue of the Civil Aviation Law; The Federal Law No. 18/1993 Issuing the Commercial Transactions Law, as amended; The Federal Law No. 18/1995 Concerning the Simple Crafts; The Federal Law No. 4/2000 Concerning the Emirates Securities and Commodities Authority and Market, as amended; The Federal Law No. 8/2004 on Financial Free Zones; The Federal Law No. 17/2004 Concerning Combating Commercial Concealment; The Federal Law No. 6/2007 Concerning the Regulation of Insurance Works, as amended; The Federal Law No. 2/2008 Concerning Associations and Domestic Institutions of Public Interest, as amended; The Federal Law No. 6/2010 on Credit Transactions, as amended; The Federal Law No. 9/2011 on Land Transport, as amended; The Federal Law No. 4/2012 Concerning Regulation of Competition; The Federal Law No. 2/2014 on Small and Medium Projects and Enterprises; The Federal Law No. 12/2014 on the Regulation of the Auditing Profession, as amended; The Federal Law No. 11/2015 on Controlling Trade in Valuable Stones, Precious Metals and their Hallmark; The Federal Decree-Law No. 9/2016 on Bankruptcy, as amended; The Federal Law No. 17/2016 on Establishment of Mediation and Conciliation Centers in Civil and Commercial Disputes, as amended: The Federal Law No. 19/2016 on Combating Commercial Fraud; The Federal Law No. 1/2017 on Combating Dumping and the Countervailing and Preventive Measures; The Federal Law No. 6/2018 on Arbitration; The Federal Law No. 8/2018 on Finance Lease; The Federal Law No. 10/2018 on Product Safety, as amended; The Federal Decree-Law No. 14/2018 on the Central Bank and the Organization of Financial Institutions and Activities, as amended; The Federal Decree-Law No. 20/2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organizations; The Federal Decree-Law No. 19/2019 on Insolvency; The Federal Law No. 4/2020 on Securing Rights in Chattel; The Federal Law No. 15/2020 on Consumer Protection; The Federal Law No. 6/2021 on Mediation for Settlement of Civil and Commercial Disputes; The Federal Law No. 11/2021 Concerning Regulation and Protection of Industrial Property Rights; The Federal Decree-Law No. 31/2021 Issuing the Crimes and Penalties Law, as amended; The Federal Decree-Law No. 32/2021 on Commercial Companies; The Federal Decree-Law No. 33/2021 Concerning the Regulation of Labor Relations, as amended; The Federal Decree-Law No. 36/2021 Concerning Trademarks; The Federal Decree-Law No. 37/2021 Concerning the Commercial Register; The Federal Decree-Law No. 38/2021 Concerning Royalties and Neighboring Rights; The Federal Decree-Law No. 46/2021 Concerning Electronic Transactions and Trust Services; The Federal Decree-Law No. 20/2022 on Regulation of the Notary Public Profession; The Federal Decree-Law No. 21/2022 on Regulation of Expertise before the Judiciary Authorities;



The Federal Decree-Law No. 34/2022 Concerning the Regulation of Attorneyship and Legal Consultancy Professions; The Federal Decree-Law No. 35/2022 Issuing Evidence in Civil and Commercial Transactions Law; The Federal Decree-Law No. 38/2022 Issuing the Criminal Procedure Law; and The Federal Decree-Law No. 42/2022 Issuing the Civil Procedures Law; Based on the proposition of the Minister of Economy and approval of the Cabinet; The following Decree Law is hereby enacted:

Article 1

The Commercial Transactions Law attached to the present Decree Law shall come into force.

Article 2

- 1. The Federal Law No. 18/1993 Issuing the Commercial Transactions Law, as amended, shall be repealed. Each provision that contravenes or contradicts the provisions of the Commercial Transactions Law attached to the present Decree Law shall be also repealed.
- 2. The regulations, decisions and statutes enforcing the Federal Law No. 18/1993 referred to, and consistent with the provisions of the Commercial Transactions Law attached to the present Decree Law shall remain in force, until the substituting decisions and statutes are issued.

Article 3

The decisions necessary for the enforcement of the Commercial Transactions Law attached to the present Decree Law shall be issued by the Minister of Economy.

Article 4

The present Decree Law shall be published in the Official Gazette, and shall come into force as of 02 January 2023.

Issued by us at the Presidential Palace – Abu Dhabi: Date: 7 / Rabi I / 1444 AH Corresponding to: 3 / October / 2022 **Mohammad Bin Zayed Al Nahyan President of the United Arab Emirates**

Commercial Transactions Law

Preliminary Section

Article 1

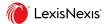
The provisions of this Law shall apply to the traders and all actual or virtual commercial business carried out in technological circles or through the modern means of technology performed by any person, even if not a trader.

Article 2

- 1. Unless contradicting an imperative commercial provision, the agreement made by the parties shall apply to the traders and the commercial business.
- 2. If there is no special agreement, where no provision is made in this Law or other laws related to the commercial matters, the commercial customs shall apply. The special or domestic customs shall have priority over the general customs. The previous rules of transactions conducted between the parties shall be considered of the special customs applied in such case. In absence of commercial customs, the provisions of civil matters consistent with the general principles of commercial activity shall apply.
- 3. No special agreement between the parties or commercial customs shall apply, if the same contravenes the public order or morals.

Article 3

The commercial matters, governed by special federal laws, shall be subject to the provisions of such laws, and the consistent provisions hereof.



Book 1 - Commerce in General

Section 1 - Commercial Business, Traders and Commercial Books

Chapter 1 - Commercial Business

Article 4

Commercial business is:

- 1. The work practiced by the trader in relation to his trade, and each work practiced by the trader considered related to his trade, unless otherwise is evident.
- 2. Speculation works practiced by a person, whether or not a trader, for purpose of realizing profit.
- 3. The works considered by the Law as commercial business.
- 4. The works associated with or facilitating a commercial business.

Article 5

The following works shall be considered commercial business, by virtue of their nature:

- 1. Purchase of tangible and intangible chattel for purpose of sale with profit whether sold as is, or after transformation or manufacture.
- 2. Purchase or hire of tangible and intangible chattel for purpose of lease.
- 3. Sale or hire of purchased or hired chattel as aforementioned.
- 4. Operations of banks, exchanges, stock market, operations of mutual funds, trust funds and financial institutions and all other operations of financial brokerage.
- 5. All commercial papers' operations, whatever the capacity of the interested parties therein, and whatever the nature of the operations for which the same is created.
- 6. All works of marine and air navigation, including:
 - a. Building, selling, purchasing, leasing, chartering, repairing or maintaining ships and aircrafts, and marine and air consignments, including the marine and air transport.
 - b. Selling or purchasing equipment, tools or materials of ships or aircrafts or their catering.
 - c. Loading and discharge works.
 - d. Marine and aircraft loans.
- 7. Works of incorporation of commercial companies.
- 8. Current account.
- 9. Different kinds of insurance.
- 10. Sale at public auction except those conducted by the judiciary.
- 11. Works of hotels, restaurants, cinemas, theaters, playgrounds and theme parks.
- 12. Works of production, sale, transport and distribution of water, electricity and gas.
- 13. Issue of newspapers and magazines, if the purpose of the issue is realizing profit through publication of advertisements, news and articles.
- 14. Post and communications' works.
- 15. Works of radio and TV broadcast and studios of recording and photography.
- 16. Works of public warehouses and mortgages created on the properties lodged therein.
- 17. Virtual asset works.

Article 6

The following works shall be considered commercial business, if carried out as occupation:

- 1. Brokerage.
- 2. Commercial agency.
- 3. Commission agency.
- 4. Commercial representation.
- 5. Supply contracts.

- 6. Purchase and sale of plots or real estates for purpose of realizing profit from their sale, in their original condition, or after transformation or division.
- 7. Land transport.
- 8. Real estate works, whenever the contractor undertakes to provide materials or workers.
- 9. Extractive industries of natural resources.
- 10. Works of tourism, travel, export, import, customs clearance, and service and recruitment bureaus.
- 11. Works of printing, publication, photography, recording and advertisement.
- 12. Industry.
- 13. Works of animal and fishery resources.
- 14. Hire and lease of others' labor for purpose of hire.
- 15. Lease or hire of homes or flats and rooms, whether or not furnished, for purpose of re-lease.
- 16. Creation, sale, lease and management of electronic platforms, websites, smart applications, data, artificial intelligence and other digital transformation works.

The works that can be considered equivalent to the works described in the two previous Articles for the similarity of their characters and purposes shall be considered commercial business.

Article 8

Neither of the following shall be considered commercial business:

- 1. Sale of farms and produce cultivated in the owned or cultivated land, even after the transformation by the means normally used, unless this is practiced as an occupation. If the farmer permanently establishes a store or a factory to sell the produce as is, or after processing, the sale in such case shall be deemed commercial business.
- 2. Practice of any agritourism activity, with or without consideration, including allowing third party's access to the farm, purchase and hire from the farm, or visit or stay for a short period for purpose of access or enjoyment of farming activities, watching or buying animals or their products, learning, training or other activities practiced in the farm.
- 3. The work in which the individuals rely on their physical or mental effort to realize profit or a sum of money rather than relying on monetary capital.
- 4. Making and selling a work of art made by the artist himself or by using workers, and printing and selling by the author of his work.

Article 9

If the business is commercial for one party and civil for the other, the provisions hereof shall apply to the obligations of both parties, unless otherwise is provided by the law or agreed by the parties.

Article 10

1. Commercial business may be carried out, commercial contracts may be formed or concluded, and the transactions referred to in the previous Article hereof may be conducted by their implementation, provision or issue, wholly or partially, actually or virtually, through the modern means of technology or in the technological circles, according to the provisions of the regulating legislations.

2. The virtual commercial business described in this Article shall include the provision of services and the practice of virtual asset works and activities. The legislations regulating the virtual assets and their service providers shall be issued by the Cabinet.

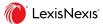
3. The commercial contracts and transactions provided in the technological circles or through the modern means of technology shall be governed by the same provisions established for the equivalent actually provided.

Chapter 2 - Trader

Article 11

Each of the following shall be considered a trader:

- 1. Everyone engaged in commercial business in his own name and for his own account, while enjoying the required competency, if such works are practiced as an occupation.
- 2. Every company carries out commercial activity or is established in one of the forms set out in the Commercial Companies Law, even if the practiced activity is civil.



Everyone advertises to the public, in any way, a shop set up for trade shall be deemed a trader, even if the trade is not practiced as a normal occupation.

Article 13

Everyone engaged in trade as an occupation under an alias, or under the cover of another person, as well as the ostensible person, shall have the capacity of trader.

Article 14

If a person, prohibited from the practice of trade under special laws or statutes, practices trade, such person shall be deemed a trader and shall be subject to the provisions hereof.

Article 15

1. The capacity of trader shall not apply to the following categories:

- a. Ministries and federal government agencies and local government agencies.
- b. Institutions of public benefit, associations and clubs.
- c. The self-employed not practicing commercial business.

2. The commercial business practiced by the categories described in clause (1) hereof shall be subject to the provisions of this Law, unless those excluded by a special provision.

Article 16

Each of the following shall have the capacity of trader and shall be subject to the provisions of this Law, unless those excluded by a special provision:

- 1. Commercial companies established, owned or contributed in by the federal or local government, or any of the institutions, corporations, agencies or companies affiliated thereto.
- 2. Branches of foreign companies engaged in commercial business in the state.

Article 17

The individuals practicing simple craft or minor trade in which they rely on their work to realize profit to earn their living rather than relying on monetary capital shall not assume the duties of traders related to the commercial books, registration in the commercial register or the provisions of bankruptcy and preventive composition. The Ministry of Economy, in consultation with the competent authorities in the UAE, shall define the maximum number of the working staff and the capital of the minor trade.

Article 18

1. Everyone reaches (18) eighteen calendar years of age, and has no legal impediment, shall be eligible to practice trade.

2. The minor, whether or not subject to conservatorship or guardianship, who reaches (15) fifteen calendar years of age, may trade on the terms and conditions issued by the resolution of the Cabinet, based on the proposition of the Minister of Economy.

Article 19

1. If the minor, who has not reached (18) eighteen calendar years of age, or the ward has money invested in trade, the court may order the withdrawal of money from, or the continuance of the trade, in the best of the minor's interest.

2. If the court orders the trade to be continued, the court shall vest into the person acting for the minor absolute or restricted authority to carry out all necessary works.

3. The Court may withdraw or restrict the authority, if there are justifying grounds, without prejudice to the rights acquired by bona fide third party.

Article 20

1. Any order issued by the court to continue the trade of the minor, who has not reached (18) eighteen calendar years of age, or the ward, or to withdraw or restrict the authority to continue the trade, shall be communicated to the competent bodies to be recorded in the commercial register and shall be published according to the legislations in force in the state.

2. If the court orders the continuing of trade of the minor, who has not reached (18) eighteen calendar years of age, or the ward, he shall be held liable within limits of the funds invested in such trade.



3. Subject to clause (2) of this Article, the related legislations shall regulate the declaration of bankruptcy of the minor and the conditions and effects thereof.

Article 21

Subject to Article (22) hereof, the provisions applying to the national woman engaged in trade as an occupation, including the provisions of independence and separation of financial liability from the husband shall apply to the engagement of foreign woman in trade and acquiring the capacity of trader together with the consequent effects.

Article 22

Non-nationals may be engaged in trade on such terms and conditions, within the limits, and in the cases issued by the resolution of the Cabinet, based on the proposition of the Minister of Economy.

Article 23

1. Neither of the following shall be engaged in trade:

- a. Every trader declares bankruptcy, unless rehabilitated.
- b. Every person prohibited from the practice of trade under the laws in force in the state.
- c. Everyone convicted in a crime of bankruptcy by fraud, commercial fraud, theft, fraudulence, breach of trust, counterfeit, or use of forged papers, unless rehabilitated.

2. Everyone violates the prohibition set out in clause (1) of this Article shall be fined an amount of not less than (10,000) ten thousand Dirhams and not more than (200,000) two hundred thousand Dirhams together with closing the commercial premises in all cases.

Article 24

1. No transaction of the trader related to his trade shall be accepted by any competent body, unless the trader is registered in the commercial register.

2. The trader practicing his commercial activities in the technological circles or through the modern means of technology shall meet the requirements of the competent authorities regarding the registration in the commercial register.

Chapter 3 - Commercial Books

Article 25

1. The trader shall keep (hard or soft copy) commercial books in a manner that accurately reflects his financial position and his rights and obligations related to his trade.

2. The trader practicing actual trade shall keep the following two books:

- a. Journal.
- b. Ledger.

3. The trader practicing virtual trade shall adopt the following:

- a. Insert the data of the electronic commercial books to computer or other modern technological device.
- b. Abide by the decisions issued by the Minister of Economy that define the controls and criteria of such data and electronic books.

4. The trader shall be responsible for the soundness of the accounting data recorded in the commercial books that actually match the documents and information kept in the paper files and the financial statements of the facility.

5. At all events, the specific criteria of accounting standards and entries shall apply to the commercial books.

Article 26

1. All financial operations handled by the trader and his personal withdrawals shall be recorded in the journal. The entry shall be daily made.

2. The trader may use ancillary journals to record the details of his commercial operations. In this case, a global entry for such operations in the journal in regular periods shall be sufficient. If such action is not adopted, each ancillary book shall be considered a general book.

Article 27

The following shall be recorded in the ledger:



- 1. All accounting operations carried forward from the journal based on the corroborating documents, in particular the accounts of the treasury, bank, partners, creditors, debtors, revenues, withdrawals and expenses.
- 2. Detailed description of the goods in possession of the trader at the end of the fiscal year or a global statement thereof, if the details are set out in independent books or statements. In this case, such books or statements shall be deemed an integral part of the ledger.
- 3. Photocopy of the annual budget and the loss and profit account.

1. Commercial books shall be free from blank space, strike off, erasure, marginal notes, obliterations or insertion in their content.

2. Pages of journal and ledger shall be numbered and signed by the commercial register to which the trader is affiliated, and the formal stamp of the said agency shall be affixed together with stating the date of this procedure, before using both books. If the pages of either book end, the trader shall submit the book to the same body to be marked to that effect after the last entry, before the use of the new book.

3. If the business is discontinued, the trader or his successors shall submit the two books referred to, to the commercial register to be marked to that effect.

4. No fee shall be charged for affixing the formal stamp and marking in the foregoing cases.

Article 29

1. The trader shall keep a true copy of the correspondence, telegrams and invoices sent or issued for the works of his trade. The trader shall also keep all inbound correspondence, invoices and other documents of his trade. Papers shall be kept in orderly manner that facilitates the audit for not less than (5) five years from the date of issue or receipt.

2. The trader or his successors shall keep the commercial books and documents corroborating the recorded entries for not less than (5) five years beginning from the date of marking the end of book.

3. The controls set by the related bodies shall apply to keeping true copy of the instruments, books and documents referred to in the two previous clauses of this Article, if the mechanism of keeping is made through the modern means of technology, to secure credibility and availability of data and information.

Article 30

1. The banks, companies or institutions defined by the decision of the related bodies according the legislations in force in the state, after coordination with the Minister of Economy, may keep a copy of the entries of their works, commercial books and accounts for the period stated in Article (29) hereof, through the modern means of technology in lieu of the original books, documents, correspondence, telegrams and other papers of their financial and commercial works.

2. Photocopies, entries of works and accounts and data therein as well as those kept through the modern means of technology provided in this Article shall be as cogent in evidence as the originals, if the technical conditions set by the related bodies are fulfilled, which the banks, companies or institutions shall adopt.

Article 31

The entries and events recorded in the commercial books by the employees of the trader permitted to do so shall be equivalent to the entries recorded by the trader himself and shall be assumed to be recorded by his knowledge and consent, unless evidence to the contrary is established thereby.

Article 32

The court may, automatically or at request of either opponent, order the trader to produce his commercial books to the court to extract the events related to the dispute. The court may access such books, by itself or by an expert appointed for this purpose.

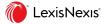
Article 33

1. The court shall not order the trader to produce his commercial books for access by his opponent, unless the dispute is related to estate, company or division of common properties between them.

2. In case of bankruptcy or preventive composition, the commercial books shall be delivered to the competent court, trustee in bankruptcy or the composition officer.

Article 34

The commercial books kept by the trader shall be admitted for substantiation in the claims filed by or against traders, if related to their commercial business, as per the following rules:



- 1. The data set out in the commercial books even if not regularly kept according to the law provisions shall form evidence for the holder thereof. However, everyone wishes to obtain evidence in his own favor from the books shall not break down the data contain therein.
- 2. The data set out in the commercial books regularly kept according to the law provisions shall form evidence for the holder of books against his opponent the trader, unless contested by the opponent by data set out in his books regularly kept according to the law provisions or in any way indicating their inveracity.
- 3. If the books of both opponents are regularly kept according to the law provisions and the comparison between the books results in the conflict of data, the court shall order the production of other evidence.
- 4. If there is discrepancy between the data contained in the books of both opponents, and the books of either opponent are regularly kept according to the law provisions while the books of the other are not regularly kept, the regular books shall be reliable, unless the opponent provides a proof to the contrary. This provision shall apply, if either opponent produces regular books while the other fails to produce any books.

If either opponent trader, in proving the veracity of his claim, relies on the commercial books of his opponent and admits the veracity of their content beforehand, then the opponent without justification abstains from producing the books to the court for access, this shall be deemed a presumption for the veracity of the events to be proved in the books. The court may then order the plaintiff to administer suppletory oath for the veracity of his claim.

Section 2 - Business Concern, Trade Name Unfair Competition, Trademarks and Statements

Chapter 1 - Business Concern, Trade Name and Unfair Competition

Branch 1 - Business Concern

Article 36

Business concern is the total tangible and intangible properties allocated for the practice of actual or virtual commercial business, whether in the technological circles, through the modern means of technology or through the conventional means.

Article 37

1. Business concern shall comprise the necessary elements for commercial work. Such elements are divided into tangible elements such as goods, equipment, machinery and tools, and intangible elements such as communication with customers, goodwill, trade name, right to lease, industrial, literary and artistic property rights and licenses.

2. Tangible elements in the business concern shall not be considered substantial, unlike the intangible elements without one element or more of which, there shall be no business concern.

Article 38

If the trader owns the property at which the trade is practiced, such property shall not be considered of the elements of business concern. Each contravening condition shall be disregarded.

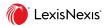
Article 39

Each disposition which subject is the transfer of title to the business concern or creation of right in rem thereto shall be notarized or authenticated by the notary public as per the procedures defined by the competent authority and registered in the commercial register, or shall be invalid. The disposition shall contain the following particulars:

- 1. Names, nationalities and addresses of the parties.
- 2. Date and type of the disposition.
- 3. Type and address of business concern and the elements agreed to be included by the disposition.
- 4. Price of tangible and intangible elements, each separately, if the disposition is sale, the part paid upon conclusion of contract and the way of paying the remainder.
- 5. Special conditions as set out in the contracts and the undertakings related to the business concern, if any.
- 6. Special conditions of the seller's reservation of the right of rescission or termination, or the right of lien, if any.

Article 40

1. The title to business concern between the parties and for third parties shall pass from the date of registration of the disposition in the commercial register and publication of the abstract thereof according to the procedures and periods set out in the legislations in force in the state.



2. If the business concern comprises elements subject to a special law of advertisement or registration, the advertisement of disposing of the concern shall not replace the special advertisement or registration, unless otherwise is provided by the law.

Article 41

Disposition of business concern shall be registered after the perfection of the following procedures:

- 1. The competent officer in the commercial register shall, at request and at expense of the purchaser, publish the abstract of the sale contract as per the procedures and periods set out in the legislations in force in the state.
- 2. The published abstract shall contain the names, nationalities and addresses of the parties, determination of the concern, the total price and allowing the creditors to file their objections within (10) ten business days from the date of the last publication.
- 3. Objections shall be filed with the competent civil court in which circuit the business concern is located, including the amount and reason of debt.
- 4. The purchaser shall not pay the price, until the objections are decided on by the court. The seller may request the judge of summary proceedings to permit him to receive the price, even before the objections are heard, if sufficient securities to fulfill rights of the creditors are provided.
- 5. Each opposing creditor or pledgee may offer the purchase of the concern for account of himself or others against a price which is at least one fifth higher than the agreed price.
- 6. The party opposing the price shall pay at the court treasury an amount of not less than one third of the original price in addition to the increase offered thereby.
- 7. The competent court shall notify the parties to the business concern sale contract of the bid proposals. Upon the lapse of (20) twenty days after such notification, the court shall decide to sell the concern to the bidder who offers the highest price.

Article 42

1. The person to whom the title to the business concern passes shall, by operation of law, subrogate the disposer in all rights and undertakings arising from the contracts of the business concern, unless otherwise is agreed, or the contract is based on personal considerations.

2. A second party to the contracts referred to in Clause (1) of this Article may request within (90) ninety business days from the date of advertising the disposition, the revocation thereof. However, such party shall have serious justifying grounds and advise the new owner of his willingness to revoke the contracts within appropriate period.

Article 43

1. The person to whom the title to the business concern passes may determine a period for the creditors whose debt precede the advertisement of disposition to submit statements of their debts to be settled. Such period shall be announced as per the procedures and the periods set out in the legislations in force in the state. The period specified for the creditors shall not be less than (90) ninety days from the date of publication.

2. The person to whom the title to the business concern passes shall not be discharged of the debts for which the creditors submit statements within the said period, if not settled during this period.

3. The person to whom the title to the business concern passes shall be discharged of the debts for which the creditors failed to submit statements during the period defined in the previous clause.

4. The disposer shall not be discharged of the debts of the concern, that were created before the advertising of the disposition, unless discharged by the creditors.

Article 44

By way of exception from the bankruptcy provisions, the seller of the business concern who has not received the full price, may invoke, against the group of creditors in the purchaser's bankruptcy, his right to terminate the sale contract and restore the business concern, or his right of lien, if reserved in the sale contract and expressly provided in the published abstract of contract. Rescission, termination or lien shall apply to the elements covered thereby only.

Article 45

1. Business concern may be mortgaged by banks and finance institutions only.

2. If the subject of mortgage is not specified, mortgage shall apply to the trade name, right to lease, communication with customers and goodwill only.

Article 46

1. Mortgage shall be concluded by a contract notarized or authenticated by the notary public and registered at the commercial register only.



2. The mortgage contract shall contain a declaration by the debtor whether the seller holds a lien over the mortgaged business concern, and also contain the name of the insurer at which the concern is insured, if any.

Article 47

1. Registration in the commercial register shall keep the lien for (5) five years from the date thereof. The registration shall be deemed cancelled, if not renewed during the previous period.

2. Registration shall be struck off by agreement of the concerned parties or by virtue of a final judgment.

Article 48

The mortgagor shall keep the mortgaged business concern in good repair.

Article 49

1. If the owner of the business concern fails to pay the price or the remainder thereof to the seller or the debt on the maturity date to the pledgee, the seller or the pledgee may, (8) eight days after the date of service of notice on the debtor holding possession of the business concern, file a petition to the judge of summary proceedings to permit the sale at public auction of all or part of the fundamentals of the business concern covered by the lien of the seller or the pledgee.

2. Sale shall be effected at the venue and time, on the day, and in the way defined by the judge. Publication shall be made according to the procedures and the periods provided in the legislations in force in the state.

Article 50

Each provision in the mortgage contract that entitles the creditor to own or dispose of the mortgaged item, without the procedures stated in Article (49) hereof, shall be null and void, unless otherwise is provided in any other legislation.

Article 51

The seller and the pledgees shall enjoy the same rights and privileges, that they had over the insured items, over the amounts resulting from the insurance, if such amounts previously fell due.

Article 52

The lessee of the premises, at which the mortgaged furniture and machinery used in exploiting the concern exist, shall not exercise lien for more than the rent of two years.

Branch 2 - Trade Name

Article 53

Subject to the terms and conditions provided in the legislations regulating the protection of intellectual property rights, the trade name of individual trader shall consist of his name and surname. Trade name may contain particulars of the persons stated therein related to the allocated type of trade. Further, the trade name may contain innovative nomenclature. At all events, the trade name shall be factual and shall not be misleading or contravene public order or morals.

Article 54

The trade names of commercial companies shall be in accordance with the provisions of the legislations in force in the state.

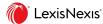
Article 55

Subject to the terms and conditions provided in the legislations regulating the protection of intellectual property rights, the trade name shall be registered in the commercial register as per the provisions established in this regard. After registration, no other trader may use such name in the type of trade transacted in a similar trade. If the name and surname of the trader resemble a trade name that was previously registered, the trader shall add to his name particulars that distinguishes his name from the previously registered trade name.

Article 56

1. The trader shall fix his trade name to the façade of his actual or virtual concern and conduct his commercial transactions in his trade name.

2. A trader may use the trade name of another trader, after the lapse or termination of the name, only one year after expiration of such lapse or termination.



1. Trade name shall not be disposed of independently from the disposition of the allocated business concern, unless otherwise is provided in any other legislation.

2. If the owner of the business concern disposes thereof, such disposition shall not include the trade name, unless its inclusion is expressly or impliedly provided.

3. The person to whom the title to the business concern passes, without the trade name, shall not be held liable for the obligations of his predecessor, unless an agreement on the contrary is registered in the commercial register.

Article 58

1. The person to whom the title to the business concern passes shall not use the trade name of his predecessor, unless such name passes thereto or his predecessor permits him to use the trade name. However, particulars shall be added to the name signifying the transfer of title.

2. The breach of Clause (1) of this Article shall be fined an amount of not less than (10,000) ten thousand Dirhams.

Article 59

1. The person to whom the title to the trade name passes, due to the transfer of title to a business concern, shall subrogate his predecessor in the obligations and rights created under such name. Each agreement on the contrary shall only apply to a third party from the date of registration in the commercial register and the service of notice on the concerned parties, unless otherwise is provided in any other legislation.

2. The claim of liability for the obligations of the predecessor shall not be heard upon denial, in absence of lawful excuse, upon the lapse of (5) five years from the date of transfer of title to the business concern.

Branch 3 - Unfair Competition

Article 60

Unless otherwise is provided in any special legislation, the following rules shall apply regarding the unfair competition.

Article 61

The trader shall not allure the workers or employees of another competing trader to assist him in attracting the customers of such trader, solicit the employees to work for him or disclose to him the secrets of his competitor. Such works shall form unfair competition that requires indemnification.

Article 62

The trader shall not divulge counterfactual matters related to the origin or specifications of his goods or other matters related to the nature or importance of the goods. Further, the trader shall neither falsely declare that he is awarded a rank, certificate or reward, nor pursue any other false methods to attract the customers of another competing trader, or such trader shall be responsible for indemnification.

Article 63

The trader shall not adopt fraud and cheat to dispose of his goods, or divulge or disseminate false information that may harm interest of another competing trader, or such trader shall be responsible for indemnification.

Article 64

The trader shall not give a previous employee or worker a false certificate, or the trader shall be responsible for indemnifying the damage sustaining the other trader resulting from the misleading arising from the certificate.

Article 65

1. If the trader uses the trade name of another person without an agreement that permits him to do so, or if the name is used by the owner thereof in breach of law, the concerned parties may apply to the competent court to prohibit the use of, and strike off the trade name, if registered in the commercial register, without prejudice to their right to be indemnified when required.

2. The breach of Clause (1) of this Article shall be punishable by a fine of not less than (10,000) ten thousand Dirhams.

Article 66

The person whose occupation is to provide the commercial facilities with information of the trade conditions and gives false data on the attitude or financial position of a trader, deliberately or by material default, shall indemnify the resulting damage.



The foregoing provisions shall not prejudice the penalties provided in other laws for the commission of the actions included in such provisions.

Chapter 2 - Trademarks and Commercial Statements

Article 68

Trademarks and commercial statements shall be regulated by special laws issued in this regard.

Book 2 - Obligations and Commercial Contracts

Section 1 - Commercial Obligations

Article 69

1. If two persons or more assume a commercial debt, they shall be jointly liable for the discharge of debt, unless otherwise is provided by law or agreement.

2. Clause (1) hereof shall apply when there are multiple sureties in a commercial debt. Sureties shall be held liable jointly between each other and jointly with the debtor.

Article 70

Suretyship shall be commercial, if the surety guarantees a debt considered commercial for the debtor, unless the law or the agreement otherwise provides, or if the surety is a trader and interested in the suretyship of the debt.

Article 71

If the trader performs works or services for benefit of others related to his commercial activity, the trader shall be considered to have performed the same with consideration, unless otherwise is evident. The consideration shall be determined as per customs. In absence of customs, the consideration shall be determined by the court.

Article 72

The creditor shall have the right to charge interest on the commercial loan as per the rate stated in the contract. If the interest rate is not determined in the contract, it shall be calculated as per the interest rate prevailing in the market at the time of transaction. However, in this case, the rate shall not exceed (9%) per annum until full payment.

Article 73

If there is agreement on the interest rate in the contract, and the debtor is in default of payment, the default interest shall be calculated on the basis of the agreed rate until the full payment.

Article 74

Interest shall be paid at the end of year, if the term of loan is one year or more, or on the maturity date of debt, if the period is less than one year, unless the commercial custom or banking practice otherwise provides.

Article 75

If the period of loan is specified, the creditor shall not be compelled to accept the discharge of debt before the maturity date, unless the debtor pays the interest payable for the remaining period, unless there is an agreement on the contrary.

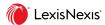
Article 76

Orders and authorizations issued by the trader in his business affairs shall not be terminated upon his death. However, the successors may cancel the same, if they decide to discontinue the trade. In this case, no compensation shall be incurred by the successors, if they advise the party contracting with the testator of their willingness to cancel within appropriate period.

Article 77

1. If the object of obligation is the delivery of an item at a specific time of year or season, reference shall be made to the agreement made between the parties to specify the time at which the delivery shall be made. In absence of agreement, the customs prevailing in the country where the delivery is made shall prevail.

2. The customs prevailing in the country of the contract shall apply to the measurement, weight, counting or calibration of goods.



If a period is determined for the performance of contract then lapses while the debtor fails to perform, the creditor shall not be compelled to accept the performance, unless there is an agreement on the contrary.

Article 79

If the debt is deferred, and the debtor offers payment before the maturity date, the debtor shall not deduct any part of the debt upon payment unless by consent of the creditor, unless otherwise is provided in agreement or the law.

Article 80

If a party to contract reserves the right to terminate the contract before the commencement of performance of the contract, the performance of the obligations provided in the contract or accepting the performance of the obligations thereof by the other party shall lapse his reserved right of termination.

Article 81

The demand or notice in commercial matters shall be served through the notary public, by certified mail or any electronic method or equivalent modern means of technology determined by decision of the Minister of Justice, or any mean agreed on by the parties.

Article 82

The debtor in commercial obligation shall not be granted any extension of time by the court to discharge or pay in installment the debt, unless by consent of the creditor or for general exceptional circumstances.

Article 83

If the debtor discharges a commercial debt to the party holding the debt instrument marked of acquittance or the person bearing acquittance from the creditor, the debtor shall be discharged of debt.

Article 84

If the subject of commercial obligation is a sum of money of specific amount, at time of the creation of obligation and the debtor is in default of payment, the debtor shall pay the creditor, as compensation for delay, the interest defined in Articles (72) and (73), unless otherwise is agreed.

Article 85

It is not stipulated for the entitlement to default interests that the creditor proves the harm suffered due to such delay.

Article 86

Default interests shall fall due, in the discharge of commercial debts, upon their maturity, unless otherwise is provided in the law or agreement.

Article 87

1. The creditor may claim supplementary compensation in addition to default interests, if the creditor proves that the harm surpassing the interests is caused by fraud or fatal mistake of the debtor.

2. If the creditor, while claiming his right, causes in bad faith the prolongation of the litigation, the court may reduce the interests or judge no interest at all for the period in which the litigation was unduly prolonged.

Article 88

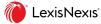
The creditor shall neither claim compound interest – the interest on the accumulated interests – nor claim such interests as supplementary compensation.

Article 89

1. Each instrument which subject is the payment of a sum of money or delivery of goods may be negotiated through endorsement, if issued to the order of the creditor or by delivery for the bearer.

2. The endorsement or delivery shall pass all rights arising from the instrument to the endorsee or the new bearer.

3. In case of endorsement, the endorser shall guarantee the fulfillment of the right stated in the instrument on the maturity date, unless it is agreed in the endorsement form that the guarantee is confined to the existence of the right at time of endorsement.



4. If the instrument is executed for a commercial transaction, the signors thereof shall be jointly held liable, unless otherwise is agreed in the endorsement form.

5. Under no circumstances, the debtor shall invoke the pleas, based on personal relations connecting the debtor and the executor or the former bearers of the instrument, against the instrument bearer, unless the intention of the bearer at the time of attaining the instrument is harming the debtor, or if the plea is relevant to the incapacity of the debtor.

6. The debtor may abstain from paying the value of instrument, if the instrument is not marked of acquittance.

Article 90

The existence of the debt instrument in the debtor's possession forms a presumption of the discharge of debt, until the contrary is evident.

Article 91

The commercial obligations, of whatever value, may be proved by all means of evidence, unless otherwise is provided in the law or required by agreement.

Article 92

Upon denial and in absence of lawful excuse, the claims of obligations of traders against each other regarding their commercial business shall be time barred upon the lapse of (5) five years from the maturity date of the obligation, unless a shorter period is provided in the law.

Section 2 - Commercial Sale

Chapter 1 - General Provisions

Article 93

1. The general provisions in this Chapter shall apply to the commercial sales, unless otherwise is provided.

2. Sale shall be considered commercial according to the provisions of this Chapter, if the sale is made between traders for trade affairs.

Article 94

1. The parties to the contract of commercial sale shall define the following:

- a. Description of the sold object in specified and uncertainty removing way.
- b. Specifying the price of sold object and terms of payment.
- c. Place and time of delivery.
- d. Mechanism of service of notice and the domicile of choice in this regard.
- e. Mechanism of resolution of disputes.
- f. Any other terms and conditions agreed on by the parties.

2. If the parties to contract fail to determine the price, the sale shall be effected in the price usually agreed in the dealings between them. If there is no previous dealing, then the price prevailing in the market shall apply, unless the circumstances indicate the necessity to adopt another price.

Article 95

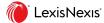
If the parties to contract agree that the sale is effected in the market price, the price shall be determined of such rate at the time and place at which the contract is concluded, unless otherwise is required by the agreement. If there are multiple market prices, the average price shall prevail.

Article 96

The parties may agree to delegate a third party to determine the price of the sold item. If the determination is not made during the specified period, or the appropriate period, if there is no period specified for the price determination, the prevailing price in the market at the time and place at which the contract is concluded shall apply.

Article 97

If the price is evaluated on weight basis, the net weight shall prevail, unless otherwise is agreed or required by customs.



1. If the parties agree that the purchaser determines the shape, volume or other distinctive characters of the sold item, such determination shall be made during the specified period, or the appropriate period, if there is no specified period.

2. If the period referred to in Clause (1) of this Article expires and the characters of the sold item are not determined by the purchaser, the seller may either request rescission of the contract and indemnification, or determine the characters of the sold item and advise the purchaser thereof. Such determination shall be final, if not objected to, by the purchaser within (10) ten days from the date of advising.

Article 99

1. If no date is determined for delivery, delivery shall take place upon the conclusion of contract, unless the nature of the sold item requires delivery on another date.

2. If it is agreed that the purchaser schedules the date of delivery of the sold item, the seller shall make delivery on the date scheduled by the purchaser, considering the period necessary for the preparation of the sold item to delivery and the nature of the sold item.

Article 100

1. The consequence of perish of the sold item shall be incurred by the seller until the actual or constructive delivery thereof to the purchaser.

2. If the seller, at request of the purchaser, sends the sold item to other than the place determined for delivery, the consequence of perish shall be incurred by the purchaser from the time of delivery of the sold item to the carrier, unless otherwise is agreed.

3. If the seller violates the instructions of the purchaser regarding the mode of transport, without compelling necessity, the seller shall be responsible for the damage that may sustain the sold item on account of this violation.

4. The expenses required by the delivery of the sold item at a place other than the one determined for delivery shall be incurred by the purchaser, unless otherwise is agreed.

Article 101

The deficit, permissible by customs, that may happen to the sold item, shall be disregarded upon the delivery thereof.

Article 102

1. If the seller fails to deliver the specified sold item, the purchaser may advise the seller of performance within appropriate period. If the seller fails, the purchaser may either request the court to order the seller of specific performance and delivery of the sold item, whenever possible, together with indemnification if required, to consider the contract rescinded and claim indemnification if required, or to purchase, at expense of the seller, an item similar to the sold item and claim the difference between the agreed price and the price paid in good faith to obtain such item. If the sold item has a known price in the market, the purchaser may, even if not actually purchasing an item similar to the sold item, claim the seller to pay the difference between the agreed price and the market price on the day specified for delivery.

2. The seller shall incur the freight, in case of return or replacement of the sold item, if the reason of return or replacement is attributed to the seller, unless otherwise is agreed.

Article 103

If the parties agree on the delivery of the sold item in batches, the purchaser may request the rescission of contract, if the seller fails to deliver one batch on the agreed date. Rescission shall not apply to the delivered batches, unless the breakdown of the sold item inflicts material damage on the purchaser.

Article 104

If the purchaser fails to pay the price on the agreed date, the seller may, having advised the purchaser, resell the goods. If the goods are sold in good faith against a price less than the agreed price, the seller shall have the right to claim the purchaser to pay the difference of price. If the goods have a known price in the market, the seller may, even if no sale is actually made, claim the purchaser to pay the difference between the agreed price and the market price on the day specified for the payment of price.

Article 105

1. The purchaser who pays the full price may request the seller to be delivered a list of goods stating that the price is paid.

2. Everyone expressly or impliedly accepts a list of sale of goods shall be considered to have accepted the contents thereof. Raising no objection by the list recipient to the contents thereof within (8) eight business days from the date of delivery, unless a longer period is agreed on, shall be deemed implied acceptance.



1. If the purchaser abstains from taking receipt of the sold item, the seller may request the court to prove the status of the item and permit the sale thereof under the court's supervision, after expiration of the period specified by the court and service thereof on the purchaser. The court may order the sale of the perishable items without specifying a period or notice.

2. The proceeds of sale shall be brought into the court after deduction of all charges incurred by the seller until the settlement of the dispute between the seller and the purchaser.

Article 107

1. If after the delivery of the sold item, the delivered goods are found to be different from the agreed goods in terms of quantity or type or are defective, the rescission of contract shall not be judged to the purchaser, unless the difference or defect causes the sold item to be unfit for the purpose for which the purchaser prepared the item, or the difficulty of disposition thereof. When the court denies the request of rescission of contract, the court may reduce or complement the price based on the decrease or increase of the quantity or difference of the type or degree of defect, unless there is an agreement or customs that require rescission.

2. Clause (1) hereof shall not prejudice the provisions of the consumer rights' protection provided in the legislations in force in the state.

Article 108

1. In the events referred to in Article (107) hereof, the purchaser shall advise the seller of the difference or defect within (15) fifteen days from the date of actual delivery of the sold item. The purchaser shall file claim of rescission or reduction of price within (60) sixty days from the date of delivery referred to. However, if the defect is latent that cannot be discovered by usual inspection, the seller shall be advised of the defect immediately upon discovery thereof, and file warranty claim within (6) six months from the date of actual delivery, unless there is an agreement on the contrary.

2. If the purchaser fails to advise the seller of the difference or defect or to file the claim of rescission, reduction of price or warranty during the periods referred to in Clause (1) hereof, as the case may be, the claim of the purchaser shall not be heard when denied, in absence of lawful excuse, unless the purchaser proves that there is fraud committed by the seller. In this case, the claim shall not be heard after the expiration of one year from the date of delivery.

3. The seller's claim to complement the price due to the increase of quantity or grade of type shall not be heard after expiration of (60) sixty days from the date of actual delivery of the sold item.

4. The relief of the purchaser of the periods referred to in this Article or the amendment thereof may be agreed on.

Article 109

1. If the sold item is a commodity protected by a registered trademark, it may be agreed that the purchaser is bound not to sell the item for a price less than a specific price.

2. The court may judge that such condition is not binding, if the sold item is of the necessary commodities.

3. The purchaser's successors shall not be bound by the condition referred to in this Article, unless they knew or could have known such condition.

Article 110

1. In the supply contracts in which the supplier provides benefits for the purchaser, agreement may be made to restrict the procurement, of goods similar to the sold items, from other than the supplier. However, the restriction period shall not exceed (5) five years from the date of agreement. Each agreement on a longer period shall be reduced to (5) five years.

2. The provisions of Clause (1) hereof shall apply, in consistency with the provisions of the competition regulation set out in the special legislations in the state.

Chapter 2 - Certain Types of Commercial Sales

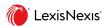
Branch 1 - Instalment Sale

Article 111

The instalment sale contract shall be executed in two copies and contain the specifications that outlines the nature of the sold commodity, price and period and terms of instalment. The seller shall deliver the purchaser a copy of the contract.

Article 112

Instalments shall be paid at the premises of the seller indicated in the sale contract, unless otherwise is agreed. If the instalments are collected at the premises of the purchaser, no additional expenses shall be charged by the seller. The acquittance of any instalment shall mean the acquittance of the previous instalments, unless evidence to the contrary is established.



1. If the purchaser fails to pay any instalment of the agreed price, the seller may, having advised the purchaser, request the rescission together with indemnification if required. However, the court may grant the purchaser extension of time for payment, if the court finds that the purchaser performed the largest part of his obligation, and dismiss the rescission, if the payment is made during such extension.

2. In case of judging rescission, the purchaser shall return the sold item to the seller and the seller shall return to the purchaser the received instalments, after deduction of the fee of utilization, in addition to remedy for the damage that may sustain the sold item due to the unusual use, unless agreement on the contrary is made in the sale contract. However, the total amount received by the seller shall not exceed the original price and the interests thereof.

Article 114

Agreement on the maturity of the entire price upon the failure to pay any instalment on the maturity date thereof shall not be enforced, unless the purchaser is in default of payment, albeit having been advised and the lapse of (7) seven days thereafter.

Article 115

1. If the seller keeps the ownership of the sold item until the payment of all instalments of price, the purchaser shall acquire ownership upon the payment of the last instalment. The purchaser shall be responsible for the perish of the sold item, from the time of delivery thereto.

2. Without prejudice to the provisions set out in the Bankruptcy Law, the condition of keeping ownership shall not be enforced against a third party, unless such condition is recorded in an agreement and precedent to the third party's right.

Article 116

If the third party's right is subsequent to the instalment sale contract, the condition of keeping ownership shall be enforced against the third party, if the condition is recorded in an agreement of specific date that precedes the executive procedures taken by the creditors regarding the sold item.

Article 114

The purchaser shall not dispose of the sold item before the payment of all instalments, unless agreed by the seller in writing. Each disposition made by the purchaser to a third party in breach of this provision shall not be enforced against the seller, unless the third party proves his good faith. In this case, the remaining instalments shall fall due.

Article 118

The provisions of instalment sale set out in the previous Articles shall apply, even if the sale is called a lease by the parties.

Branch 2 - Sale of Chattel at Voluntary Public Auction

Article 119

1. The provisions of this Branch shall apply to the voluntary sale of chattel at public auction.

2. Sale at public auction shall mean each sale that any person can attend, even if the bidding is confined to a specific group of persons.

3. Chattel shall mean all movable properties which possession passes for any reason of acquiring ownership.

Article 120

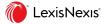
1. Without prejudice to the provisions of the Civil Procedures Law and the laws regulating certain types of sales, the chattel referred to in Article (119) hereof shall not be sold at auction unless by an appraiser, at a hall, e-platform or through the modern means of technology allocated for this purpose, at the place where the chattel originally exist, or the place licensed by the competent authorities in the related emirate, as per the legislations enforced in the state.

2. The purchaser of good faith may request the rescission of sale effected in breach of Clause (1) hereof. The claim of rescission shall not be heard upon denial, in absence of lawful excuse, upon the lapse of (30) thirty days from the date of sale.

3. The provisions of Clauses (1) and (2) hereof shall not apply to the items which value does not exceed the value of the items offered for sale in public auction of (200,000) two hundred thousand Dirhams.

Article 121

1. The appraiser in charge of the sale at the public auction shall keep a special register in Arabic or regular entries recording the items of commodities prepared for sale, initial estimation of their value and names of sellers. Cards of recording numbers in the register shall be fixed on the commodity offered for sale. The result of each sale shall be marked in the register.



2. Everyone breaches Clause (1) hereof shall be fined an amount of not more than (20,000) twenty thousand Dirhams. In case of recidivism, the fine shall not be more than (40,000) forty thousand Dirhams, without prejudice to any harsher penalty or disciplinary sanction provided in the decisions regulating the practice of the appraiser profession.

Article 122

If the initial estimation of the used commodities offered for sale in public auction exceeds (400,000) four hundred thousand Dirhams, publication shall be made by the appraiser according to the procedures and periods provided in the decisions issued by the Minister of Economy and the legislations enforced in the state. The bulletin shall fix a day preceding the sale for the inspection of the offered commodities.

Article 123

1. The successful bidder shall pay one half of the price at the auction session and pay the remainder upon taking delivery of the item which sale auction is awarded to the bidder. Delivery shall be made within one week from the date of awarding the auction.

2. If the successful bidder fails to pay the remainder of price or fails to appear to take delivery of the item which sale auction is awarded to the bidder, during the period set out in Clause (1) hereof, re-sale shall be held by public auction as well within (15) fifteen days from the expiration of the delivery period. Bidding in the second sale by the person previously awarded the former sale shall not be accepted.

3. If the second auction is awarded in a price less than the price in which the former auction is awarded, the purchaser failing to pay the remainder of price or to appear to take delivery of item which sale auction is awarded to the purchaser, shall pay the difference. If the second auction is awarded in a higher price, the seller shall be entitled to the excess amount.

4. Price shall be paid in cash or through the modern means of technology approved by the competent authority, to the appraiser who held the auction. The appraiser shall pay the price to the person in whose favor the auction was held.

5. The seller shall not be engaged by himself or through a third party in bidding for the commodities offered for sale.

Article 124

The owner of the used hall or e-platform or the appraiser – as the case may be – shall have lien over the price of the sold item at the public auction, against the due fee or commission.

Article 125

1. The practice of appraiser profession and the exploitation of auction halls and e-auctioneering platforms through the modern means of technology shall be regulated by decision of the Minister of Economy, by consultation with the competent local authorities.

2. Without prejudice to any harsher penalty provided in another law, everyone breaches the provisions of the decision referred to in Clause (1) hereof, shall be fined an amount of not more than (10,000) ten thousand Dirhams. At all events, the judge shall order closing of the office or hall or blocking the e-platform and removal of the boards and signs used by the offender. The judgment shall be published at expense of the sentenced party according to the procedures and periods described in the legislations in force in the state.

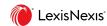
Branch 3 - Sale at Public Auction in Reduced Prices at Commercial Business

Article 126

1. Actual or virtual commercial business shall not sell their goods at public auction, unless in either of the following cases, provided that the necessary license is obtained from the local authorities:

- a. Final wind-up of commercial business.
- b. Final discontinuance of trade in one item or more in which the business deals.
- c. Liquidation of one branch of the commercial business, unless the branch is located in the same city where the head office of the commercial business exists.
- d. Relocation of the head office and the branches thereof from one emirate to another. Liquidation shall be made in this case no later than (4) four months. The relocation shall result in the prohibition of transaction of the activity discontinued by liquidation in that emirate before the expiration of at least one year from the date of the auction end.
- e. Clearance of the defective commodities due to fire, water leakage, humidity, insects or the alike.

2. The procedures of liquidation and sale at public auction according to the provisions of this Article shall be regulated and defined by decision issued by the competent authority in this regard.



1. The virtual or actual commercial business and the branches thereof in one city may sell commodities by clearances, in the number of times, controls and periods defined by the competent authorities.

2. Each procedure that announces sale in reduced prices shall be deemed clearance.

3. No clearance shall be made or announced in any mean of mass media, unless a license is obtained from the competent authority in the related emirate, stating the date of beginning and end of clearances, and sale prices before and during such period. License shall be issued to the holder of valid trade license and registered in the related chamber of commerce only.

4. The trader shall abide by any controls regulate the clearances set by the competent authority in the related emirate.

Article 128

The officers of the competent authority in the related emirate shall be entitled to observe the enforcement of Articles (126) and (127) hereof. To this end, the officers shall have the right to access the commercial business licensed to conduct liquidation or clearances, request the papers and documents of the operation, subject of license, and draw up any reports for violations of license.

Article 129

Everyone breaches Articles (126), (127) and (128) hereof shall be fined an amount of not more than (40,000) forty thousand Dirhams. In case of recidivism, the fine shall not be more than (60,000) sixty thousand Dirhams. The offender may be deprived of licenses of clearance for (3) three years from the date of commission of the offence.

Branch 4 - Certain Types of International Sales

Article 130

The parties may agree on the effectiveness of the rules regulating the international commercial sales issued by the International Chamber of Commerce, in lieu of the provisions set out in this Branch.

FOB Sale

Article 131

1. FOB sale is the sale in which the sold item is delivered at the loading port onboard of the ship designated by the purchaser for the transport.

2. In this type of sale, the purchaser shall enter into marine transport contract, pay the freight and advise the seller during suitable period of the name of the transporting ship, place and date of shipping and the specified period of shipping.

3. The purchaser may instruct the seller to conclude contracts of transport of the goods and insurance for the purchaser's account. The provisions of agency contract shall apply to the relation between the seller and purchaser in this regard.

Article 132

1. The seller shall pack and wrap-up the sold item, transport the item to the loading port and load the item onboard of the ship designated by the purchaser on the fixed date, during the period specified for shipping.

2. The seller shall incur the expenses of packing and wrapping-up and the charges of inspection, counting or weighing the sold item before shipping.

3. The seller shall advise the purchaser immediately of the shipping of the sold item, and send the supporting papers thereto, at expense of the purchaser.

Article 133

1. If the sold item requires export permit or any other governmental license for overseas export, the seller shall obtain the same at its own expense.

2. The purchaser shall obtain, and incur the expenses of the import permit and other necessary documents.

3. The seller shall duly obtain the certificate of origin of the sold item and present the same to the purchaser. The purchaser shall incur the charges thereof, unless otherwise is agreed.

Article 134

The seller shall provide every assistance to the purchaser to obtain the bill of lading and other necessary documents from the state in which the shipping of the sold item takes place to facilitate the import or transit thereof through another state. The purchaser shall incur the necessary expenses to obtain such documents.



The seller shall pay all amounts payable on the sold item including the export fees and freight until the sold item crosses the ship's rail while loading. The seller shall be responsible for any damage that may sustain the sold item until this point. However, any amounts falling due or any damage arising thereafter shall be incurred by the purchaser.

Article 136

In case of late arrival of the ship designated by the purchaser for transport at the loading port after the expiration of the period specified for loading, or departure of the ship from the said port before the completion of such period, or loading on the ship fails for any reason not attributed to the seller, the purchaser shall incur the accrued additional charges and shall be responsible for the damage that may sustain the sold item from the expiration date of the specified period of loading, provided that the sold item is per se determined on that date.

Article 137

If the purchaser fails to advise the seller of the ship's name during appropriate period, or reserves the right to schedule the date of delivery during a specific period and fails to schedule the same or to determine the loading port, and no instructions are issued thereby during such period, the purchaser shall incur the accrued additional charges and shall be responsible for the damage that may sustain the sold item from the expiration date of the specified period of notice or the period agreed for fixing the delivery date, provided that the sold item is per se determined at that time.

Article 138

If it is agreed that the sold item is delivered at the quay at which the ship designated by the purchaser docks, the sale shall be called FAS. The provisions of FOB sale shall apply to this sale, except loading the goods on the ship.

CIF Sale

Article 139

1. CIF sale is the sale made against a lump sum that includes, in addition to the price of the sold item, marine insurance costs and freight of ship transport to the arrival port.

2. The goods shall be deemed delivered to the purchaser upon the completion of loading on the ship. The risk shall then pass to the purchaser since that time.

3. If the seller fails to procure insurance, the sale shall be considered C & F.

Article 140

The seller shall enter into a contract of goods' transport with a carrier of good reputation, on the normal conditions and choose a ship fit for shipping goods of the same type as the sold item. The seller shall also pay the freight and other amounts which the carrier stipulates their payment at the loading port.

Article 141

1. The seller shall insure the sold item with an insurer of good reputation against transport risks and pay the necessary charges and expenses.

2. Insurance shall be concluded in a negotiable document on such terms adopted by customs. The insurance amount shall not be less than the price set out in the sale contract.

3. The seller shall procure insurance against the ordinary transport risks only. The seller shall not be bound to procure insurance against additional risks and war risks, unless requested by the purchaser.

4. The seller shall not be responsible towards the purchaser due to the insurer's failure to pay the insurance claim, if the sold item is insured at an insurer of good reputation.

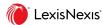
Article 142

1. The seller shall pack and wrap-up the sold item and load the item onboard of the ship, during the period specified for loading, or required by customs. The seller shall incur the expenses of packing and wrapping-up and the charges of inspection, measurement, weighing or counting necessary for loading of the sold item.

2. The seller shall advise the purchaser immediately of the name of ship and the completion of loading.

Article 143

1. The loading of the sold item by the seller shall be proved by the said bill of lading in which the word (loading) is stated. If the bill of lading states the phrase (with freight), the purchaser may prove that the loading has not actually occurred on the date stated in the document.



2. If the bill of lading includes a statement executed and signed by the ship master that the goods are already loaded on the scheduled date, the purchaser shall not prove the contrary against the seller.

Article 144

1. The seller shall duly obtain the certificate of origin of the sold item and present the same to the purchaser. The purchaser shall incur the charges thereof, unless otherwise is agreed.

2. The seller shall provide every possible assistance to the purchaser to obtain the necessary documents from the state in which the shipping of the sold item takes place to facilitate the import or transit thereof through another state.

Article 145

1. The seller shall pay the amounts payable on the sold item until loading onboard of the ship, including the export fees.

2. The import fees, and the fees and charges of exit of the sold item from the customs at the port of discharge shall be incurred by the purchaser.

Article 146

The seller shall be responsible for the damage that may sustain the sold item until the moment such item passes the ship's rail while loading. The responsibility shall then pass to the purchaser.

Article 147

1. The seller shall, after loading of the goods, immediately send the purchaser a clean and negotiable bill of lading directed to the designated port of discharge. A list of the sold goods and their value, insurance policy or equivalent certificate and other documents requested by the purchaser shall be attached to the bill of lading. If the bill of lading refers in certain matters to the ship charter agreement, a copy of such agreement shall be attached as well.

2. The bill of lading shall be considered clean, if no express additional terms are included that affirms the existence of defects in the sold item or the way of packing or wrapping up. Such terms shall exclude the reference made in the bill of lading to the previous use of containers or packages or assuming no responsibility for any damage that may occur, due to the nature of the sold item or the carrier's ignorance of the contents or weight of packages.

3. The certificate equivalent to the original insurance policy shall be issued by the insurer and contains the underlying terms provided in the original policy to entitle its bearer the rights granted by the policy.

Article 148

1. The purchaser shall not accept the documents sent by the seller, if not meeting the terms provided in the sale contract. The purchaser shall be deemed to have accepted the documents, if no objection thereto is made through the bank of the purchaser within (7) seven days from the date receipt. Objection shall be made by advising the seller in writing of sending documents meeting the agreed terms within appropriate period. After expiration of such period, the purchaser may request the rescission of sale and remedy, if required.

2. If the purchaser returns the documents for particular reasons or accepts the documents with reservations, no objection shall be raised thereafter, other than the reasons and reservations previously expressed.

3. If the purchaser unduly returns the documents, the seller shall be indemnified for any resulting damage.

Article 149

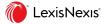
In case of arrival of the ship on which the sold item is loaded, before the arrival of the documents, or if there are missing documents, the seller shall immediately upon being advised, do everything necessary to enable the purchaser to obtain a copy of the documents that have not arrived or to complete the missing documents. The seller shall incur the necessary charges together with remedy, if required.

Article 150

Subject to the provisions of Article (108) hereof, the purchaser shall take receipt of the sold item upon arrival at the agreed port. The purchaser shall incur the amounts payable on the sold item during the transport and the discharge expenses upon arrival, unless the carrier charged such amounts and expenses at the loading port or it is agreed in the sale contract to be incurred by the seller (CIF sale until discharge).

Article 151

If the purchaser reserves the right to fix the date of loading or the port of discharge within a specific period, and no instructions are issued thereby in this regard during the said period, the purchaser shall incur the resulting additional expenses. Further, the purchaser shall be responsible for the damage that may sustain the sold item until the expiration of the loading period, provided that the sold item is per se determined on that date.



If the goods are not inconsistent with the documents, and such inconsistency falls within the limits permissible by the customs, the purchaser shall accept the goods and the price shall be reduced as estimated by the experts, based on the customs applicable at the arrival port.

Sale on Arrival

Article 153

The contract containing terms that provides for the seller's incurring the responsibility for the perish after loading the goods or makes the performance of contract conditional on the safe arrival of the ship or gives the purchaser the option to accept the goods as agreed or as per the form delivered thereto upon conclusion of contract, shall not be considered CIF or FOB sale. Rather, it shall be a sale conditional on the delivery at the place of arrival.

Sale at the Origin Airport

Article 154

Sale at the origin airport is the sale in which the goods are delivered at the origin airport by placing the goods at disposal of the air carrier designated by the purchaser or chosen by the seller.

Article 155

1. The seller shall deliver the goods, at the origin airport, to the air carrier or its representative at such time and place agreed on, or the place determined by the purchaser, after conclusion of the contract. Delivery shall be made according to the rules and customs adopted at the origin airport.

2. The seller shall immediately advise the purchaser of the completion of delivery of goods by any wired or wireless communication means or modern means of technology.

Article 156

1. The seller shall conclude the contract of transport of goods, at expense and under responsibility of the purchaser, if requested by the latter. The seller may do the same, if no instructions are issued by the purchaser in respect of the transport of goods on appropriate date, if such action is usual in the commercial customs. The seller may not conclude the contract of transport. In this case the purchaser shall be immediately advised.

2. If the seller concludes the contract of transport, the instructions of the purchaser shall be followed and an aircraft fit for the transport of goods of the same nature of the item shall be chosen, in the usual flight itinerary from the origin airport to the arrival port designated by the purchaser, or to the nearest airport to the purchaser's facility.

Article 157

1. The seller shall pay all fees and taxes payable on the goods for their export.

2. The seller shall furnish the purchaser with all necessary documents to receive the goods, being at disposal of the seller.

Article 158

If the air carrier or the other person appointed by the purchaser abstains from taking receipt of the goods at the origin airport, or the purchaser fails to provide the seller at appropriate time with the necessary instructions for the transport of goods, the seller shall advise the purchaser thereof as soon as possible.

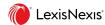
Article 159

1. In the cases where the seller is not committed to conclude contract of transport of goods, the purchaser shall, at its own expense, organize the transport of goods from the origin airport to the arrival port and designate the air carrier, or its representative or any other person to whom the goods will be delivered. The purchaser shall advise the seller thereof at appropriate time.

2. If the purchaser fails to advise the seller, at appropriate time, of the necessary instructions for the transport of goods, the purchaser shall incur the additional resulting expenses. The purchaser shall also be responsible for the damage that may sustain the goods from the date on which the delivery should be made, provided that the goods are per se sorted out or specified.

Article 160

If the air carrier or any other person, appointed by the purchaser, abstains from taking receipt of the goods, the purchaser shall incur all resulting additional expenses. The purchaser shall also be responsible for the damage that may sustain the goods from the date on which the goods are ready for delivery, provided that the goods are per se sorted out or specified.



Sale contract in the foregoing international sales shall be independent and shall not compromise the relations that may be created between the seller, the purchaser and the carrier in the contract of transport, or between the purchaser and the bank in the documentary credit contract.

Section 3 - Commercial Pledge

Article 162

1. Commercial pledge is the pledge created on a movable property to guarantee a commercial debt.

2. Except the restrictions described in this Law or any other law, commercial pledge shall be proved either for the parties to contract or third parties, by all means of evidence.

3. The provisions of this Section shall apply in consistency with any special legislation regulates the commercial pledge.

Article 163

1. Commercial pledge shall be enforced against the debtor or a third party only when the possession of the pledged item passes from the pledgor to the pledgee or any third party designated by the parties, and remaining in such party's possession until the lapse of pledge or placing the item under the common possession in a way that the pledgor cannot dispose thereof independently from the pledgee.

2. The pledgee or the third party shall be considered in possession of the pledged item, if the item is put at disposal thereof in a manner that induces others to believe that the pledged item became under their custody, or if receives a document that represents the pledged item and gives the possessor thereof alone the right to collect the item.

3. The possession of rights shall pass by the delivery of instruments. If the instrument is lodged with a third party, the delivery of lodging receipt shall be equivalent to the delivery of the instrument itself, conditional on that the instrument is certainly specified in the receipt and the bailee accepts the possession of the instrument for account of the pledgee. In this case, the bailee shall be deemed to have abandoned each right thereof to keep the instrument, for its own account, for a reason prior to the pledge, unless such right is reserved upon accepting the possession of the instrument for account of the pledgee.

Article 164

1. If the pledged item is nominal instrument, then pledging thereof shall be made in writing under an assignment of instruments stating that it is intended for guarantee in the instrument itself. The assignment shall be recorded in the registers of the instrument issuer and shall define the rank of the pledgee from the date of such recording.

2. Promissory notes shall be pledged by endorsement where it is stated that the value is for pledge or guarantee or any other statement to that effect.

Article 165

1. The debtor in commercial debt may pledge a debt, by a written instrument to his creditor, owed by a third party to the debtor. In this case, the debt proving instrument shall be handed to the pledgee.

2. Debt pledge shall not be enforced against the debtor on whose debt the pledge is created, unless by the service of the pledge thereon, or accepting the pledge by the debtor. Further, the pledge shall not be enforced against anyone other than the debtor, unless by holding possession of the pledged debt instrument by the pledgee.

3. Rank of the pledge shall be defined from the date of service or acceptance.

Article 166

The pledgee shall take the necessary means to keep and maintain the pledged item. If such item is a commercial paper, the pledgee shall upon the maturity take the necessary actions to protect the right stated therein and its fulfillment. Pledgor shall incur all charges expended by the pledgee for this purpose.

Article 167

The pledgee shall, for account of the pledgor, exercise all rights and procedures relevant to the pledged item, collect the value, profits, interests and other proceeds thereof and deduct the collected sums from the expenses paid on behalf of the pledgor, then from the interests, then the principal debt backed by the pledge, unless otherwise is agreed.

Article 168

The pledgee shall deliver the pledgor – if requested – a receipt stating the nature, type, amount, weight and other distinctive characters of the pledged item.



1. If the pledge is created on a fungible property, the pledge shall remain outstanding, even if the pledged item is replaced by another one of the same type.

2. If the pledged item is a non-fungible property, the pledgor may replace the item by another. However, this shall be agreed in the pledge contract and the replacement shall be accepted by the pledgee, without prejudice to a good faith third party.

Article 170

1. If the pledge backed debt is not discharged by the debtor on the maturity date, the pledgee may, after expiration of (7) seven days from the date of serving notice of payment on the debtor, apply to the court to be permitted to sell the pledged item. The application shall be heard summarily and the court shall define the manner of sale.

2. The pledgee shall collect the debt in terms of the principal amount, interests and charges expended to claim the debt, by lien, from the sale proceeds.

Article 171

If the pledge is created for multiple properties, the pledgee may specify the property to be sold, unless otherwise is agreed. At all events, the sale shall only cover the properties sufficient to fulfill the right of the pledgee, unless the sold item is indivisible.

Article 172

If the price of the pledged item plummets in the market so it becomes insufficient to guarantee the debt, the pledgee may schedule an appropriate period to the pledgor to replenish the guarantee. If the pledgor rejects or the specified period expires without replenishment of the guarantee by the pledgor, the pledgee may demand the sale of the pledged item, even if the maturity date has not fallen yet, by following the procedures described in Article (170) hereof.

Article 173

If the pledged item is liable to perish, damage or impairment or its possession is costly, and the pledgor is reluctant to provide a substitute item, each of the pledgee and the pledgor may apply to the court to be permitted to sell the item immediately together with defining the manner of sale. The pledge shall then pass to the sale proceeds.

Article 174

1. Each agreement concluded at or after the time of creation of the pledge, that entitles the pledgee, in case of the debtor's failure to pay the debt on the maturity date, to own or sell the pledged item without considering the provisions and procedures provided in Article (170) hereof, shall be null and void.

2. After the maturity of the debt or any installment thereof, it may be agreed that the debtor concedes the pledged item or a part thereof, to fulfill the debt or a part thereof.

Article 175

If the pledged item is an instrument which nominal value is not paid, the pledgor shall upon claiming the unpaid part, provide the pledgee with the necessary amounts of money to pay the due part at least two days before the maturity date, or the pledgee may sell the instrument according to the procedures described in Article (170) hereof.

Section 4 - Depositing in Public Warehouses

Article 176

1. Depositing in public warehouses is a contract whereby the warehouse keeper – whether an individual or company or public person – receives and keeps goods for benefit of the bailor, or to whom the ownership or possession thereof passes under the representing instruments.

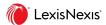
2. No public warehouse may be set up or invested, that has the right to issue negotiable instruments represent the deposited goods, unless by license of the competent authority in the related emirate, on such terms and conditions issued by the decision of the Minister of Economy, in consultation with the competent local authority.

3. The warehouse where the goods are accepted, for depositing, against which no storage receipt or pledge document is issued, shall not be subject to the provisions of the public warehouses.

4. Everyone invests a public warehouse shall insure the warehouse against fire, damage and theft risks.

Article 177

1. Warehouse keeper shall not transact in any capacity, for account of himself or others, a commercial activity which subject is the goods of the type licensed to be kept in the warehouse and issue instruments that represent the same.



2. This provision shall apply, if the warehouse investor is a company which either partner therein, holding at least (10%) of the capital thereof, transacts a commercial activity covered by the prohibition provided in Clause (1) hereof.

Article 178

1. The bailor shall provide the public warehouse with correct data on the nature, type, value and quantities of the deposited goods.

2. The bailor shall have the right to inspect and take specimen from the goods delivered to the public warehouse.

Article 179

1. The warehouse keeper shall be responsible for the deposited goods of not more than their value estimated by the bailor.

2. The warehouse keeper shall not be responsible for the damage or deficit that may sustain the goods, if results from force majeure or the nature, packing and wrapping up of the goods.

Article 180

Having advised the bailor, the warehouse keeper may apply to the court in which circuit the public warehouse is located, to be permitted to sell the deposited goods, if perishable. The court shall define the manner of sale.

Article 181

1. The bailor shall collect from the warehouse keeper a storage receipt stating the name, profession and domicile of the bailor; type, nature and quantity of the deposited goods; name and location of the warehouse, name of the goods' insurer, if any, and other necessary particulars to specify the characters and value of the goods.

2. A pledge document stating the data indicated in the storage receipt shall be attached to each storage receipt.

3. A true copy of the storage receipt and pledge document shall be kept by the warehouse keeper.

Article 182

If the deposited goods, for which storage receipt and pledge document are delivered, are of the fungibles, the goods may be replaced by other goods of similar type and quality, if set out in the storage receipt and the pledge document. In this case, all rights and privileges of the storage receipt and pledge document bearer shall pass to the new goods.

Article 183

1. The storage receipt and pledge document may be issued in name or to order of the bailor.

2. If the storage receipt and pledge document are made to the order of the bailor, the bailor may assign both of them jointly or separately by endorsement.

3. The endorsee of the storage receipt and/or pledge document may request recording the endorsement in the photocopy kept by the warehouse keeper together with stating his domicile and profession.

Article 184

1. The endorsement of storage receipt and pledge document shall be dated.

2. If the pledge document is endorsed separately from the storage receipt, the endorsement shall be coupled with the condition of permission and shall include the pledge backed debt; date of maturity; name, profession and domicile of the pledgee and signature of the endorser.

3. The endorsee shall request taking down the pledge document endorsement and the endorsement particulars in the books of the warehouse and to mark the same in the pledge document.

Article 185

1. The bearer of storage receipt and pledge document together shall be entitled to receive the deposited goods. The bearer may request the breakdown thereof into multiple groups and obtain storage receipt and pledge document for each group thereof.

2. The bearer of pledge document alone without the storage receipt shall have a right of pledge to the deposited goods.

3. The bearer of storage receipt alone without the pledge document shall have the right to restore the deposited goods conditional on the payment of the debt secured by the pledge document, if the debt falls due. If the debt has not fallen due, the bearer may restore the goods before the debt maturity, if a sufficient amount of money is deposited with the warehouse keeper to pay the debt and the interests and charges thereof, until maturity. This provision shall apply, if the debt has not fallen due and the pledge document bearer fails to appear to collect the debt. The restoration may be confined to a part of the deposited goods, after payment of an amount proportionate to the value of such part.



If the pledge document backed debt is not paid on the maturity date, the bearer of the document separate from the storage receipt may request the sale of the pledged goods by following the procedures provided in Article (170) hereof.

Article 187

1. The pledgee shall collect his dues, by lien, from the price of goods, over all creditors, after deduction of the following amounts:

- a. Taxes and fees payable on the goods.
- b. Judicial fees expended for the common benefit of the creditors.
- c. Expenses of keeping, storage and sale of goods.

2. The amount in excess of the amount payable to the pledge document bearer shall be paid to the storage receipt bearer, if present at the time of sale of goods. If not present, the amount of money shall be brought into the court that ordered the sale.

Article 188

1. The pledge document bearer shall not recourse to the debtor or the endorsers, unless after execution on the pledged goods, and proving their insufficiency for payment of debt.

2. The pledge document bearer shall recourse to the endorsers within (15) fifteen days from the date of sale of the goods, or his claim shall not be heard upon denial.

3. Under no circumstances, the claim of recourse to the endorsers shall be heard, if the pledge document bearer fails to take execution procedures on the pledged goods within (30) thirty days from the debt maturity date.

Article 189

If an accident occurs to the deposited goods, the bearer of storage receipt or document of pledge over the amount of insurance falling due upon the occurrence of accident, shall have all the rights established thereto on the goods.

Article 190

1. The person whose storage receipt is lost or damaged may apply to the civil court, in which circuit the public warehouse is located, to issue an order to the warehouse keeper to deliver him a photocopy of the receipt, conditional on proving the ownership thereof and provision of a surety or sufficient security.

2. The person whose pledge document is lost or damage, may apply for a court order against the debtor to pay the pledge backed debt upon maturity, conditional on the provision of a surety or a sufficient security. If the order is not enforced by the debtor, the order applicant may request the sale of the pledged goods by following the procedures set out in Article (170) hereof. The endorsement however shall be recorded in the photocopy kept by the warehouse keeper. The notice of payment shall contain the particulars of that endorsement.

Article 191

1. The surety presented in case of loss of the storage receipt shall be discharged upon the restoration of goods or the expiration of (3) three years without directing to the warehouse any claims to restore the goods.

2. The surety presented in case of loss of the pledge document shall be discharged upon the expiration of (3) three years from the date of recording the endorsement in the books of the public warehouse.

Article 192

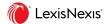
1. If the bailor fails to restore the goods upon expiration of the bailment contract, the warehouse keeper may request the sale thereof by following the procedures set out in Article (170) hereof. The warehouse keeper shall collect his dues from the sale proceeds and shall deliver the remainder to, or pay the same at the court treasury for account of the bailor.

2. The provision of Clause (1) hereof shall apply, if the depositing is for unlimited term and one year passes without claiming restoration of the goods by the bailor or expressing his willingness to continue the bailment contract.

Article 193

1. Without prejudice to any harsher penalty, everyone establishes or invests a public warehouse without obtaining the license provided in Clause (2) of Article (176) hereof shall be sentenced to serve prison and/or pay fine of not less than (20,000) twenty thousand Dirhams and not more than (100,000) one hundred thousand Dirhams.

2. In case of conviction, the court shall order the closing of the warehouse, until the offender obtains the necessary license. The court may order the liquidation of the warehouse.



Section 5 - Securities' and Commodity Contracts' Market

Article 194

No securities' or commodity contracts' market shall be established in the state without obtaining the necessary licenses according to the legislations regulating the markets of securities or commodity contracts enforced in the state.

Section 6 - Commercial Agency

Chapter 1 - General Provisions

Article 195

1. The agency shall be commercial when it is concerned with commercial works.

2. The provisions set out in this Section shall apply, in consistency with the Commercial Agencies Law referred to herein.

Article 196

1. The commercial agency shall be fee-based, unless otherwise is agreed.

2. If the agent fee is neither specified in the agreement nor in the law, the fee shall be specified as per the custom. In absence of custom, the fee shall be specified by the court.

Article 197

The fee shall be payable to the agent upon the conclusion of the deal assigned thereto. The fee shall also be payable, if the agent proves that the failure to conclude the deal is attributed to the principal. In other than these two cases, the agent shall be entitled to the fee for the efforts exerted and the expenses spent according to the custom. In absence of custom, the fee shall be specified by the court.

Article 198

Even if the commercial agency contains an absolute agency, the agency shall apply to the commercial works only, unless otherwise is agreed.

Article 199

If the commercial agency is issued for a specific commercial transaction, the agent may perform all the necessary works to conclude the transaction, without need for a permission from the principal.

Article 200

1. The agent shall follow the express mandatory instructions of the principal. If such instructions are breached without accepted reason, the principal may reject the deal. However, the agent shall be free to act within the scope of the general targets set by the principal to the agent, regarding the guiding instructions issued by the principal.

2. If there are no express instructions by the principal in respect of the deal, the agent shall postpone the conclusion thereof and request instructions from the principal, unless the postponement of the deal conclusion may harm the principal, or the agent is authorized to act without instructions.

3. The agent may delegate others in the execution of the agency, if permitted by the principal.

Article 201

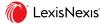
If the agent carries out the works assigned thereto on terms more favorable than the terms set out in the agency, the agent shall not have the right to have the difference resulting to the principal in this case, unless otherwise is agreed.

Article 202

If the goods or items held in the agent's possession for account of the principal are perishable or liable to impairment, and no instructions are issued by the principal in their regard at appropriate time, the agent may apply to the court to permit the sale thereof as soon as possible, in the manner defined by the court.

Article 203

The agent may abstain from performing the work assigned thereto, if the performance requires unusual expenses not paid by the principal, unless it is agreed, or it is a previous practice between the parties that the agent pays such expenses.



If the agent rejects conclusion of the deal assigned thereto, the agent shall be immediately advised. In this case, the agent shall maintain the goods and other items held in possession for account of the principal until the instructions are issued in their regard. If no instructions are issued at appropriate time, the agent may apply to the court to permit the sale of goods and other items at a custodian appointed by the court.

Article 205

The agent shall be responsible for the destruction and damage of goods and other items in his possession for account of the principal, unless resulting from an external cause beyond control of the agent or self-defect in the goods or item.

Article 206

The agent shall not be bound to insure the items in his possession for account of the principal, unless requested by the principal, or if the insurance is provided in the law or the custom, or required by the nature of item.

Article 207

1. The agent shall not hold himself out as a second party to the deal that the agent is assigned to conclude, unless in the following cases:

- a. If permitted by the principal.
- b. If the instructions of the principal regarding the deal is express and specific and implemented accurately by the agent.
- c. If the deal is related to a commodity that has a specific price in the market and purchased by the agent for himself or sold it to the principal from his own money in that price.

2. The agent shall not be entitled to any fee against the agency, in these cases.

Article 208

A third party dealing with the agent may request to have access to the agency agreement, correspondence and other documents proving the agent's authority. The restrictions to the agent's authority shall not be invoked against the third party, unless the knowledge thereof by the third party at time of contracting is evident.

Article 209

The agent shall inform the principal of the deals concluded for the account thereof.

Article 210

The agent shall provide the principal on the agreed date, or as acquainted in the custom or in previous practice, with an account of the works performed for benefit of the principal. Such account shall be realistic. If false data are intentionally involved in the account, the principal may reject the deals related to such particulars, in addition to his right to claim remedy. The agent shall not be then entitled to any fee for the said deals.

Article 211

The agent shall have the right to hold back the goods and other items sent, deposited or delivered by the principal to the agent, to guarantee the fee and expenses payable by the principal.

Article 212

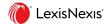
Each party to the agency agreement may terminate the agreement at any time. No remedy shall fall due, unless the agreement is terminated without prior notice or at inappropriate time. If the agreement is for limited term, the termination thereof shall be based on a serious and acceptable ground, or the remedy shall fall due.

Article 213

If the principal has unknown domicile in the state, the agent's domicile shall be the principal's domicile and may be sued and served with the official papers at such domicile, regarding the works performed by the agent for account of the principal.

Article 214

The regulation of the practice of commercial agency works shall be subject to the laws thereof.



Chapter 2 - Certain Types of Commercial Agencies

1 - Contract Agency

Article 215

1. Contract agency is an agreement whereby the agent continuously, in a particular activity region, seeks, and negotiates for the conclusion of deals in favor of the principal against fee. The agent's task may include the conclusion and execution of deals in name and for account of the principal.

2. The contract agency agreement shall be written and state in particular the limits of the agency, fee of the agent, activity region, term of agreement if for limited term, and the commodity trademark, subject of the agency, if any.

Article 216

The contracts agent shall transact works of agency, manage commercial activity independently, and incur alone the necessary expenses for the activity management.

Article 217

If it is stipulated in the contract that the contracts agent sets up buildings for display, warehouses for commodities or maintenance or repair facilities, the term of agreement shall not be less than five years, unless otherwise is agreed.

Article 218

1. The contracts agent shall not collect dues of the principal, unless such right is given thereto by the principal. In this case, the agent shall not give discount or extension of time without special permission.

2. The contracts agent may receive orders related to the performance of the contracts concluded thereby, as well as the complaints regarding the failure to perform such contracts. The agent shall be regarded as a representative of the principal in the lawsuits related to such contracts filed by or against the principal, in the agent's activity region.

Article 219

1. The principal shall pay the agreed fees to the agent.

2. The fees may be a percentage of the value of deal. Such rate shall be calculated on the basis of sale price to customers, unless otherwise is agreed.

Article 220

The contracts agent shall be entitled to the fee for the deals concluded or those which failure to conclude is attributed to the principal's action, unless otherwise is required by the contract.

Article 221

The principal shall provide the agent with all necessary information for the performance of the agency.

Article 222

1. The contracts agent shall maintain rights of the principal and may take all provisional procedures necessary to maintain such rights. The agent shall provide the principal with the particulars of the market condition in his activity region.

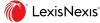
2. The contracts agent shall not disclose secrets of the principal, that comes to the agent's attention during the performance of the agency, even after the expiration of the contractual relation.

Article 223

If the principle replaces the contracts agent by a new agent, the new agent shall be jointly liable with the principal for the fulfilment of the remedies judged in favour of the former agent, if it is evident that the former agent was replaced due to collusion between the principal and the new agent.

Article 224

By way of exception from the jurisdiction rules provided in the Civil Procedures Law, the court in which circuit the subject of the contract performance is located shall hear all disputes arising from the contract agency agreement.



Distributorship agreement in which the trader promotes and distributes the products of industrial or commercial facility in a specific region, provided that the trader is the sole distributor thereof, shall be equivalent to the contract agency and shall be subject to Articles (218), (223) and (224) hereof.

Article 226

The claims arising from the contract agency agreement shall not be heard upon denial, in absence of lawful excuse, after expiration of (3) three years from the expiration of the agency.

2 - Commission Agency

Article 227

1. Commission agency is a contract whereby the agent undertakes to make a legal action in his name for account of the principal against a commission charged from the principal.

2. If the commission agent makes the legal action in name of the principal, the general provisions of the commercial agency shall apply to the agent.

Article 228

1. If the commission agent sells in a price less than the price determined by the principal or buys in a price higher than the determined price, if the principal rejects the deal, the agent shall be advised thereof within one week from the date of knowledge of the deal conclusion. Otherwise, the principal shall be deemed to have accepted the price.

2. The principal shall not reject the deal, if the agent accepts paying the difference of price.

Article 229

1. If the commission agent buys, for account of the principal, goods inconsistent with the quality or the type requested by the principal, the principal shall not be committed to accept the goods.

2. If commission agent buys goods consistent with the required goods, in greater quantity, the principal shall accept the quantity requested thereby only.

Article 230

If the commission agent concludes a contract on terms more favourable than the terms set by the principal, the principal shall be benefited thereof. The agent shall submit his account on the basis of the real terms whereby the deal is concluded.

Article 231

1. If the commission agent instructed to sell, grants a period of time to the purchaser to pay the price or to pay in instalments without permission of the principal, the principal may request the commission agent to pay the entire price immediately. In this case, the commission agent may keep for himself the difference of price and interests thereof, if any.

2. The commission agent may grant period of time or allow payment of price in installments without permission of the principal, if it is required by the custom in the agency where the sale is effected, unless the instructions of the principal binds the agent to sell with spot price.

Article 232

If the instructions of the principal require that the sale is made with deferred price, then the commission agent undersells with spot price, the principal may demand the agent to pay the price upon the maturity date specified thereby. In this case, the commission agent shall pay the price on the basis of the deferred sale.

Article 233

1. The commission agent shall not alter the trademarks fixed on the goods received from, or for account of the principal.

2. If there are goods of one class in possession of the commission agent, sent by two different principals, a distinctive statement shall be fixed on each class of the goods.

Article 234

1. The commission agent may declare the name of the principal for whose account the agent concludes contract, unless the principal requests not to disclose his name. The disclosure of the principal's name shall not result in the change of the agency' s nature, as long as the commission agent concludes the contract in the name thereof.



2. The commission agent shall disclose to the principal the name of the third party with whom the contract is concluded, if requested by the principal. If the commission agent abstains from disclosing the name of the third party without acceptable excuse, the agent may be regarded as a surety for the execution of the deal.

3. At all events, the commission agent shall prove the existence of the contracting third party, whenever requested by the principal.

Article 235

1. The commission agent shall be held directly liable against the third party with whom the contract is concluded. Further, the third party shall be held directly liable against the commission agent.

2. Neither the third party with whom the commission agent contracted shall recourse to the principal, nor the principal shall recourse to the third party by a direct claim, unless otherwise is provided in the law.

Article 236

1. In addition to the right of foreclosure – the agent shall have lien over the goods and other items sent, lodged or delivered by the principal to the agent.

2. The lien shall guarantee the fee of the agent and the expenses and sums of money paid on behalf of, or lent to the principal and their interests and other amounts payable to the agent by virtue of the agency, whether expended before the delivery of goods or items or during their existence in the agent's possession.

3. The lien shall be created, irrespective of whether the debt is created for works related to the goods or items still in the agent' s possession, or other goods or items previously lodged, delivered or sent.

Article 237

1. The lien referred to in Article (236) hereof shall not be enjoyed by the agent, unless there are goods or items in possession of the agent, for account of the principal. The possession shall be fulfilled in the following cases:

- a. If the agent actually receives the goods or the items.
- b. If the goods or items are put at disposal thereof in a public warehouse or the customs.
- c. If constructively possessed before arrival under a bill of lading or any other transport document.
- d. If the goods are sent and remain in his possession under a bill of lading or any other transport document.

2. If the goods or items, subject to the lien, are sold and delivered to the purchaser, the agent's lien shall pass to the price.

Article 238

The agent's lien shall have priority over all other liens, except the judicial expenses and the amounts due to the government.

Article 239

1. Execution on the goods and items in the agent's possession shall be subject to the execution proceedings on the commercially pledged item.

2. If the agent is instructed to sell the goods or items possessed thereby, the goods may be subject to execution by their sale without the need to follow the procedures set out in Clause (1) hereof, unless the agent fails to follow the express instructions of the principal regarding the sale.

Article 240

1. If the commission agent, instructed to sell, becomes bankrupt before receiving the price, the principal may claim the purchaser directly to pay the price thereto.

2. If the commission agent, instructed to purchase, becomes bankrupt before receiving the sold item, the principal may claim the seller directly to deliver the sold item thereto.

Article 241

1. The commission agent shall not guarantee the third party's performance of the obligation thereof, unless the agent expressly incurs such suretyship, provided by the law or required by the custom of the agency at which the activity of the agent is practiced.

2. The commission agent surety of the party's performance of obligation shall be entitled to additional fee to be determined by the court, in absence of agreement or custom in its regard.



The commission agent shall not delegate a third party in the work assigned to the agent, unless by permission of the principal. If another commission agent acts for the agent in the performance of work, the proxy shall not have the right of foreclosure or lien, unless to the extent of the amount of debt due to the original commission agent.

3 - Commercial Representation

Article 243

Commercial representation is a contract whereby the commercial representative undertakes to conclude deals in name and for account of the principal, permanently, in a specific region.

Article 244

The commercial representative shall not guarantee the execution of the deals concluded thereby, unless expressly incurs such suretyship, or required by the custom of the agency at which the activity of the commercial representative is practiced.

Article 245

1. The trader shall be responsible for the transactions and the contracts concluded by his representative, within limits of the authorization granted thereto by the trader.

2. If the representative is delegated by many traders, they shall be held liable jointly.

3. If the representative is delegated by a company, the company shall be liable for his work. The partners' liability shall be created based on the type of the company.

Article 246

1. If the limits of delegation granted to the commercial representative are not outlined, the delegation shall be considered global inclusive of all transactions of the type of trade in which the representative is delegated to conclude.

2. The trader shall not invoke the determination of delegation against a third party, unless the trader proves the third party's knowledge of such determination.

Article 247

The commercial representative shall carry out the commercial works in which the representative is delegated in name of the delegating trader. The commercial representative shall upon signing, state beside his full name, the full name of the trader, and his capacity as a commercial representative, or the commercial representative shall be personally responsible for the performed work. However, a third party may directly recourse to the trader on account of the transactions concluded by the representative related to the type of trade that the representative is delegated to transact.

Article 248

The commercial representative may act for the trader in the lawsuits arising from the concluded commercial transactions.

Article 249

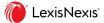
The commercial representative shall be liable jointly with the trader for the observation of the unfair competition law provisions.

Article 250

The commercial representative shall not conclude any commercial transaction of the type of the transaction, subject of representation, for account of the representative or a third party, without the express consent of the trader who hired the representative.

Article 251

If it is agreed that the commercial representative is the general sole representative of the trader in the agreed region, the commercial representative shall be entitled to commission for each deal concluded for account of the trader in such region, even if concluded by the trader himself or a person other than the commercial representative, unless the trader proves that the failure to conclude the deal through the commercial representative is attributed to the representative himself.



Section 7 - Brokerage

Article 252

Brokerage is a contract whereby the broker undertakes to a person to seek a second party to conclude a particular contract and to mediate in the negotiations of contracting, against fee.

Article 253

1. If the fee of the broker is not specified by the law or the agreement, it shall be specified according to custom. In absence of custom, the fee shall be specified by the judge, considering the value of deal, the effort exerted and the time spent by the broker in performing the assigned work.

2. The judge may reduce the agreed fee, if unproportionate to the nature of deal and the effort exerted by the broker. There shall be no room for reduction, if the fee is agreed or paid by the customer voluntarily after the conclusion of the contract in which the broker mediated.

Article 254

1. No fee shall be due to the broker for his mediation, unless the mediation caused the conclusion of the contract between both parties. The contract shall be considered concluded, when the parties agree on all substantial questions in the contract.

2. The conclusion of contract is what matters in the entitlement of the broker to his fee, even if not performed, unless otherwise is required by the agreement or custom.

3. If the contract is pending a suspensive condition, no fee shall be due to the broker unless the condition is satisfied.

4. If the contract conclusion fails for a reason attributed to the customer, the broker shall be compensated for the exerted effort.

Article 255

If the contract in which the broker mediates is rescinded, the broker may claim, or keep his fee, if the fee is received, unless the fraud or fatal mistake of the broker is evident.

Article 256

If the broker mediates in the conclusion of a legally prohibited deal, no fee shall be due to him.

Article 257

1. The fee shall be payable to the broker by the party delegating the broker to mediate in the conclusion of deal.

2. If the delegation is issued by both parties, each party shall be responsible against the broker severally for the payment of the due fee, even if both parties agree that each incurs the entire fee of the broker.

Article 258

The broker shall, even if delegated by either party to the deal, sincerely offer the deal to the parties and inform the parties of all circumstances known by the broker. The broker shall be responsible against the parties for each fraud or mistake committed thereby.

Article 259

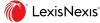
The broker shall not be reimbursed the expenses incurred in the execution of the work assigned thereto, unless otherwise is agreed. In this case, the expenses shall be reimbursed, even if the contract is not concluded.

Article 260

The broker shall not claim fee or reimbursement, if the broker acts to the detriment of either party in favour of the other party who has not used him to broker in the conclusion of contract, or if the broker is promised a benefit by the other party, as contrary to good faith.

Article 261

The broker shall not hold himself out as a second party to the contract in which conclusion he mediates, unless permitted by the contracting party. In this case, no fee shall be due to the broker.



1. The broker shall record in regular entries all the transactions concluded by effort thereof, and keep the related documents. True copies of such documents shall be delivered to any requesting contracting party. Such entries shall be subject to the provisions of commercial books.

2. The broker shall keep the plan regarding the off-plan sale, until the purchaser accepts the goods without reservation or settlement of all disputes between the parties in their regard.

Article 263

The broker shall indemnify the harm resulting from the destruction or loss of the received documents, papers or items related to the deal in which conclusion he mediates, unless the broker proves that the destruction or loss is caused by force majeure.

Article 264

The broker shall not mediate for persons known for their ineligibility or the broker is aware of their incompetence.

Article 265

1. The broker shall not guarantee the creditworthiness of the parties to the deal in which conclusion he mediates. The broker shall not be responsible for the performance of the deal, or the value and type of goods related thereto, unless fraud or mistake committed thereby is evident, or the broker is a surety by agreement or law.

2. The broker shall be responsible for the execution of deal jointly with the contracting party, if the broker has interest therein, in addition to his fee.

Article 266

1. If the broker delegates a third party to carry out the work assigned to the broker, without being permitted to do so, the broker shall be responsible for the work of the proxy, as if the work is carried out by the broker. The broker and his proxy shall be jointly held liable.

2. If the broker is permitted to delegate a proxy without designating the proxy's person, the broker shall be liable only for his mistake in the choice of proxy, or his mistake in the instructions issued thereto.

3. At all events, the party who delegates the broker may recourse to the proxy directly.

Article 267

If multiple brokers are delegated in one contract, they shall be jointly liable for the assigned work, unless permitted to work severally.

Article 268

If multiple persons delegate one broker in a joint work, they shall be jointly liable against the broker for the execution of such delegation, unless otherwise is agreed.

Article 269

The brokerage in the markets of securities and goods shall be subject to the provisions of laws and statutes thereof.

Section 8 - Transport

Chapter 1 - General Provisions

Article 270

Transport contract is a contract whereby the carrier, against fee, by the means thereof, transport a person or an item from one place to another.

Article 271

Except the marine transport, the provisions set out in this Section shall apply to all kinds of transport, whatever the capacity of the carrier, subject to the provisions set out in the special laws regarding certain types of transport and the provisions of the international transport agreements applicable in the state.

Article 272

The provisions set out in this Section shall apply to the transport, even if the transport is coupled with operations of other nature, unless such operations are the main purpose of contracting.

1. The transport contract and the commission agency contract of transport shall be formed, when the offer is met by acceptance, unless the parties agree on the postponement thereof until the time of delivery. The contract may be proved by all means of evidence.

2. Taking receipt of the transported item by the carrier shall be deemed an acceptance of the offer made by the consignor.

3. The passenger's embarkment on the mean of transport shall be deemed an acceptance of the offer made by the carrier, unless it is evident that the passenger has no intention to conclude the transport contract.

Article 274

1. If the carrier has more than one form for the concluded contracts, and no agreement is made on adopting a specific form, the transport shall be performed under the form containing the general terms.

2. If the parties agree on adopting a specific form, the terms set out therein shall not be broken down.

Article 275

1. If the carrier has a lien in the transport or in the investment of specific transport lines, all presented orders shall be accepted, unless the order violates the terms established for transport, or if the carrier fails to perform the same due to reasons beyond its control.

2. If the transport orders exceed the capacity of the means licensed to the carrier to use, the dates of presentation shall be observed in the acceptance of orders, so that the order of prior date shall have priority over the subsequent orders, unless certain subsequent orders have priority by virtue of the transport terms.

Article 276

The carrier's liability shall cover the actions of its own and its affiliates made by them while providing their services. Each person employed by the carrier in the performance of the obligations created by the contract of transport shall be considered an affiliate.

Article 277

1. The explosion, burning, train drifting, collision or other accidents that occur due to the equipment and machines used by the carrier in the performance of transport shall not be considered force majeure in respect of the performance of the transport contract, even if it is evident that precautions were taken to secure their fitness for operation and prevent the damage that may occur.

2. The accidents attributed to the sudden death or physical or mental weakness of the carrier's affiliates during the work shall not be considered force majeure, even if it is proved that precautions have been taken by the carrier to secure their physical and mental fitness.

Article 278

The carrier shall not be responsible for indemnifying the damage resulting from the interruption of transport or drifting from the established route due to providing assistance to any person who is sick, injured or in danger.

Article 279

1. Fraud in the performance of transport contract shall mean each action or abstention from action made by the carrier or affiliates thereof, to cause damage.

2. Fatal mistake shall mean each action or abstention from action made by the carrier or affiliates thereof in reckless manner coupled with perception of the possibly resulting damage.

Chapter 2 - Items Transport Contract

Article 280

1. The consignor shall provide the carrier with the particulars of the name and address of the consignee, destination, type, value, weight, volume, quantities, way of packaging and wrapping, and number of packages covered by the transported items, and other adequate particulars to specify the characters of the transported item, as well as the lead time and the route to be followed.

2. The consignor shall be responsible for the damage resulting from the falseness or inadequacy of the provided particulars.

Article 281

1. If the transport document is executed, the following particulars specifically shall be included:



- a. Date and place of execution of the document.
- b. Name and address of the consignor, consignee, carrier, and commission agent of transport, if any.
- c. Place of origin and arrival place.
- d. Particulars of specifying the characters and value of the transported items.
- e. The date fixed for performance of transport.
- f. Freight and other expenses, and stating whether it is payable by the consignor or the consignee.
- g. Terms of loading and discharge, type of means of transport to be used in the transport, the route to be followed, determination of responsibility, and other special terms to be included in the transport agreement.

2. Transport document may be executed in name or to order of a specific person or to bearer.

3. The document shall be negotiated as per the rules of right transfer if nominal, by endorsement if to order, by delivery if to bearer, without transport or possession of the goods.

Article 282

1. The consignor may request the carrier to receive a photocopy of the transport document.

2. If no transport document is executed, the consignor may request the carrier to be delivered a receipt signed thereby for taking delivery of the transported item. The receipt shall be dated and inclusive of all adequate particulars to specify the characters of item and freight.

Article 283

The transport document and the executed receipt signed by the carrier for taking delivery of the transported item shall be cogent in proving the included particulars. Everyone claims the contrary shall prove it.

Article 284

1. The rights and the obligations created by the transport contract shall be established for the consignee, if such rights and obligations are expressly or impliedly accepted thereby.

2. Taking receipt of the transport document or the transported item, claiming the delivery thereof, or issuing instructions in regard thereof shall be deemed an implied acceptance of the rights and obligations created by the transport contract.

Article 285

1. The consignor shall deliver the carrier the item to be transported and the documents necessary for performance of the transport. The consignor shall be responsible for the inadequacy or falseness of the documents. The carrier shall further be responsible for the loss, negligence of use or abuse of documents.

2. If the transport requires a special preparation, the consignor shall advise the carrier adequately before the delivery of the item to be transported.

3. Delivery shall be made at the premises of the carrier, unless otherwise is agreed.

Article 286

1. If the nature of the item to be transported requires preparation for transport by packaging, packing or wrapping up, the consignor shall do the same in a way that shall neither cause the destruction or damage of item, nor imperil the persons or other items transported with the item. If the transport terms require the adoption of a specific way in packaging, packing or wrapping up, this shall be observed by the consignor.

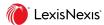
2. The consignor shall be responsible for the damage resulting from the defect in packaging, packing or wrapping up. The carrier shall be responsible jointly with the consignor for such damage, if the carrier accepts the transport while being informed of the defect. The carrier shall be deemed informed of the defect, if the defect is apparent or can be perceived by the average carrier.

3. The carrier shall not deny its responsibility for the destruction or damage of any transported item, by proving that the damage resulted from a defect in the packaging, packing or wrapping up of another item. Each agreement on the contrary shall be null and void.

Article 287

1. The carrier shall have the right to inspect the items to be transported to ensure their condition and the veracity of the particulars provided by the consignor in their regard.

2. If the inspection requires uncovering the packaging or the containers, the consignor shall be advised to be present at the inspection. If the consignor fails to appear, the carrier may conduct inspection in his absence. The carrier may recourse to the consignor for the expenses of inspection, unless otherwise is agreed.



3. If the inspection reveals that the item condition would not tolerate the transport without damage, the carrier may reject the transport or perform the transport, after receiving an undertaking from the consignor of his knowledge of the condition of the item to be transported and his satisfaction with the transport. The item condition and the consignor's undertaking shall be recorded in the transport document.

Article 288

The items to be transported shall be delivered to the carrier, without reservation, denoting the receipt in good condition consistent with the particulars stated in the transport document. If otherwise is claimed, the carrier shall prove it.

Article 289

1. The item to be transported and packed shall be shipped by the carrier in the usual means of transport, unless otherwise is agreed.

2. If the consignor requests that shipping is made by particular means of transport, the carrier shall be responsible only for the damage resulting from the use of such mean of transport, unless the damage occurs due to mistake of the carrier or its affiliates.

Article 290

1. The carrier shall follow the agreed route. If no particular route is agreed on, the shortest route shall be followed.

2. The carrier may change the agreed route or follow a longer one, if there is a compelling necessity. In this case, the carrier shall not be responsible for the delay and other damage resulting from the change of route, unless the fraud or fatal mistake on the part of the carrier or its affiliates is evident.

Article 291

1. The carrier shall guarantee the item safety, during the performance of the transport contract.

2. If maintaining the item along the route requires re-wrapping; repair, increase or reduction of packaging or other necessary measures, the carrier shall do the same and pay the necessary expenses, unless otherwise is required. However, the carrier shall not be bound to the unusual measures in transport such as feeding or giving water to animal, provision of medial and other services, or irrigation of plants, unless otherwise is agreed.

Article 292

1. The carrier shall discharge the item upon arrival, unless made by the consignee or another person, under an agreement, law, regulation or instructions. In this case, the carrier shall not be responsible for the damage that may occur due to the discharge.

2. At all events, the carrier shall incur the discharge expenses, unless otherwise is agreed.

Article 293

1. If the delivery is not required at the premises of the consignee, the carrier shall notify the consignee of the date of arrival of the transported item and the time at which the consignee can take receipt.

2. The consignee shall take receipt of the item on the date fixed by the carrier, or the storage fees shall be paid by the consignee. After expiration of such period, the carrier may transport the item to the premises of the consignee against additional fee.

3. The consignee may request the inspection of the item before taking receipt. If the carrier abstains, the consignee may reject taking receipt of the item.

Article 294

1. The consignor may instruct the carrier, while the carrier is in possession of the item to be transported, to abstain from or stop performing the transport, return the item or to dispatch the item to a person other than the original consignee, or to a different location, or other instructions. However, the consignor shall pay the freight and the charges and indemnify the carrier for any damage suffered due to the new instructions. If the consignor receives a photocopy of the transport document, it shall be returned to the carrier to take down the new instructions that shall be sent to the consignor to be signed. Otherwise, the carrier may abstain from following the instructions.

2. The right to issue the instructions of the transported item shall pass to the consignee, upon taking receipt of the transport document or expressly or impliedly accepting the transport contract. In this case as well, the document shall be returned to the carrier to take down the new instructions that the consignee shall sign. Otherwise, the carrier may abstain from following the instructions.

3. No new instructions shall be issued regarding the transported item after arrival and requesting taking receipt thereof by the consignee, or advising the consignee to take receipt thereof.



The carrier shall follow the instructions issued by the party entitled to issue the same according to Article (294) hereof, unless prohibited by the transport terms, the carrier fails to follow the instructions, if following the instructions would interrupt the transport traffic, or if the transported item value is insufficient to cover the charges incurred by the carrier due to following the instructions. In these cases, the carrier shall advise the issuer of the new instructions of its abstention from following the instructions and the reason of abstention. The carrier shall not be responsible for the abstention from following the instructions, unless groundless.

Article 296

1. If there is an impediment that prevents the commencement of transport, the transport is stopped while performance, the consignee fails to appear to take receipt of the transported item or appears and abstains from taking receipt or paying the freight or the due charges, the carrier shall advise the consignor and request instructions. By way of exception from Article (294) hereof, the carrier shall follow the instructions issued by the consignor, even if the consignor fails to return the photocopy of the transport document received from the carrier.

2. If the consignor's instructions are not received during an appropriate period, the carrier may apply to the court to prove the condition of the item and to be permitted to deposit the item with a custodian for account and under responsibility of the consignor.

3. If the item is liable to destruction, damage or impairment, or if its maintenance requires high costs, the court may order the sale thereof in the manner defined by the court and pay the price at the court treasury, for account of the concerned parties.

Article 297

The consignor shall pay the freight and other expenses due to the carrier, unless agreed to be paid by the consignee. In this case, each of the consignor and the consignee shall be jointly responsible for the payment to the carrier.

Article 298

No freight shall be due to the carrier for the transported items destroyed by force majeure.

Article 299

1. If the force majeure prevents the performance of the transport, no freight shall be paid to the carrier. If such force prevents the continuance of transport, the carrier shall be entitled to the freight.

2. At all events, the carrier may claim expenses of loading and discharge and other necessary expenses.

Article 300

The freight payer shall have the right to claim reimbursement of the amounts paid in excess of the freight agreed on or provided in the transport terms.

Article 301

1. The carrier may hold back the transported item to charge the freight, charges and other amounts payable thereto against the transport.

2. The carrier shall have lien over the price collected from the execution on the transported items, to charge the freight and other amounts payable to the carrier against transport. The procedures of execution on the commercially pledged items shall apply in this regard.

Article 302

1. The carrier shall be responsible for the total or partial destruction, damage and late delivery of the transported item from the time of taking receipt thereof.

2. The item shall be totally destroyed, if not delivered by the carrier, or the consignee is not advised to take receipt thereof within (30) thirty days from the expiration of the period specified for delivery, or the expiration of the period taken by the average carrier in transport, in the same circumstances, if no period is specified for delivery.

Article 303

The carrier shall not be responsible for the destruction or damage of the item, after delivery to the consignee or the customs agreed on, or the custodian appointed by the court for depositing the item, unless the fraud or fatal mistake made by the carrier or its affiliates is evident.

Article 304

1. The carrier shall not be responsible for the deficit of weight or volume that may normally sustain the transported item due to its nature, during the transport, unless such deficit is proved to result from another reason.

2. If the transport document includes many items divided into groups or packages, the tolerated deficit shall be determined based on the weight of each group or package, if the weight is independently determined in the transport document, or is capable of being determined.

Article 305

If the item is transported under custody of the consignor or the consignee, the carrier shall be responsible for the destruction or damage thereof, unless the fraud or fatal mistake made by the carrier or its affiliates is evident.

Article 306

The carrier shall not repudiate its responsibility for the destruction, damage or delay of delivery of the item, unless by proving the force majeure, self-defect in the transported item, mistake of the consignor or the consignee or an administration work.

Article 307

1. Each term that relieves the carrier of liability for the total or partial destruction or damage of the item shall be null and void. Further, each term that relieves the carrier of such liability, if created by the actions of its affiliates shall be null and void. Each term that binds the consignor or the consignee, in any capacity, to pay all or part of the expenses of the carrier's liability insurance shall be equivalent to the relief of liability.

2. The carrier may stipulate its total or partial relief of the responsibility for the delay.

Article 308

1. The carrier may stipulate the determination of its liability for the total or partial destruction, or damage of the item. For the veracity of such term, the agreed remedy shall not be simulating. However, this shall be subject to the discretion of the court upon contention.

2. Liquidated damages shall not fall due, if the carrier proves that no damage is done to the consignee.

3. If the amount of the liquidated damages amount exceeds the value of damage, the judge may reduce such amount to be equivalent to the value of damage. If the damage value exceeds the liquidated damages value, no claim of more than such value shall be made, unless it is evident that the carrier or its affiliates commit fraud or fatal mistake. The carrier shall then fully indemnify the damage.

Article 309

The term of determination of responsibility or relief of the delay responsibility shall be written, or shall be invalid. If the transport contract is executed on printed forms, the term shall be clear and conspicuously written, or the court may consider the term invalid.

Article 310

The carrier shall not assert the term of determination of responsibility or relief of responsibility for delay, if fraud or fatal mistake committed by the carrier or its affiliates is evident.

Article 311

1. If the transported item is destroyed or damaged and its value is not described in the transport document, the compensation shall be determined on the basis of its real value at the time and place of arrival, unless otherwise is provided by law or agreement. Except in the case of total destruction, the value of the tolerated deficit shall be observed upon estimation of the compensation, according to the custom.

2. If the value of the transported item is set out in the transport document, the carrier may contend in the value and prove by all means of evidence the real value of the item.

3. Except the cases of fraud and fatal mistake committed by the carrier or its affiliates, the carrier shall not be responsible for the lost money, securities, jewelry or other items entrusted thereto, unless to the extent of the express written particulars provided by the consignor in their regard, at time of delivery.

Article 312

1. Remedy for total destruction and compensation for delay shall not be combined.

2. Remedy for total destruction shall cover the value of the destroyed item and each loss that sustains the remedy applicant due to the destruction.

3. In case of partial destruction, the remedy for delay shall be ordered for the undamaged part only.

4. At all events, the ordered remedy shall not exceed the amount due in case of total destruction of the item.



If the item is damaged, partially destroyed or arrives late, so it becomes unfit for the purpose thereof, and the carrier's liability for the damage, destruction or delay is proved, the remedy applicant may abandon the item to the carrier against the remedy estimated on the basis of the total destruction of the item.

Article 314

1. If the compensation is paid due to the destruction of the item, then the item is found within one year from the date of paying the remedy, the carrier shall advise the beneficiary of remedy immediately together with informing him of the condition of the item and invite him to inspect the item at the place at which the item is found, at the place of origin, or place of arrival, as per his choice.

2. If the beneficiary of remedy fails to send instructions within (15) fifteen days from the date of receiving the notice or sends the instructions and fails to appear for inspection on the date fixed by the carrier, or appears and rejects to restore the item, the carrier may dispose thereof.

3. If the beneficiary of remedy claims restoration of the item, the received remedy shall be refunded after deduction of the claim expenses and the consideration of damage that occurred due to the late delivery of the item.

Article 315

1. Taking receipt of the transported items and payment of freight by the consignee shall invalidate each claim against the carrier, if the defect is apparent in the item. If the defect is latent, it may be proved. However, the claim with the said defect shall not be accepted, unless the service is made within (72) seventy two hours from the time of taking receipt and the application is filed within (30) thirty days.

2. Condition of goods shall be proved by the competent authorities or an expert appointed by the court summarily.

3. The provisions of this Article shall not apply, if the defect evidently arises from fraud or fatal mistake of the carrier or its affiliates, or if it is evident that the carrier and its affiliates intentionally concealed the defect.

4. The rules and procedures of the regulating legislations shall apply to the receipt of the transported items for which contract is concluded, or through the modern means of technology.

Article 316

1. If multiple carriers successively perform one transport contract, the first carrier shall be responsible towards the consignor and the consignee for the group of transport. Each term on the contrary shall be null and void.

2. Each of the carriers subsequent to the first carrier shall not be responsible towards the consignor or the consignee, unless for the damage that occurs during their own part of transport. If the part in which the damage occurs cannot be determined, the compensation shall be distributed among all carriers, in proportion to the amount payable to each of them for the freight. If either carrier is insolvent, his share shall be distributed to the others, in the same proportion.

3. The carrier proving that the damage did not occur during its own part of transport shall be relieved of assuming the responsibility.

Article 317

Each of the successive carriers may request the inspection of the item and prove its condition upon delivery thereto from the preceding carrier. If the item is received without reservation, then it is assumed that the item is in good condition and conformant to the particulars set out in the transport document, until evidence to the contrary is established.

Article 318

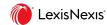
The last carrier shall be responsible towards the preceding carriers for claiming the consignee to pay the due freight of transport. The last carrier shall be entitled to collect the freight on their behalf and take the legal actions for their collection, including the exercise of the right of foreclosure and right of lien over the transported item.

Article 319

The following shall not be heard upon denial and in absence of lawful excuse:

1. Claims filed against the carrier due to the delay, destruction or damage arising from the item's transport contract upon the lapse of (6) six months, for the transport within the state, and one year for overseas transport, from the date of delivery of the item to the consignee, the customs or the custodian appointed by the court for depositing the item. In case of total destruction of the transported item, the period shall begin from the expiration date provided in clause (2) of Article (302) hereof.

2. The carrier's claim of recourse to the successive carriers according to clause (2) of Article (316) hereof, may be filed upon the lapse of (60) sixty days from the date of the payment of remedy or the date of formal claim thereof.



The claim provided in Article (319) hereof shall not be heard by anyone commits fraud or fatal mistake by itself or by its affiliates.

Chapter 3 - Contract of Persons' Transport

Article 321

1. The passenger shall pay the transport fare during the period agreed on, or stated in the transport statutes, or within the period required by the custom. The passenger shall follow the instructions related to transport, issued by the carrier.

2. The carrier shall transport the luggage carried by the passenger during the travel. The passenger shall not pay fare for the transport of luggage, provided that the same shall not exceed the limit specified in the transport tariff or the acquainted limit.

Article 322

1. If force majeure prevents the commencement of the transport, or circumstances that endanger lives emerge before the performance thereof, the carrier shall not pay compensation due to the failure of performance and shall not be entitled to the transport fare.

2. If force majeure or danger to lives occurs after the commencement of transport, the carrier shall be entitled to the fare for the part performed of the transport only.

Article 323

If the transport becomes impossible due to the death or disease of the passenger or other compulsory circumstances, the transport contract shall be rescinded and no fare shall be paid.

Article 324

1. If the passenger retracts the travel, before the commencement thereof, the carrier shall be notified of such retraction before the day fixed for the transport. In extreme necessity cases, such notification may be made on the said day.

2. If the notification is made according to Clause (1) hereof, the carrier shall not be entitled to the transport fare. However, the carrier may claim compensation for the inflicted damage due to the passenger's retraction of transport.

Article 325

If the passenger retracts resuming the travel, after the commencement thereof, the full fare shall be payable by the passenger, unless his retraction results from extreme necessity. The passenger shall then pay the fare for the completed part of transport.

Article 326

Without prejudice to Articles (324) and (325) hereof, if the passenger fails to appear at the time fixed for the transport, the full fare shall be paid. The passenger may, whether the fare is paid before or after the specified date, request the performance of transport on a later date, unless otherwise is agreed.

Article 327

1. If the transport is cancelled before the commencement or completion thereof, for a reason attributed to the carrier or its affiliates or the means of transport, no fare shall be payable by the passenger, without prejudice to the passenger's right to claim remedy, if required.

2. If the transport is interrupted after commencement for a reason attributed to the carrier or its affiliates or the means of transport, the passenger may retract the transport. The carrier shall then incur the expenses of transporting the passenger to the agreed place. The passenger may choose to wait until the return of traffic. In this case, the passenger shall not be claimed for additional fare.

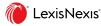
Article 328

Transport ticket may be assigned before the commencement of transport performance, unless the ticket is in name of the passenger, or issued to him for special considerations.

Article 329

1. The carrier shall prepare a place for the passenger in the agreed class. The passenger may claim the carrier to be refunded the difference, if the passenger is compelled to travel in a class lower than the class set out in the travel ticket.

2. If additional fare is paid by the passenger against special benefits, the passenger may claim the carrier to be refunded the additional fare, if the corresponding benefits are not provided.



1. The carrier may hold back the luggage of the passenger to guarantee the travel fare and the served food or others during the performance of transport contract.

2. The carrier shall have the right of lien over the price of the passenger's luggage to charge the transport fare and other transport due amounts. The execution procedures on the commercially pledged items shall apply in this regard.

Article 331

1. The carrier shall transport the passenger and his luggage to the arrival place during the fixed period. If the period is not fixed, then during the period taken by the average carrier, in the same circumstances.

2. Before the commencement of transport or en route, the carrier may inspect the luggage of the passenger in his presence, to ensure their conformance to the transport terms.

Article 332

1. The carrier shall guarantee the passenger's safety during the performance of transport contract. Each agreement relieves the carrier of such guarantee shall be null and void.

2. The performance of transport contract shall include the period between the passenger's embarkment on the mean of transport at the place of origin and disembarkation at the destination. If there are pavements for the parking of mean of transport, the performance of contract shall include the period between the entry of the passenger to the pavement at the place of origin and the exit from the pavement at the destination.

3. If the change of mean of transport en route is required, the guarantee shall exclude the period of the passenger's movement from one mean of transport to another, out of custody of the carrier or its affiliates or agents.

Article 333

1. The carrier shall be liable for the late arrival, and any physical or non-physical injury that may be suffered by the passenger, during the performance of the transport contract.

2. The responsibility provided in Clause (1) hereof, shall not be relieved of, unless the carrier proves that the delay or injury is caused by force majeure, passenger's mistake or a third party's action.

Article 334

1. Each term relieves the carrier, wholly or partially, of the liability for the physical injury suffered by the passenger shall be null and void.

2. Each term binds the passenger, in any way, to pay all or part of the carrier's liability insurance expenses shall be deemed equivalent to the relief of liability.

Article 335

1. The carrier may stipulate the relief of liability, wholly or partially, arising from the late arrival of the passenger and non-physical injuries that may sustain the passenger during the transport.

2. The term of relief of liability shall be written, or shall be invalid. If the transport contract is executed on printed forms, the term shall be clear and conspicuously written, or the court may consider the term invalid.

3. The carrier shall not assert the term of relief of liability or a part thereof, if fraud or fatal mistake by the carrier, its affiliates or agents is evidently committed.

Article 336

1. The passenger shall safeguard the luggage and the animals permitted to transport with him. The carrier shall not be responsible for the loss or damage thereof, unless the passenger proves that the loss or damage is caused by the mistake of the carrier or its affiliates.

2. The passenger shall be responsible for the damage that may be suffered by the carrier or third parties, caused by the luggage or animals transported with him.

3. The transport of the luggage delivered to the carrier shall be subject to the provisions of items' transport.

Article 337

1. If the passenger passes away or becomes ill during the performance of the transport contract, the carrier shall take the necessary measures to maintain his luggage, until delivered to the concerned persons.

2. If a concerned person is present upon the death or illness of the passenger, such person may interfere to observe the measures taken by the carrier to maintain the luggage and request an acknowledgement that the carrier is in possession of the passenger's luggage.



The passenger's successors and dependents supported by him under an obligation of maintenance, may file claim of liability arising from the transport contract, in case of his death, whether the death occurs immediately after the accident or a period of time after occurrence.

Article 339

The carrier's liability for the death or physical injury of the passenger shall be determined insofar the blood money of unintentional killing according to the legislations in force in the state. Such amount may be agreed to be not less than the amount of such blood money.

Article 340

1. The liability action arising from the death or physical injury of passenger shall not be heard upon expiration of (3) three years from the day of death or accidental injury or from the date of knowledge thereof.

2. Any other action arises from the persons' transport contract shall not be heard one year after the date fixed for arrival. In absence of determination, then the period taken by the average carrier in arrival, in the same circumstances.

3. If fraud or fatal mistake is committed by any party or affiliates thereof, the inadmissibility of hearing the claim provided in this Article shall not be asserted.

Chapter 4 - Transport Commission Agency

Article 341

1. Transport commission agency is a contract whereby the agent concludes, in his name and for account of his principal, a transport contract. The agent, when required, performs the transport related operations against a commission received from the principal. The transport commission agent shall be equivalent to the carrier, for the consignor.

2. If the commission agent handles the transport by its own means, the provisions of transport contract shall apply thereto, unless otherwise is agreed.

Article 342

Except the provisions set out in this Chapter, the provisions of commission agency shall apply to the transport commission agency.

Article 343

The principal may at any time cancel the transport order, before conclusion of the transport contract by the commission agent. The principal shall in this case reimburse the commission agent the paid charges and compensate the agent for the work carried out.

Article 344

1. The transport commission agent shall follow the instructions of the principal, in particular those related to the date of transport, choice of the carrier, the mean of transport and the route to be followed.

2. The commission agent shall not record in the account of the principal a transport fare in excess of the fare agreed with the carrier. Any benefits received by the commission agent from the carrier shall be enjoyed by the principal, unless otherwise is agreed in the agency contract or required by custom.

Article 345

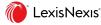
The transport commission agent shall guarantee the safety of the passenger or the transported item. Each agreement on the contrary shall be null and void.

Article 346

1. The transport commission agent shall be responsible for the destruction, wholly or partially, damage or late delivery of the transported item from the time of taking receipt thereof. The agent shall not deny such liability, unless by proving force majeure, self-defect in the item or mistake of the principal or the consignee.

2. In the transport of persons, the commission agent shall be responsible for the late arrival and the physical or non-physical injuries that may sustain the passenger during the performance of the transport contract. The commission agent shall not deny such liability unless by proving force majeure or the passenger's mistake. The commission agent's liability for the death or physical injury of passenger shall be determined of the amount of blood money of unintentional killing established in the legislations in force in the state. It may be agreed on the determination of such amount of not less than the blood money.

3. The commission agent may at all events recourse to the carrier, if such recourse has a ground.



1. Each term relieves the transport commission agent of the liability, wholly or partially, for the physical injuries sustaining the passenger shall be null and void.

2. Each term that binds the passenger in any way to pay all or part of the commission agent liability insurance expenses shall be equivalent to the relief of liability.

Article 348

1. The transport commission agent may stipulate the relief of liability, wholly or partially, arising from the destruction, damage or late arrival of the transported item, and the late arrival and non-physical injuries that may sustain the passenger during the transport.

2. The term of relief of liability shall be written, or shall be invalid. If the commission agency contract is executed on printed forms, the term shall be clear and conspicuously written, or the court may consider the term invalid.

3. The transport commission agent shall not assert the term of relief of liability, wholly or partially, if fraud or fatal mistake by the agent or its affiliates, or the carrier or its affiliates is evidently committed.

Article 349

1. Each of the principal and the passenger shall have the right to directly recourse to the carrier to claim the rights arising from the transport contract. The carrier shall also have the right to directly recourse to each of the principal and the passenger for such rights. At all events, the transport commission agent shall be impleaded in the claim.

2. The passenger in the persons' transport contract, and the consignee in the items' transport contract, shall have the right to directly recourse to each of the principal, the carrier and the transport commission agent for the rights arising from the transport contract.

Article 350

If the transport commission agent pays the transport fare to the carrier, the agent shall subrogate the carrier in the rights of the carrier.

Article 351

The original transport commission agent shall be a surety of the intermediary transport commission agent, unless the consignor appoints the intermediary agent in the agreement made with the original agent.

Article 352

The provisions of Articles (319), (320) and (340) hereof shall apply to not hearing the claim arising from the transport commission agency contract.

Chapter 5 - Provisions of Air Transport

Article 353

1. Air transport, in the provisions of this Law, shall mean the transport of persons, luggage and cargo by aircrafts against fare.

2. The luggage referred to in Clause (1) hereof shall mean the objects that may be carried by the passenger in the aircraft or delivered to the carrier to be in its custody, during the travel.

Article 354

Without prejudice to the international conventions to which the state is a party, the provisions of this section shall apply to the air transport, subject to the provisions set out in the following Articles.

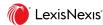
Article 355

The air carrier shall be liable for the damage that result from the death, injury or any physical injury suffered by any passenger during the air transport or the operations of his embarkment or disembarkation.

Article 356

1. The air carrier shall be responsible for the damage resulting from the destruction, loss or damage of the checked luggage and cargo, if an accident occurs and results in damage during the air transport.

2. The air transport shall include the period in which the luggage and cargo are in custody of the carrier while flying, or during existence of the aircraft in an airport, or in any other place where the aircraft lands.



3. The air transport shall exclude the period in which the luggage or cargo transported by land, sea or river, are outside the airport. However, if such transport is necessary for the shipping or delivery of the luggage or cargo, or movement from one aircraft to another, to perform an air transport contract, it shall be assumed that the damage results from an accident that occurred during the period of air transport, until evidence to the contrary is established.

Article 357

The air carrier shall be responsible for the damage resulting from the late arrival of the passenger, checked luggage or cargo.

Article 358

The air carrier shall be relived of liability for the minor personal items that remain in custody of the passenger while travel. The air carrier shall not be liable for such items, unless the passenger proves that the carrier or its affiliates failed to take the necessary measures to prevent the occurrence of damage.

Article 359

1. In case of persons' transport, the remedy judged against the carrier, upon the death or injury of the passenger, shall not be less than the blood money of unintentional killing according to the legislations in force in the state. Agreement may be made on a higher amount.

2. In case of transport of luggage and cargo, the remedy shall not exceed (500) five hundred Dirhams for each kilogram, unless it is agreed on a higher amount. However, if the consignor sends a special statement upon delivering the luggage or cargo indicating the special importance imparted to the delivery thereof in good condition at the destination due to its value, and pays the additional fare requested by the carrier, the carrier shall pay the remedy in the amount specified by the consignor, unless the carrier proves that such value exceeds the real value of luggage and cargo.

3. In case of loss, damage or late arrival of a package, which affected the value of other packages covered by the same transport form, total packages shall be considered when specifying the limit of liability.

4. For the personal or minor objects that remain in custody of the passenger during the travel, the remedy judged for each passenger for the destruction or damage of such objects shall not exceed (5,000) five thousand Dirhams.

5. The air carrier shall not assert the determination of liability provided in this Article, if it is proved that the damage results from an action or abstention from action by the carrier or its affiliates, either with the intention to cause damage or in reckless manner coupled with perception of the resulting damage. If the action or abstention from action is committed by the affiliates, it shall be also proved that this happened during the performance of their jobs.

Article 360

The air carrier shall be held liable, within the limits described in Article (359) hereof, whatever the capacity of the opponents in the liability action.

Article 361

1. If the remedy claim is filed against an affiliate of the carrier, the carrier may assert the determination of liability set out in Article (359) hereof, if it is proved that the action that created the damage occurred during the performance of services.

2. The carrier's affiliate shall not assert the determination of liability, if it is proved that the damage arises from an action or abstention from action, either with the intention to cause damage or in reckless manner coupled with perception of the resulting damage.

Article 362

1. The air transport documents shall state that the transport is performed according to the provisions of liability specified in Article (359) hereof. Otherwise, the carrier or its affiliates shall not assert such provisions.

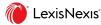
2. Each term that relieves the air carrier of liability or determines the liability in less than the limit set out in Article (359) hereof shall be null and void, unless in case of destruction or damage of the transported item, due to its nature or self-defect.

Article 363

Luggage or cargo delivered to the consignee at the destination, without reservation, amounts to a presumption that the same are delivered in good condition and consistent to the terms of the transport document. The consignee however may prove the contrary.

Article 364

1. In case of arrival of luggage or cargo damaged, the consignee shall serve notice on the carrier upon discovering the damage no later than (7) seven days for the luggage and (14) fourteen days for the cargo, from the date of taking receipt. In case of late arrival of the luggage or cargo, the notice shall be executed no later than (21) twenty one days from the day of placing the luggage or cargo at disposal of the consignee.



2. Notice may be sent in the form of an objection to be written in the transport document, upon taking receipt of the luggage or cargo.

3. The liability action filed against the carrier shall not be accepted, if the notice is not served within the periods set out in this Article, unless the claimant proves the commission of fraud or misrepresentation by the carrier or its affiliates, to benefit of the lapse of such periods or to conceal the damage inflicted on the luggage or cargo.

Article 365

1. If transport is gratuitous, the air carrier shall not be held liable, unless a mistake is committed by the carrier or its affiliates. In this case, the carrier shall be liable within the limits set out in Article (359) hereof.

2. Transport shall be considered gratuitous, if performed without fare and the carrier does not practice the transport as a profession. If the carrier is professional, the transport shall not be considered gratuitous.

Article 366

The pilot shall have the right to take coercive measures for all persons onboard of the aircraft. The pilot may also decide to exit any person or any item which existence in the aircraft imperils the safety of, or breaches order in the aircraft.

Article 367

The air carrier shall be relieved of liability, if the carrier proves that the entire damage is caused by the mistake of the aggrieved party. The court may then reduce the carrier's liability, if it is evident that the mistake of the aggrieved party contributed in the occurrence of damage.

Article 368

The claimant shall have the option to file action before any of the following courts:

- 1. The court in which circuit the domicile of the carrier is located.
- 2. The court in which circuit the head office of the carrier's activity is located.
- 3. The court in which circuit the establishment or the facility that concludes contract for him, is located.
- 4. The court of the destination.

Each term amends the rules of jurisdiction referred to shall be null and void, if stipulated before the occurrence of damage.

Article 369

In case of successive transport performed by multiple successive carriers, each carrier shall be considered a party to the transport contract, for the phase carried out thereby. However, the carrier performing the successive transport contract shall be responsible for the whole phase on which agreement is made in the contract, even if not performed personally, wholly or partially.

Article 370

The liability action filed against the air carrier or its affiliate shall not be heard upon the lapse of two years from the arrival date of the aircraft, from the day on which the aircraft should have arrived or from the time of the transport cessation.

Book 3 - Banking Operations

Section 1 - Deposits, Transfers and Bank Accounts

Chapter 1 - Bank Deposits

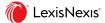
Article 371

1. Bank cash deposit is a contract whereby a person delivers an amount of money, in any way of payment, to the bank which returns the money at request, or on the agreed conditions.

2. The bank shall acquire the ownership of the deposited money and shall have the right to dispose thereof for the needs of its own activity together with its obligation to return the same amount to the bailor. The return shall be made in the same deposited currency.

Article 372

1. The cash deposit shall be returned at request, unless otherwise is agreed. The bailor may at any time dispose of the balance or any part thereof.



2. Such right may be suspended on a prior notice or the expiration of a specific term.

Article 373

Except the deposit allocated for investment, cash deposit shall be deemed a debt, and setoff may be made between the deposit and the debt of the bank payable by the bailor. Each agreement on the contrary shall be null and void.

Article 374

If the bank issues a savings book, it shall be in name of the person in whose favor the book is issued, and the deposits and withdrawals shall be recorded therein. The particulars set out in the book, signed by the bank officer shall be cogent in proving the stated particulars between the bank and the beneficiary of the book. Each agreement on the contrary shall be null and void.

Article 375

Deposit and withdrawal shall be made at any branch of the bank at which the account is opened, or through the means and methods adopted by the bank regarding the opening of the account through the modern means of technology, unless otherwise is agreed.

Article 376

If the bailor has multiple accounts in one bank or branch of one bank, each account shall be independent from the other, unless otherwise is agreed.

Article 377

Subject to Article (391) hereof, the deposit contract shall not create the bailor's right to withdraw amounts from the bank that exceed the deposited balance. If the bank makes operations that renders the balance of the bailor receivable, the bank shall advise the bailor immediately to adjust his position.

Article 378

The bank shall once monthly send an account statement to the customer, unless otherwise is agreed.

Article 379

The bank may open a joint account, including a deposit account, or any other account, between two persons or more equally between them, unless there is an agreement to the contrary is recorded with the bank. The following provisions shall be observed:

- 1. The joint account shall be opened by all holders thereof, or a person holding an authorization issued by the holders of the joint account, authenticated by a competent official body. The agreement of the holders of account shall be observed in the withdrawal.
- 2. If the balance of either holder of the joint account is attached, the attachment shall apply to the share of the attachee in the balance of account, on the day of advising the bank of attachment. In this case, the bank shall suspend the withdrawal from the joint account in an amount equal to the attached share. The partners or their representative shall be advised of imposing the attachment no later than (5) five days from the day of imposing.
- 3. Upon the setoff between different accounts of either of the account holders, the bank shall not include this account in the setoff, unless by the written consent of the remaining partners.
- 4. Upon the death or incompetence of either of the account holders, the remaining holders of the joint account shall advise the bank thereof no later than (10) ten days from the date of death or incompetence. The bank shall from the date of advising, suspend the withdrawal from the joint account within limits of the person's share, from the account balance on the day of death or incompetence. No withdrawal shall be made from the share of the deceased or incompetent person, until a successor is appointed.

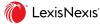
Chapter 2 - Bank Transfer

Article 380

1. Bank transfer is an operation whereby the bank debits an amount to the account of the transferor and credits the same amount to another account, based on a written request from the transferor.

2. Through this operation, the following may be made:

- a. Transfer of a specific amount from the account of one person to the account of another person, each of them has an account at the same bank or at two different banks.
- b. Transfer of a specific amount from one account to another, both accounts are opened in name of the transferor at the same bank or at two different banks.



3. The agreement between the bank and the transferor customer shall be regulated by the terms of transfer order. However, the transfer order shall not be made to bearer.

Article 381

If the bank transfer is processed between two branches of a bank or two different banks, the branch or the bank at which the beneficiary's account exists shall be advised of each objection raised by a third party in respect of the transfer.

Article 382

Transfer order may apply to amounts actually credited to the account of the transferor, or amounts to be agreed with the bank to be credited to his account within specific period.

Article 383

It may be agreed that the beneficiary presents in person the transfer order to the bank at which the account of the transferor exists, in lieu of advising the bank by the transferor.

Article 384

1. The beneficiary shall own the value of the bank transfer from the time of debiting to the account of the transferor. The transferor may retract the transfer order until such debiting is made.

2. If it is agreed that the beneficiary presents the transfer order in person to the bank, the transferor shall not retract the order, subject to Article (389) hereof.

Article 385

The debt, for which discharge the transfer order is issued, shall remain outstanding with its securities and accessories until the value is actually credited to the beneficiary's account.

Article 386

The postponement of execution of particular transfer orders may be agreed on, whether sent by the transferor directly or presented by the beneficiary, until the end of day to be executed with other orders of the same type, and shall be presented to the bank on the same day.

Article 387

1. If the balance of the transferor is less than the value set out in the transfer order, and the order is directly sent by the transferor, the bank may reject the execution. The transferor shall be notified immediately.

2. If the transfer order is presented by the beneficiary and its value exceeds the transferor's balance, the bank shall credit to the beneficiary the partial consideration, unless rejected by the beneficiary. The bank shall mark the transfer order of crediting the partial consideration or the beneficiary's rejection of the transfer acceptance.

3. If multiple beneficiaries present transfer orders to the bank and the value of transfer orders exceeds the balance of the transferor, they shall have the right to request the distribution of the deficit balance in proportion to their rights among them.

4. If the bank rejects the execution of the transfer order or the beneficiary rejects the transfer of the partial consideration according to Clauses (1) and (2) hereof, the transferor shall have the right to dispose of such consideration.

5. If the bank fails to execute the transfer order on the first business day following the day of presenting, the order within limits of the amount not executed shall be considered as if not made, and shall be returned to the beneficiary against receipt. If a longer period is agreed, the non-executed transfer order shall be added to the orders presented on the following days.

Article 388

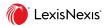
If the transferor dies, the bank shall stop the execution of transfer orders issued thereby from the date of knowledge of death. If the beneficiary dies, the bank shall continue the execution of transfer orders.

Article 389

1. If the beneficiary's bankruptcy is declared, the transferor may suspend the execution of transfer order, even if received by the beneficiary himself.

2. The declaration of bankruptcy of the transferor shall not preclude the execution of the transfer orders issued by the transferor, if presented to the bank before the issue of the judgment of declaration of bankruptcy, unless a decision to the contrary is issued by the court.

3. The provisions of the two previous Clauses shall apply to the extent of consistency with the Bankruptcy Law.



Section 2 - Current Account

Article 390

Current account is a contract between two persons whereby the rights and debts arising from their mutual relation turn into entries in the account, to be setoff between each other, so that the final balance alone, upon closing the account, shall be a due debt.

Article 391

1. The bank may open a current account to its customer, if the operations conducted by the bank for the customer is coupled with opening a credit or credit facility in favour thereof.

2. Agreement may be made that the account is not overdrawn by the customer so that the balance always remains payable. It may be also agreed that the account is overdrawn of both sides so that the balance is payable or receivable for both parties.

Article 392

The following conditions shall be met by the payments to be entered in the current account:

- 1. To be funds or fungibles of specific type in order to conduct setoff.
- 2. To arise from certainly existing debts of specific amount.
- 3. Delivered to the payee on ownership basis.

Article 393

Current accounts may be multiple between both parties, if each account is confined to a specific type of operations or currencies.

Article 394

The following shall result from the current account contract:

- 1. Conveyance of ownership of moneys and funds delivered and entered in the current account to the receiving party.
- 2. Entering the commercial paper in the account shall be deemed valid, provided that its value shall not be calculated, if not paid on the maturity date. In this case, it may be returned to its owner and its entry shall be reversed as set out in Article (407) hereof.
- 3. The particulars entered in the current account in total shall be indivisible before closing the account and extraction of the final balance.
- 4. Setoff shall not be made between a particular in the current account and another particular in the same account.
- 5. Particulars of entries entered in the current account shall not cause the lapse of rights of both parties, in respect of the contracts and transactions created from such particulars.
- 6. Each party to the current account may, at any time, dispose of their payable balance, unless otherwise is agreed.

Article 395

1. All debts arising from business relations conducted between the current account parties shall be entered in the account by operation of law, unless the debts are secured by legal or consensual securities.

2. The debts combined with consensual securities may be entered in the current account, whether the securities are established by the debtor or a third party, if all concerned parties expressly agree on their entering.

Article 396

1. If it is agreed on entering the debt combined with consensual security in the current account, such security may pass to guarantee the balance of account upon closing, insofar the amount of debt, irrespective of the changes that may happen to the current account during the operation thereof, unless otherwise is agreed.

2. If the law stipulates taking certain procedures for the creation of, or invoking security against a third party, the security shall not pass to guarantee the balance of the current account and shall not be invoked, unless from the date on which such procedures are taken.

Article 397

The debts assumed by either party shall lose their own characters and independent existence, upon the entry to the current account. The debts shall not be capable independently of payment, setoff, litigation or not hearing claim.



1. If the particulars of current account include monetary debts denominated in different currencies or non-fungibles, the parties may agree on the entering thereof in the current account, provided that the particulars are entered in independent sections in which similarity of the included payments is observed. Further, both parties shall keep the unity of current account albeit the multiplicity of sections thereof.

2. Balances of such independent sections shall be transferrable, so that setoff may be made between the sections at the time fixed by the parties or upon closing the account, to extract one balance.

Article 399

1. The payments made by the customer in the current account shall not accrue interests, unless otherwise is agreed. The interest shall be calculated in the agreed rate. If the interest rate is not specified by agreement, it shall be specified on the basis of the interest rate prevailing in the market at time of dealing which shall not exceed (9%).

2. Interests shall apply to the debt balance from the date of closing the account, unless otherwise is agreed.

Article 400

1. If a term is specified to close the current account, the account shall be closed upon expiration thereof. Account may be closed before expiration of such term, by agreement of both parties.

2. If no term is specified for the current account, it may be closed by the will of both parties, subject to the dates of notification agreed on or according to custom.

3. At all events, the account shall be closed upon the death or incompetence of customer, or declaration of bankruptcy of either party, termination of the juristic person, striking off the bank from the list of operating banks or the bank's suspension of works.

Article 401

The current account between a bank and its customer shall be deemed locked at the end of the bank's fiscal year. Such locking shall not be deemed a closing of the account. Rather, the account shall remain open and its balance shall be carried forward to the same current account and its movement shall be resumed on the first following business day.

Article 402

If the current account is closed, the balance shall be considered an immediately due debt, unless otherwise is agreed by the parties, or entering certain operations to be entered in the accounts is under progress, and the entering may change the balance amount. In this case, the balance debt shall fall due immediately from the day following the last entry required by such operations.

Article 403

The general rules established for not hearing the claim due to time bar shall apply to the balance and interests of debt.

Article 404

If the debt entered in the current account is removed or reduced for a reason occurring subsequently to the entering in the account, the entry thereof shall be cancelled or reduced, as the case may be, and the account shall be adjusted accordingly.

Article 405

The creditor of either party to the current account may garnish the payable balance of the attachee, at time of imposing the garnishment.

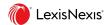
Article 406

1. If either party to the current account becomes bankrupt, no pledge created on the properties of such party shall be invoked against the group of creditors, after the date fixed by the court for ceasing payment to secure the potential debt balance, insofar the amount of receivable balance at time of creation of pledge.

2. Pledge may be invoked against the group of creditors, for the difference between the balance receivable existing at time of creation of the pledge and the amount of balance at time of closing the account, if any, unless the pledgee, at time of creation of the pledge, is informed of the debtor's cessation of payment.

Article 407

1. If the debit of a commercial paper is entered in the current account and the paper's value is not paid on maturity date, the party debiting the paper may, even after declaration of bankruptcy of the party who presents the paper for debiting, cancel the entry of its value in the current account by a reverse entry.



2. Reverse entry means entering an amount equals the value of the commercial paper in addition to the charges in the debit side of the current account.

3. Reverse entry shall not be made, unless for the commercial papers which value is not paid on maturity dates. Each agreement on the contrary shall be null and void.

Article 408

Upon denial and lack of lawful excuse, the action of requesting the correction of current account shall not be heard, even if the request is based on the mistake or omission, or repetition of entries, in connection with the entries for which over one year lapse from the date of receiving the account statement, unless either party advises the other party of his assertion of correction of the account, or if the customer proves, in case of the current account opened with a bank, that no account statement is received during the said period. In both cases, the action shall not be heard upon the lapse of (5) five years from the date of closing the account.

Section 3 - Bank Credits

Chapter 1 - Bank Loan

Article 409

1. Bank loan is a contract whereby the bank delivers the borrower an amount of money as a loan or crediting the amount to his account with the bank, on the agreed conditions and terms.

2. The banks shall have sufficient securities or guarantees against the provided loans.

3. The borrower shall pay the loan and its interests to the bank on the agreed dates and conditions.

Article 410

The bank loan shall be deemed a commercial work, whatever the capacity of the borrower or the purpose of loan.

Chapter 2 - Bank Security

Article 411

1. Bank security is an undertaking by the bank to discharge the debt of the customer against a third party on the agreed conditions, included in the security. The security may be for limited or unlimited term.

2. Bank security shall be a joint liability.

Article 412

Bank security shall be made in many forms, including:

- 1. Signing a commercial paper by the bank as an accessory guarantor, or issuing the accessory security in an independent paper which allows securing many commercial papers concurrently.
- 2. Conclusion of independent contract of suretyship.
- 3. A letter of guarantee addressed by the bank to the customer's creditor, in which the bank guarantees the customer's performance of obligations.

Article 413

Bank security shall be deemed a commercial work, whatever the capacity of the guaranteed party or the purpose of guarantee.

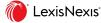
Article 414

Letter of guarantee is an undertaking issued by the guarantor bank, at request of its customer (applicant), to pay a specific amount or that can be specified to another person (beneficiary) without restriction or conditions, unless the letter of guarantee is conditional, if requested, during the period specified in the letter. The purpose for which the letter is issued shall be stated in the letter of guarantee.

Article 415

1. The bank may request the provision of security or guarantee against the issue of the letter of guarantee.

2. Security or guarantee may be in the form of cash, commercial papers, securities, goods or assignment of the applicant's right against the beneficiary to the bank.



The beneficiary shall not assign to a third party the right thereof arising from the letter of guarantee, unless by consent of the bank.

Article 417

1. The bank shall not reject payment to the beneficiary for a reason attributed to the bank's relation with the applicant or the applicant's relation with the beneficiary.

2. By way of exception from Clause (1) hereof, the bank may reject payment to the beneficiary, if there is an order or a selfexecuting judgment of attachment of the amount of guarantee with the bank is issued. For the issue of the order or the judgment in this case, the applicant shall in his application or claim, rely on serious and certain grounds.

Article 418

1. The bank's liability towards the beneficiary shall be discharged, if no request of payment is received by the bank from the beneficiary, during effectiveness term of the letter of guarantee, unless it is expressly agreed on the renewal thereof before expiration of such term.

2. The bank shall return to the applicant the securities or guarantees provided against the letter of guarantee, after expiration of effectiveness term thereof, without payment of the security amount, unless an agreement to the contrary is made.

Article 419

If the bank pays the agreed amount in the letter of guarantee to the beneficiary, the beneficiary shall be subrogated by the bank to recourse to the applicant for the paid amount.

Chapter 3 - Credit Opening

Article 420

1. Credit opening is a contract whereby the bank puts at the customer's disposal a specific amount of money, which the customer has the right to disburse in one payment or more.

2. Credit shall be opened for limited or unlimited term.

Article 421

Credit opening contract shall not be deemed a loan. The customer shall not be committed to use the opened credit.

Article 422

1. If the credit is opened for unlimited term, the bank may revoke the credit at any time, provided that the beneficiary customer is advised at least thirty days before the fixed date of revocation. Each agreement that entitles the bank to revoke the credit of unlimited term, without prior notice or a notice of a shorter term, shall be null and void.

2. At all events, the credit opened for unlimited term shall be deemed revoked upon the lapse of six months from the date of advising the beneficiary of opening the credit, if not used, unless otherwise is agreed.

Article 423

1. The bank shall not revoke the credit before expiration of the specified term thereof, unless in case of death or incompetence of, or ceasing payment by the beneficiary, even if no judgment of declaration of bankruptcy thereof is delivered, or fatal mistake is committed thereby in the use of the credit opened for his benefit.

2. If the customer for whose benefit the credit is opened is a company, the credit shall expire as well upon the invalidation or termination of the company

Article 424

If there is significant deficit in the in rem or personal guarantees provided by the customer, the bank may request additional guarantee or reduce the credit amount, insofar the amount of such deficit.

Article 425

Credit shall not be transferred, without consent of the opening bank.

Article 426

The credit opening contract shall be deemed a commercial work, whatever the capacity of the customer or the purpose of the credit.



The credit opening contract shall define the credit maximum limit and the manner of using the credit.

Article 428

If the credit is revoked according to the provisions of this Chapter, the bank shall not be bound to pay the payment orders or the cheques drawn at the credit, if submitted to the bank after revocation of the credit.

Chapter 4 - Documentary Credit

Article 429

1. Documentary credit is a contract whereby the bank opens a credit at request of the customer (credit opening applicant) within limits of a particular amount, for benefit of another person (beneficiary) secured by documents that represent goods shipped or prepared for shipping.

2. Documentary credit contract shall be deemed independent from the contract for which it is opened. The bank shall not be a party to such contract.

Article 430

Each documentary credit shall include a maximum date of effectiveness and submission of documents, for purpose of payment, acceptance or debiting. If the expiration date of the credit is a holiday of banks, the effectiveness period shall be extended to the first business day following the holiday. Except the holidays, the effectiveness of credit shall not be extended, even if the expiration date thereof coincides with the interruption of business of the bank due to force majeure, unless by express authorization by the applicant.

Article 431

1. The papers of documentary credit opening, confirmation or advising application shall accurately define the documents against which the operations of payment, acceptance or debit are executed.

2. The credit opening bank shall fulfil the conditions of payment, acceptance and debit agreed in the credit contract, if the documents representing the goods are consistent with the particulars and conditions of the contract.

Article 432

- 1. Documentary credit may be revocable or final irrevocable.
- 2. Documentary credit shall be final, unless the revocability thereof is expressly agreed.
- 3. Documentary credit may be divisible, transferrable, indivisible or untransferable.

Article 433

1. Revocable documentary credit shall not create any obligation assumed by the bank against the beneficiary. The bank may at any time, automatically or at request of the applicant, amend or revoke the documentary credit.

2. If bills of lading conformant to the particulars and conditions of the documentary credit contract are submitted within its term and before its revocation, the bank and the credit opening applicant shall be held jointly liable against the beneficiary.

Article 434

1. In case of irrevocable documentary credit, the bank's obligation shall be conclusive and direct against the beneficiary and each good faith bearer of the drawn instrument, in performance of the contract for which the documentary credit is opened.

2. The final documentary credit shall not be revoked or amended, unless by agreement of all the concerned parties.

Article 435

1. A bank other than the bank that opens the documentary credit may confirm the final irrevocable credit by being committed conclusively and directly against the beneficiary and each good faith bearer of the drawn instrument, in performance of the credit opening contract.

2. The notice of opening the final documentary credit sent to the beneficiary by a bank other than the bank that opens the documentary credit shall not be deemed a confirmation of credit by the other bank.



1. Documents shall be submitted to the bank before expiration of the credit term. If documents are submitted thereafter, documents shall be rejected by the bank, unless the credit opening applicant requests acceptance of documents and the bank approves the same.

2. The bank shall verify the existence of the required documents and that their substance completely fulfils the conditions of the letter of credit, and consistent with each other.

Article 437

The bank shall examine documents only to verify that the documents, as apparently seem, are consistent with the documents requested in the letter of credit. The verification of the consistency of the goods with the corresponding documents falls beyond the scope of obligation of the bank.

Article 438

If the documents are accepted by the bank, the documents shall be assigned to the credit opening applicant as soon as possible. If the documents are rejected, the beneficiary of the documentary credit shall be immediately advised thereof together with expressing the reasons of rejection.

Article 439

1. The beneficiary shall not assign the credit, in whole or in part, to other person or persons, unless permitted by the bank, and expressly provided in the letter of credit.

2. The execution of credit shall not be divided by the bank, unless permitted by the applicant.

3. Assignment may be made only for once, unless otherwise is provided in the credit opening contract.

4. Assignment shall be made by endorsement of the letter of credit, if a promissory note, or by delivery, if to bearer. If the assignment is nominal, the procedures of transfer shall apply.

Article 440

1. The documentary credit opening applicant shall return to the bank the amount paid thereby to the beneficiary, within limits of the open credit. The applicant shall further reimburse the bank the charges may be expended in this regard.

2. The bank may, in guarantee of the dues thereof, hold back the documents received from the seller. The bank shall also have the right of lien over the goods represented in the documents thereof.

3. If the credit opening applicant fails to pay to the bank, the value of bills of lading that fulfill the credit opening conditions within one month from the date of being advised of arrival of such documents, the bank may sell the goods by following the methods of executions on the commercially pledged items.

4. If the goods are destroyed or damaged, the right of pledge shall pass to the security amount.

5. After the arrival of documents of the credit financed by the bank, the bank and its customer may agree that the debtor customer assigns to the bank the goods, subject of the documentary credit or a part thereof, to discharge the debt of the bank or a part thereof. The bank may then instruct the customer to hold in trust and sell the goods, on behalf and for account of the bank, on the terms and conditions agreed by the parties. The liability of the customer in this case shall be liability of the commission agent. The bank shall accordingly have all rights of the principal over the goods or their price.

Section 4 - Operations of Commercial Papers

Chapter 1 - Discount

Article 441

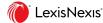
1. Discount is an agreement whereby the bank undertakes to pay in advance the value of a commercial paper to the beneficiary thereof against the conveyance of their title to the bank.

2. Interest shall be deducted by the bank, from the amount paid to the discount beneficiary, for the value of paper, in addition to the commission. Agreement on discount may be made against a total amount.

Article 442

1. Interest shall be calculated on the basis of the time lapsing from the date of presenting the discount commercial paper to the maturity date thereof, unless otherwise is agreed.

2. The commission shall be estimated on the basis of the commercial paper value.



1. The bank shall be the proprietor of the discounted commercial paper and may exercise all rights of the bearer. The bank shall further have the right to recourse to the paper's signors.

2. The bank shall have, additionally, against the beneficiary of discount, an independent right to recover the funds put at the beneficiary's disposal, and charge the collected interest and commission.

3. Without prejudice to the provisions of the current account, the bank shall exercise this right within limits of the unpaid papers, whatever the reason of abstention from paying the discounted papers.

Article 444

1. The bank shall reserve to itself the right to make reverse entry of the value of commercial paper and the charges in the debit side of the account of customer who endorses the paper to the bank, in case of not paying its value, or bankruptcy of the customer.

2. If there is no current account for the customer at the bank, the customer shall refund the value of the commercial paper and the charges to the bank.

Chapter 2 - Acceptance Credit

Article 445

Acceptance credit is a contract whereby the bank is the drawee and accepts, in this capacity, a commercial paper drawn by the customer or the other party dealing with this customer. The bank shall pay their value upon maturity.

Article 446

If the bank pays the value of the accepted commercial paper, the paper's value and the charges shall be debited to the customer's account. The bank may also recourse to the customer for the amounts paid under the credit opened for the customer used as a consideration for payment of the commercial paper which the customer undertakes to pay.

Chapter 3 - Collection of Commercial Papers

Article 447

The commercial paper bearer may endorse the same to the bank by procuration endorsement. The bank shall become under such endorsement an agent in the collection of the paper's value for account of the endorser.

Article 448

The bank shall, upon falling of the maturity date of the commercial paper, claim the drawee or the executor for payment. If payment is made, the bank shall credit the paper's value to the customer's account. If no payment is made, the bank shall execute a protest or prove non-payment. In both cases, the charges shall be debited to the customer's account.

Article 449

1. The bank shall be responsible for the mistake or negligence committed in the performance of agency thereof.

2. The bank may stipulate its relief of liability for the late execution of the protest. This condition shall be effective between the customer and the bank, unless fraud or fatal mistake is attributed to the bank. This condition shall not apply to other endorsers.

Article 450

The agency resulting from the procuration endorsement shall not be terminated upon the death or incompetence of the endorser.

Section 5 - Operations of Securities

Chapter 1 - Securities Based Lending

Article 451

1. Securities based lending is a loan secured by a pledge.

2. If the securities are nominal instruments, the pledge thereof shall be written by virtue of an assignment stating that it is intended as a collateral and shall be marked in the instrument itself and recorded in the records of the issuing body. If the securities are instruments to bearer, they shall be equivalent to the tangible chattels and the pledge thereof shall be proved by all means of evidence.



1. The possession of the pledged securities shall pass from the pledgor to the pledgee bank.

2. The bank shall have the right to hold back the instruments.

Article 453

The bank shall maintain the pledged instruments by collection of profits, receipt of its value upon depreciation, and deduction of such amounts from the principal debt.

Article 454

If the bank fails to collect its dues upon the maturity thereof, the bank may apply to the competent court to sell the pledged instruments in public auction or in their price in the stock market and collect its right from the sale price against other creditors. Each agreement made on the contrary shall be null and void.

Article 455

If the instruments are presented by other than the debtor, the holder thereof shall not be committed to pay the debt recorded in the pledge, unless in his capacity as a guarantor in rem.

Article 456

The third party designated by both contracting parties for the possession of pledged instruments shall be considered to have waived each right thereof to foreclose the instruments due to a reason occurring prior to the pledge, unless such right is reserved, upon accepting the possession of the pledged instrument for account of the pledgee.

Article 457

If the full value of the instrument is not paid at time of presenting to pledge, the debtor shall upon the maturity date of the unpaid part, pay its value at least two days before its maturity date, or the pledgee may apply to the court to sell the instrument according to Article (454) hereof. The unpaid part shall be paid from the proceeds of sale and the remaining sum shall be kept as a guarantee of the pledge consideration.

Article 458

The lien of the pledgee shall remain outstanding in its rank, between the contracting parties and for the third party, over the earnings and interests of the pledged instrument and the papers replacing the lien and its value, if paid before its maturity date.

Chapter 2 - Deposit of Securities

Article 459

Deposit of securities at the bank is a contract whereby the customer delivers the bank the securities agreed to be deposited. The bank shall give the customer, upon receiving the papers, a receipt containing the terms of contract and numbers of papers. Such receipt shall not represent or be equivalent to the deposited papers. Rather, the receipt is a means to prove the contract.

Article 460

1. The bank shall, in the custody of the deposited securities, exert due diligence of the bailee against fee and shall take, to this end, all precautions imposed by the banking custom. Each agreement relieves the bank of such obligations shall be null and void.

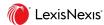
2. The bank shall be responsible for the destruction, loss or theft of the papers, unless arising from force majeure.

Article 461

The bank shall not use the deposited securities by disposing or pledging thereof, or exercise the rights arising from the securities, unless by special permission from the customer.

Article 462

1. The bank shall manage the deposited securities and collect the earnings of securities and the value of the due or depreciated bonds. The customer shall be advised by the bank of the operations undertaken for such papers such as replacement and renewal together with depositing the amounts collected at disposal of the bailor and entering thereof in the customer's account.



2. The bank shall advise the bailor of each order or right pertinent to the security and shall obtain the consent thereof or depending on his choice. If the instructions of the bailor are not received during appropriate period, the bank shall take action to the benefit of the bailor. The bailor however shall incur the expenses.

3. The bank shall be held liable, in case of the failure to perform its obligations which results in suffering damage by the customer.

Article 463

1. The bank shall have the right to charge fee against the assumed obligations. The fee shall be determined, in absence of agreement, according to custom. The number and value of the deposited securities shall be observed.

2. To secure the collection of the fee payable to the bank, the bank may foreclose, and abstain from returning the deposited securities, until the bank's dues are collected, in addition to the legally established lien for the expenses of the chattel's custody.

Article 464

1. The bank shall return the deposited securities to the customer, at customer's request. The time required for the preparation of the security for the return shall be observed.

2. Return shall be made at the place where the deposit is made. The return shall be confined to the deposited securities themselves. The bank shall not be entitled to return instruments of the same type bearing different numbers, unless it is agreed on returning securities of the same class or other securities, or as required by the law.

Article 465

The securities shall be returned to the bailor in person or to his legal representative, successors or agent, as the case may be, even if the security denotes the security's ownership by a third party.

Article 466

1. If the bank loses possession of the securities for a reason beyond its control, the bank may file replevin action against the possessor thereof.

2. In case of loss or theft of securities to bearer, the issuer of the securities shall be advised by the bank and instructed not to pay the earnings or value of security, in case of depreciation or falling due to the beneficiary.

Article 467

If a claim of entitlement to the securities deposited at the bank is filed, the bank shall advise the bailor directly and abstain from returning the securities until the claim is decided by the court.

Section 6 - Commercial Transactions of Islamic Financial Institutions

Chapter 1 - General Provisions

Article 468

1. The provisions set out in this Section shall apply to the commercial transactions and contracts to which the Islamic financial institutions are a party.

2. In the application of the provisions of this Section, the Islamic financial institutions shall mean each institution which articles of association or articles of incorporation provides the transaction of works and activities according to the provisions of Islamic Shariah. The financial institution that transacts certain works according to the provisions of Islamic Shariah, by license of the competent bodies, in connection with these works, shall be considered an Islamic financial institution.

Article 469

Except where a special provision is made in this Section, the provisions of this Law and the related laws shall apply to the commercial transactions and the contracts concluded according to the provisions of Islamic Shariah provisions.

Article 470

The Shariah criteria and controls issued or adopted by the Higher Sharia Authority provided in the Federal Decree-Law No. 14 /2018 shall be the reference in the interpretation and construction of the provisions set out in this Section, in consistency with the provisions hereof.



The board of directors of the Central Bank shall issue the regulations and statutes that include the controls and rules of the commercial transactions of the Islamic financial institutions and Takaful companies that transact their business and activities or a part thereof, according to the Islamic Shariah provisions, and licensed thereby, having been approved by the Higher Sharia Authority provided in Article (470) hereof.

Article 472

The following transactions shall be deemed of the commercial transactions governed by the Islamic Shariah provisions, whenever conducted through an Islamic financial institution:

- 1. Deposit.
- 2. Investment account.
- 3. Takaful insurance.
- 4. Finance forms.
- 5. Investments.
- 6. Any transaction which any enforced legislation provides that it is governed by the Islamic Shariah provisions.

Article 473

1. The Islamic financial institutions shall not borrow or lend against interest or benefit, in any way. Further, the Islamic financial institutions shall not charge or require interest or benefit on any debt amount which is overdue, including default interest, even if for compensation. Each agreement made on the contrary shall be null and void.

2. In this Article, lending shall mean giving ownership of money or a fungible to another person provided that an equivalent item of the same amount, type and description shall be returned to the lender upon expiration of the loan term. It is not stipulated to give benefit or an amount in excess of the lent amount to the lender, expressly or by custom.

Article 474

The financial obligations arising from the transactions and commercial contracts governed by the provisions of this Section shall be determined and, of specified amount. Such obligations shall be considered debts which amounts shall not be increased when the maturity date thereof is postponed. Every agreement made on the contrary shall be null and void.

Chapter 2 - Special Provisions of Certain Types of Contracts and Obligations to Which the Islamic Financial Institutions are a Party

Branch 1 - Promise of Contracting

Article 475

1. Promise of contracting is an undertaking by either party to conclude a specific contract in the future. The undertaking shall be binding to the promisor only.

2. If the promisor fails to deliver on the promise without acceptable excuse, the promisee shall be compensated. The compensation in this case shall be confined to the value of the direct actual damage sustaining the promisee.

Branch 2 - Sale in Instalments

Article 476

Sale in instalments, in the meaning of this Branch, is every sale concluded for purpose of finance, or which is a part of a financial transaction, through which a non-monetary property is exchanged for a deferred monetary property paid in instalments. The title to the sold item shall pass to the purchaser upon the conclusion of contract. The seller shall not keep the title to the sold item until the payment of all or part of the price instalments. Every agreement made on the contrary shall be null and void.

Article 477

The provisions of sale in instalments provided in this Branch shall apply, if it is agreed in the contract that the burdens of title to, consequences of destruction of the property, or defect for a matter beyond control, shall pass to the contracting party upon the delivery of the property thereto, even if the sale is called lease by the parties.



1. The price, characters, shape, volume or other specified descriptions shall be defined in the contract session. No agreement on the contrary shall be made.

2. The price of the sold item shall be determined as set out in the contract. Increase of price shall not be stipulated, if the installments are paid late for any reason. Every agreement on the contrary shall be null and void.

Article 479

If the parties agree that the sale is made in the market price, the price shall be determined in such price at the place and time defined in the contract. If there are multiple market prices, the average price shall prevail. No agreement shall be made on the determination of price, contracting in the market price in the future, or connection of its determination to an indicator of unknown amount.

Article 480

The contracting parties may agree on the delegation of a third party in the determination of price of the sold item to the best interest of both parties. Such determination shall be made at the contract session itself.

Branch 3 - Murabaha

Article 481

Murabaha is a contract whereby the seller sells an asset to the purchaser, having been owned and possessed by the seller in fact or constructively, based on a request of finance by the purchaser. Sale shall be made at cost in addition to a fixed amount of profit specified in the contract, and their total shall be the price of murabaha sale.

Article 482

1. The price of murabaha sale, after conclusion of the contract, shall be specified. The price shall not be changed or associated with an indicator or alike.

2. Agreement may be made on the payment of price of murabaha sale in installments of specified amount and payment term, or in one payment within a specific term.

Branch 4 - Toll Manufacturing

Article 483

Toll manufacturing is a contract whereby the seller sells a described item to the purchaser to be manufactured against a fixed total price defined in the contract. The contract shall define the required class, type, quantity and descriptions of the sold item and determine a term for future delivery.

Article 484

In the bank toll manufacturing contract, the seller shall provide work and manufacturing materials together. The seller may manufacture the sold item by itself or assign the same to a third party under a contract independent from the toll manufacturing contract.

Article 485

1. After conclusion of the contract, the price shall not be changed or associated with an indicator or alike.

2. It may be agreed on the payment of price of sale by toll manufacturing in installments of specified amounts and payment term, or in one payment within specified term.

Article 486

1. The sold item shall, upon expiration of term, be delivered according to the contract. It shall not be stipulated that the sold item is free from defect. Every agreement on the contrary shall be null and void.

2. If the sold item is delivered and found to be substantially different in certain characters, as per the custom, the purchaser shall have the option either to receive and accept the sold item, or rescind the contract and refund the price or the amount paid to the seller, or the parties may agree on a new price to be timely determined.



It may be stipulated in the toll manufacturing contract that the purchaser is entitled to compensation, in case of late delivery of the manufactured item by the seller, in an amount agreed in the contract, unless the late delivery is beyond control of the seller or results from an unforeseen accident.

Branch 5 - Forward Sale

Article 488

Forward sale is a contract whereby the seller sells a property of deferred delivery to the purchaser, which manufacture is not stipulated to be against a spot price.

Article 489

1. It shall be stipulated that the price in the forward sale contract is of specified amount and type and fixed in the contract, and its receipt is not deferred for a period of more than (3) three days.

2. Debts shall not be the price in the forward sale contract.

Article 490

1. The class, type, quantity and descriptions of the sold item and the lead time shall be determined, whether the seller provides the sold item by himself or purchases the item from a third party, under a contract independent from the forward sale contract.

2. Forward sale is a contract that creates the obligation of the seller to deliver the sold item but not its price. The sold item shall be delivered upon the falling of the date agreed in the contract. It shall neither be stipulated the relief of liability for the defects in the sold item, nor that the contract includes a penalty clause for the late delivery of the sold item. Every agreement made on the contrary shall be null and void.

Branch 6 - Lease

Article 491

Lease is a contract whereby the lessor hires a specific or a described property owned or let by the lessor, against a fixed rent specified in the contract or a changed rent paid in one payment or in instalments of specified amount and terms.

Article 492

The specified property shall not be leased, unless after the property is owned and let by, and delivered to the lessor.

Article 493

Promising the ownership of leased property may be made, so that the ownership takes places upon expiration of the lease term or as agreed. Ownership shall not be stipulated in the lease agreement. Ownership shall be made by a timely concluded independent contract.

Article 494

Rent may be changed for each lease term determined in the contract, provided that the rent of the first lease term is determined of a specific amount in the agreement. The rent of each subsequent term shall be calculated before the commencement thereof, as per a particular indicator or criterion which price shall not be determined by the parties to contract. The indicator or the criterion shall have a maximum and minimum limit to be provided in the contract. If the lease term commences, the rent thereof shall not be subject to change.

Article 495

1. The object of contract in the lease agreement shall be the utilization which delivery shall be fulfilled upon the delivery of the object. It shall be stipulated that such object is capable of being delivered, and is adequately identified to settle disagreement.

2. The lessor shall not stipulate that it is relieved of liability for defect in the leased property that precludes the utilization of the benefit intended in the lease agreement or assuming no responsibility for any dysfunction that may happen to the property that affects benefiting of utilization, whether by action of, or a reason beyond control of the lessor.

3. Expenses of the basic maintenance and insurance of the leased property against damage shall be incurred by the lessor. This shall not be stipulated for the lessee or to initially agree on adding such expenses to the rent. Every agreement made on the contrary shall be null and void.



Where no special is made in this Chapter, the provisions of the Finance Lease Law shall apply to the lease.

Chapter 3 - Islamic Banking Operations

Article 497

The board of directors of the Central Bank shall issue the decisions of the banking operations performed according to the provisions of Islamic Shariah, the administrative sanctions and financial penalties imposed by the Central Bank, in case of breach of the regulations and statutes provided in Article (471) hereof.

Section 7 - Safe Deposit Box Rental

Article 498

1. Safe deposit box rental is a contract whereby the bank places a particular safe deposit box at disposal of the lessee customer and enables the customer to utilize the deposit box for a specific term against a specified fee.

2. The bank shall safeguard, keep safety and usability of the rented safe deposit box, by taking all measures imposed by the banking custom.

Article 499

1. Safe deposit box shall be opened by two keys, one shall be delivered by the bank to the lessee customer and the other shall be kept by the bank. The bank shall not deliver a copy of the key to any other person. Further, the bank shall not allow access to, or use of the safe deposit box, unless to the customer or his authorized agent.

2. The key delivered to the lessee shall remain the property of the bank and shall be returned to the bank, upon the expiration of rent.

3. The bank may adopt other means such as automatic control system or plastic cards.

Article 500

1. The bank shall be responsible for the safety, safeguarding and usability of the safe deposit box. The bank shall not repudiate its responsibility, unless by proving force majeure or a third party action amounting to the level thereof.

2. The bank shall not assert the term of relief of liability, unless fraud or gross negligence is evidently committed by the bank or its affiliates.

Article 501

1. The lessee shall use the safe deposit box in the familiar manner and pay the agreed rent on maturity dates.

2. The lessee shall not deposit in the safe deposit box anything that may endanger safety of the deposit box or the place where the deposit box exists.

3. The lessee shall not hire the safe deposit box or a part thereof, or assign the rental to a third party, unless otherwise is agreed with the bank.

Article 502

1. If the safe deposit box is rented to multiple lessees, either of them may severally use the safe deposit box, unless otherwise is agreed.

2. In case of death of either lessee, the bank shall not, after knowledge of the death, permit access to the deposit box, unless by consent of all concerned parties or by decision of the court.

Article 503

The bank shall keep a record stating the dates and times of opening the deposit box by the lessee.

Article 504

If the bank finds that the safe deposit box is at risk or contains dangerous items, the bank shall immediately advise the lessee to appear and vacate its contents or take out the dangerous items. If the lessee fails to appear on the specified date, the bank may request, under a petition by the competent judge at the court in which circuit the safe deposit box exists, permission to open, vacate or take out dangerous items from the safe deposit box, in presence of the person appointed by the judge. A report of the event shall be drawn up to record the contents of the safe deposit box. If the danger threatening the safe deposit box is



immediate, the bank may under its responsibility open, vacate and take out dangerous items from the safe deposit box, without notice or permission from the competent judge. This shall be made by a committee of the bank officers of not less than (3) three persons. A report shall be drawn up and a photocopy thereof shall be served on the customer.

Article 505

1. If the lessee fails to pay the safe deposit box rent on maturity dates, the bank may, after the lapse of (15) fifteen days, unless another period is agreed, from advising the lessee of payment, consider the contract automatically rescinded, and the bank shall restore the safe deposit box, after advising the lessee to appear and open and vacate its contents of the deposit box and deliver its key. The notice shall be valid whenever the notice is served at the last address specified by the lessee to the bank.

2. If the lessee fails to appear on the specified date, or the term of contract expires and after service of notice thereon, the bank may request, under a petition by the competent judge at the court in which circuit the safe deposit box exists, permission to open and vacate contents of the safe deposit box, in presence of the person appointed by the judge. A report of the event shall be drawn up to record the contents of the safe deposit box and shall be signed by the judge's envoy and the bank. The judge may order depositing the contents at the bank or at an appointed custodian, until received by the owner thereof or the judge may order disposing thereof.

Article 506

The bank shall have the right to foreclose the contents of safe deposit box and the right of lien over the proceeds of sale of its contents to charge the due fee and expenses.

Article 507

1. Provisional and executive attachment may be levied on the contents of safe deposit box.

2. Attachment shall be levied by notifying the bank of the substance of the document whereby the attachment is levied. The bank shall be instructed to disclose whether there is a safe deposit box rented to the attachee. The bank shall, upon receiving the notice, prevent the attachee lessee from using the safe deposit box, and inform the lessee of the levy of attachment on the safe deposit box.

3. If the attachment is provisional, the lessee may apply to the court to lift the attachment for all or part of their contents.

4. If the attachment is executive, the bank shall open and vacate contents of safe deposit box, in presence of the attachor and the execution officer. The lessee shall be advised of the date fixed for opening the safe deposit box. The inventory of contents of safe deposit box and their delivery to the bank or the custodian appointed by the competent court, shall be conducted on the fixed date, until the contents are sold according to the procedures defined by the court.

5. If there are papers or documents excluded by the forced sale, the same shall be delivered to the lessee. If the lessee is not present at the time of opening the safe deposit box, the documents shall be delivered to the bank to be kept, after the same is put in an envelope of seized items with the seal of the execution officer and the seal of the bank officer affixed, until requested by the lessee.

6. The lessor shall pay the bank a sufficient amount to secure the fee of safe deposit box during the attachment term.

Article 508

Except the cases provided in the law, the bank shall not open or vacate contents of the rented safe deposit box, unless by permission and in presence of the lessee or to enforce a judgment, order or decision issued by the court.

Book 4 - Commercial Papers

General Provisions

Introduction of Commercial Papers and their Types

Article 509

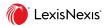
Commercial papers are written instruments in such forms defined by the law that represents a right which subject is a specified amount of money falling due at sight, or after a specific term, or can be specified. Commercial papers are negotiable in the commercial ways. It is established in the custom that commercial papers are accepted as a means of payment in lieu of money.

Article 510

Commercial papers include bill of exchange, promissory note, bearer bond, cheque and other papers executed for business which are, according to the custom, accepted as a means of payment in transactions.

Article 511

Bill of exchange (draft) is a commercial paper that contains an order by the drawer to the drawee to pay a specific amount of money at sight, or on a specific date, or can be specified to the beneficiary.



Promissory note is a commercial paper whereby the executor thereof undertakes to pay a specific amount of money at sight, or on a specific date, or can be specified, to another person namely the beneficiary.

Article 513

Bearer bond is a commercial paper whereby the executor thereof undertakes to pay a specific amount of money at sight, or on a specific date, or can be specified, to the bearer of paper.

Article 514

Cheque is a commercial paper that includes an order issued by the drawer to the drawee bank, to pay on the date fixed therein as the date of issuing a specific amount of money to a third person namely the beneficiary or to bearer.

Section 1 - Bill of Exchange

Chapter 1 - Execution of Bill of Exchange

Article 515

The following particulars shall be included in the bill of exchange:

- 1. The word bill of exchange is written in the body of instrument in the language in which the document is written.
- 2. Unconditional order of payment of a specific amount of money.
- 3. Place and date of execution of the bill of exchange.
- 4. Signature of the drawer.
- 5. Name and surname of the drawee.
- 6. Name of the person to whom or to whose order the value of the bill of exchange is paid (beneficiary).
- 7. Maturity date and place of payment.

Article 516

The instrument void of either of the particulars set out in Article (515) hereof shall not be considered a bill of exchange, unless in the following events:

- 1. If the bill of exchange is void of the maturity date, it shall be deemed to fall due at sight.
- 2. If the bill of exchange is void of the place of payment, the place stated next to the name of the drawee shall be deemed the place of payment and the address of the drawee concurrently. Bill of exchange shall fall due at the address of the drawee, if its payment is not stipulated at another place.
- 3. If the bill of exchange is void of the place of execution, it shall be considered to have been executed at the place stated next to the name of the drawer. If such place is not expressly stated, the place of execution shall be considered the place where the drawer signs the bill of exchange.

Article 517

1. Bill of exchange shall be signed by signature or thumb fingerprint.

2. Two witnesses shall witness the person affixing his fingerprint that he affixes the fingerprint before them and is informed of the content for which the fingerprint is affixed.

Article 518

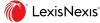
1. If the amount of bill of exchange is written in letters and numbers together, in case of discrepancy, the written letters shall prevail.

2. If the amount is written many times in letters or numbers, in case of discrepancy, the smaller amount shall prevail.

Article 519

1. Bill of exchange shall not include more than one amount.

2. If the bill of exchange is drawn in a currency of common designation between the countries of execution and payment without defining the intended currency, the currency of the payment country shall prevail.



1. Bill of exchange may be signed by more than one drawer.

2. The drawer may instruct a third party to sign the bill of exchange on his behalf. In this case, the third party shall state his capacity upon signing the bill of exchange.

Article 521

1. No interest shall be charged for the amount stated in the bill of exchange, unless the bill of exchange is payable at sight, or a specific period after sight.

2. Interest rate shall be stated in the bill of exchange itself, or the condition shall be null and void.

3. Interest shall apply from the date of execution of the bill of exchange, unless another date is fixed.

Article 522

1. The person who signs a bill of exchange on behalf of another without authorization, shall be personally obliged thereby. If such person pays the bill of exchange, the rights passing to the person who claims to be the principal, shall pass to that person.

2. This provision shall apply to the proxy, in case of going beyond the limits of his authority.

Article 523

If the bill of exchange bears forged signatures or for fictitious persons or persons lacking the competence of commitment, or the signatures are not binding to their owners for other reasons, or not binding to the signors of bill of exchange, the obligations of the remaining signors shall however remain valid.

Article 524

The obligations of the incompetent person who not permitted to practice trade and the incapacitated, arising from signing the bill of exchange, in any capacity, shall be invalid for them only. However, they may assert such invalidity against each bill of exchange bearer.

Article 525

1. Bill of exchange may be drawn to the order of the drawer himself.

- 2. May be drawn at the drawer.
- 3. May be drawn for account of another person.

Article 526

1. The bill of exchange form shall be subject to the law of the country in which it is executed.

2. The competence of being bound to the bill of exchange shall be determined according to the citizenship law of the obligor. If such law refers to the law of another country, that law shall be applicable.

3. If the applicable law considers the obligor incompetent, then his obligation under the bill of exchange remains valid, if signed in a country which law considers him of full competence.

Article 527

Bill of exchange may fall due at the address of another person, whether the place where the address of the drawee exists or any other place.

Article 528

1. The bill of exchange drawer shall guarantee the acceptance and payment thereof.

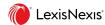
2. The bill of exchange drawer may stipulate the relief of the guarantee of acceptance. Each condition whereby the guarantee of payment is abandoned shall be null and void.

Chapter 2 - Negotiation of Bill of Exchange

Article 529

1. Every bill of exchange shall be negotiated by endorsement, even if it is not stated in the bill that it is drawn to order.

2. The bill of exchange in which form the drawer writes any phrase denoting it is not to order, shall not be negotiable, unless by following the provisions of right transfer.



3. Endorsement may be made to the drawee, whether or not the bill of exchange is accepted. The bill of exchange may be endorsed to the drawer or any other obligor. Further, all those persons may re-endorse the bill of exchange.

Article 530

1. Without prejudice to Article (534) hereof, endorsement shall be unconditional. Each condition on which the endorsement is suspended shall be null and void.

- 2. Partial endorsement shall be null and void.
- 3. Endorsement to bearer shall be blank endorsement.

Article 531

1. Endorsement shall be written in the bill of exchange itself or an attached paper, and signed by the endorser.

2. Endorsement may be confined to the endorser's signature (blank endorsement). For the validity of endorsement in this case, writing shall be made on the back of the bill of exchange or the attached paper.

Article 532

Endorsement shall convey all rights created by the bill of exchange to the endorsee.

Article 533

If the endorsement is blank, the bearer may do the following:

- 1. Fill the blank by writing the name of himself or of another person.
- 2. Re-endorse the bill of exchange in blank or to another person.
- 3. Deliver the bill of exchange to another person, without filling the blank and without endorsement.

Article 534

1. The endorser shall guarantee the acceptance and payment of the bill of exchange, unless otherwise is stipulated.

2. The endorser may prohibit the re-endorsement of bill of exchange. In this case, the endorser shall not be bound to guarantee against the person to whom the bill of exchange passes in subsequent endorsement.

Article 535

The bill of exchange possessor shall be its lawful bearer, whenever he proves that he is the party entitled thereto, by successive endorsements, even if the last thereof is a blank endorsement. Struck off endorsements in this regard shall be considered null and void. If the blank endorsement is followed by another, the signor of the last endorsement shall be deemed the person to whom the right, in the bill of exchange, to make blank endorsement passes.

Article 536

If a person loses possession of a bill of exchange, the bearer thereof shall not be bound to abandon the bill of exchange, if his right thereto is evident according to the previous Article, unless obtained in bad faith or commits a fatal mistake to obtain the same.

Article 537

Without prejudice to Article (524) hereof, the debtor against whom a claim is filed for a bill of exchange, shall not invoke against the bearer thereof, the pleas based on his personal relations with the drawer or one of the former bearers, unless the bearer, at the time of obtaining the bill, had the intention to harm the debtor.

Article 538

1. If the endorsement includes the phrase (value for collection) or (value for receipt) or any phrase denotes agency, the bearer may exercise all rights created by the bill of exchange, including the right to sue in his personal name. However, the bearer shall not endorse the bill of exchange unless for purpose of agency.

2. In this case, the obligors may invoke against the bearer the same pleas only that may be invoked against the endorser.

Article 539

1. If the endorsement includes the phrase (value for guarantee) or any phrase denotes the pledge of the right established in the bill of exchange to the endorsee, the bearer may exercise all rights created by the bill of exchange. However, if the bill of exchange bearer endorses, the endorsement shall be considered to have occurred for agency purpose.



2. The obligors of bill of exchange in this case shall not invoke, against the bearer, the pleas based on their personal relations with the endorser, unless the bearer at the time of obtaining the bill of exchange, had the intention to harm the debtor.

Article 540

1. The endorsement occurring after the maturity date, shall produce effects of the previous endorsement. However, the endorsement occurring after the protest of non-payment or after the expiration of the legal period specified for such protest, shall produce the effects of right transfer only.

2. The undated endorsement shall be assumed to have occurred before expiration of the period specified for the protest, unless otherwise is evident.

Article 541

The date of endorsement shall not be forwarded, and if this happens, it shall be considered counterfeit.

Chapter 3 - Honouring Payment of Bill of Exchange

Article 542

The bill of exchange drawer or the person for whose account the bill of exchange is drawn, shall ensure the availability of the honouring payment with the drawee. However, the drawer for account of another person shall be responsible in person against the endorsers and bearer of the bill of exchange alone, for ensuring the availability of the payment consideration.

Article 543

The honouring payment shall be deemed available, if the drawee is indebted to the drawer or the withdrawal order applicant, on the maturity date of the bill of exchange, by a due amount of money that equals at least the amount of bill of exchange.

Article 544

1. The acceptance of bill of exchange shall be considered a presumption of the availability of the honouring payment with the acceptor. Such presumption shall not be contested in the relation between the drawee and the bearer.

2. The drawer alone shall prove, in case of denial, whether or not the bill of exchange is accepted, that the drawee had the honouring payment on the maturity date. If the same is not proved, the drawer shall guarantee the payment, even if a protest is made after the legally specified period. If the drawer proves the continuous availability of consideration until the date on which the protest should have been made, the drawer shall be discharged to the extent of the sum of such consideration, unless used in his own favour.

Article 545

1. The title to the honouring payment shall pass by operation of law to the successive bearers of the bill of exchange.

2. If the honouring payment is less than the value of the bill of exchange, the bearer shall have over the deficit consideration, all rights established thereto over the complete consideration.

3. The provision of Clause (2) hereof shall apply, if the honouring payment is a debt which is disputed, not certainly existing, or not falling due upon the maturity of the bill of exchange.

Article 546

Even if the protest is made after the legally specified period, the drawer shall deliver the bill of exchange bearer the necessary documents to obtain the payment consideration. If the drawer becomes bankrupt, the trustee in bankruptcy shall be delivered the same. The charges shall be incurred by the bill of exchange bearer, at all events.

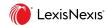
Article 547

The bankruptcy of the drawer shall result in the expiration of term and the falling of the maturity date of payment of the bill of exchange. The bearer alone without the drawer's creditors, shall collect his dues from the honouring payment available with the drawee.

Article 548

1. If the drawee becomes bankrupt and the honouring payment is a debt incurred thereby, such debt shall be included in the assets of the bankruptcy.

2. If the drawer has goods, commercial papers, securities or other properties, in the bankrupt drawee's possession, that can be restored according to the provisions of the Bankruptcy Law, and such properties are expressly or impliedly allocated to pay the bill of exchange, the bearer shall have the priority to collect his dues from the value thereof.



1. If there are multiple bills of exchange falling due for one honouring payment which is insufficient for payment of all of them, the priority to collect the value shall be according to the order of drawing dates.

2. If the bills of exchange are drawn on the same date, the bill of exchange bearing the acceptance of the drawee shall be presented. If any bill of exchange bears no acceptance by the drawee, the bill of exchange for which the honouring payment is allocated shall be presented. The bills of exchange containing the condition of non-acceptance shall fall in the last rank.

Chapter 4 - Acceptance of Bill of Exchange

Article 550

The bill of exchange bearer or any possessor thereof may, in the period between the execution and the maturity date thereof, present the bill of exchange to the drawee at the address thereof for acceptance.

Article 551

1. The bill of exchange drawer may stipulate the necessity of presentment for acceptance on a specified date or without specifying a date.

2. The drawer may stipulate that the bill of exchange is not presented for acceptance, unless falling due with a person other than the drawee, at a place other than his address, or falling due a period after the sight thereof.

3. The drawer may stipulate that the bill of exchange is not presented for acceptance before the falling of a fixed date.

4. Each endorser may stipulate that the bill of exchange is presented for acceptance on a fixed date, or without specifying a date, unless the drawer stipulates the bill is not presented for acceptance.

Article 552

The bill of exchange falling due after the lapse of a specific period from sight, shall be presented for acceptance within one year from the date thereof. The drawer may reduce or extend such period. Each endorser may reduce the period only.

Article 553

1. The drawee may request presenting the bill of exchange for acceptance once again on the day following the former presentation. Claiming that such request is denied, by the interested parties, shall not be accepted, unless the request is stated in the protest.

2. The bearer of bill of exchange presented for acceptance shall not be bound to abandon the bill to the drawee.

Article 554

1. Acceptance on the face of the bill of exchange shall be written by the word (Accepted) or any phrase of the same meaning, and shall be signed by the drawee.

2. Signature of the face of bill of exchange by the drawee shall be deemed an acceptance.

3. The date of acceptance shall be stated on the day on which it is made, if the bill of exchange is payable a specific period after sight, or if the bill of exchange must be presented for acceptance within a specific period, based on a condition of its own, unless the bearer requires the date of acceptance to be stated on the day of presenting the bill of exchange.

4. If the acceptance is void of the date, the bearer may, to reserve his rights, recourse to the endorsers. The drawer shall prove the same by a protest to be made at a time at which the protest is useful.

Article 555

1. Acceptance shall be unconditional. However, the drawee may confine the acceptance to a part of the bill of exchange's amount.

2. Any change to the particulars of the bill of exchange made in the form of acceptance shall be deemed a denial of acceptance. However, the acceptor shall be bound to the content of the acceptance form.

Article 556

1. If the drawer determines a place for payment in the bill of exchange other than the address of the drawee, without designating the name of the person at whom the payment should be made, the drawee may designate such person upon acceptance. If such person is not designated upon acceptance, the acceptor drawee shall be bound of payment at the place of payment.

2. If the bill of exchange falls due at the address of the drawee, the drawee may determine an address at the place where the payment should be made, in the form of acceptance.



1. If the drawee accepts the bill of exchange, the drawee shall pay its value on the maturity date thereof.

2. In case of non-payment, the bearer – even if he is the drawer himself – may recourse to the acceptor drawee by a direct lawsuit arising from the bill of exchange, with everything that may be legally claimed.

Article 558

1. If the drawee strikes off the acceptance written in the bill of exchange before returning the bill, the acceptance shall be deemed denied. The strike-off shall be deemed to have occurred before the bill of exchange is returned, unless the contrary is proved.

2. If the drawee advises the bearer or any other signor in writing of his acceptance, the drawee shall be obliged to such acceptance against them.

Chapter 5 - Collateral Security of Bill of Exchange

Article 559

1. Payment may be collaterally guaranteed by the whole value of the bill of exchange or a part thereof.

2. Such guarantee may be made by any person, even the persons who sign the bill of exchange.

Article 560

1. Collateral security shall be written in the bill of exchange itself or an attached paper, in any form denoting the collateral security and shall be signed by the guarantor.

2. The security shall be fulfilled just by signing the face of the bill of exchange by the guarantor, unless the signature is made by the drawee or the drawer.

3. The name of the guaranteed person shall be stated in the form of security, or the security shall be deemed in favour of the drawer.

Article 561

1. The collateral guarantor shall be obliged in the same way the guaranteed person is obliged.

2. The obligation of the collateral guarantor shall be valid, even if the guaranteed obligation is invalid for any reason other than a defect of form.

3. If the collateral guarantor pays the bill of exchange, the rights created thereby shall pass to the collateral guarantor against the guaranteed person, and against every obligor under the bill of exchange, towards the guaranteed person.

Article 562

1. Collateral security may be given in a separate paper indicating the place where it is made.

2. The collateral guarantor who gives the security in a separate paper shall be obliged towards the person to whom the security is given.

Chapter 6 - Maturity of Bill of Exchange

Article 563

1. Bill of exchange shall include one maturity date.

2. The drawer may determine the maturity date of bill of exchange by one of the following means:

- a. At sight.
- b. A specific period after sight.
- c. On a specific date.
- d. A specific period after the date of execution.
- 3. The bill of exchange including maturity dates other than the dates set out in Clauses (1) and (2) hereof, shall lose its character as a commercial paper.

Article 564

1. Bill of exchange falling due at sight shall be payable upon presentment. The bill of exchange shall be presented within one year from the date of execution. The drawer may reduce or extend this period, while the endorsers may reduce the period only.



2. The drawer may stipulate not presenting the due bill of exchange payable at sight, before expiration of a specific period. In this case, the date of presentment shall be calculated from the falling of such period.

Article 565

1. The maturity date of the bill of exchange payable a period after sight shall be calculated from the date of acceptance or the date of protest.

2. If no protest is made, the undated acceptance shall be considered to occurring for the acceptor on the last day of the period specified for presentment of the bill of exchange for acceptance, according to Article (552) hereof.

Article 566

1. The bill of exchange drawn for one month or more from the date thereof or from the date of sight shall fall due on the corresponding date of month in which payment should be made. If there is no corresponding date in the month in which payment should be made, maturity shall fall on the last day of month.

2. If the bill of exchange is drawn for one month and half, or for many months and half from the date thereof or from the date of sight, the calculation shall begin in the full months. The phrase (one half of month) means (15) fifteen days.

Article 567

1. If the bill of exchange is payable on a specific day, in a country which calendar is different from the calendar of the country of issue, the maturity date shall be deemed fixed as per the calendar of the country of payment.

2. If the bill of exchange is drawn between two countries of different calendars, and falls due a period after the date thereof, the date of issue shall be the corresponding day in the calendar of the payment country. Maturity date shall be fixed accordingly. In this way, the date of presenting the bill of exchange shall be calculated.

3. The foregoing provisions shall not apply, if any condition or the particulars of the bill of exchange indicate the intention to follow violating provisions.

Chapter 7 - Payment of Bill of Exchange

Article 568

1. The bill of exchange bearer shall present it for payment on maturity date.

2. Presentment of the bill of exchange to a legally recognized clearing house shall be equivalent to presentment for payment.

Article 569

1. If the drawee honours the bill of exchange, it may be restored thereby from the bearer, signed as payment is made.

2. The bearer shall not abstain from acceptance of the partial payment.

3. If the payment is partial, the drawee may request to prove payment in the bill of exchange and give an acquittance thereof. The liability of the drawer, the endorsers and other obligors of the bill of exchange shall be discharged to the extent of the amount paid of its value. The bearer shall make protest for the unpaid part.

Article 570

1. The bill of exchange bearer shall not be compelled to receive its value before the maturity date.

2. If the drawee honours the value of bill of exchange before the maturity date, the consequence thereof shall be incurred by the drawee.

Article 571

The person who honours the bill of exchange, on the maturity date without valid protest, shall be discharged, unless there is fraud or fatal mistake committed thereby. The payer shall verify the regular sequence of endorsements, but shall not be bound to ensure authenticity of signatures of endorsers.

Article 572

1. If the bill of exchange is paid in the United Arab Emirates in a currency other than the currency lawfully circulated therein, payment shall be made in the national currency at the interest rate thereof on the maturity date. If no payment is made on the maturity date, the bearer shall have the option either to claim payment of the bill of exchange amount denominated in the national currency at the exchange rate thereof on the maturity date, or on the payment day. The prevailing custom in the place of payment shall be followed in the determination of the exchange rate of foreign currency, unless the drawer specifies in the bill of exchange the rate on which basis the amount should be paid.

2. Clause (1) hereof shall not apply, if the drawer expressly stipulates that the bill of exchange is paid in the foreign currency specified therein, subject to the laws of currency and observation of external transfer.

3. If the amount of bill of exchange is specified in a currency bearing a common designation but its value differs in the country of issue from its value in the country of payment, it shall be assumed that the currency of the payment country is the intended one.

Article 573

1. If the bill of exchange is not presented for payment on the maturity date, any debtor therein may pay the amount thereof in the treasury of the competent court in which circuit the place of payment is located. Deposit shall be made at expense and under responsibility of the bearer, by a document delivered to the bailor stating the amount of the deposited amount, date of execution of the bill of exchange, maturity date and name of the person to whom the bill of exchange is originally executed.

2. If the bearer claims the debtor of payment, the latter shall deliver the deposit document against the receipt of bill of exchange denoting that payment is made under the said document. The bearer may receive the amount deposited at the court under the document. If the debtor fails to deliver the deposit document to the bearer, the value of bill of exchange shall be paid by the debtor.

Article 574

Protest shall not be accepted in honouring or dishonouring the bill of exchange, unless in case of loss thereof or the bankruptcy of the bearer thereof.

Article 575

1. If a dishonoured bill of exchange is lost and is executed in many copies, the party entitled to collect the value may claim payment by one of the other copies.

2. If the bill of exchange is executed in many copies and the copy bearing the acceptance form is lost, the payment shall not be claimed by either of the other copies, unless by order of the chief justice of the competent court, provided that a guarantor is presented.

Article 576

The person whose bill of exchange – whether or not accepted – is lost, and fails to provide one of the other copies, may request the chief justice of the competent court to issue an order of payment, provided that such person proves his ownership of the bill of exchange and present a guarantor.

Article 577

1. In case of dishonouring the value of the lost bill of exchange, after claiming thereof according to the previous two Articles, the holder thereof shall prove the same in a protest to be executed on the day following the maturity date. The drawer and the endorsers shall be advised thereof in the manner and on the dates set out in Article (591) hereof.

2. Protest shall be executed on the date specified in Clause (1) hereof, even if no decision is issued by the competent court in time.

Article 578

The debtor to pay the value of bill of exchange shall be discharged on the maturity date, based on a court order in the cases referred to in Articles (575) and (576) hereof.

Article 579

The obligation of the guarantor referred to in Articles (575), (576) and (580) hereof shall be terminated upon expiration of (3) three years, if no claim or lawsuit is made within such period.

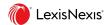
Article 580

1. The holder of the lost bill of exchange may obtain a copy thereof, by recourse to the endorser of the bill of exchange. Such endorser shall assist the holder and permit him to use his name in claiming the former endorser. The holder in this claim shall move from one endorser to another until reaching the drawer.

2. Each endorser shall write his endorsement in the copy of bill of exchange delivered by the drawer, after being marked that the copy replaces the lost origin.

3. No payment shall be claimed under this copy, unless by order of the chief justice of the competent court, provided that a guarantor is presented.

4. All expenses shall be incurred by the holder of bill of exchange.



Chapter 8 - Claim and Recourse to the Obligors of Bill of Exchange

Article 581

The bearer of bill of exchange may, if not paid on the maturity date, recourse to the endorsers, the drawer and other obligors.

Article 582

1. The bearer may recourse to the obligors of bill of exchange before the maturity date, in the following cases:

- a. Total or partial dishonouring.
- b. Bankruptcy of the drawee, whether or not accepting the bill of exchange, ceasing payment even if no judgment of declaration of bankruptcy is issued, or non-useful attachment is levied on his properties.
- c. Bankruptcy of the drawer of the bill of exchange which is stipulated not to be presented for acceptance.

2. The guarantor may, upon recourse thereto in the two cases set out in paragraphs (b) and (c) of Clause (1) hereof, request the court of first instance in which circuit the address thereof is located, within (3) three days from the date of recourse, to be granted extension of time for payment. If the court believes there is a ground to grant the extension of time, the date of payment shall be fixed in the decision, provided it shall not fall beyond the fixed date of maturity. The court decision in this regard shall not be challengeable.

Article 583

1. If the maturity date of the bill of exchange and other commercial papers is a formal or banking holiday, the payment thereof shall not be claimed unless on the following business day.

2. No action shall be taken regarding the bill of exchange and other commercial papers such as presentment for acceptance or protesting unless on a business day.

3. If a specific period is fixed to take any action related to the bill of exchange and other commercial papers, which last day is a formal or bank holiday, the period shall be extended to the following business day.

4. The holidays falling within such period shall be calculated.

5. The legal or consensual periods related to the bill of exchange and other commercial papers shall exclude the first day of the period.

Article 584

Dishonouring or honouring the bill of exchange shall be proved by the non-acceptance protest or non-payment protest. Protest shall be executed by the competent notary public who shall deliver a copy thereof to the party to whom the protest is addressed.

Article 585

1. The protest shall include a photocopy of the bill of exchange and its content related to its acceptance, endorsement, guarantee and payment of value when required, and other particulars. The protest shall include a notice of paying the amount of bill of exchange, recording the presence or absence of the person to accept or honour the bill of exchange, reasons of dishonouring or non-payment and the failure of, or abstention from signing, and the amount paid of the bill of exchange in case of partial payment.

2. Non-acceptance protest or non-payment protest shall be served at the domicile of the obligor of paying the bill of exchange or at the last known domicile thereof.

Article 586

The competent notary public shall completely record the protest papers daily, together with observing the order of dates in a duly marked and page numbered, special register.

Article 587

The competent notary public shall within the first (10) ten days of each month, send to the competent commercial registry office, a list of the non-payment protests executed in the last month. The competent commercial registry office shall keep a record for registration thereof. Each person may access and have copy of such list against the prescribed fee. The office shall issue a bulletin contains these protests.



1. Non-acceptance protest shall be made within the periods fixed for presenting the bill of exchange for acceptance. If the first presentment for acceptance, according to Article (552) hereof, falls on the last day of the period specified for presentment, the protest may be made on the following day.

2. If the bill of exchange falls due at sight, a non-payment protest shall be made according to the conditions set out in Clause (1) hereof, regarding the non-acceptance protest.

3. If the bill of exchange falls due on a specific day or after a specific period from the date of execution, or from the date of sight, non-payment protest shall be made on either of the two business days following the maturity date.

4. Non-acceptance protest shall replace the presentment of bill of exchange for honouring and the non-payment protest.

Article 589

No other paper shall replace the protest, unless in the cases set out in the law.

Article 590

1. If the drawee ceases payment, whether or not accepts the bill of exchange, or a non-useful attachment is levied on his properties, the bill of exchange bearer shall not recourse to the guarantors, unless after the bill of exchange is presented to the drawee for payment and to make non-payment protest.

2. In case of declaration of bankruptcy of the drawee, whether or not accepts the bill of exchange, or declaration of bankruptcy of the drawer of the bill of exchange which is stipulated not to be presented for acceptance, the presentment of bankruptcy judgment shall be sufficient to enable the bearer to exercise his rights to recourse to the guarantors.

Article 591

1. The bill of exchange bearer shall advise the drawer and the endorser thereof of non-acceptance or non-payment within (4) four business days following the business day of protest, or the day of presentment for acceptance or payment, if it includes the condition of recourse without expenses. Each endorser shall in turn, within the two business days following the day of receiving the notice, advise the bill of exchange endorsee of receiving the notice and state the names and addresses of the persons who sent the previous notices, and so on from one endorser to another until the drawer. The period shall begin for each endorser from the date of receiving the notice from the preceding endorser.

2. If one signor to the bill of exchange is advised according to Clause (1) hereof, the collateral guarantor thereof shall be advised as well on the same date.

3. If either of the endorsers fails to indicate his address or indicates it in ineligible manner, it shall be sufficient to advise the preceding endorser.

4. The party who must send the notice shall send it in any manner, even if by returning the bill of exchange itself.

5. Such party shall prove sending the notice on the fixed date. The date shall be deemed observed, if the registered letter containing the notice is delivered to the post administration on the said date.

6. The rights of the party to send the notice shall not lapse, if the notice is not sent within the specified period. Rather, when required, the damage resulting from the negligence shall be indemnified by that party, provided that the remedy shall not exceed the amount of bill of exchange.

Article 592

1. The drawer and every endorser or collateral guarantor may relieve the bearer from making a protest of non-acceptance or non-payment, upon recourse, if the condition of (recourse without expenses) or (without protest), or any other condition of the same meaning is written in the bill of exchange and is signed.

2. This condition shall not relieve the bearer of presentment of the bill of exchange on the prescribed dates, or serving the necessary notices. Everyone asserts that the dates are not observed against the bearer shall prove the same.

3. If the drawer writes the condition of recourse without expenses, the effects thereof shall apply to all signors. If the condition is written by either endorser or collateral guarantor, the effects shall apply thereto alone.

4. If the drawer is the one who writes the condition and the bearer protests, the expenses shall be incurred thereby alone. However, if the condition is made by an endorser or a collateral guarantor, recourse may be made to all signors for the expenses of the protest, if it is made.

Article 593

1. The obligors under the bill of exchange shall be jointly liable against the bearer thereof.

2. The bearer shall have the right to recourse to the obligors, severally or jointly, and shall not be obliged to observe the order of their obligations.



3. The right of recourse shall be proved for each signor of the bill of exchange, if each signor pays its value towards the obligors towards him. The lawsuit filed against either obligor shall not preclude the recourse to the remaining persons, even if they are subsequent to the obligor against whom the lawsuit is originally filed.

Article 594

1. The bill of exchange bearer may claim the person who has the right to recourse of the following:

- a. The principal amount of the non-accepted or unpaid bill of exchange and the conventional interests, if conditional.
- b. Interests calculated at the prevailing bank rate as of the maturity date.
- c. Expenses of protest, notices and other expenses.

2. In the cases of recourse before the maturity date of the bill of exchange, the formal discount rate shall be deducted from its value on the date of recourse at the place where the address of the bearer exists.

Article 595

The person who pays the bill of exchange may claim the obligors to pay the amount paid and the incurred expenses.

Article 596

The courts shall not grant an extension of time for payment of the bill of exchange or to take any procedure related thereto, unless in the cases provided in the law.

Article 597

1. Each obligor claimed of a bill of exchange, in a recourse, or is intended to be claimed, may request upon honouring, to receive the bill of exchange and the protest, and an acquittance of the honoured amount.

2. Each endorser in the bill of exchange may strike off his endorsement and the subsequent endorsements.

Article 598

In case of recourse after partial acceptance, the person who pays the dishonoured part of the bill of exchange may request the bearer thereof to prove the honouring in the bill of exchange and deliver an acquittance of such amount. Additionally, the bearer shall deliver him a photocopy of the bill of exchange signed thereby and denotes that it is a true copy and deliver him the protest to enable him to exercise his right to recourse to a third party for the amount that he paid.

Article 599

1. The right of the bill of exchange bearer shall lapse according to the rules of Exchange Law in the recourse to the drawer, the endorsers and other obligors, except the acceptor, upon expiration of the specified period for the following:

- a. Presentment of the bills of exchange falling due at sight or a specific period after sight.
- b. Making non-acceptance protest or non-payment protest.
- c. Presentment of the bill of exchange for honouring, if it includes the condition of recourse without expenses.

2. The drawer shall not benefit of such lapse, unless it is evident that the honouring payment is available on the maturity date. In this case, the bearer may only recourse to the drawee.

3. If the bill of exchange is not presented for acceptance on the date fixed by the drawer, the bearer's right to recourse due to non-acceptance and non-payment, equally, shall lapse, unless the phrase of condition indicates that the drawer's intention is to relieve himself of the guarantee of acceptance.

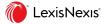
4. If the endorser is the one who stipulates in the endorsement a period of time for the presentment of bill of exchange for acceptance, the endorser alone shall benefit of such condition.

Article 600

1. If there is force majeure that prevents the presentment of the bill of exchange or making a protest within the prescribed periods, such periods shall be extended.

2. The bearer shall immediately notify the endorser of the bill of exchange, of the force majeure. Such notice shall be recorded, dated and signed in the bill of exchange or the attached paper. Notices shall be serialized until they reach the drawer according to Article (591) hereof.

3. The bearer shall, after the lapse of force majeure, present the bill of exchange for acceptance or honouring, immediately, then make a protest when required.



4. If the force majeure continues for more than (30) thirty days calculated from the maturity date, recourse may be made to the obligors without the need to present the bill of exchange or to make the protest.

5. If the bill of exchange is due at sight or a specific period after sight, the period of (30) thirty days shall apply from the date on which the bearer advises the endorser of the bill of exchange of the force majeure, even if such date falls before the expiration of the periods of presentment of the bill of exchange. The period of sight shall exceed (30) thirty days, if the bill of exchange falls due a specific period after sight.

6. The matters related to the person of the bill of exchange bearer or whoever is instructed by him to present the bill of exchange, or to make protest, shall not be considered of force majeure.

Article 601

The bearer of the bill of exchange for which a non-payment protest is made may impose a provisional attachment without the need to present a guarantee on the properties of each of the drawer, the acceptor, the endorser, collateral guarantor or other obligors of the bill of exchange, subject to the provisions of set out for the attachment in the Civil Procedures Law, except the provision of guarantee.

Article 602

1. Everyone has the right to recourse to other obligors for the bill of exchange may collect his dues by drawing a new bill of exchange to one of his guarantors which falls due at sight and payable at the address of the guarantor, unless otherwise is stipulated.

2. The bill of exchange of recourse shall include the amounts set out in Articles (594) and (595) hereof, in addition to the paid commission and any legally prescribed fees.

3. If the drawer of the bill of exchange of recourse is the bearer, the amount thereof shall be determined on the basis on which the value of the bill of exchange payable at sight is be determined, drawn at the place where the original bill of exchange falls due at the place where the address of the guarantor exists.

4. If the drawer of the bill of exchange of recourse is one of the endorsers, the amount thereof shall be determined on the basis on which the value of the bill of exchange payable at sight is determined, drawn at the address of the drawer of bill of exchange of recourse to the place where the address of the guarantor exists.

5. If there are multiple bills of exchange of recourse, the drawer of the original bill of exchange, or any endorser thereof, shall not be claimed unless for the value of one bill of exchange of recourse.

Chapter 9 - Intervention in Bill of Exchange

Branch 1 - General Provisions

Article 603

1. The drawer, the endorser or the collateral guarantor of the bill of exchange may appoint the person who accepts or honors the bill of exchange, when necessary.

2. The bill of exchange may be accepted or honoured by an intervening person in favor of any debtor intended for recourse, subject to the conditions set out in the following Articles of this Chapter.

3. The intervener may be a third party. Further, the intervener may be the non-acceptor drawee or any obligor under the bill of exchange. However, the drawee shall not be the acceptor.

4. The intervener shall advise the person in whose favor the intervention is made within the two business days following the intervention, or shall be liable when required, for indemnifying the damage resulting from the negligence. However, the remedy shall not exceed the amount of bill of exchange.

Branch 2 - Acceptance by Intervention

Article 604

1. Acceptance by intervention shall occur at all events where the bearer of the bill of exchange that may be accepted has the right to recourse, before the maturity date.

2. If the acceptor or the payer of bill of exchange is designated in the bill of exchange, upon maturity, at the place of honouring, the bearer shall neither recourse, before the falling of the maturity date, to the person by whom such designation is made, nor to the subsequent signors, unless the bill of exchange is presented to the person designated for acceptance or honouring when necessary, this person dishonours the bill of exchange, and the bearer proves such dishonouring by a protest.

3. In other cases, the bearer may reject the acceptance by intervention. If accepted, the bearer shall lose his rights to recourse, before the maturity date, to the person in whose favour the intervention is made, and the subsequent signors.



Acceptance by intervention shall be made by writing on the bill of exchange itself and signed by the intervener, stating the name of the person in whose favour the intervention is made. If the acceptance by intervention is void of the latter statement, it shall be deemed to be made in favour of the drawer.

Article 606

1. The acceptor of intervention shall be liable towards the bearer of the bill of exchange and subsequent endorsers for the person in whose favour the intervention is made, in the manner which the latter is obliged.

2. The person in whose favour the intervention is made and his guarantors may, albeit the occurrence of acceptance by intervention, may obligate the bearer against their payment of the amounts set out in Article (594) hereof, to deliver them the bill of exchange, the protest and the acquittance, if any.

Branch 3

Article 607

1. Bill of exchange may be paid by intervention in all cases where the bearer thereof, on or before the maturity date, has the right to recourse to the obligors thereof.

2. Such payment shall be made by paying the whole amount that should have been paid by the person in whose favour the intervention is made.

3. Payment shall be made no later than the day following the last day on which the non-payment protest may be made.

Article 608

1. If the acceptors of bills of exchange by intervention, or the persons designated for the payment thereof, when necessary, have address at the payment place, the bearer shall present the bill of exchange to all those persons for payment. The bearer shall make a non-payment protest, if required, no later than the day following the last day on which such protest may be made.

2. If the protest is not made on such date, the person designated for payment, when required, and the person in whose favour the acceptance by intervention is made, shall be discharged. Further, the subsequent endorsers shall be discharged.

Article 609

If the bill of exchange bearer rejects honouring by intervention, his right to recourse to the person whose liability is discharged by such honouring, shall lapse.

Article 610

1. Honouring by intervention shall be proved by writing the acquittance in the bill of exchange, stating the person in whose favour the honouring is made. If the acquittance is void of such statement, the honouring by intervention shall be considered to have been made in favour of the drawer.

2. Bill of exchange and the protest – if made – shall be delivered to the person honouring by intervention.

Article 611

1. The person who honours a bill of exchange by intervention shall acquire all rights arising from the bill of exchange against the person in whose favour the honouring is made and the obligors towards this person under the bill of exchange. However, the person honouring by intervention shall not re-endorse the bill of exchange.

2. Liability of the subsequent endorsers shall be discharged for the person in whose favour the honouring is made.

3. If there are multiple persons to honour by intervention, the person whose honouring discharges the liability of the largest number of obligors shall be the favourable. Everyone intervenes for honouring in breach of this rule, knowingly, shall lose his right to recourse to the person whose liability would be discharged, if this rule is observed.

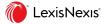
Chapter 10 - Multiple Copies of Bill of Exchange

Article 612

1. Bill of exchange may be drawn in many identical copies. If the bill of exchange is drawn in many copies, each copy shall state the number and serial number of copies, or each copy of the bill of exchange shall be considered standalone.

2. The bearer of each bill of exchange not stating that it is drawn in one copy may request a copy thereof at his expense. For this purpose, the bearer may resort to the endorser who shall assist him at the preceding endorser, until reaching the drawer.

3. Each endorser shall write his endorsement in the new copies.



1. Honouring of bill of exchange by either of its copies shall discharge liability, even if it is not stipulated that such honouring invalidates other copies. However, the drawee shall remain obliged to honouring under each copy signed of acceptance and fails to restore it.

2. The endorser who endorses copies of the bill of exchange for different persons and the subsequent endorsers shall be obliged, under all copies bearing their signature, and fail to restore them.

Article 614

The person who sends a copy of the bill of exchange for honouring shall indicate in other copies the name of the person in whose possession this copy exists. The latter shall deliver the copy to the legitimate bearer of any other copy. If the possessor rejects the delivery, the bearer shall have no right to recourse, unless a protest is made stating that:

1. The copy sent for acceptance is not delivered to him albeit his request to receive the same.

2. Acceptance or honouring is not made by another copy.

Chapter 11 - Photocopies and Misrepresentation of Bill of Exchange

Branch 1 - Photocopies

Article 615

1. Bearer of bill of exchange may execute photocopies thereof.

2. Photocopies shall be identical to the original bill of exchange and the included endorsements or other written particulars. The photocopy shall indicate the limit where copying from the origin ends.

3. Photocopy may be endorsed and collaterally guaranteed in the manner in which the endorsement or guarantee of the origin is made, in the same effects.

Article 616

1. Photocopy of bill of exchange shall state the name of the possessor of the origin. The possessor shall deliver the origin to the legitimate bearer of the photocopy.

2. If the possessor of origin abstains from the delivery thereof, the photocopy bearer shall not have the right to recourse to the endorsers or collateral guarantors thereof, unless a protest is made, stating that the origin is not delivered to him, albeit his request.

3. If the origin, after the last endorsement occurring before the issue of photocopy, states a phrase denoting that the endorsement of the bill of exchange afterwards shall be valid only in the photocopy, then each endorsement written in the origin subsequently shall be null and void.

Branch 2 - Misrepresentation

Article 617

If there is misrepresentation in the body of the bill of exchange, the subsequent signors shall be obliged to the misrepresented body. However, the preceding signors shall be obliged to the original body only.

Chapter 12 - Claim Hearing Prohibited by Time Bar

Article 618

Upon denial and in absence of lawful excuse, the following shall not be heard:

- 1. Lawsuits arising from the bill of exchange against its acceptor, after expiration of (3) three years from the maturity date.
- 2. Lawsuits of the bearer against the endorsers or the drawer, after expiration of one year from the date of protest executed during the legal period or from the maturity date, if the bill of exchange includes the condition of recourse without expenses.
- 3. Lawsuits of the endorsers against each other or against the drawer, after expiration of (6) six months from the day on which the endorser honors the bill of exchange or from the day of filing the lawsuit against the endorser.

Article 619

If the lawsuit is filed, the periods set out in Article (618) hereof shall not apply, for not hearing, unless from the date of the last proceeding therein.



The periods set out in Article (618) hereof shall not apply, unless a judgment of the debt is delivered, or the debt is admitted by the debtor in a separate instrument which results in the renewal of debt.

Article 621

The interruption of the period prescribed for not hearing the lawsuit shall have no effect, unless for the person against whom the period interrupting procedure is taken.

Section 2 - Promissory Note (Order Note)

Article 622

Order note shall contain the following particulars:

- 1. Condition of promise or the (Promissory Note or Order Note) phrase written in the body of instrument in the language in which the instrument is written.
- 2. Unconditional undertaking of paying a specific amount of money written in letters and numbers.
- 3. Maturity date.
- 4. Place of payment.
- 5. Name of the person to whom the payment should be made, or to his order.
- 6. Date and place of execution of the instrument.
- 7. Signature of the instrument executor.

Article 623

The instrument void of either of the particulars set out in Article (622) hereof shall not be deemed a promissory note, unless in the following cases:

- 1. If the instrument is void of stating the maturity date, it shall be deemed to fall due at sight.
- 2. If the instrument is void of stating the place of payment or the address of the executor, the place of issue of the instrument shall be deemed the place of payment and the address of the executor.
- 3. If the instrument is void of stating the place execution, it shall be deemed executed at the place indicated next to the name of the executor, or the place of actually signing the instrument thereby.

Article 624

1. The executor of the promissory note shall be obliged in the same manner as the acceptor of bill of exchange.

2. The promissory note falling due a period after sight shall be presented to the executor during the period set out in Article (564) hereof to be marked denoting the sight of the instrument. Such marking shall be dated and signed by the executor.

3. The period of sight shall begin from the date of such marking.

4. If the executor abstains from marking, his abstention shall be proved by a non-acceptance protest. The date of protest shall be considered the beginning of effectiveness of the period of sight.

Article 625

1. The provisions related to the bill of exchange, in relation to the competence, multiplicity of copies and photocopies, endorsement, maturity, honouring, recourse due to non-honouring, impermissibility of granting an extension of time for payment, provisional attachment, protest and calculation of periods and business days, recourse by execution of bill of exchange of recourse, honouring by intervention, and not hearing the lawsuit for time bar, shall apply to the promissory note, to the extent that such provisions are consistent with the nature thereof.

2. The rules related to the bill of exchange falling due at the domicile of a third party or a place other than the domicile of the drawee, stipulation of interest, difference in the particulars of the amount to be paid, the results of signatures made by persons incompetent to be obliged, forged signatures or signatures by fictitious persons, non-binding signatures or signature of a person who is unauthorized or goes beyond limits of authorization shall apply to the promissory note.

3. The provisions of collateral security shall apply to the promissory note. It shall be observed that if the name of the guaranteed person is not stated in the form of security, the security shall be deemed to be occurring in favour of the instrument executor.



Section 3 - Cheque

Article 626

Subject to the provisions set out in this Section, the provisions of the bill of exchange shall apply to the cheque, to the extent that such provisions are consistent with the nature of cheque.

Chapter 1 - Execution of Cheque

Article 627

The following particulars shall be contained in the cheque:

- 1. The word cheque is written in the body of instrument in the language in which the instrument is written.
- 2. Unconditional order of payment of specific amount of money.
- 3. Name of the person obliged to make payment (drawee)
- 4. The person to whom payment, or to whose order the payment should be made.
- 5. Place of payment.
- 6. Date and place of execution of the cheque.
- 7. Signature of the cheque executor (drawer).

Article 628

The instrument void of either of the particulars set out in Article (627) hereof shall not be deemed a cheque, unless in the following cases:

- 1. If the cheque is void of stating the place of payment, the place indicated next to the name of the drawee shall be deemed the place of payment. If there are many places stated next to the name of the drawee, the cheque shall be deemed payable at the first stated place. If the cheque is void of such particulars, it shall be deemed payable at the place where the headquarters of the drawee exists.
- 2. If the cheque is void of stating the place of execution, it shall be deemed executed at the place indicated next to the signature of the drawer. If not stated, then it shall be deemed executed at the place where it is actually signed.

Article 629

1. The cheque issued and falling due in the state shall be drawn at a bank.

2. Each bank shall deliver his customer a checkbook containing blank cheques for payment from the treasury thereof. Each cheque shall state the name and account number of the account holder who receives the checkbook.

3. Withdrawal may be made through special written applications in the way prepared, and accepted in form, by the bank.

4. Signing cheques and the special written applications shall be identical to the standard signatures and the approved signatures registered at the bank. The account holder shall be liable before the bank, whether the account is payable or receivable.

Article 630

1. No cheque shall be issued, unless the drawer, at the time of issuing the cheque, has with the drawee monies which the drawer can dispose of by a cheque, according to express or implied agreement.

2. The person who draws cheque or orders another person to withdraw the cheque for his account shall pay the honouring payment. However, the drawer for account of another person shall be responsible in person against the endorsers and the bearer only to make the honouring payment available.

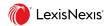
3. The drawer alone, shall prove, upon denial, that the drawer of cheque had the honouring payment at time of issue. If this is not proved, the drawer shall guarantee the payment of cheque, even if a non-payment protest is made after the legally established periods.

Article 631

1. There shall be no acceptance in the cheque. If the acceptance form is written in the cheque, it shall be null and void.

2. The drawee may mark the cheque of honouring. The honouring shall denote the availability of honouring payment with the drawee on the date of marking. The signature of the drawee on the face of the cheque shall be deemed an honouring.

3. The drawee shall not dishonour the cheque, if requested by the drawer or the bearer, and has a sufficient honouring payment to pay the value of the cheque, in whole and in part.



4. The honouring payment of the cheque honoured in whole or the remainder thereof after partial payment, shall remain frozen at the drawee and under his responsibility, in favour of the bearer, until expiration of the periods of presentment of cheques for payment.

Article 632

Payment of cheque may be stipulated to:

- 1. A named person with or without the express statement of the condition of order.
- 2. A named person with the phrase (Not to Order) or any other phrase of this meaning.
- 3. To cheque bearer.

Article 633

The cheque drawn in favour of a named person, providing the phrase (or to bearer) or any other phrase of this meaning, shall be deemed a cheque to bearer. If the name of beneficiary is not stated, the cheque shall be deemed to bearer.

Article 634

The cheque falling due in the state containing the (Unnegotiable) condition shall be paid only to the person who receives the cheque with this condition.

Article 635

1. Cheque may be drawn to order of the drawer himself.

2. May be drawn for account of another person.

3. Shall not be drawn at the drawer himself, unless in case of drawing between the branches of one bank, or between the branches and the head office of the bank. The drawn cheque however shall not be payable to bearer.

Article 636

Stipulation of interest in the cheque shall be null and void.

Article 637

The drawer shall guarantee the payment of cheque. Each condition whereby the drawer relieves himself, by the cheque, of such guarantee shall be deemed null and void.

Article 638

Debt shall not be renewed by accepting the receipt of cheque by the creditor, to collect his debt. Rather, the principal debt shall remain outstanding with all its guarantees until the value of cheque is paid.

Chapter 2 - Negotiation of Cheque

Article 639

1. The cheque which payment is stipulated to be made to a named person, whether or not expressly stating the condition of order, shall be negotiable by endorsement. Endorsement may be made even to the drawer or any other obligor. Those persons may re-endorse the cheque.

2. The cheque which payment is stipulated to be made a named person, stating the phrase (Not to Order) or any other phrase of this meaning, shall be unnegotiable, unless by following the provisions of right transfer.

3. The cheque which payment is stipulated to be made to bearer shall be negotiable by delivery.

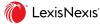
Article 640

1. The endorser shall guarantee the payment of cheque, unless otherwise is stipulated.

2. The endorser may restrict re-endorsement. In this case, the endorser shall not be bound to guarantee against the persons to whom the cheque passes by subsequent endorsement.

Article 641

The endorsement to the drawee shall be deemed equivalent to acquittance, unless the drawee bank has many branches and the endorsement is made to a branch other than the one at which the cheque is drawn.



The endorsement written on a cheque to bearer shall render the endorser held liable according to the provisions of recourse. However, such endorsement shall not result in making the instrument a cheque to order.

Article 643

1. The possessor of the cheque negotiable by endorsement shall be deemed its legitimate bearer, whenever he proves that he is the person entitled thereto by consecutive endorsements, even if the last of which is a blank endorsement.

2. Struck off endorsements shall be considered null and void. If the blank endorsement is followed by another endorsement, the signor of such endorsement shall be considered the person to whom the right in the cheque of blank endorsement passes.

Article 644

If a person loses possession of a cheque, whether the cheque is to bearer or endorsable, the person to whom the cheque passes shall not be obliged to abandon the cheque, whenever his right is proved in the manner described in Article (643) hereof, unless the cheque is obtained in bad faith or by committing a fatal mistake.

Article 645

1. The endorsement subsequent to protest or made after expiration of the period of presentment of cheque shall produce no effects except the right transfer.

2. The undated endorsement shall be deemed to be made before the protest, or to be made before expiration of the period of presentment of cheque, unless otherwise is evident.

3. The date of endorsement shall not be forwarded, and if this happens, it shall be considered counterfeit.

Article 646

1. Payment of the cheque value or a part thereof may be guaranteed by a collateral guarantor.

2. Such guarantee shall be made by a third party, except the drawee. Further, guarantee may be made by a signor of the cheque.

Article 647

1. Partial endorsement shall be deemed invalid as well as the endorsement issued by the drawee.

2. The endorsement to bearer shall be considered a blank endorsement.

Chapter 3 - Payment of Cheque

Article 648

1. Cheque shall fall due on the day stated therein as the date of issue. Cheque shall not be presented for payment before that date.

2. If the honouring payment is less than the amount of cheque, the drawee shall make partial payment insofar the available amount, unless rejected by the bearer. The drawee shall, in case of partial payment, mark the same at each partial payment on the back of cheque, and the bearer shall be delivered the original cheque and a certificate of the payment. The bearer shall have the right to recourse for the remaining amount, by the marked original cheque, according to Article (667) hereof, or to make protest after expiration of the periods set out in Article (663) hereof.

3. The drawee shall advise the Central Bank of the particulars of the account holder as per the statutes and rules issued by the Central Bank in this regard, in either of the following events:

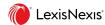
- a. If the cheque has no sufficient, outstanding and drawable honouring payment on the maturity date.
- b. If the drawer, after the issue of cheque, restores the entire honouring payment so that it cannot be cashed.
- c. If the drawee makes partial payment of the cheque according to Clause (2) of this Article.

Article 649

1. The cheque drawn within or outside the state, and falling due in the state, shall be presented for payment within (6) six months.

2. The period stated in Clause (1) hereof shall begin from the date set out in the cheque as the date of issue.

3. Presentment of the cheque to a bank, or reservation of the cheque amount by phone or any other legally established method including the means of modern technology by that bank with the drawee bank, as well as the presentment of cheque to a legally recognized clearing house shall be considered equivalent to presentment for payment.



If the cheque is drawn between two countries of different calendars, the date of execution shall fall on the corresponding day in the calendar of the payment country.

Article 651

1. The drawee may pay the value of cheque, even after expiration of the period of presentment.

2. Protest shall not be accepted in the payment of cheque, unless in case of loss or bankruptcy of bearer thereof.

3. The bank shall cash the cheque, albeit the protest of the drawer, in other than the two cases set out in Clause (2) hereof. The court shall not order the suspension of cashing, even if a lawsuit is filed for the principal right.

Article 652

If the drawer is dead or becomes incompetent or bankrupt, after giving the cheque, this shall not affect the resulting provisions.

Article 653

1. If many cheques are presented concurrently, and the honouring payment is insufficient to cash all of them, the order of drawing dates shall be considered.

2. If the presented cheques are cut out from one checkbook and bear one date, the cheque of the preceding number shall be considered drawn before other cheques, unless otherwise is evident.

Article 654

1. If the payment of cheque is stipulated to be made in a state by a currency unnegotiable therein, the amount thereof shall be paid on the date of presentment in the negotiable currency in the United Arab Emirates at the rate thereof on the payment day. If no payment is made on the presentment day, the bearer shall have the option either to claim the amount of cheque denominated in the currency negotiable in the state at the rate thereof on the presentment day.

2. If the cheque is presented for the first time after expiration of the period of presentment, the rate of the day on which the period of presentment expires shall prevail.

3. The prevailing rate in the market shall be adopted in the denomination of the foreign currency. However, the drawer may specify in the cheque the rate on which basis the payable amount is calculated.

4. If the amount of cheque is specified in a currency of common designation, and its value differs in the country of issue from the country of payment, it shall be assumed that the currency of the payment country is the one intended.

Article 655

The obligation of the guarantor presented in case of loss of the cheque to order shall lapse upon the expiration of (6) six months, if no claim or lawsuit is made during such period.

Article 656

1. If the cheque to bearer is lost or destroyed, the owner thereof may protest the payment of its value at the drawee. The protest shall contain the number, amount and name of drawer of the cheque and each other particular that assist in identifying the cheque and the circumstances surrounding the loss or destruction thereof. If the provision of certain particulars fails, the reasons thereof shall be stated. If the protestor has no address in the state, a domicile of choice shall be determined.

2. When the drawee receives the protest, the payment of cheque shall not be made to the possessor thereof, and the honouring payment of cheque shall be set aside until it is decided on.

3. The drawee shall, at expense of the protestor, publish the number and amount of the lost or destroyed cheque, name of drawer, name and address of protestor, in a daily newspaper issued in Arabic in the state. Each disposition made to the cheque after the date of publication shall be null and void.

Article 657

1. The possessor of the cheque referred to in Article (656) hereof may contend at the drawee in the protest. The drawee shall receive the cheque from him against receipt, then advise the protestor of the name and address of the cheque possessor.

2. The protestor shall file lawsuit of the cheque maturity within (30) thirty days from the date of receiving the notice.

3. If the maturity lawsuit is not filed by the protestor within the period set out in Clause (2) hereof, the cheque possessor shall apply for a judgment to be issued by the judge of summary proceedings to dismiss the protest. In this case, the cheque possessor, for the drawee, shall be considered the owner thereof.



4. If the cheque maturity lawsuit is filed by the protestor, the drawee shall not pay its value unless to either of the two opponents who presents a final judgment of the ownership of cheque or an amicable settlement signed by both parties admitting the ownership thereto.

Article 658

1. If (6) six months lapse from the date of the protest set out in Article (656) hereof, and the cheque possessor fails to appear to claim payment, the protestor may in the following month file lawsuit before the competent court against the drawee to request judging the protestor's ownership of the cheque and to be permitted to cash its value.

2. If the protestor fails to file the lawsuit referred to in Clause (1) hereof, or the lawsuit is dismissed, the drawee shall re-enter the honouring payment in the asset side in the drawer's account.

Chapter 4 - Crossed Cheque and Account Payee Cheque

Article 659

1. The cheque drawer or bearer may cross the cheque. The crossing shall have the effects set out in Article (660) hereof.

2. Crossing shall be made by drawing two parallel lines in the body of cheque.

3. Crossing shall be general or special.

4. If no particulars are written between the two lines, or the word (Bank) is written between the lines or any other word of this meaning, then the crossing is general. If the name of a particular bank is written between the two lines, the crossing is special.

5. General crossing may be turned into special crossing. However, special crossing shall not be turned into general crossing.

6. Struck off crossing or name of bank written between the two lines shall be deemed null and void.

Article 660

1. The drawee shall not cash a generally crossed cheque, unless to a customer or a bank.

2. The drawee shall not cash a specially crossed cheque, unless to the bank which name is written between the two lines or the customer of such bank, if the latter is the drawee. However, the said bank may instruct another bank to collect the value of cheque.

3. No bank shall obtain a crossed cheque unless from a customer thereof or from another bank. Further, the bank shall not receive its value for account of other than those persons.

4. If the previous provisions are not observed by the drawee, the drawee shall indemnify the damage of not exceeding the value of the cheque.

5. The word (Customer) in this Article shall mean every person holds an account with the drawee and obtains a checkbook from the drawee, or has the right to obtain such checkbook.

Article 661

1. The cheque drawer or bearer may stipulate that the cheque is not paid in cash, by writing the phrase (To be credited to account) or any other phrase of this meaning. In this case, the drawee may only settle the value of cheque by written entries equivalent to the payment.

2. Strike off of the phrase (To be credited to account) shall be discarded.

3. If the drawee fails to observe the previous provisions, the drawee shall indemnify the damage of not exceeding the value of the cheque.

Article 662

Subject to Articles (659), (660) and (661) hereof, the cheque shall remain negotiable and having all other characters of cheque.

Chapter 5 - Dishonour

Article 663

1. The cheque bearer may recourse to the drawer, the endorsers and other obligors, if presented within the legal period and is dishonoured, and the dishonour is proved by a protest. In lieu of the protest, the dishonour may be proved by a statement issued by the drawee together with stating the presentment day. The statement shall be dated and written on the cheque itself.

2. Writing the statement set out in Clause (1) hereof on the cheque shall not be rejected, if requested by the bearer, even if the cheque contains a condition of recourse without expenses. Rather, the obligor may state a period of not more than (3) three business days following to the presentment of the cheque, even if presented on the last day of the presentment period.



Dishonour shall be proved in the way set out in Clause (1) of Article (663) hereof, before expiration of the presentment day. If the presentment falls on the last day of such period, the dishonour may be proved on the following business day.

Article 665

The bearer shall reserve his right to recourse to the drawer, even if the cheque is not presented to the drawee or fails to make a protest or equivalent during the legal period, unless the drawer presents the honouring payment and such payment remains available with the drawee, until expiration of the presentment period of cheque, then the payment is abolished by an action not attributed to the drawer.

Article 666

1. If a force majeure prevents the presentment of cheque, or to make protest or equivalent within the prescribed periods, such periods shall be extended.

2. The bearer shall immediately notify the endorser of cheque of the force majeure. The notice shall be dated and signed in the cheque by the bearer or the attached paper. The notices shall be sequenced until reaching drawer according to Article (591) hereof.

3. After the lapse of force majeure, the bearer shall present the cheque for honouring immediately then make a protest or equivalent, if required.

4. If the force majeure lasts for more than (15) fifteen days calculated from the day on which the bearer advises the endorser of cheque of the occurrence of force majeure, even if such day falls before the period of presentment of cheque, recourse may be made to the obligors, without the need to present the cheque or make protest or equivalent.

5. The matters related to the person of the cheque bearer or whoever instructed thereby to present the cheque or to make protest or equivalent shall not be considered force majeure.

Article 667

1. The cheque on which the drawee states that it has no or insufficient balance shall be an executive instrument. The bearer of cheque may request the execution thereof, in whole or in part, by force.

2. The provisions, procedures and rules set out in the Civil Procedures Law shall apply to the application for execution and contention therein.

Chapter 6 - Misrepresentation and Multiple Copies

Article 668

1. The drawee alone shall incur the damage resulting from the honouring of a cheque in which the drawer's signature is forged or the particulars stated in the body are misrepresented, unless a fatal mistake by the drawer, whose name is stated in the cheque, is evident, which led to the occurrence of forgery or misrepresentation of particulars. Every condition to the contrary shall be deemed null and void.

2. The drawer shall be considered mistaken in particular, if no due diligence is exerted thereby to maintain the checkbook delivered thereto.

Article 669

1. Except the cheque to bearer, the cheque may be drawn in many identical copies, if drawn in the United Arab Emirates and falls due in a foreign country or vice versa.

2. If many copies of a cheque are executed, each copy shall be numbered in the body thereof, or each copy shall be considered an independent cheque.

Article 670

The following shall not be heard, upon denial and lack of legitimate excuse:

1. Claim of recourse of the cheque bearer to the drawer, the endorsers and other obligors to pay its value, upon the lapse of two years from expiration of the period of presentment.

2. Claim of recourse of the obligors against each other upon the lapse of one year from the day on which the obligor honours the cheque or from the day of being judicially claimed of honouring.

3. Claim of the bearer against the drawee upon the lapse of (3) three years from expiration of the presentment period of the cheque.

4. The periods referred to in this Article shall not apply for the claims filed against the drawer who fails to present the honouring payment, or presents then withdraws the same in whole or in part, and the claims filed against other obligors who obtain illicit gain.



1. The defendants shall, albeit the time bar, corroborate their discharge of debt by taking oath, if requested.

2. The successors or other descendants may take oath that they are not aware that their testator is dead while being indebted.

Article 672

1. If the claim is filed, the periods set out in Article (670) hereof shall apply from the day of the last proceeding therein.

2. The said periods shall not apply, if a judgment of the debt is delivered, or the debt is admitted by the debtor in a separate instrument which results in the renewal of debt.

3. The interruption of the said period of not hearing the claim shall have no effect, unless for the person against whom the period interrupting proceeding is taken.

Chapter 7 - Penalties

Article 673

Everyone commits either of the following actions shall be subject to pay fine of not less than (10%) of the cheque value, of minimum (5,000) five thousand Dirhams and shall not exceed the double of the cheque value:

- 1. Intentional and counterfactual declaration of lack or insufficiency of honouring payment for cheque.
- 2. Dishonour of cheque drawn at the bank in bad faith, while it has honouring payment to the bearer of a cheque for which no valid protest is presented.
- 3. Abstention from stating the particulars referred to in Article (663) hereof.
- 4. Abstention from partial honouring of cheque or issue of certificate to that effect or delivery of the original cheque, according to the provisions set out in Clause (2) of Article (648) hereof.

Article 674

1. Everyone endorses to, or delivers another person a cheque to bearer, while he knows that the cheque has no outstanding balance to pay its value or cannot be drawn, shall be subject to pay fine of not less than (10%) of the cheque value, of minimum (1,000) one thousand Dirhams, and not more than the value of cheque.

2. In case of recidivism, the penalty shall be doubled.

Article 675

1. Everyone commits either of the following actions shall be sentenced to serve prison for a period of not less than (6) six months and not more than (2) two years and/or pay fine of not less than (10%) of the cheque value, of minimum (5,000) five thousand Dirhams, and shall not exceed the double of value of the cheque:

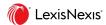
- a. Instructs or requests the drawee, before the drawing date, to dishonour a cheque issued thereby in other than the cases set out in Articles (651) and (656) hereof.
- b. Closes the account, withdraws the whole balance therein or knows of closing of the account before the issue of cheque, or before the presentment of cheque to the drawee for drawing, or intentionally causes the freezing thereof.
- c. Intentionally executes or signs the cheque in a way that prohibits honouring thereof.

2. In case of recidivism, the penalty shall be doubled.

Article 676

Everyone commits either of the following actions shall be sentenced to serve prison for a period of not less than one year and to pay fine of not less than (20,000) twenty thousand Dirhams and not more than (100,000) one hundred thousand Dirhams:

- 1. Forges or fabricates a cheque, or attributes a cheque to a third party by making a change in the particulars thereof by addition, excise or other means provided in Article (251) of the Crimes and Penalties Law referred to, or any other substitute article, for purpose of harming others, and to be used in the purpose for which the cheque is forged.
- 2. Knowingly uses a forged or fabricated cheque.
- 3. Knowingly accepts amounts paid by a forged or fabricated cheque.
- 4. Uses or unduly utilizes a cheque validly executed in name of another person, or which use is associated with a fraudulence crime.
- 5. Knowingly imports, manufactures, possesses, acquires, sells, offers or provides equipment, tools or technological software, information or data used in the commission of forgery crime provided in this Article.



Without prejudice to any harsher penalty provided in any other law, if the crimes provided in Article (676) hereof are committed for the execution of a terrorist purpose, the penalty shall be serving life sentence and paying fine of not less than (500,000) five hundred thousand Dirhams and not more than (1,000,000) one million Dirhams.

Article 678

1. If conviction is judged in either of the crimes provided in Articles from (674) through (676) hereof, the court may order the publication of abstract of the judgment, at expense of the convict, in two daily wide-spread newspapers issued in the state, either of which is issued in Arabic and the other is issued in English, or in two means of electronic publication determined by decision of the Minister of Justice, either of which is in Arabic and the other is in English. The publication shall anyway contain the name, address, profession and the penalty judged against the convict.

2. Publication shall be necessary in case of recidivism, and in case of judging conviction in the crimes provided in Article (676) hereof.

Article 679

1. If conviction is judged in either of the crimes provided in Articles (674) and (675) hereof, the court may order the withdrawal of checkbook from the convict and prohibition of issue of new books to him for a period of not more than (5) five years.

2. The convict shall be sentenced to pay fine of not less than (50,000) fifty thousand Dirhams and not more than (100,000) one hundred thousand Dirhams, if the checkbook is his possession is not delivered to the related banks within (15) fifteen days from the date of service thereon.

3. If any bank violates the order provided in Clauses (1) and (2) hereof, such bank shall pay a fine of not less than (100,000) one hundred thousand Dirhams and not more than (200,000) two hundred thousand Dirhams.

Article 680

1. If the court judges the conviction in either of the crimes provided in Article (676) hereof, the confiscation of the seized articles collected from or used in the crime shall be ordered, without prejudice to the rights of good faith third party.

2. At all events, the confiscation shall be judged, if the seized articles are of the things which manufacturing, possession, acquiring, sale or offering for sale is a crime per se, even if not the property of the accused.

3. If neither of the articles provided in this Article is seized, or judging the confiscation thereof fails for being related to the rights of good faith third parties, the court shall order paying a fine of the same value of such articles, at the time of commission of the crime.

Article 681

1. If the conviction is judged in either of the crimes provided in Articles from (673) through (677) hereof, the court may order the prohibition of practice of any commercial or professional activity by the convict for a period of not more than (3) three years, if the crime is committed due to or on the occasion of the practice of such activity.

2. Every recidivist commits the same crime again after the issue of the prohibition order provided in Clause (1) hereof, shall be sentenced to serve prison for a period of not less than one year and/or to pay a fine of not less than (50,000) fifty thousand Dirhams and not more than (100,000) one hundred thousand Dirhams.

Article 682

If a criminal action is filed against the drawer, in either of the cheque crimes provided herein, this shall not prejudice the force execution of cheque or taking the judicial measures, according to the provisions, procedures and rules referred to in Article (667) hereof, or the right of the beneficiary or the cheque bearer to claim remedy, according to the procedures provided in law.

Article 683

1. In the cases where either of the crimes provided in this Chapter is committed, in name and for account of a juristic person, the person in charge of the actual management shall not be punished, unless he is evidently aware of the crime, or commits the crime to fulfill interest of himself, or of others.

2. In the case where the responsibility of the natural person is not proved, as described in Clause (1) hereof, the juristic person shall be fined the amount of not less than two times the fine legally prescribed for the crime, and shall not exceed five times thereof. It may be judged to suspend the license of practice of activity by the juristic person for a period of not more than (6) six months. In case of recidivism, the revocation of license or dissolution of the juristic person, as the case may be, shall be judged. The judgment shall be published at expense of the juristic person, in two daily wide-spread newspapers issued in the state, either of which is issued in Arabic and the other is in Arabic and the other is in Arabic and the other is in English.

3. The penalties provided in Clause (2) hereof shall not preclude judging any ancillary penalties provided in law.

4. The provisions set out in Clause (2) hereof shall not apply to the licensed financial institutions governed by the Federal Decree Law No. (14) of 2018 referred to, or any other substituting law.



The criminal action in the crimes provided in Articles (674) and (675) hereof shall abate, if the entire value of cheque or a part thereof is paid before the commencement of procedures of forced execution provided in Article (667) hereof, conciliation is concluded in the action, or the value of cheque is paid in whole or the remaining part thereof, before deciding on the action by a final judgment. If conciliation is concluded after the judgment becomes final, the enforcement of penalty shall be stayed.

