FEDERAL LAW NO. 18

Issued on 7/9 / 1993

Corresponding to 21 Rabih el Awwal 1414 H.

ISSUING THE COMMERCIAL TRANSACTIONS LAW

We, Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates State,

Pursuant to the perusal of the provisional Constitution; and

Federal Law no. 1 of 1972, regarding the Jurisdiction of Ministries and the powers of the Ministers and the amending laws thereof; and

Federal Law no. 5 of 1975 regarding the Commercial Registry; and

Federal Law no. 8 of 1980 to Regulate Labour Relations and the amending laws thereof; and

Federal Law no. 10 of 1980 regarding the Central Bank, Monetary System and Organizing of Banking Profession; and

Federal Law no. 18 of 1981 Regulating the Commercial Agencies, and amending laws thereof; and

Federal Law no. 26 of 1981 regarding the Maritime Commercial Law, and amending laws thereof; and

Federal Law no. 8 of 1984 regarding Commercial Companies and amending laws thereof; and

Federal Law no. 9 of 1984 regarding Insurance Companies and Agencies, and amending laws thereof; and

Federal Law no. 5 of 1985 Issuing the Civil Transactions Law and amending laws thereof; and

Federal Law no. 22 of 1991 regarding Notary Public; and

Federal Law no. 10 of 1992 Issuing the Law of Evidence in the Civil and Commercial Transactions; and

Federal Law no. 11 of 1992 Issuing the Civil Transactions Law; and

Federal Law no. 37 of 1992 regarding Trademarks; and

Federal Law no. 44 of 1992 regarding the Industrial Regulation and Protection of Patents, Industrial Drawings and Designs; and
Acting upon the proposal of the Minister of Economy and Commerce, the agreement of the Council of Ministers and the ratification of the Federal Supreme Council,

Have promulgated the following Law:

**Article 1**

The Commercial Transactions Law, hereby attached, is applicable.

**Article 2**

Any provision contrary to the provisions of this Law shall hereby be repealed.

**Article 3**

The ministers and the competent authorities in the Emirates, each within his concern, shall implement the provisions of this Law, and the Minister of Economy and Commerce, after seeking the opinion of the competent authorities, shall issue the necessary implementing regulation in respect thereof.

**Article 4**

This Law shall be published in the Official Gazette and shall come into force three months subsequent to the date of its publication.

Promulgated by Us at the Presidential Palace in Abu Dhabi
On 21 Rabih al-Awwal 1414 H.
Corresponding to 7 September 1993.

Zayed Bin Sultan Al Nahyan
President of the United Arab Emirates State

This Federal Law has been published in the Official Gazette, issue no. 255 p. 5.

**COMMERCIAL TRANSACTIONS LAW PRELIMINARY PART**
Article 1

The provisions of this Law shall apply to merchants, as well as to all acts of commerce carried out by any person even though he be not a trader.

Article 2

1 - Merchants and acts of commerce are governed by the agreement entered into by the two contracting parties unless such agreement contradicts an imperative commercial law provision.

2 - In the absence of a specific agreement, the rules of commercial customs and practices shall apply on all matters not provided for in this Law or any other law governing commercial matters. Special or local customs shall have precedence over general customs and, in the absence of a commercial custom, the provisions governing civil matters shall apply to the extent they are not inconsistent with the general principles of a commercial activity.

3 - Private agreements or commercial customs rules in violation to public policy and morals shall not apply.

Article 3

Commercial matters regarding which specific Federal laws are issued shall be subject to the provisions of such laws, and to the provisions hereof which do not contradict with said laws.

BOOK ONE

COMMERCE IN GENERAL

PART ONE

CHAPTER ONE

ACTS OF COMMERCE

Article 4

Acts of commerce are:
1 - Acts carried out by a merchant in relation with his trade. Unless otherwise established, every act performed by a merchant shall be considered as related to his trade.

2 - Speculative activities carried out by a person, though not a merchant, for the purpose of realizing a profit.

3 - Acts considered by law to be commercial.

4 - Acts related to or facilitating an act of commerce.

**Article 5**

The following activities shall, by virtue of their nature, be considered as acts of commerce:

1 - Purchase of commodities and other tangible and intangible movables with the intention of selling same at a profit, whether sold in their present condition or after their transformation or manufacturing.

2 - Purchase or hiring commodities and other tangible and intangible movables with the intent of hiring them out.

3 - Sale or hiring out of commodities and movables purchased or hired as mentioned here above.

4 - Banking, exchange and stock markets operations as well as those of investment companies, trust funds, financial establishments and all kinds of other financial brokerage operations.

5 - All kinds of transactions relative to commercial papers, irrespective of the capacity of the persons concerned therein or of the nature of the transactions for which such operations are carried out.

6 - All kinds of sea and air navigation activities, including:

   a - The construction, sale, purchase, chartering or freighting, repair or maintenance of vessels and aircrafts, as well as sea and air cargos including sea and air carriage.

   b - The sale and purchase of vessel and aircraft requirements, tools or materials or catering such vessels and aircrafts.

   c - Loading and unloading operations.

   d - Marine and aviation loans.
e - Employment contracts concerning captains and pilots of commercial vessels and aircrafts.

7 - Incorporation of companies.

8 - Current accounts.

9 - All kinds of insurance with the exception of cooperative insurance.

10 - Establishments of sale by public auction.

11 - Hotels, restaurants, movie halls, theaters, play grounds and amusement centers activities.

12 - Water, electricity and gas distribution activities.

13 - Editing newspapers and magazines whenever the publication thereof is made with the intent of making profit through the publishing of advertisements, news and articles.

14 - Post, telegraph and telephone operations.

15 - Broadcasting and television activities as well as those of recording and photography studios.

16 - The activities of public warehouses and mortgages on property deposited therein.

**Article 6**

The following activities are considered as an act of commerce if practiced as a profession:

1 - Brokerage.

2 - Commercial agency.

3 - Commission agency.

4 - Commercial representation.

5 - Supply contracts.

6 - Purchase and sale of lands or real estates for the purpose of making profit from selling same in their original status or after transforming or allotting it.

7 - Land transport.
8 - Real estate works whenever the contractor undertakes to supply the materials or the workers.

9 - The income from extraction industries of natural resources.

10 - Tourism, travel, export, import and customs clearing activities, as well as the activities of services and recruitment offices.

11 - Printing, publishing, photography, recording and advertising activities.

12 - Industry.

13 - Activities relating to animal resources and fisheries.

14 - Giving on hire or hiring third parties’ work for the purpose of rehiring it.

15 - Letting or renting houses, apartments and rooms, furnished or unfurnished, for the purpose of sub-letting same.

**Article 7**

Activities which may be deemed to be homogeneous to the activities herein provided for in the above two Articles, due to the similarity of their characteristics and objectives shall be considered as an act of commerce.

**Article 8**

An artwork made and sold by the artist himself, or by using the services of workers, shall not be considered an act of commerce. The same applies to an author who prints and sells his work.

**Article 9**

1 - The sale by a farmer of the produce obtained from land owned or cultivated by him, even when the said produce has been transformed by means of tools he usually employs, shall not be considered an act of commerce.

2 - Where a farmer establishes a permanent trading shop or factory for the sale of his produce in its original condition or after manufacturing, the sale in such a case shall be deemed to be an act of commerce.

**Article 10**

Where a contract is commercial with regard to one party and civil to the other party, the provisions hereof shall apply to the obligations of both
parties unless the law states otherwise or there is an agreement between the parties to the contrary.

CHAPTER TWO

THE TRADER

Article 11

Shall be deemed a merchant:

1 - Every person performing, in his own name and for his own account, acts of commerce while he is fully capacitated to perform these acts as a profession.

2 - Every company exercising a commercial activity or adopting one of the forms prescribed in the Commercial Companies Law, even if such activity is a civil one.

Article 12

Any person who advertises to the public, by any means, that he has established a commercial place of business shall be deemed a merchant even if he does not perform commerce as his normal profession.

Article 13

Commercial capacity is established in respect of every person performing trade as a profession, either under a pseudonym or under the cover of another person's name, as well as in respect of the apparent person.

Article 14

Any person who carries out a commercial activity although prohibited under specific laws or regulations from practicing trade, shall be deemed a merchant and shall be governed by the provisions of the present Law.

Article 15

Shall not have commercial capacity: State ministries, its departments, organizations and public institutions, as well as public welfare institutions, associations, clubs and self-employed persons not practicing trade. Commercial activities carried out by such entities shall, however, be governed by this Law unless otherwise excluded by virtue of a specific text.

Article 16
Commercial capacity is established in respect of commercial companies formed, wholly or partially owned by the State or public organizations and institutions. Unless otherwise excluded by a specific provision, these entities shall be governed by the provisions of the present Law.

**Article 17**

Individuals who practice a simple craft or a small trade whereby they rely on their work to gain some profit in order to secure their living rather than relying on cash capital, shall not be subjected to the obligations incumbent on merchants relating to keeping commercial books or registering in the Commercial Register nor shall they be governed by the provisions of bankruptcy and composition.

The Ministry of Economy and Commerce shall, in consultation with the competent authorities in the Emirates, determine the maximum number of individuals working with them in such crafts and the capital to be invested such small trade.

**Article 18 – Commercial capacity**

1 - Any person who has attained 21 calendar years of age and is free of any legal incapacity shall be apt to carry on commerce.

2 - Nevertheless, a minor, whether under guardianship or custody, may practice commerce whenever he attains 18 calendar years of age and is freely or restrictively habilitated by the court to do so.

**Article 19**

1 - Where a minor or a legally incapacitated person has funds invested in commerce, the court may order the withdrawal of these funds or approve the investment, as may best serve his interests.

2 - In case the court issues an order to continue the business, it shall grant the person acting for him an absolute or restricted authority to perform all activities required for this purpose.

3 - The court may withdraw or limit the authority if there are reasons justifying this measure provided it does not prejudice any rights acquired by a bona fide third party.

**Article 20 – Registration and publication of the minor's continuance in trade or withdrawal of authority**

Any order issued by the court to continue with the business of the minor or the legally incapacitated person, or to withdraw or limit the authority, must
be entered in the Commercial Register and published in two Arabic daily papers issued in the State.

Should the court order the continuance of the business of the minor or the legally incompetent person, his liability shall be limited to the extent of the funds invested in such commerce. He may be declared bankrupt but the bankruptcy shall not include funds not invested in the business nor shall it have any effect with regard to the person of the minor or the legally incapacitated.

**Article 21**

1 - With due compliance with Article 11 of the Civil Transactions Law, the capacity of a married woman to practice trade shall be regulated by the laws of her national country.

2 - A foreign wife who practices trade is assumed to have obtained her husband's approval to do so.

   Should the governing law authorize a husband to object to his wife practicing the trade or to withdraw his previous permission, such objection or withdrawal of permission should be entered in the Commercial Register and published in two Arabic daily papers issued in the State.

3 - The objection or withdrawal of permission shall have no effect except from the date of its entry in the Commercial Register and newspaper publication, nor shall it be prejudicial to the rights acquired by a bona fide third party.

**Article 22**

1 - It shall be assumed that a married foreign merchant has been married under the ante nuptial settlement of separation of property unless otherwise stipulated in the settlement contract concluded between the spouses. This settlement may not be opposed to third parties unless it is entered in the Commercial Register and a summary thereof has been published in two Arabic daily papers issued in the State.

2 - Failure to record such entry in the Commercial Register and to publish its summary, entitles a third party to prove that the marriage settlement was based on a financial system more convenient to his interest than that of separation of property.

3 - A foreign judgment ordering the separation of property ownership may not be opposed to third parties except from the date of its entry in the Commercial Register and publication of its summary in two Arabic dailies issued in the State.
Article 23

1 - No person other than a U. A. E. citizen may practice trade in the State, unless he has one or more U. A. E. partners according to the conditions and within the limits stipulated by the Commercial Companies Law.

2 - Profession practitioners may not practice import and export activities.

3 - Non-U. A. E. citizens practicing trade in the State prior to the effective date of this Law and having no national partners, must adjust their status according to the provisions hereof.

Article 24

1 - The following persons may not engage in commerce:

   a - Every trader whose bankruptcy was declared during the first year of his practicing trade unless he has been rehabilitated.

   b - Any person who has been condemned for a crime of fraudulent bankruptcy, commercial fraud, theft, fraudulent misrepresentation, breach of trust, forgery or use of forged papers, unless he was rehabilitated.

2 - Any person who violates the prohibition provided for in the above clause shall be sentenced to imprisonment for a maximum period of one year and to a fine of at least Dhs 5,000/- and not exceeding Dhs 100,000/-, or with either of these penalties, in addition to have the trading premises closed in all cases.

Article 25

Formal requests, submitted by a merchant to the competent authorities and related to his trade, shall not be accepted unless his name is recorded in the Commercial Register.

CHAPTER THREE
COMMERCIAL BOOKS

Article 26

1 - The merchant shall keep such commercial books as may be required by the nature and importance of his trade, in such manner as to show his financial status with accuracy as well as all rights and liabilities he might have relative to his trade.

2 - In all cases, the merchant has to keep the following two books:
a - Daily book.

b - General ledger.

**Article 27**

1 - All the financial operations carried out by the trader as well as his personal withdrawals shall be entered into the Daily book day by day.

2 - The merchant has to use auxiliary Daily books to prove the details of his commercial operations, in which case it is sufficient that he makes a global entry of such operations in the Daily book at regular intervals, otherwise each auxiliary book shall be deemed a Daily book.

**Article 28**

The following shall be entered in the General Ledger:

1 - All accounting operations carried forward from the Daily book supported by corroborating documents and in particular the accounts relative to the cash in hand, bank, partners, creditors, debtors, revenues, withdrawals and expenditures.

2 - Details of the stocks available to the trader at the end of the financial year or an a global statement thereof if the particulars are shown in separate books or lists, in which case such books and lists shall be considered as complementing the General Ledger.

3 - A copy of the annual balance sheet and the profit and loss account.

**Article 29**

1 - The commercial books shall not contain any blank spaces, crossing out, erasure, writing in the margins, scraping or insertion.

2 - Prior to the use of the Daily book and the General Ledger, the pages thereof shall be numbered and signed by the Commercial Registry office, to which the merchant belongs, and stamped with the official seal of the said Authority, showing the date of such procedure.

   Should the pages of any of the said two books be filled up, the merchant has to submit it to the same Authority to have it marked up to this effect after the last entry made therein and before using the new book.

3 - In case of discontinuation of the commercial activities in the business premises, the trader or his heirs have to submit the said two books to the Commercial Registry office to have them marked up to this effect.
4 - Stamping with the official seal and the marking up shall, in the above-mentioned instances, be free of charge.

**Article 30**

The merchant must keep true copies of the originals of all correspondence, telegrams and invoices sent or issued by him for the purpose of his commercial activities. He must, in addition, keep all incoming correspondence, telegrams, invoices and other documents related to his trade. All such papers shall be kept in an orderly fashion that facilitates checking them up and for a minimum period of five years from the date of issue or receipt thereof.

**Article 31**

The merchant or his heirs should keep the commercial books and the documents supporting the entries made therein for a minimum period of five years to run from the date of marking up the book to the effect that it is out of use.

**Article 32**

The banks, companies or establishments specified in a decision taken by the Minister of Economy and Commerce may keep, for the period mentioned in the two preceding Articles the micro films (or any other modern technological device) instead of keeping the originals of the books documents, correspondence, telegrams and other papers related to their financial and commercial activities. Such micro films shall have the same evidential value as the originals provided that the rules organizing the use thereof for the purpose of this Article shall be set by the Minister of Economy and Commerce. The said banks, companies and establishments shall have to comply with such rules.

**Article 33**

Entries made in the commercial books by employees authorized by the merchant shall be deemed as entries made by the merchant himself, and it shall be assumed that such entries were made with his knowledge and consent until he submits proof to the contrary.

**Article 34**

The court may, on its own motion or at the request of litigants, order the merchant to produce his commercial books to extract therefrom what is of relevance to the conflict submitted to it. The said court shall peruse these books, personally or through an expert appointed by it to this effect.
Article 35

1 - The court may not order the merchant to produce his commercial books for the perusal of his opponent unless the litigation submitted is related to an estate, a partnership or the division of joint property to both of them.

2 - In case of bankruptcy or composition, the commercial books shall be handed over to the competent court, the receiver in bankruptcy or to the composition controller.

Article 36

The commercial books kept by the merchant may be used as evidence in the lawsuits lodged by or against them should they be related to their commercial activities and according to the following rules:

1 - The data entered in the commercial books - even if not regular according to the law provisions - shall constitute a proof against the owner of these books. However, a person wishing to extract therefrom any evidence in his favor may not fractionalize the data entered therein.

2 - The data duly entered in the commercial books according to the law provisions shall constitute a proof in favor of the owner of these books against his opponent trader, unless they are challenged by the latter on account of data duly entered in his books according to the law provisions or by any other means proving that they are not true.

3 - In the event where both litigants' commercial books are regularly kept according to the law provisions and the comparison mode between them shows a contradiction in the data entered therein, the court must ask for another evidence.

4 - In case of discrepancy in the data entered in both litigants' books, while the books of one of them are regularly kept according to the law provisions and the other trader's books are not, the data entered in the regular books shall prevail, unless the opponent submits proof to the contrary. The same provision shall apply if one of the litigants submits regular books and the other do not submit any.

Article 37

Should one of the two merchant opponents rely for the validity of his claim on the other opponent's commercial books, and should he admit in advance the correctness of the data entered therein while the former refrains without justification from producing such books to the court for perusal; this shall be deemed a presumption that the facts required to be proved in the books are correct. The Court may further administer suppletory oath to the Plaintiff as to the validity of his claim.
Article 38

Traders using computers or other modern technological equipment in organizing their trading activities, shall be exempted from the provisions of Articles (26,27,28,29) of this Law. The data obtained from such computer or other modern technological devices shall be considered as commercial books. The Minister of Economy and Commerce shall issue a regulation determining the general guidelines for the use of such data.

BOOK TWO

COMMERCIAL OBLIGATIONS AND CONTRACTS

PART ONE

COMMERCIAL OBLIGATIONS

Article 72

1 - Unless otherwise provided for by law or agreement, where two individuals or more assume a commercial debt, they shall be jointly liable for its settlement.

2 - The foregoing provision shall also apply in cases where there are several sureties in a commercial debt.

Article 73

A suretyship shall be commercial if the surety has guaranteed a debt which is deemed with regard to the debtor to be commercial unless otherwise provided for by law or agreement, or if the surety is a trader and has an interest in guaranteeing the debt.

Article 74

In a commercial guarantee, the guarantors shall be jointly liable with each other and with the debtor.

Article 75

Unless otherwise established, where a trader carries on for a third party, such business or services as are related to his commercial activities, he is deemed to have done so in return of a consideration to be determined according to the custom and in the absence of such custom, it shall be determined by the court.
Article 76

A creditor is entitled to receive interest on a commercial loan as per the rate of interest stipulated in the contract. If such rate is not stated in the contract, it shall be calculated according to the rate of interest current in the market at the time of dealing, provided that it shall not exceed 12% until full settlement.

Article 77

Where the contract stipulates the rate of interest and the debtor delays payment, the interest on the arrears shall be calculated on basis of the agreed rate until full settlement.

Article 78

Unless otherwise followed by a commercial custom or bank practice, interest shall be paid at the end of the year, if the loan is for one or more years, or on the maturity date of the debt, if the loan period is less than one year.

Article 79

Unless agreed to the contrary, if the loan is for a specified term, the creditor shall not be bound to accept payment prematurely, unless the debtor pays the interest accruing for the remaining period of the loan term.

Article 80

Orders and authorizations issued by a trader for matters related to his commercial activities shall not lapse upon his death, nevertheless, his heirs liable to pay any compensation if they notify, in due time, the party who contracted with the decedent of their intention to do so.

Article 81

1 - Where the commercial obligation is the delivery of a certain thing within a specific season or a time of the year, the agreement between the parties should be consulted in order to fix the time for delivery. In the absence of such agreement, the custom prevailing in the country where the delivery is to take place shall be followed.

2 - The custom prevailing in the country, where the contract was concluded shall be followed as to the method of measuring, weighing or counting the goods.

Article 82
Unless otherwise agreed, a creditor may not be compelled to accept performance of a contract should the obligor fail to fulfill his obligation prior to the expiry of the period fixed for performance.

**Article 83**

Where the maturity of a debt is deferred and the debtor offers to settle it in advance, he may not upon payment deduct a part of it except with the creditor's consent, unless there is a provision in the agreement or the law to the contrary.

**Article 84**

Where one of the contracting parties reserves the right to rescind the contract prior to its execution, he shall forfeit his right to rescission if he performs his obligations under the contract or if he consents to the other party's performance of his obligations.

**Article 85**

Warnings and notifications in commercial matters shall be made through the notary public, by registered letter with acknowledgement of receipt or by cable.

**Article 86**

Courts may not grant the obligor in a commercial obligation a respite for payment nor order to pay it by installments except with the obligee's consent or under general exceptional circumstances.

**Article 87**

Where the debtor settles a commercial debt to the person holding the instrument of such debt marked with acquittal or to the person holding a discharge from the creditor, he shall be discharged from the debt.

**Article 88**

Unless otherwise agreed, where the commercial obligation is a sum of money, the amount of which was known when the obligation arose, and the debtor delays payment thereof, he shall be held liable to pay to the creditors, as compensation for the delay, the interest fixed in Articles (76) and (77).

**Article 89**
Accrual of interest on arrears is not conditioned upon the creditor proving that he sustained damages as a result of such delay.

**Article 90**

Interests on arrears for delay of payment of commercial debts are due upon maturity, unless otherwise provided in the law or in an agreement.

**Article 91**

1. A creditor may claim complementary damages, to be added to the interest on arrears without being required to prove that the prejudice in excess of said interest was caused by the debtor's fraudulent conduct or gross fault.

2. Should, however, the creditor in claiming his right, causes, in bad faith, the persistence of the dispute, the court may reduce the interest or it may not award any interest at all for the period of the unjustified prolongation.

**Article 92**

1. Any check for the payment of a sum of money or the delivery of goods, may be negotiated by way of endorsement if payable to the order of the creditor or by delivering it, if payable to bearer.

2. Endorsement or delivery shall result in the transfer of all rights arising from the instrument to the endorsee or the new bearer.

3. In case of endorsement, the endorser shall guarantee payment of the right established by the deed on maturity date, unless it is agreed in the endorsement wording to restrict the guarantee to the existence of the right at the time of endorsement.

4. Unless otherwise agreed in the wording of the endorsement, should the instrument be drawn-up on account of a commercial transaction, the signatories thereto shall be jointly liable.

5. In all cases, the debtor may not oppose to the bearer the pleas based on the personal relationship between him and the author of the instrument or the previous holders thereof unless the bearer had the intention, upon receiving the instrument, to harm the debtor or if the plea concerns the lack of capacity of the debtor.

6. The debtor may also refrain from paying the value of the instrument if it is not delivered to him marked with discharge.
Article 93

The possession by the debtor of the debt instrument constitutes a presumption that he has been discharged of the debt, until otherwise established.

Article 94

Unless otherwise provided by law or stipulated in the agreement, commercial obligations of any amount whatsoever may be evidenced by all means of proof.

Article 95

Lawsuits concerning commercial obligations between traders may not, in case of denial or lack of legal justification, be admitted after the expiry of ten years as of the date on which the obligation is to be met, unless the law specifies a shorter limitation period.

PART TWO

COMMERCIAL SALE

CHAPTER ONE

GENERAL PROVISIONS

Article 96

Unless otherwise provided, the general provisions stipulated in this Chapter shall only apply to sales, concluded between traders concerning their trading affairs.

Article 97

Where the two contracting parties fail to fix the price, the sale shall be concluded at the price practiced in their dealings, and in the absence of previous dealings between them, the prevailing price in the market. This is so unless the circumstances of the case reveal the necessity of adopting a different price.

Article 98

Where both contracting parties agree that the sale price shall be at the market rate, then the price shall be determined at this rate at the time and place of conclusion of the contract, unless otherwise stipulated in the
agreement. In case several market prices are practiced then the average price shall prevail.

**Article 99**

The two contracting parties may agree to delegate a third party to fix the price of the item object of the sale. However, if such party fails to fix the price within the prescribed term or, in the absence of such term, within an adequate period, then shall be adopted the current market price at the time and place of conclusion of the contract.

**Article 100**

Where the price is estimated on basis of weight, the net weight is to be considered, unless there is an agreement or custom to the contrary.

**Article 101**

1 - Where it is agreed by the two contracting parties that the purchaser shall determine the shape, volume or any other distinguishing feature of the item object of the sale, the purchaser shall do so within the agreed period, or within an adequate time if no fixed period has been agreed upon.

2 - If the aforementioned time limit has lapsed and the purchaser did not determine the features of the item sold, the vendor shall have an option to ask for the rescission of the contract with damages, or to determine himself the said features and notify the purchaser thereof. This determination shall be deemed final if the purchaser does not object thereto within ten days from his notification.

**Article 102**

1 - If no specific time for delivery has been determined, it should be done upon conclusion of the contract unless the nature of the object sold necessitates delivery at a different time.

2 - Where it is agreed that the purchaser shall fix the date of delivery of the object sold, the vendor is bound to deliver it on such date, with due consideration as to the nature of the sold item and the period required its the preparation so as to make it ready for delivery.

**Article 103**

1 - Until the effective or legal delivery to the purchaser of the object sold, the consequences of its perishability is borne by the vendor.
2 - Unless otherwise agreed, where the vendor, at the request of the purchaser, sends the item object of the sale to other than the designated venue for delivery, the consequences of its perishability shall be borne by the purchaser from the date of delivering the item sold to the carrier.

3 - Should the vendor fail, without pressing necessity, to comply with the instructions of the purchaser regarding the method of transportation, he shall be liable for the damages occurring to the item sold on account of such failure.

4 - The purchaser shall, unless otherwise agreed, bear the expenses incurred in delivering the sold item in other than the place designated for delivery.

**Article 104**

Any shortage occurring to the sold item upon its delivery shall not be taken into consideration if custom allows such shortage.

**Article 105**

Where the vendor fails to deliver the specific item sold, the purchaser may summon the vendor to perform within an adequate period. In case the vendor fails to comply, the purchaser shall have an option either to ask the court to force the vendor to execute in kind by delivering to him the sold item - if possible - with payment of damages when necessitated, or to consider the contract rescinded and claim for damages, if justified, or to buy at vendor's expense an object similar to the item sold and claim from him the difference between the price agreed upon and the price paid by him in good faith to obtain such object. Where the sale relates to an item having a known price in the market, the purchaser may claim from the vendor the difference between the price agreed and the market price on the date fixed for delivery, even though he did not buy an object similar to the item sold.

**Article 106**

Where the two contracting parties agree that the sold item be the object of successive deliveries, the purchaser may ask for the rescission of the contract if the vendor fails to perform any of these deliveries on the fixed date. However, such rescission shall not apply to the deliveries already executed, except where the purchaser sustains serious prejudice due to the fractioning of the item sold.

**Article 107**

Should the purchaser fail to pay the price on the date agreed upon, the vendor, after serving notice to the purchaser, may re-sell the goods. If the
goods are sold in good faith at a price less than the price agreed upon, the vendor shall be entitled to claim from the purchaser the difference in price. Furthermore, if the goods have a known price in the market, the vendor may claim from the purchaser the difference between the price agreed upon and the market price on the date fixed for payment, even though the sale did not effectively take place.

**Article 108**

1 - The purchaser, who has paid the price in full, may ask the vendor to give him a list of the goods on which it is mentioned that the price has been paid.

2 - Any person, having accepted, expressly or implicitly, a list of the sold goods, shall be deemed as having agreed to its contents. Where the person receiving the list, does not object to its contents within eight days from the date of receipt, this shall be considered as an implicit acceptance, unless a longer period has been agreed upon.

**Article 109**

1 - Where the purchaser refuses to take delivery of the item sold, the vendor may ask the court to establish this fact and grant him permission to sell same under the court supervision after the lapse of a period fixed by it and notified to the purchaser. However, the court may order that highly perishable items be sold without fixing a delay and without notice.

2 - The total value of the sale shall be deposited with the treasury of the court, after deducting all the expenses incurred by the vendor in order to settle the dispute between him and the purchaser.

**Article 110**

If it is noticed after delivery of the sold object that the goods delivered are different, in quantity or type, or if they are defective, rescission shall not be granted to the purchaser unless it results, from such difference or defect, the unsuitability of the goods sold for the purpose for which they were to be used, or if they become difficult to be marketed. The court, upon rejecting the application for rescission of the contract, may decide to reduce or complete the price, depending on the deficiency or excess in quantity, the discrepancy in type or the degree of defect. This is so unless there is an agreement or custom imposing rescission.

**Article 111**

1 - In the instances referred to in the previous Article, the purchaser must notify the vendor of the difference or defect, within fifteen days of the date
on which the item sold is effectively delivered to him, and he must file the action for rescission or reduction of the price within sixty days of such delivery date. However, if the defect is concealed and cannot be detected by ordinary examination, the purchaser must then notify the vendor immediately when he discovers it, and lodge the action in warranty of the defect within six months of the date of actual delivery, unless there is an agreement to the contrary.

2 - Should the purchaser fail to notify the vendor of the existence of a difference or defect, or if he does not file the action for rescission, price reduction or defect warranty within the periods hereinafter mentioned, as the case may be, his action shall not be heard in case of denial or lack of legitimate excuse. However, if the purchaser proves fraud on the vendor’s part, the lawsuit shall not be accepted if lodged after the lapse of one year from the delivery date.

3 - The action instituted by the vendor to complete the price due to increase in quantity or in the quality level, shall not be admitted after the lapse of sixty days as of the date of actual delivery of the item sold.

4 - Agreement may be reached as to exempting the purchaser from abiding by the periods prescribed in the previous paragraphs or allowing the amendment of such periods.

**Article 112**

1 - Where the item sold is a commodity protected by a registered trademark, agreement may be reached in order to compel the purchaser not to resell it below a specific price.

2 - The court may order the non-compliance with this condition if it considers that the commodity sold to be among the necessaries.

3 - The purchaser’s successors shall not be bound to observe the above condition, except if they had knowledge or could have known about it.

**Article 113**

In supply contracts where the supplier grants certain advantages to the purchaser, the latter may not be prohibited to buy similar goods as the item sold from another supplier during a period exceeding five years from the date of agreement. Any agreement on a longer period shall be reduced to five years.

**CHAPTER TWO**

**CERTAIN TYPES OF COMMERCIAL SALES**
SECTION ONE

SALE BY INSTALLMENT

Article 114

The contract of sale by installment shall be made in two copies and shall state the specifications, which identify and determine the item sold, as well as the price amount, the period and conditions of payment by installments. The seller shall hand over to the buyer one of the duplicate copies of the said contract.

Article 115

The installments shall be paid at the place of residence of the seller, as stated in the contract, unless otherwise agreed upon. Where the installments are collected from the purchaser's place of residence, the purchaser may not charge additional expenses. The discharge given for any installment paid shall be considered a discharge of any preceding installments unless there is evidence to the contrary.

Article 116

1 - Where the purchaser fails to pay any installment of the agreed price, the seller, after notifying him, may claim rescission with damages if justified. However, if it is revealed to the court that the buyer has fulfilled the largest part of his obligation, it may grant him a respite for payment and dismiss the claim of rescission if he effects payment within the prescribed period.

2 - In case a judgment in rescission is rendered, the buyer shall have to give back the item sold to the seller. In return, the seller shall repay to the buyer the installments received after deducting an amount equivalent to the cost of the use thereof and another amount to compensate for the depletion occurring to the object of the sale due to abnormal use, provided there is no provision to the contrary in the sale agreement and further provided that the total sum paid to the buyer does not exceed the original price with interests.

Article 117

Any clause in the agreement providing that the full price shall be payable immediately in case one of the installments is not paid on its maturity date, shall only be valid if the buyer fails to pay despite the notice served upon him and after the lapse of seven days from the date of this notification.

Article 118
1 - Should the seller retain title to the sold movable property until payment of the full price installments, the purchaser shall acquire ownership thereto upon payment of the last installment. As of the date of taking delivery of the sold object, the purchaser shall bear the consequences of its deterioration.

2 - Without prejudice to the provisions stipulated under the Part on Bankruptcy, the condition related to the retention of ownership may not apply to a third party unless it is included in a written agreement prior to the acquisition of his right.

**Article 119**

Where the third party's right is subsequent to the contract of sale by installment, the provision related to the retention of ownership may apply to such third party, if the said provision is written in an agreement having a fixed legal date prior to the commencement of the execution proceedings undertaken by the creditors on the item sold.

**Article 120**

A purchaser may not dispose of the item sold before he has paid all installments, save where the seller agrees to this in writing. Any disposal by the buyer in violation of this provision, shall not bind the seller, unless the third party proves his good faith, in which case the remaining installments shall fall due.

**Article 121**

The provisions of the preceding Articles regarding sale by installments, shall apply even if the contracting parties have characterized the sale as a lease.

**SECTION TWO**

**OPTIONAL PUBLIC AUCTION SALE OF USED MOVABLES**

**Article 122**

1 - The provisions of this Section shall apply to optional sales by public auction of used movables.

2 - Public auction sale shall mean any sale which any person may attend even if bidding is restricted to a specific group of persons.

3 - Used movables shall mean all movable properties the possession of which was transferred to the consumer through any of property acquisition modes.
Article 123

1 - Without prejudice to the provisions of the Law on Civil Procedures and the laws organizing certain kinds of sales, the movables referred to in the preceding Article may not be sold by auction except through an expert auctioneer in a hall specially allocated for this purpose, or at the venue where the movables are originally located, or at such other place licensed for that purpose by the competent authorities in the concerned Emirate.

2 - A bona fide buyer may request the annulment of the sale effected in violation of the provisions of the preceding Article and the action in nullity may not be heard, in case of denial and lack of legitimate excuse, after the lapse of thirty days as of the date of the sale.

3 - The provisions of the two preceding paragraphs shall not apply to used items, when the value of the items offered for sale by public auction does not exceed (10,000) Ten Thousand Dirhams.

Article 124

1 - The auctioneer undertaking the sale by public auction shall keep a specific book in Arabic, where he shall enter all the items intended for sale, the initial estimation of their value and the names of those requesting sale. The auctioneer shall further affix on the goods offered for sale numbered labels according to their registration in the said book and shall enter therein the outcome of each sale.

2 - Any person who violates the provisions of the preceding paragraph shall be penalized by a fine which may not exceed (10,000) Ten Thousand Dirhams and, in case of recurrence, a maximum of (20,000) Twenty Thousand Dirhams, without prejudice to any other penalty or disciplinary sanction provided in the regulations organizing the practice of the auctioneers profession.

Article 125

Where the initial estimation of the second-hand goods offered for sale at a public auction exceeds the amount of Dhs 200,000 (Two Hundred Thousand Dirhams), the auctioneer shall publish the same in one daily paper, or more, issued in the State, one of which is in Arabic, seven days at least prior to the sale. He shall fix one day prior the date of the sale for examination of the goods exhibited.

Article 126

1 - The buyer who wins the auction shall pay half the price at the auction session and the balance when he takes delivery of the object for which he
was the successful bidder, and the delivery must take place within one week of the date on which the auction was knocked down.

2 - Should the successful bidder fail to pay the balance or abstain from appearing on the date fixed in the preceding paragraph in order to take delivery of the item knocked down to him, the sale shall be repeated by public auction, as well, within fifteen days of the delivery date. The successful bidder of the first sale may not bid again in the second sale.

3 - Where the second auction is awarded at a price less than that awarded at the first auction, the buyer, who failed to pay the balance price or to appear in order to take delivery of the item knocked down to him, shall be bound to pay the difference. However, where the second auction is awarded at a higher price, the increase shall be for the eventual seller.

4 - The price shall be paid to the auctioneer, organizing the auction, who shall be directly responsible for payment of such price to the person in favor of whom the auction took place.

5 - The person requesting the sale may not, either personally or through third parties, bid on the goods offered by him for sale.

**Article 127**

The hall owner or the auctioneer, as the case may be, shall have a privilege, for the fee or commission to which he is entitled, over the price of the item he is selling at the public auction.

**Article 128**

The auctioneers’ profession, as well as the exploitation of auction halls, shall be organized by a regulation to be issued by the Minister of Economy and Commerce, in consultation with the local competent authorities.

Without prejudice to any severer sanction stipulated in another law, any person violating the provisions of such decision, shall be sanctioned to pay a fine not exceeding (5,000) Five Thousand Dirhams. Under all circumstances, the judge shall order that the office or hall be closed, and the billboards and panels, which the infringer used, be removed. The Court order shall be published at the condemned party's expense, in two Arabic dailies issued in the State.

**SECTION THREE**

PUBLIC AUCTION SALE AND SALE AT REDUCED PRICES

IN COMMERCIAL STORES
FIRST - SALE BY PUBLIC AUCTION

Article 129

Commercial stores shall be prohibited from selling their goods at public auction, except in one of the following instances and after obtaining the necessary authorization from the local authorities:

1 - Final liquidation of the commercial store.

2 - Final discontinuation of trading in one or more of the items usually traded by the commercial store.

3 - Liquidation of one of the commercial store's branches, unless such branch is located in the same city as the main office of the commercial store.

4 - Moving the main store and branches thereof, from one Emirate to the other. In such case, the liquidation must be effected within four months at most, and it shall result in a prohibition to carry on the activity, discontinued due to the liquidation, in such Emirate before the lapse of one year at least from the date on which the auction was completed.

5 - Clearance of the goods which have become defective due to fire, water leakage, humidity, insects raging or the like.

SECOND - SALE AT REDUCED PRICES (DISCOUNTS)

Article 130

1 - A commercial store and its branches, located in the same city, may only sell at reduced prices any item, twice at most during the same year, in case of seasonal goods, and once for all other goods.

2 - Discount sales may not continue for more than thirty days, and seasonal sales may not start except after the lapse of five months at least after the end of the preceding seasonal discount sales.

3 - Shall be considered as discount sales any process intended to advertise for sales at reduced prices.

4 - Sales may only be effected or announced by any media means, after obtaining a permit therefore from the competent authorities in the concerned Emirate. The announcement shall state the starting and ending date of the sales and the selling prices prior to and during such period. Persons holding a valid trading license and registered in the concerned Chamber of Commerce may, alone, be granted such permit.
5 - The trader shall also observe any rules organizing sales and issued by
the competent authority in the concerned Emirate.

**Article 131**

Employees of the competent authority in the concerned Emirate shall have
the right to control the implementation of the provisions of Articles (129) and (130) of this Law. They are entitled to this effect to enter the
commercial store licensed to carry out the clearance or sales, and to ask for
papers and documents pertaining to the operation, object of the permit, and
to draw up reports on any violation to its provisions.

**THIRD - THE PENALTIES**

**Article 132**

Any person violating the provisions of Articles (129), (130) and (131)
shall be sanctioned to a fine not exceeding (20,000) Twenty Thousand
Dirhams and, in case of recurrence, a maximum fine of (30,000) Thirty
Thousand Dirhams. The author of this violation may be prohibited from
obtaining permits for discount sales for a period of three years from the date
on which he committed the violation.

**SECTION FOUR**

**CERTAIN KINDS OF INTERNATIONAL SALES**

**1 - F. O. B. SALES**

**Article 133**

1 - An F. O. B sale is one by which the item sold is delivered at the port of
shipping on board of the vessel designated by the buyer for its transport.

2 - The buyer shall in this kind of sale execute the sea transport contract,
pay freightage and notify the seller within reasonable time of the name of the
vessel designated for the transport, as well as the place and date of
shipment and the time set for effecting it.

3 - The buyer may entrust the seller with the execution of both transport
and insurance contracts for the goods for his account. The provisions of the
agency contract shall govern the relationship between the seller and the
buyer, in this respect.

**Article 134**
1 - The seller shall pack, wrap and transport the item sold to the port of shipping, and freight it on board of the vessel designated by the buyer, on the specified date and within the period set for freighting.

2 - The seller shall bear the expenses of packing and wrapping as well as the costs of checking, measuring, counting or weighing the item sold before freighting it.

3 - The seller shall without delay notify the buyer that the item sold has been freighted and he shall dispatch to him the supporting documents at the expense of the buyer.

**Article 135**

1 - Where the item sold needs an export license or any other governmental license to be exported outside the State, the seller shall be bound to obtain the license at his own expense.

2 - The buyer undertakes to obtain at his own expense the import license and the other documents required for this purpose.

3 - The seller is bound to obtain a certificate of origin for the item sold and shall present it to the buyer, who, unless otherwise agreed upon, shall bear the expenses related thereto.

**Article 136**

The seller shall provide the buyer with all assistance enabling him to obtain the bill of lading and such other documents that have to be issued from the country where the freighting of the item sold took place, in order to facilitate its import or transit across another country. The buyer shall bear the expenses incurred for the obtainment of such documents.

**Article 137**

The seller shall pay all the sums due in connection with the item sold, including the export charges and the freight expenses up to the moment when the item sold crosses, during its shipping, the barrier of the vessel. The buyer shall as well bear the consequences of the damages that may occur to the sold item up to this stage. However, any sums due or damages sustained thereafter shall be borne by the buyer.

**Article 138**

Where the arrival of the vessel, designated by the buyer for transporting the goods, is delayed in reaching the port of loading, beyond the expiry of the time set for freighting; or where the vessel departs the said port before
expiry of the said time limit; or if the vessel is unable to ship the goods for a reason that cannot be attributed to the seller, the buyer shall be liable for the resulting additional costs and the damages suffered by the item sold from the expiry date of the time limit set for shipping, provided that the item sold has been, on that date, designated in particular.

**Article 139**

Where the buyer fails to notify the seller about the name of the vessel at the appropriate time or, if he reserves the right to fix the date of delivery during a specified period, and he fails to do so, or, to designate the port of loading but fails to issue specific instructions during the said period, he shall be liable for the resulting additional costs and shall bear the damages occurring to the sold item, from the expiry of the date of notification, or the period agreed upon to designate the date for delivery, provided that the item sold has been, on that date, designated in particular.

**Article 140**

If it is agreed that the item sold shall be delivered on the dock of the port of loading, where the vessel designated by the buyer is anchored, the sale shall be termed F.A.S., and such sale shall be governed by the provisions of the F.O.B. sales, except the freighting of the goods on board of the vessel.

**2 - C.I.F SALES**

**Article 141**

1 - A C.I.F. sale is one concluded against a lump sum price covering the price of the item sold, the maritime insurance charges and freight by vessel to the port of destination.

2 - The goods shall be considered as having been delivered to the buyer upon freighting it on the vessel, and the consequences of deterioration shall, from that moment, be borne by the buyer.

3 - Where the seller did not take upon him to insure the goods, the sale shall be deemed a (C.& F.) sale.

**Article 142**

The seller has to execute a merchandise transport contract with a reputable carrier, according to the customary conditions, and to choose a vessel suitable to carry similar goods as the items sold. The seller shall further pay the freight and any other sums which the carrier might stipulate to be paid at the port of shipping.
**Article 143**

1 - The seller shall contract, with a reputable insurer, an insurance policy covering the risks of transport of the merchandise sold and he shall assume all the relative costs and expenses required.

2 - The insurance policy shall be evidenced through a negotiable instrument in accordance with the customary conditions, and the insurance amount shall not be less than the price mentioned in the sale contract.

3 - The seller shall only be bound to insure against the normal risks of transport. He shall not be under obligation to insure against additional and war risks unless so required by the buyer.

4 - Where the insurance is contracted with a reputable insurer, the seller shall not bear any responsibility towards the buyer for the inability of the insurer to pay the insurance amount.

**Article 144**

1 - The seller is bound to pack and wrap the merchandise sold and ship it on board the vessel within the period agreed upon, or customarily set, for shipping. The seller shall bear the costs of packing, wrapping as well as the expenses of checking, measuring, weighing or counting as required for freighting the merchandise.

2 - The seller shall, without delay, notify the buyer of the name of the vessel and of the completion of the freighting operations.

**Article 145**

1 - Freighting of the item sold by the seller shall be evidenced by means of the bill of lading, where the word "freight" is mentioned. However, if the bill of lading states "under freight", the buyer shall have to prove that the freight did not actually take place on the date mentioned in the bill.

2 - However, if the bill of lading contains a statement, handwritten and signed by the captain of the vessel, certifying that the goods were actually freighted on the specified date, the buyer does not have to prove the contrary when confronting the seller.

**Article 146**

1 - The seller is bound to obtain a due certificate of origin for the merchandise sold and shall submit it to the buyer who, unless otherwise agreed, shall bear the expenses related thereto.
2 - The seller shall further provide such assistance as will be needed to enable the purchaser to obtain the necessary documents, to be issued in the country where freighting of the merchandise sold took place, in order to facilitate its import or passage in transit through another country.

**Article 147**

1 - The seller shall pay all the sums due in connection with the merchandise sold, until its freighting on the vessel, including the export fees.

2 - Import fees as well as charges and expenses to clear the merchandise sold at the port of unloading shall. However be borne by the purchaser.

**Article 148**

The seller shall bear the consequences of the damages, which may occur to the item sold, up to the moment when it crosses the barrier of the vessel; such liability shall thereafter devolve on to the buyer.

**Article 149**

1 - The seller shall, after freighting the merchandise, send without delay to the buyer a clean negotiable bill of lading, addressed to the port of unloading. There shall be attached to the bill of lading, a list of the goods sold, their value, the insurance policy or a certificate in lieu thereof, in addition to any other documents required by the buyer. Where the bill of lading refers, in certain matters, to the condition of the charter of the vessel, a copy of the latter shall also be attached to the bill of lading.

2 - A bill of lading is deemed to be clean if it does not contain any express additional conditions confirming the existence of defects in the item sold or in the method of its packing or wrapping. These additional conditions do not include a reference in the bill of lading to the prior use of the containers or the wrappings or the non-liability for any damage that may be sustained because of the nature of the item sold or of the carrier's ignorance of the contents or weight of the packages.

3 - The certificate substituting the original insurance policy, shall be issued by the insurer and shall include the basic conditions provided for in the original policy vesting unto the bearer the rights stated therein.

**Article 150**

1 - The buyer shall not be bound to accept the documents sent to him by the seller, if they do not conform to the provisions of the sale contract. The buyer shall be deemed to have accepted such documents if he does not raise any objection, through the buyer’s bank, within seven days from the receipt
thereof. The objection shall be made by notice served in writing to the seller asking him to forward documents conforming to the conditions agreed upon within a reasonable period and the buyer may after the expiry thereof, claim rescission of the sale and payment of damages, if relevant.

2 - Where the buyer returns the documents for specific reasons or accepts them subject to reservations, he may not thereafter make any objection for other than the causes and reservations already made.

3 - Where the buyer returns the documents without any legitimate reason, he shall be liable to compensate the seller for whatever prejudice that may result therefrom.

**Article 151**

Where the vessel carrying the item sold arrives before the arrival of the documents or where the documents are received incomplete, the seller shall immediately, upon being informed thereof, do whatever necessary to enable the purchaser to obtain a copy of the undelivered documents or to complete the missing ones. The seller shall bear the expenses required for this purpose and any damages, if relevant.

**Article 152**

With due compliance to the provisions of Article (111), the buyer shall be bound to take delivery of the goods sold upon their arrival at the agreed port. The buyer shall bear such amounts as they become due on the goods sold during their transport, as well as the expenses of discharge upon arrival, unless the carrier has collected such amounts and expenses at the port of shipping, or where it is agreed in the sale contract that they shall be borne by the seller (the sale being C.I.F. until the discharge).

**Article 153**

Where the buyer reserves the right to fix a date for shipping or to designate the port of discharge, within a specified period, but fails to issue his instructions in this respect within such period, he shall have to bear any additional expenditure resulting therefrom. He shall also bear the consequences of the deterioration of the goods sold until the expiry of the period set for shipping, provided that the goods sold have been, on that date, specifically designated.

**Article 154**

Where it is revealed that the merchandise is not conform to the specifications mentioned in the documents, but the discrepancy is within the limits customary allowed, the buyer shall be bound to accept it with a
reduction in price to be assessed by the experts according to the practices prevailing at the port of arrival.

3 – SALE ON ARRIVAL

Article 155

A contract which includes conditions making the seller support the risk of damage to the merchandise after shipment, or makes the performance of the contract conditional on the safe arrival of the vessel, or which vests the buyer with an option to accept the goods according to the contract or according to the sample delivered to him at the time of contracting, shall neither be a C.I.F nor a F.O.B. sale, but shall be deemed to be a sale conditional upon delivery at the place of arrival.

4 - SALE AT THE AIRPORT OF DEPARTURE

Article 156

A sale at the airport of departure is one by which the goods sold are delivered at the airport of departure, by way of placing them at the disposal of the air carrier designated by the buyer or chosen by the seller.

Article 157

The seller undertakes to deliver the goods at the airport of departure to the air carrier or to his representative at the place and on the date agreed upon or at the place designated by the buyer, after the conclusion of the contract. Delivery shall take place according to the rules and practices applicable at the airport of departure.

The seller shall without delay notify the buyer, by any means of wire or wireless communication, that the delivery of the merchandise has been completed.

Article 158

1 - Upon request of the buyer, the seller shall conclude a contract for the transport of the merchandise, at the expense and responsibility of the former. The seller may also do so in case the buyer did not issue any instructions, within a reasonable time, concerning the transport of the merchandise and such action is customarily practiced in commerce. The seller may refrain however from concluding a transport contract, in which case he shall promptly notify the buyer thereof.

2 - Should the seller conclude the transport contract, he shall abide by the instructions issued to him by the buyer and choose an airplane suitable to
carry merchandise of the same nature, according to the normal routing from the airport of departure to the airport of arrival designated by the buyer, or to the closest airport to the buyer's establishment.

**Article 159**

1 - The seller is under obligation to pay all fees and taxes due on the merchandise as a result of its export.

2 - The seller is also bound to provide the buyer with all the documents available to him and required for taking delivery of the merchandise.

**Article 160**

Where the air carrier or the other person designated by the buyer refrains from taking delivery of the merchandise at the airport of departure, or otherwise if the buyer does not provide the seller within a reasonable time with the instructions required for the transport of the goods, the seller shall as promptly as possible notify the buyer of this fact.

**Article 161**

In the instances where the seller is not bound to conclude the contract for the transport of the merchandise, the buyer shall be bound to organize at his own expense the transport operation of the goods from the airport of departure to the airport of arrival. The buyer shall further designate the air carrier or his representative or any other person to whom the goods are to be delivered, and he shall notify the seller thereof, within a reasonable time.

Where the buyer does not notify the seller, within a reasonable time, of the instructions required for the transport of the goods, the buyer shall bear all the additional expenses resulting therefrom, as well as any damage that may be sustained by the goods, from the date fixed for delivery, provided that the goods were sorted or specifically designated.

**Article 162**

Where the air carrier, or any other person designated by the buyer, refrains from taking delivery of the goods, the buyer shall bear all the additional expenses resulting therefrom. He shall as well bear the responsibility for any damage that may be sustained by the goods, from the date on which the goods are ready for delivery, provided that the goods were sorted and specifically designated.

**Article 163**
The sale contract in the above international sales shall be independent and shall not affect the relationship between the seller, the buyer and the carrier in the transport contract, or between the buyer and the bank in the documentary credit contract.

PART THREE

COMMERCIAL PLEDGE

Article 164

1 - A commercial pledge is a bailment on a chattel in security of a commercial debt.

2 - With the exception of the restrictions stipulated herein or in any other law, a commercial pledge may be established by all means of proof, as between the contracting parties or as concerns third parties.

Article 165

1 - A commercial pledge shall have no effect against the debtor or a third party, unless possession of the pledged chattel passes from the pledgor to the pledgee or to such other person as is appointed by both contracting parties and remains in the possession of either of them who received it until the extinction of the pledge; or to place the pledged chattel under joint possession in such a manner as to prevent the pledgor to dispose thereof independently from the pledgee.

2 - The pledgee or the third person shall be deemed to hold possession of the mortgaged chattel if it is placed at his disposal in such a manner as will lead others to believe that it has been put under his custody; or if he receives a deed representing the pledged chattel vesting unto its holder exclusively the right to take delivery thereof.

3 - Possession of rights passes by the delivery of the title thereto. Should the title be deposited with a third party, the delivery of the deposit receipt shall be deemed as the delivery of the title itself, provided the title is unambiguously described in the receipt and provided that the depositary accepts possession thereof for the account of the pledgee. In such case, the depositary shall be considered as having waived every right he had, to retain the title for his own account for a reason existing prior to the pledge, unless he had reserved such right when he accepted to hold possession of the title for the account of the pledgee.

Article 166
1 - Where the pledged chattel consists of registered securities, its pledge shall be made in writing through an assignment of these securities mentioning on it that it has been made as collateral. This assignment shall be entered in the registers of the Body issuing such securities. The rank of the pledgee shall be determined as of the date of such entry.

2 - As for securities to order, the pledge thereof shall be effected by an endorsement stating that the value is for pledge or for guaranty or any other statement to this effect.

**Article 167**

1 - In a commercial debt the debtor may pledge to his creditor, through a written instrument, a debt owed to him by a third party. Should this be the case he has to deliver to his creditor / pledgee the title evidencing such debt.

2 - The pledge of a debt shall have no effect against the debtor on whose debt the pledge was effected, unless such pledge is notified to him or unless he accepts it. Likewise, it shall have no effect against a person other than the said debtor, unless the pledgee holds possession of the title to this pledged debt.

3 - The rank of the debt shall be determined as of the established date of notification or of acceptance.

**Article 168**

A pledgee is bound to take all the necessary measures to safeguard and assure the maintenance of the pledged object. Where this object is a commercial paper, the pledgee shall, on the maturity date, take the necessary measures to protect the right established therein and collect it. The pledgor shall be bound to pay all expenses incurred by the pledgee in this respect.

**Article 169**

A pledgee shall use, for the account of the pledgor, all the rights and procedures relevant to the pledged object, to receive its value, profits, interests and any other sums accruing therefrom. He shall however deduct the sums received from the amount of the expenses incurred on behalf of the pledgor, then, from the interests, then, from the principal amount secured by the pledge, unless the agreement provides otherwise.

**Article 170**
The pledgor shall, when requested by the pledgor, deliver to him a receipt showing the nature, type, quantity, weight and other distinguishing features of the pledged object.

**Article 171**

1 - Where a pledge is laid on fungibles it shall be maintained even if the pledged object has been replaced by another of the same kind.

2 - Where the mortgaged article is not fungible, the pledgor may replace it by another object, provided that this is agreed upon in the pledge contract and that the pledgee accepts the substitute, without prejudice to the rights of a bona fide third party.

**Article 172**

1 - Where the pledgor fails to pay the debt secured by the pledge on its maturity date, the pledgee, after the lapse of seven days from the date of service of notice on the debtor to pay, may ask the court to authorize him to sell the pledged object. This request shall be decided promptly. The court shall determine the mode of payment.

2 - The pledgee shall recover by privilege his debt, principal, interests and expenses incurred in claiming it, from the price resulting from the sale.

**Article 173**

Unless otherwise agreed, if the pledge is laid on several properties, the pledgee is entitled to designate the property to be sold. Under all circumstances, the sale may only cover what is sufficient to settle the pledgee’s right, except where the item sold is indivisible.

**Article 174**

Where the market price of the pledged property decreases and becomes insufficient to secure the debt, the creditor may fix a suitable time limit for the debtor to complement the security. Should the pledgor refuse to do so, or where the time limit expires and the pledgor fails to complement the security, the creditor may ask, even before the maturity date for the sale of the pledged property in accordance with the procedures set forth in Article 172.

**Article 175**

Where the pledged item is subject to perishing, deterioration or decrease in value, or where its possession necessitates the incurring of exorbitant expenses and the pledgor is unwilling to replace it by another item, either
the creditor or the pledgor may petition the court requesting an authorization to sell it forthwith and determine the method of sale. In this case the pledge is transferred to the price resulting from the sale.

**Article 176**

1 - Shall be null and void, every agreement concluded at the time or after the laying of a pledge which vests the pledge, in case the debtor does not settle the debt on the maturity date, with the right to acquire or to sell the mortgaged item, without observing the provisions and proceedings provided for in Article (172).

2 - However, after the maturity of the whole debt or an installment thereof, it may be agreed that the debtor shall assign to the creditor the whole or part of the pledged property in settlement of the whole debt or part thereof.

**Article 177**

Where the pledged article is an instrument, the nominal value of which has not been paid in full, the pledgor shall, when called upon to pay the unpaid portion, provide the pledgee with the amounts required to pay such portion, at least two days before the maturity date. The pledgee may, in default thereof sell the instrument according to the proceedings provided for in Article (172).

**PART FOUR**

**DEPOSIT IN PUBLIC WAREHOUSES**

**Article 178**

1 - Deposit in public warehouses is a contract pursuant to which the warehouser - whether an individual, a company or a public entity - undertakes to receive and store goods for the account of the depositor or any other person to whom title or possession thereof passes by virtue as evidenced by the instrument relative thereto.

2 - No public warehouse vested with the right to issue negotiable instruments representing the goods deposited therein, may be established or exploited except by virtue of a license issued by the competent authority in the concerned Emirate, and according to such terms and conditions as are laid down by the Minister of Economy and Commerce in consultation with the local competent authority.

3 - Any warehouse where goods are received for deposit, in consideration of which no storage and pledge deed are issued, shall not be subject to the provisions of public warehouses.
4 - Any person exploiting a public warehouse shall cover it with an insurance against the risks of fire, damage and theft.

**Article 179**

1 - The warehouser may not practice, in any capacity, either in his name or for the account of third parties, any commercial activity having for object goods of the same kind as the goods he is licensed to keep in his warehouse and issue documents representing such goods.

2 - The foregoing provision shall apply if the person in charge of exploiting the warehouse is a company where one of its partners, owning at least ten percent of its capital, practices a commercial activity included among the restriction hereinabove stated.

**Article 180**

1 - The depositor shall provide the public warehouse with correct data about the nature, type, value and quality of the goods deposited.

2 - The depositor is entitled to examine the goods delivered, for his account, to the public warehouse and to take samples thereof.

**Article 181**

1 - The warehouser shall be responsible for the goods handed over to him up to, and not in excess of, the amount estimated by the depositor.

2 - The warehouser shall not be liable for any damage to, or shortage in, the goods if resulting from a force majeure or from the nature of the goods, their packaging or belting.

**Article 182**

The warehouser may, after notifying the depositor, apply to the court, to which jurisdiction the public warehouse pertains, to grant him permission to sell the goods deposited if they are subject to rapid deterioration, in which case the court shall designate the method of sale.

**Article 183**

1 - The depositor shall receive from the warehouser a storage receipt showing the depositor's name, occupation and domicile, as well as the type, nature and quantity of the goods deposited, the name and location of the warehouse, name of the insurer of the goods - if any - and such other particulars as are required to identify the goods and indicate their value.
2 - A pledge deed stating all the data mentioned in the storage receipt shall be attached to each storage receipt.

3 - The warehouser shall keep a true copy of the original of the storage receipt and the pledge deed.

**Article 184**

Where the goods deposited in respect of which a storage receipt and a pledge deed have been issued are fungible, they may be replaced by goods of the same nature and quality provided a stipulation to this effect has been included in both the storage receipt and the mortgage deed. In this case all the rights and privileges of the receipt or deed holder shall apply to the replacement goods.

**Article 185**

1 - The storage receipt and the pledge deed may be issued in the name or to the order of the depositor.

2 - Where the storage receipt and the pledge deed are made to the order of the depositor, he may assign them together or separately by endorsement.

3 - The endorsee of a storage receipt and a pledge deed or of either may request that the endorsement be recorded on the copy kept by the warehouser with mention of his domicile and occupation.

**Article 186**

1 - The endorsement of the storage receipt and the pledge deed must be dated.

2 - Where the pledge deed is separate from the storage receipt, the endorsement must be accompanied by an authorization condition and include the sum of the debt secured by the pledge, the maturity date, the creditor's name, occupation, domicile and the signature of the endorser.

3 - The endorsee shall be entitled to ask that the pledge deed endorsement as well as any relevant particulars be recorded in the books of the warehouse and that the pledge deed be marked up with such endorsement and particulars.

**Article 187**

1 - The holder of both the storage receipt and the pledge deed is entitled to take delivery of the goods deposited. However, he may request that the
goods be divided into several batches and that he is provided with a storage receipt and pledgee deed for each batch.

2 - The holder of the pledge deed alone without the storage receipt shall have a right of pledge on the goods deposited.

3 - The holder of the storage receipt only, without the pledge deed, has the right to recover the goods deposited provided that he pays the debt secured by the pledge deed, if such debt is due. He may, otherwise, recover the goods before the maturity date of the debt, as long as he deposits with the warehouser a sufficient sum to pay off the debt with its interest and expenses until it falls due. This provision shall apply if the debt is due and the holder of the pledge deed does not come forward to cash it. Recovery of the goods deposited may be restricted to one part thereof after paying a sum proportionate to the value of such part.

**Article 188**

Where the debt secured by the pledge deed is not paid on its maturity date, the holder of the pledge deed, separate from the storage receipt, may request the sale of the goods pledged by following the procedure set forth in Article (172).

**Article 189**

1 - The pledgee shall have a priority right over all the creditors for recovering his right from the cost of the goods after deduction of the following amounts:

   a - Taxes and duties due on the goods.

   b - Judicial expenses incurred for the joint interest of the creditors.

   c - Expenses incurred for the safekeeping, storage and sale of the goods.

2 - Any amount exceeding the sum due to the holder of the pledge deed shall be paid to the holder of the storage receipt if he is present at the time of the sale of the goods, otherwise, the amount shall be deposited with the treasury of the court ordering the sale.

**Article 190**

1 - The holder of a pledge deed may not have recourse against the debtor or the endorsers until execution has been carried over the mortgaged goods and the resulting amount proved to be insufficient to pay off the debt.
2 - The holder of a pledge deed must have recourse against the endorser within fifteen days from the date on which goods are sold, otherwise action shall be rejected in case of denial.

3 - Under all circumstances, the holder of a pledge deed shall forfeit his right of recourse against the endorsers if he fails to commence the execution proceedings, over the mortgaged goods, within thirty days from the maturity date of the debt.

Article 191

Where the goods suffer an accident, the holder of the storage receipt or the pledge deed shall have, over the face value of the insurance, which becomes payable upon the occurrence of such accident, all rights he has over the goods.

Article 192

1 - In case the storage receipt is lost or damaged, the concerned person may apply to the civil court to which jurisdiction the public warehouse pertains, for an injunction ordering the warehouser to deliver him a copy of the said receipt, on condition that he establishes his ownership thereof and provides a guarantor or a sufficient security.

2 - In case of loss or damage of the pledge deed, the person concerned may obtain from the court an injunction ordering the debtor to pay the secured debt upon maturity; provided that he produces a guarantor or a sufficient security. If the debtor fails to execute the injunction, the person in whose favor the injunction was issued may request that the goods pledged be sold by following the procedure stipulated in Article (172), provided that the endorsement has been recorded on the copy kept by the warehouser, and that the notice requiring payment contains the particulars of such endorsement.

Article 193

1 - The guarantor provided, in case of loss of the storage receipt, shall be discharged from liability upon recovery of the goods or by the lapse of three years if no claim is addressed to the warehouse for the recovery of the goods.

2 - The guarantor provided, in case of loss of the pledge deed shall be discharged from liability by the lapse of three years from the date of recording the endorsement in the books of the public warehouse.

Article 194
1 - Where the depositor fails to recover the goods on expiry of the deposit contract, the warehouser may request the sale thereof by following the procedure provided for in Article (172). He shall recover the sums due to him from the proceeds of the sale and hand over the balance to the depositor or deposit such balance with the court treasury for the depositor’s account.

2 - The provision of the preceding paragraph shall also apply if the deposit is made for unspecified duration and one year elapsed after the depositor fails to apply for the recovery of the goods or expresses his willingness to carry on with the contract of deposit.

**Article 195**

1 - Without prejudice to any severer punishment, any person who establishes or exploits a public warehouse without obtaining the license stipulated in paragraph (2) of Article (178) shall be sentenced to imprisonment and a fine ranging between (5,000) Five Thousand Dirhams, as a minimum and not exceeding (20,000) Twenty Thousand Dirhams or with either of these two penalties.

2 - In case of conviction, the court may order the closure of the warehouse until the violator obtains the required license, as it may also order the liquidation of the warehouse.

**PART FIVE**

**STOCK EXCHANGE MARKET**

**Article 196**

A stock exchange market may not be opened in the State except pursuant to the approval of the Council of Ministers. A Federal law shall be enacted to regulate the operations of such market.

**PART SIX**

**COMMERCIAL AGENCY**

**CHAPTER ONE**

**GENERAL PROVISIONS**

**Article 197**

An agency shall be commercial when it relates to commercial activities.
Article 198

1 - Unless otherwise agreed, a commercial agency shall be against remuneration.

2 - Where the agent's fee has not been fixed in the agreement or has not been specified by the law, it shall be determined according to customs and, in the absence thereof, shall be estimated by the court.

Article 199

The remuneration shall be due to the agent by the mere execution of the transaction assigned to him, or if he proves that it was not executed due to reasons attributed to the principal. In all other cases, the agent shall only be entitled to a consideration for his efforts and expenses in accordance with customs, if any, or pursuant to the court's estimation.

Article 200

Unless otherwise agreed, the commercial mandate, although absolute, shall apply only to commercial business.

Article 201

Where the commercial agency agreement covers a specific commercial transaction, the agent may carry out all the actions required to execute such transaction without need to obtain an authorization from the principal.

Article 202

1 - The agent shall abide by the compulsory and express instructions of the principal, and if he violates them without an acceptable excuse, the agent may refuse the transaction. However, as concerns advisory instructions issued by the principal, the agent shall be free to act within the scope of the general objectives set by the principal to his agent.

2 - In the absence of any instructions issued by the principal concerning the transaction, the agent shall delay its conclusion and request instructions from the principal, unless the delay in completing the transaction may cause damage to the principal or unless the agent is authorized to act without instructions from the principal.

Article 203

Where the agent implements the tasks assigned to him under conditions that are more favorable than those stipulated in the agency agreement, he
may not keep for himself the difference which in such case belongs to the principal, unless otherwise agreed upon.

**Article 204**

Where the goods or items held by the agent for the account of the principal are subject to rapid deterioration or devaluation and no instructions were received, within a reasonable time, from the principal, the agent may summarily request from the court an authorization to sell them according to the method determined by it.

**Article 205**

The agent may refrain from performing the work entrusted to him where performance requires extraordinary expenses which have not been paid by the principal, unless agreed upon between the two parties or unless there are previous dealings between them requiring from the agent to pay such expenses.

**Article 206**

Should the agent refuse to execute the transaction entrusted to him, he has to notify forthwith this refusal to the principal. In such case, the agent shall safe keep the goods and other things kept with him for the principal until he receives instructions in this respect. If these instructions are not received in due time, the agent may request the court for an authorization to deposit the goods and other things with a trustee to be appointed by it.

**Article 207**

The agent is liable for the destruction and deterioration of the goods and other items which he keeps for the principal, save where such damages or losses result from a foreign cause beyond the agent's control or from a defect that is inherent to the goods or items.

**Article 208**

The agent shall not be bound to insure the articles which he keeps for the principal unless the latter so requires, or where insurance is obligatory according to the law or custom, or if the nature of the article so dictates.

**Article 209**

1 - The agent may not constitute himself as a second party to the transaction assigned to him for conclusion except in the following instances:

   a - If the principal authorizes him to do so.
b - If the principal's instructions concerning the transaction are express and specific, provided the agent has implemented them accurately.

c - If the transaction is related to a commodity which has a fixed price in the market and the agent has bought it for himself or has sold it to the principal from his above instances.

2 - The agent, in these cases, is not entitled to any remuneration in consideration thereof.

**Article 210**

A third party dealing with the agent may request the right to peruse the agency contract, the correspondence and other documents establishing the agent's authority. Any restrictions to the agent's authority may not be opposed to a third party, unless the latter had knowledge of such restrictions at the time of contracting.

**Article 211**

The agent has to inform the principal of the transactions he concludes for the latter's account.

**Article 212**

The agent shall submit to the principal on the agreed date, or on the date determined by custom or by their previous dealings, a true account of the business carried out for his account. Should this account include premeditated false particulars, the principal may reject the relevant transactions, and shall further be entitled to claim damages. The agent shall not receive any remuneration for the said transactions.

**Article 213**

The agent may retain possession of the goods and other articles dispatched to, deposited with or delivered to him by the principal, to guarantee payment of the fees and expenses due to him by the principal.

**Article 214**

Either party to the commercial agency contract may terminate it at any time. No indemnity is due except if the termination occurs without prior notice or at an undue time. Where the contract is made for a fixed term, it may only be terminated for a serious and acceptable reason, otherwise compensation will be due.

**Article 215**
In the absence of a known domicile, to the principal, in the State, the domicile of his agent shall be deemed to be his domicile. He may be sued and official papers served on him, at this domicile, with regard to the business conducted by the agent on behalf of his principal.

**Article 216**

The conduct of the commercial agency business shall be organized by specific laws enacted for this purpose.

**CHAPTER TWO**

**CERTAIN TYPES OF COMMERCIAL AGENCIES**

**1 – CONTRACTS AGENCY**

**Article 217**

A contract Agency is a contract pursuant to which a person undertakes to carry on continuously against remuneration, in a specific area of activity, promotion and negotiation in order to enter into transactions for the benefit of the principal and in return of a remuneration. The agent's task may include the conclusion and execution of transactions in the name of the principal and for his account.

**Article 218**

The contracts agent shall carry out the business of his Agency and manage his commercial activity in an independent manner, and shall bear alone the expenses necessary to conduct such business.

**Article 219**

Where the contract stipulates that the contracts agent is to set up showrooms or warehouses for the goods or maintenance and repair installations, the contract term may not be less than five years, except if otherwise agreed.

**Article 220**

1 - The contracts agent may not receive the principal's dues, unless the principal vests him with this right, in which case the agent may not make any reduction or grant a respite without special authorization to this end.

2 - The contracts agent may receive the applications related to the implementation of the contracts entered in through him, as well as any complaints concerning the non-implementation of such contracts. He shall
further be deemed as the representative of his principal in the cases relevant to said contracts, whether as plaintiff or defendant, in the area of the agent’s activity.

Article 221

1 - The principal must pay the agreed remuneration to the agent.

2 - Unless otherwise agreed, the remuneration may be a percentage of the transaction value, to be calculated on basis of the sale price to the customers.

Article 222

The contracts agent shall be entitled to remuneration for the transactions concluded or for those whose non-conclusion is due to the principal's act, unless the contract stipulates otherwise.

Article 223

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

Article 224

1 - The contracts agent shall be bound to safeguard the principal's rights and he may take all the precautionary measures to this effect. He must as well provide the principal with the information pertaining to the market conditions in the area of his activity.

2 - The contracts agent may not, even after termination of the contractual relationship, divulge the principal's secrets that may come to his knowledge as a result of the execution of the agency contract.

Article 225

In the event where the principal substitutes the contracts agent by a new agent, this latter shall be jointly responsible with the principal for the payment of the indemnities decided by the court to the previous agent whenever it is established that the dismissal of the previous agent was a result of collusion between the principal and the new agent.

Article 226

As an exception to the rules of jurisdiction provided for in the Code of Civil Procedures, the court within whose jurisdiction lies the place of
implementation of the contract, shall be competent to look into all conflicts arising from the agreement appointing the Contracts Agent.

**Article 227**

A distribution contract whereby a trader undertakes to promote and distribute the products of an industrial or commercial establishment in a specific area on an exclusive distributorship basis, shall be considered as a Contracts Agency and be governed by the provisions of Articles (220), (225) and (226) hereof.

**Article 228**

In case of denial and lack of legitimate excuse, all cases arising from an agreement of Contracts Agency are not admissible after the lapse of three years from the expiry of the agency agreement.

**2 - COMMISSION AGENCY**

**Article 229**

1 - A Commission Agency is a contract whereby the agent undertakes to carry out in his own name a legal act for the account of the principal against a commission to be paid by the latter.

2 - Where the commission agent carries out the legal act in the name of the principal, he shall be subject to the general provisions governing the commercial agency.

**Article 230**

1 - Where the commission agent sells at a lower price or buys at a higher price than that fixed by the principal, and this latter wishes to refuse the transaction, the principal must notify his refusal to the agent within one week from the date on which he was informed of the conclusion of the transaction, otherwise he shall be considered as having accepted the price.

2 - The principal may not reject the transaction if the agent accepts to bear the price difference.

**Article 231**

1 - Where the commission agent buys for the account of the principal, goods of a type or category that is different from that ordered by the principal, this latter shall not be bound to accept them.
2 - Where the commission agent buys goods which are conforming to those ordered but in a larger quantity, the principal shall be bound to accept only the quantity which he has ordered.

**Article 232**

Should the commission agent conclude a contract with terms more favorable than those specified by the principal, the benefit of these terms goes to the principal and the agent has to account on basis of the true conditions according to which the transaction was concluded.

**Article 233**

1 - Where a commission agent, who is asked to sell, grants the buyer, without the authorization of the principal, a respite for payment of the price or accepts that it be made by installments, the principal may require the agent to pay the whole price immediately, in which case the commission agent may retain for himself the price difference and its interests, if any.

2 - Nevertheless, the commission agent may grant a respite for payment of the price or make the price payable by installments without the principal's authorization, if it is customarily acceptable in the area where the sale was effected, save where the principal's instructions bind the agent to sell on payment in advance basis.

**Article 234**

Where the principal instructs the commission agent to sell against deferred payments and this latter sells for payment in advance at a lesser price, the principal may not require him to pay the price until maturity of the term fixed by him. In this case, the commission agent shall be bound to pay the price fixed for a sale on term basis.

**Article 235**

1 - A commission agent may not change the trademarks affixed on the goods received by him from the principal or for the principal's account.

2 - Where the commission agent has in his possession several goods of the same kind dispatched to him by different principals, he must put a distinctive label on each lot.

**Article 236**

1 - A commission agent may disclose the name of the principal for whose account he enters into contract unless the principal requires him not to do so. The disclosure of the principal's name shall not result in a change in the
nature of the agency as long as the commission agent enters in contract in his name.

2 - The commission agent must disclose to the principal the name of the third party with whom he contracts if the principal requires him to do so. In default thereof, without an acceptable excuse, he may be considered as having guaranteed the implementation of the transaction.

3 - Under all circumstances, the commission agent shall be bound to prove the existence of the third party with whom he contracted, should the principal so require.

Article 237

1 - A commission agent and the third party with whom he entered into contract shall be reciprocally bound to each other.

2 - Unless otherwise provided by law, the third party with whom the commission agent has entered into contract may not have direct recourse against the principal, neither may this latter have direct action against such third party.

Article 238

1 - In addition to his right to a possessory lien, the agent shall have a privilege over such goods and other items dispatched to, deposited with or delivered to him by the principal.

2 - The said privilege shall secure the agent's remuneration and any expenses and sums paid by him on behalf of the principal or advanced to the latter. In addition, he shall be liable to pay the interests accrued and other amounts that may be due because of the agency, irrespective whether such amounts have been paid before delivery of the goods and items or while still in the possession of the agent.

3 - The said privilege is established without regard to whether the debt has arisen from business related to the goods or items that are still in the agent's possession or to other goods or articles which had previously been deposited with, delivered to or dispatched to the agent.

Article 239

1 - The agent shall not be entitled to the privilege referred to in the foregoing Article, unless he is in possession of goods or articles for the principal's account; and such possession shall materialize in the following instances:

a - Where the agent has in fact received the goods or articles.
b - Where the goods or articles were placed at his disposal in a public
warehouse or customs.

c - Where he legally had possession of the goods before their arrival
pursuant to the bill of lading or any other bill of carriage.

d - Where he has exported the goods and has retained possession thereof
pursuant to a bill of lading or any other bill of carriage.

2 - In case the goods or articles subject to privilege have been sold and
delivered to the buyer, the agent's privilege shall pass to the price.

Article 240

The agent's privilege shall have priority over all other privileges, except
judicial expenses and sums due to the Government.

Article 241

1 - The execution proceedings adopted for a commercially pledged object
shall apply to the execution on goods and articles held in possession of the
agent.

2 - However, where the agent is in charge of selling the goods or articles
held in his possession, he may execute by selling them without having to
comply with the proceedings referred to in the preceding paragraph, unless
he fails to abide by the principal's express instructions issued in respect of the
sale.

Article 242

1 - Where the commission agent who is in charge of the sale is declared
bankrupt before cashing the price, the principal may claim payment of the
price directly from the buyer.

2 - Where the commission agent who is in charge of purchasing is declared
bankrupt before he takes delivery of the purchased item, the principal may
claim its delivery directly from the seller.

Article 243

1 - A commission agent shall not guarantee the third party with whom he
contracted in the fulfillment of his obligations unless he assumes expressly
this guarantee, or if such guaranty is provided for by law, or if it is
customary in the area where he carries on his activity.
2 - A commission agent who guarantees the contracting party in the fulfillment of his obligations, shall be entitled to an additional remuneration to be determined by the court in the absence of an agreement or custom in this respect.

**Article 244**

A commission agent may not delegate to a third party the task entrusted to him, unless he obtains the permission of the principal to do so. Should he fail to comply with this provision the person delegated shall have no right to a possessory lien or to a privilege except to the limit of the debt due to the original commission agent.

**3 - COMMERCIAL REPRESENTATION**

**Article 245**

The commercial representation is a contract pursuant to which the commercial representative undertakes to enter into transactions in the name and for the account of his principal, on a permanent basis and within a specific area.

**Article 246**

The commercial representative shall not warrant the implementation of the transactions concluded through him, unless he had expressly agreed to such guarantee or in case the custom in the area where he carries on his activity dictates such a guarantee.

**Article 247**

1 - The trader shall be liable for any transactions and contracts entered into by his representative within the limits of the authority allowed by him.

2 - Where the representative is appointed by several traders, they shall be jointly responsible.

3 - If the representative is mandated by a company, it shall be responsible for his acts and the partners' responsibility shall depend on the type of company.

**Article 248**

1 - Where the limits of the authority vested in the commercial representative have not been determined, the authority shall be deemed general and comprehensive for all the transactions related to the kind of trade which the representative has been authorized to carry out.
2 - The trader may not oppose against a third party that the authority is limited unless he establishes that such third party was aware of such limitation.

**Article 249**

The commercial representative shall carry out in the name of the trader who delegated him the commercial activities which he has been authorized to undertake. He has the obligation, when signing, to put next to his name in full, the full name of the trader and shall indicate his capacity as commercial representative, failing which he shall be personally liable for his own acts. Third parties may, however, have direct recourse against the trader in respect of the transactions concluded by the representative in connection with the trade which he has been authorized to carry on.

**Article 250**

A commercial representative may represent the trader in the lawsuits arising out of the commercial transactions carried on by him.

**Article 251**

The commercial representative shall be jointly liable with the trader for observing the law provisions related to unfair competition.

**Article 252**

A commercial representative may not effect, for his own account or for the account of a third party, any commercial transaction of the kind included in his representation agreement, without obtaining an express approval to do so from the trader who had appointed him.

**Article 253**

Where it is agreed that the commercial representative shall be the exclusive general representative for the trader in the agreed area, the representative shall be entitled to a commission for each transaction entered into for the account of the trader in such area, even if the trader has concluded it by himself or if it were concluded through a person other than the commercial representative.

**PART SEVEN**

**BROKERAGE**

**Article 254**
Brokerage is a contract pursuant to which a broker undertakes to another person, against remuneration, to look for and mediate in the negotiations with a second party in order to conclude a specific contract.

**Article 255**

1 - Where the broker's remuneration is not fixed in the law or the agreement, it shall be determined according to custom. In the absence of a custom, the judge shall estimate it commensurately with the effort exerted by the broker and the time spent in carrying out the work assigned to him.

2 - The judge may reduce the remuneration agreed if it is not commensurate with the nature of the transaction and the effort exerted by the broker. No reduction may be decided if the remuneration is fixed in the agreement or has been willingly paid by the customer after conclusion of the contract resulting from the broker's intermediation.

**Article 256**

1 - A broker shall not be entitled to remuneration unless his intermediation results in the conclusion of the contract between the two parties. The contract is deemed concluded once both parties have agreed on all the substantial matters therein.

2 - Unless otherwise stipulated by the law or by custom, the broker shall be entitled to receive his remuneration by the mere conclusion of the contract even if not performed.

3 - Where the contract is made conditional upon a condition precedent, the broker shall receive his remuneration only when the condition is materialized.

4 - Where the contract cannot be concluded for a reason attributable to the customer, the broker shall be entitled to compensation commensurate with the effort exerted.

**Article 257**

Where the contract object of the broker’s intermediation is rescinded, the broker may claim payment of his remuneration or keep it, in case already received, unless fraud or gross error is established on his part.

**Article 258**

Where the broker mediates for the conclusion of a legally prohibited transaction, he is not entitled to any remuneration in consideration thereof.

**Article 259**
1 - The broker shall be entitled to remuneration only from the party to the transaction who has asked for his intermediation.

2 - Where the broker's intermediation has been requested by both parties, each of them shall be severally liable to the broker for payment of the remuneration owed by him, even if they had agreed that either one of them will bear the broker's remuneration in full.

**Article 260**

A broker, even if commissioned by one party to the transaction, has the duty to give both parties a true and faithful description thereof and inform them of all circumstances known to him; he shall be liable to them for any fraud or fault committed by him.

**Article 261**

A broker may not recover the expenses incurred by him in the execution of the task assigned to him unless otherwise agreed, in which case said expenses shall be payable even if the contract has not been concluded.

**Article 262**

A broker may not claim his remuneration or recover his expenses if he has acted to the detriment of one party in favor of the other party who did not commission him, or where he has obtained a promise from such other party, contrary to the requirements of good faith, to obtain a benefit for himself.

**Article 263**

A broker may not constitute himself as second party to the contract for which he is mediating unless the contracting party authorizes him to do so, and in such case he shall not receive any remuneration.

**Article 264**

1 - A broker shall record in his books all the transactions completed through his endeavors and must keep the relevant documents. He shall further deliver a true copy of the original of all the foregoing to any contracting party requiring them. These books shall be subject to the provisions applicable on commercial books.

2 - In case of sale according to samples, the broker is required to keep the sample until the buyer, without reservation, accepts the goods, or until all conflicts are settled between the two parties in this respect.

**Article 265**
A broker shall be liable to compensate any damages resulting from the destruction or loss of documents, papers or items delivered to him and related to the transaction for which he is intermediating, unless he proves that such destruction or loss was due to a force majeure.

**Article 266**

A broker may not act as intermediary for persons who are reputed for their insolvency or if he knew them to be incapacitated.

**Article 267**

1 - A broker is not required to guarantee the solvability of the two parties to the transaction in which he intermediates. He shall bear no liability for the implementation of the said transaction or for the value and quality of the goods related thereto, unless it is established that he committed an act of fraud or fault and he is held for guarantee under the agreement or the law.

2 - The broker shall however be jointly liable for the implementation of the transaction with the contracting party if he has over and above his remuneration an interest therein.

**Article 268**

1 - Where a broker delegates another person to perform the task assigned to him without being authorized to do so, he shall be liable for the proxy's act as if such act had emanated from him; and both the broker and his proxy shall be jointly liable.

2 - Where the broker is authorized to appoint a proxy without any designation of the person of such proxy, the broker shall only be liable for his fault in choosing his proxy or his fault in the instructions issued by him to the proxy.

3 - Under all circumstances, the person who has assigned the broker may have direct recourse against the proxy.

**Article 269**

Where several brokers have been mandated for one contract, they shall be jointly liable for the task entrusted to them, unless they have been authorized to act severally.

**Article 270**
Where several persons mandate one broker for a joint task, they shall be jointly liable towards him for the execution of the mandate, unless otherwise agreed.

**Article 271**

Brokerage in the stock exchange and commodities markets shall be governed by the laws and regulations enacted for this purpose.

**PART EIGHT**

**TRANSPORT**

**CHAPTER ONE**

**GENERAL PROVISIONS**

**Article 272**

A contract of transport is one by which the carrier undertakes to transport, against a fee, by his own means of transport, a person or a thing from one place to another.

**Article 273**

With the exception of sea transport, the provisions stipulated under the present Part shall apply to all kinds of transport regardless of the carrier's capacity, without prejudice to those provisions stipulated in special laws concerning certain kinds of transport and in the international transport conventions applicable in the State.

**Article 274**

The provisions of this Part shall apply to transport even if it is associated with operations of another nature, as long as such operations do not constitute the main objective of the contract.

**Article 275**

1 - A contract of transport and the commission agency contract for transport is concluded by the mere acceptance of an offer, unless both parties agree to defer such conclusion until the time of delivery. The contract may be established by all means of proof.

2 - The receipt by the carrier of the thing subject of carriage shall be deemed as an acceptance from him of the offer made by the consignor.
3 - In boarding the means of transport, the passenger is considered to have accepted the offer made by the carrier, unless it is established that the passenger's intention was not to conclude a transport contract.

**Article 276**

1 - Where the carrier uses different forms of contracts and the two parties have not agreed to adopt a specific form, the contract is deemed concluded according to the form including the general conditions.

2 - Where the two parties agree to adopt a specific form, the conditions stated therein shall be indivisible.

**Article 277**

1 - Where the carrier holds a monopoly over one kind of transport or over the exploitation of specific lines of transport, he shall be bound to accept all the applications submitted to him, save where an application is contrary to the prescribed transport conditions or where it is impossible for the carrier to execute it for reasons beyond his control.

2 - Where the applications exceed the capacity of the transport means that the carrier is licensed to use, he shall accept such applications according to their dates of submission, so that the application first submitted shall have precedence over subsequent applications, unless some of such applications have priority pursuant to the carriage conditions.

**Article 278**

The carrier's liability shall extend to his acts and those employed by him should they be performed in the course of rendering their services. Shall be considered a subordinate, every person employed by the carrier for the performance of his obligations under the transport contract.

**Article 279**

1 - In the execution of the transport contract, explosion of the transport means, their burning, derailing, collision or any other accident attributed to the tools and machines used by the carrier in the performance of the transport, is not considered force majeure. This is so, even if the carrier establishes that he has adopted precautionary measures to guarantee the suitability of said transport means for work and to prevent the damage that may occur.

2 - Neither shall be considered a force majeure, the accidents attributed to sudden death, or physical or mental weakness which befall the carrier's
employees at work, even if the carrier proves that he had taken precautionary measures to guarantee their physical and mental fitness.

**Article 280**

A carrier shall not be liable to compensate any damage arising from transport disruption or deviation from its routing in order to provide assistance to any sick, injured or endangered person.

**Article 281**

1 - In the performance of the transport contract, fraud shall mean every act or omission committed by the carrier or the persons employed by him with the intent to cause damage.

2 - Gross fault shall mean every act or omission committed by the carrier or the persons employed by him with imprudence coupled with awareness of the damage that may result therefrom.

**CHAPTER TWO**

**CONTRACT OF PERSONAL PROPERTY CARRIAGE**

**Article 282**

1 - The consignor shall be required to provide the carrier with the particulars concerning the recipient's name and address, destination of the carriage, kind of things intended for carriage, as well as their value, weight, volume, quantity, mode of packing and wrapping, number of parcels included, and any other particulars as are sufficient to identify the thing required to be transported, in addition to the delivery term and the routing to be followed.

2 - The consignor shall be answerable for any damages arising from the false or insufficient data provided by him.

**Article 283**

1 - The bill of lading shall contain, in particular, the following data:

   a - Date of the bill and the place of its issuance.

   b - Names and places of residence of the consignor, recipient, carrier and the carriage commission agent, if any.

   c - Places of departure and destination.
d - The particulars related to the identification of the things carried and their value.

e - Date fixed for execution of the transport operation.

f - The freight and other expenses indicating whether they are payable by the consignor or the recipient.

g - Freighting and unloading conditions, type of transport means required to be used for carriage, the routing to be followed, determination of liability and any other special conditions that may be included in a carriage contract.

2 - The bill of lading may be issued in the name of a specified person, to his order or to bearer.

3 - The carriage deed shall be negotiated according to the rules governing assignment of rights, if issued to a named person, by endorsement, if issued to order and by delivery where it is issued to bearer, this not being concerned with the carriage of the goods or possession thereof.

**Article 284**

1 - The consignor may require the carrier to hand him a copy of the bill of lading.

2 - Where no bill of lading is issued, the consignor may require the carrier to give him a receipt signed by this latter evidencing the receipt of the thing carried. Such receipt has to be dated and must include the sufficient particulars to identify the thing carried and the freight charges.

**Article 285**

The bill of lading and the receipt issued and signed by the carrier evidencing the receipt of the thing carried shall constitute a proof that the particulars stated therein are correct. Any person contesting such particulars shall have to prove the contrary.

**Article 286**

1 - The rights and obligations arising from the carriage contract shall not bind the recipient unless he accepts such rights and obligations either expressly or impliedly.

2 - The receipt by the recipient of the bill of lading or of the thing intended for carriage, as well as claiming its delivery or issuing instructions to this effect, shall be deemed as a tacit acceptance of the rights and obligations arising from the carriage contract.
Article 287

1 - The consignor shall deliver to the carrier the thing to be carried and the documents necessary for the execution of the transport. The consignor shall be answerable where such documents are insufficient or not corresponding to the truth, and he shall as well be liable for the loss of such documents or, in case of negligence, in using them or in case of abuse thereof.

2 - Where the carriage requires special preparations, the consignor shall notify the carrier accordingly within sufficient time prior to the delivery of the thing to be carried.

3 - Delivery shall take place at the place of business of the carrier, unless otherwise agreed.

Article 288

1 - Where, owing to the nature of the thing, special preparations should be made for its carriage, by wrapping it, packing or strapping the consignor shall have to take such precautions as would protect it from perishing or being damaged and would not expose the other persons or things carried with it to injury or damage respectively. Where carriage is conditioned by a specific mode of packing, wrapping or strapping, the consignor shall be required to abide by such conditions.

2 - The consignor shall be further liable for the damages arising from the defect in packing, wrapping or strapping and the carrier shall be jointly responsible with the consignor for such damages if he has accepted to perform the carriage with his knowledge of such defects. The carrier shall be deemed to be aware of the defect where it is apparent or where it is of the type which cannot be concealed to an ordinary carrier.

3 - A carrier may not exonerate himself from the liability for the damage or loss of one of the things carried, by proving that the damage has arisen from a defect in the packing, wrapping or strapping of another thing. Any agreement to the contrary shall be void.

Article 289

1 - A carrier has the right to examine the things to be carried, in order to verify their condition and the authenticity of the particulars provided by the consignor in this respect.

2 - Where such an examination requires the opening of the wrappings or containers, the consignor shall be notified to attend the examination. Where the consignor fails to show up on the date fixed, the carrier may effect the examination in his absence and, unless otherwise agreed, have recourse against the consignor for the examination costs.
3 - Where the examination shows that the condition of the thing does not allow its carriage without damage, the carrier may refuse to transport it or may carry it after taking from the consignor a declaration that he is aware of the condition of the thing to be carried and that he agrees to its being transported. In such case, it is required to write down in the bill of lading the condition of the thing and the consignor's declaration.

**Article 290**

The receipt by the carrier of the things to be carried without any reservations shall constitute evidence that he received them in good condition and in conformity with the particulars stated in the bill of lading. Should the carrier claim the contrary, he shall have to prove it.

**Article 291**

1 - The carrier is bound to ship the thing to be carried and stack it on board of the ordinary means of carriage, unless otherwise agreed upon.

2 - Where the consignor requires that the freighting be made on board a specific type of means of transport, the carrier shall not be held liable for the damage resulting from the use of such type of transportation.

**Article 292**

1 - The carrier must follow the routing agreed upon, and in the absence of an agreement for a specified route, the carrier shall take the shortest route.

2 - However, a carrier may change the route agreed upon or take a longer one where a necessity arises compelling him to do so. In such case, the carrier shall bear no responsibility for the delay and other damages which may result from the change of route, unless fraud or gross fault is established on his part or on the part of the persons employed by him.

**Article 293**

1 - The carrier shall be responsible for the safety of the thing during the performance of the carriage contract.

2 - Where the safekeeping of the thing during carriage necessitates re-strapping, repair of the wrappings, increase or decrease thereof or any other necessary measures, the carrier shall perform this and pay any costs required therefore, unless otherwise agreed. Notwithstanding the foregoing, and unless otherwise agreed, the carrier shall not be bound to take any extraordinary measures in the transport such as supply food and water to animals, provide medical services or other services or irrigate the plants.
**Article 294**

1 - The carrier shall unload the thing on arrival, unless this is carried out by the recipient or another person pursuant to an agreement, a law, a regulation or instructions. In such case, the carrier shall not be liable for any damages resulting from the unloading.

2 - In all cases, the carrier shall bear the unloading costs unless otherwise agreed.

**Article 295**

1 - Where delivery is not required at the place of the recipient, the carrier shall notify him of the arrival of the thing carried and of the time on which he may take delivery thereof.

2 - The recipient has to receive the thing on the date fixed by the carrier, otherwise he shall bear the storage fees. On the expiry of the date set for delivery, the carrier may carry the thing to the recipient's place in against an additional freight charge.

3 - The recipient is entitled to examine the thing before receiving it, and if the carrier refuses to avail him from exercising this right, the recipient may refuse to take delivery thereof.

**Article 296**

1 - Where the thing to be carried is still in the possession of the carrier, the consignor may order him to refrain from executing the transport, to stop it or to return the thing to him. He may also ask him to direct it to a person other than the original recipient, or to any other place, or issue any other instructions, provided that the consignor shall pay the freight charges and expenses of that part already transported and compensate the carrier for any damage he may have sustained as a result of the new instructions. Where the consignor has received a copy of the bill of lading, he should return it to the carrier so that he enters therein the new instructions signed by the consignor, failing which, the carrier may refrain from executing such instructions.

2 - The right to issue instructions concerning the thing carried, shall pass on to the recipient upon receiving the bill of lading or upon express or implied acceptance of the carriage contract. In this case, as well, the bill of lading should be returned to the carrier to enter therein the new instructions signed by the recipient, failing which the carrier may refrain from executing these instructions.
3 - No new instructions related to the thing to be carried may be issued, after its arrival and notice is given to of the consignee to receive it or invite him to do so.

**Article 297**

The carrier is bound to execute the instructions issued to him by whoever is entitled to give them, pursuant to the provisions of the foregoing Article, unless the carriage conditions prohibit same, or unless it is impossible for the carrier to execute such instructions. The same applies if execution of these instructions would cause a disturbance in the traffic, or if the value of the thing carried is not sufficient to cover the expenses incurred by the carrier due to the execution thereof. In all such cases, the carrier shall notify the person who issued the new instructions of his abstention from executing them and the reason for such abstention. This abstention shall not entail the liability of the carrier unless unjustified.

**Article 298**

1 - Where an obstacle prevents the commencement of carriage, or if the transport is disrupted during its execution, or if the recipient does not appear to take delivery of the thing carried, or if he reports but refuses to receive it or pay the freight charges or expenses due, the carrier shall notify the consignor accordingly and seek further instructions. As an exception to the provisions of Article (296), the carrier must in this case implement the instructions received by him from the consignor, even if he fails to return the copy of the bill of lading given to him by the carrier.

2 - If the carrier does not, in due time, receive the instructions of the consignor, he may ask the court to ascertain the condition of the thing and authorize him to deposit it with a trustee for the account and at the responsibility of the consignor.

3 - Where the thing is subject to damage, deterioration or devaluation, or when its maintenance costs are exorbitant, the court may order that it be sold in the manner prescribed by it and the price be deposited with the court treasury for the account of the persons concerned.

**Article 299**

The consignor shall pay to the carrier the freight charges and the other costs that may accrue, save where it is agreed that they be borne by the recipient, in which case, both the consignor and the recipient shall be jointly liable to pay them to the carrier.

**Article 300**
The carrier is not entitled to freight charges on account of things that perished due to a force majeure.

**Article 301**

1 - Where a force majeure prevents the execution of carriage no freight shall accrue to the carrier. However if said force majeure obstructs its completion, the carrier shall be entitled to receive the freight for the part performance thereof.

2 - Under all circumstances, a carrier may claim payment of the freighting and unloading costs and other necessary expenses.

**Article 302**

The payer shall have the right to claim the recovery of the sum paid over and above the agreed freightage, or that stipulated in the carriage conditions.

**Article 303**

1 - The carrier may retain the thing carried until payment of the freight, expenses and other amounts due to him because of the carriage.

2 - The carrier shall have a privilege on the price resulting from the forced execution over the things carried in order to recoup the freightage and other sums that are due to him because of the carriage. The provisions relative to the procedures of execution on commercially mortgaged things shall apply in this regard.

**Article 304**

1 - From the moment the carrier receives the thing to be carried, he shall be liable for its total or partial loss, deterioration and the delay in delivery.

2 - The thing shall be deemed totally damaged if the carrier fails to deliver it or to notify the recipient to take delivery thereof within thirty days from the expiry of the date fixed for delivery. Where such date is not fixed the thirty-days period begins to run as of the expiry of the period required to an ordinary carrier to execute the carriage under the same circumstances.

**Article 305**

The carrier shall not be liable for the damage or deterioration of the thing after delivery thereof to the recipient, to the customs authority agreed upon or to the trustee appointed by the court as depositary of the thing, save
where fraud or gross fault is established on the part of the carrier or his employees.

**Article 306**

- The carrier shall not be answerable for any usual decrease in weight or volume that occurs to the thing during carriage, owing to its nature, unless it is proved that such decrease is attributed to another cause.

- Where the bill of lading covers several things divided into groups or parcels, the decrease allowed shall be determined on basis of the weight of each group or parcel, in case such weight has been specified separately in the bill of lading or if it could have been determined.

**Article 307**

Where the thing is carried under the custody of the consignor or recipient, the carrier shall not be liable for its damage or deterioration, unless fraud or gross fault is proved on his part or on the part of the persons employed by him.

**Article 308**

The carrier may not exonerate himself from liability regarding the damage or deterioration of the thing, or the delay in delivering it, save where he proves a force majeure, a defect inherent to the thing carried, a fault committed by the consignor or recipient, or an act of Government.

**Article 309**

1 - Any provision exonerating the carrier from liability for total or partial perishing or deterioration of the thing, shall be null and void; also, any provision exonerating the carrier from said liability if arising from the acts of his dependents shall be null and void. Any condition that binds the consignor or recipient, in any capacity whatsoever, to pay all or part of the cost of insurance against the carrier's liability, shall be deemed exoneration from liability.

2 - The carrier, however, may stipulate his total or partial exoneration from liability for delay.

**Article 310**

1 - The carrier may put as a condition the limitation of his liability for the total or partial perishing or deterioration of the thing, provided that the indemnity agreed shall not be fictitious and remains subject to the court's estimation in case of conflict.
2 - The indemnity agreed upon shall not be due, if the carrier proves that the recipient did not sustain any damage.

3 - Where the damage value is less than the amount of the agreed indemnity, the judge may reduce such amount to make it equivalent to the damage value. Should the damage exceed the agreed indemnity amount, it is not permissible to claim more than such amount, unless it is established that the carrier or his dependents have committed fraud or a gross fault, in which case the carrier shall be bound to compensate for the damage in full.

**Article 311**

The condition for limitation of, or exoneration from, liability for delay shall be in writing, otherwise it shall be considered as null and void. Where the carriage contract is made out on printed forms, the said condition must be clear and written in a manner that draws the attention, failing which the court may consider it null and void.

**Article 312**

The carrier may not avail himself of the condition of limitation of, or exoneration from, liability for delay where fraud or gross fault is proved on his part or on the part of his dependents.

**Article 313**

1 - Where the thing to be carried perishes or deteriorates and its value is not indicated in the bill of lading, the indemnity shall be assessed on basis of its real value at the venue time of arrival, unless otherwise stipulated by law or agreement. Save where the perishing is total, the indemnity shall be estimated while taking into account the value of the allowed decrease in pursuance to the provision of Article (298).

2 - Where the value of the thing carried is indicated in the bill of lading, the carrier may contest such value and prove, by all means of evidence, the real value of the thing.

3 - With the exception of the two cases of fraud and gross fault committed by the carrier or his dependents, the carrier shall not be liable for the loss of the thing entrusted to him for carriage, where such thing consists of money, bonds and securities, jewelries or any other valuable object, except to the extent of the express written particulars provided by the consignor at the time he delivered the thing for carriage.

**Article 314**
1 - Indemnity for total perishing and indemnity for delay may not be cumulated.

2 - Indemnity for delay may not be adjudged in case of partial perishing except for the part which did not perish.

3 - Under all circumstances, the indemnity adjudged may not exceed the amount which would accrue in the event of total perishing of the thing.

**Article 315**

Where the thing deteriorates, perishes in part or its delivery is delayed, so that it may no more serve its purpose and if the carrier's liability for such deterioration, perishing or delay is established, the claimant for compensation may abandon the thing to the carrier against an indemnity to be estimated on basis of the total perishing of the thing.

**Article 316**

1 - Where the compensation is paid due to the perishing of the thing, and, within one year of such payment, the thing is found, the carrier shall notify forthwith the person who received the compensation, informing him of its condition and inviting him to inspect it at the place where it was found, the place of departure or the place of destination whichever is convenient to him.

2 - If the person who received the compensation fails to send his instructions within fifteen days of his notification, or if he sends them but fails to report on the date fixed by the carrier for inspection, or if he reports but refuses to recover the thing, the carrier may then dispose of it.

3 - Where the person who received the compensation requests that it be returned to him, he is bound to reimburse the compensation received after deduction of the expenses of the claim and a sum equivalent to the damage sustained due to the delay in delivering the thing.

**Article 317**

1 - Receipt of the things carried and payment by the consignee of the freightage shall invalidate any lawsuit against the carrier if the defect that had occurred thereto is apparent. However, if such defect is not apparent, it may be established, but the case lodged for said defect shall be admitted only if notice is served, in respect thereof, within seventy hours from the time of receipt, and if the claim is submitted to the court within thirty days, adding to both periods the time required for distance.

2 - The condition of the goods shall be established either by the competent authorities or by an expert summarily appointed by the court.
3 - The provisions of this Article shall not apply where it is established that the defect was a result of fraud or gross fault committed by the carrier or his subordinates, or where it is established that the carrier and his subordinates have intentionally concealed the defect.

**Article 318**

1 - Where several carriers undertake successively the performance of one carriage contract, the first carrier shall be liable towards the consignor and the recipient for the whole operation. Any provision to the contrary shall be null and void.

2 - Each of the carriers, subsequent to the first, shall not be liable towards this latter or towards the consignor or recipient, except for the damage that has occurred in that part of carriage performed by him. Where it is impossible to determine the part during which the damage occurred, the compensation shall be divided between all the carriers in proportion to each carrier's share in the freight, and in case one of such carriers is insolvent, his share shall be divided between the others in the same proportion.

3 - Shall be exonerated from liability, the carrier who proves that the damage did not occur during the part of carriage executed by him.

**Article 319**

Each of the consecutive carriers may require that the thing be examined and its condition established on delivery thereof to him by the previous carrier. Where he receives it without making reservations, it shall be assumed that he received it in good condition and conform to the particulars stated in the bill of lading, until the contrary is proved.

**Article 320**

The last carrier is responsible towards the preceding ones for claiming payment from the recipient of the sums due because of the carriage. He has the right to collect such sums on their behalf and take all the legal measures for collection thereof, including the use of the right of withholding the thing and the right of lien over the thing that is subject of carriage.

**Article 321**

Where there is denial and lack of legitimate excuse the following may not be heard:

1 - The cases lodged against the carrier, on ground of delay, perishing or damage arising from a contract of carriage of things, after the lapse of six months in respect of carriage inside the State, and after the lapse of one
year in respect of overseas carriage, as of the date of delivery of the thing to
the consignee, or the customs or to the trustee appointed by the court as
depository of the thing. In case of total perishing of the thing carried, the
period shall run from the expiry of the date stipulated in paragraph (2) of
Article (304).

2 - The case lodged by one carrier as a recourse against the consecutive
carriers pursuant to paragraph (2) of Article (318), after the lapse of sixty
days of the date of payment of the compensation or of the date on which
official claim for compensation has been filed.

Article 322

Any principal, or persons under his authority, having committed fraud or
gross fault may not oppose the plea of "non hearing" stipulated in the
foregoing Article.

CHAPTER THREE

CONTRACT OF CARRIAGE OF PERSONS

Article 323

1 - The passenger shall pay the fare on the date agreed, or the date stated
on the carriage lists or as is customary; he shall further abide by the carrier's
instructions in respect of the carriage.

2 - The carrier undertakes the transport of the luggage carried by the
passenger during the trip, and the passenger shall not be bound to pay any
fare for the transport of such luggage, provided they do not exceed the limit
set in the carriage tariff or the customary limits.

Article 324

1 - Where a force majeure prevents the commencement of carriage or
where before execution thereof, circumstances occur rendering the carriage
a danger to people's lives, the carrier shall not be liable to indemnify the non-
execution, neither shall he be entitled to receive the fare in respect thereof.

2 - Where the force majeure or the danger to people's lives arise after
commencement of execution of the carriage, the carrier shall receive only the
fare due for that part of carriage which was executed.

Article 325
Where carriage is impossible because of the death or illness of the passenger or due to other compelling impediments, the carriage contract is rescinded and the fare shall not be payable.

**Article 326**

1 - Where the passenger renounces to travel prior to its commencement, he shall notify the carrier of his renunciation before the date set for execution of the carriage and, in case of extreme necessity, such notice may be given the same day.

2 - Where notification is effected according to the preceding paragraph, the carrier shall not be entitled to a transport fare. However, he may claim for compensation of the damage sustained by him because the passenger has renounced to travel.

**Article 327**

Where the passenger gives up the idea of pursuing the trip after its commencement, the full fare shall be payable, unless his renunciation is attributed to extreme necessity, in which case he shall only pay the fare corresponding to the executed part of carriage.

**Article 328**

Unless otherwise agreed, and without prejudice to the provisions of the two foregoing Articles, where the passenger fails to report on the time fixed for carriage, he shall pay the full fare and he may, whether he paid the full fare before or after the date fixed, require that the carriage be executed on a later date.

**Article 329**

1 - Where carriage is cancelled prior to commencement or completion thereof due to a reason attributable to the carrier, his subordinates or the means of carriage used by him, the passenger shall not be bound to pay the fare, without prejudice to his right for compensation if justified.

2 - Where carriage is disrupted after commencement for a reason attributed to the carrier, his subordinates or the means of carriage used by him, the passenger may renounce to pursue the trip and the carrier shall, in this case, bear the costs of carrying the passenger to the place agreed. However, the passenger may choose to wait until the carriage traffic resumes and he shall not be required in such case to pay any additional fare.

**Article 330**
The passenger may, prior to commencement of execution, assign the carriage ticket, unless it is made out in the passenger's name or it is issued to him for special considerations.

**Article 331**

1 - The carrier shall prepare for the passenger a seat in the class agreed upon, and this latter may recover from the carrier the difference in case he is compelled to travel in a lower class than the one indicated on his ticket.

2 - Where the passenger pays an additional fare in consideration of special advantages, he may claim that such additional fare be reimbursed to him if the carrier fails to provide the corresponding advantages.

**Article 332**

1 - The carrier may withhold the passenger's effects to secure payment of the fare and the cost of food or other things provided to him during the performance of the carriage contract.

2 - The carrier shall have a priority right over the price of the passenger's effects to recover the cost of carriage and other amounts due to him because of the carriage. The proceedings of execution of a commercial pledge shall apply in this respect.

**Article 333**

1 - The carrier is bound to carry the passenger and his effects up to the place of destination on the date agreed upon, and if no date is specified then within the time limit required by an ordinary carrier had he been in the same circumstances.

2 - The carrier may, prior to carriage commencement or during the trip, examine the passenger's effects in his presence, to ensure their conformity to the carriage conditions.

**Article 334**

1 - The carrier shall secure the safety of the passenger for the duration of the performance of the carriage contract, and any agreement exonerating the carrier from such liability shall be null and void.

2 - Performance of the carriage contract covers the period between the moment the passenger starts to board the means of transport at the place of departure, until he disembarks at the place of arrival. Where there are quays or platforms for the means of transport to lay by, the performance of the contract shall cover the period lying between the moment the passenger
embarks the quay or platform at the place of departure and his exit therefrom at the place of arrival.

3 - Where necessity arises during the trip to change the means of transport, the liability shall not cover the period of transfer of the passenger from one means of transport to the other that is not in the custody of the carrier or his subordinates.

**Article 335**

1 - The carrier shall be liable for the delay in arrival and for such corporeal or incorporeal injuries sustained by the passenger during the performance of the carriage contract.

2 - The carrier shall not be exonerated from the liability, stipulated in the preceding paragraph, unless he proves that the delay or injury is due to force majeure or to the passenger's or third party's fault.

**Article 336**

1 - Any provision fully or partially exonerating the carrier from liability in regard to bodily injuries sustained by the passenger, shall be null and void.

2 - Any condition which aims to make the passenger, in any way, pay all or some of the insurance expenses against the carrier's liability shall be deemed as being an exonation from liability.

**Article 337**

1 - The carrier may put as a condition his total or partial exoneration from liability for the delay of the passenger's arrival and for other than the bodily injuries which may be sustained by him during carriage.

2 - The condition exonerating from liability must be in writing, otherwise it shall be considered null and void. Where the carriage contract is executed on printed forms, the condition must be clear and written in such manner as to draw the attention, failing which the court may consider it null and void.

3 - The carrier may not prevail himself of the condition exonerating him from liability in full or in part where fraud or gross fault is proved on the part of the carrier or his subordinates.

**Article 338**

1 - The passenger shall be bound to guard the effects and animals which he is permitted to carry with him, and the carrier shall not be liable for any loss
or damage which may occur thereto, save where the passenger proves that such loss or damage is due to fault of the carrier or his subordinates.

2 - The passenger shall be liable for the damage caused to the carrier or to third parties as a result of the effects or the animals which he carries with him.

3 - As for the effects that are delivered to the carrier, carriage thereof shall be governed by the provision stipulated in relation to the carriage of things.

**Article 339**

1 - Where a passenger dies or falls ill in the course of performance of the carriage contract, the carrier shall take such measures as are deemed necessary to safeguard his effects until they are delivered to the persons concerned.

2 - Where any of the persons concerned is present at the place of occurrence of death or illness, he is entitled to intervene to supervise the measures adopted by the carrier to safeguard the effects and to request from the carrier to deliver to him a declaration that the passenger's effects are in his custody.

**Article 340**

The heirs and dependents of the passenger, to whom he is indebted to alimony, lodge an action for liability arising from the carriage contract, in case of death incident or at the lapse of a period thereafter.

**CHAPTER FOUR**

**COMMISSION AGENCY FOR CARRIAGE**

**Article 341**

1 - Commission agency for carriage is a contract by which the agent undertakes to enter into a carriage contract in his own name and for the account of his principal, and where necessary, to by the principal. A commission agent for carriage shall be as concerns the consignor in the same status as a carrier.

2 - Where the commission agent undertakes carriage by his own means, he shall be governed by the provisions of the carriage contract, unless otherwise agreed upon.

**Article 342**
With the exception of the provisions stipulated in this Chapter, the provisions of commission agency shall apply to commission agency for carriage.

**Article 343**

The principal may at any time cancel the order for carriage before the commission agent enters into the carriage contract, in which case he shall be bound to reimburse to the commission agent, the expenses incurred by him and compensate him for any work performed.

**Article 344**

1 - The commission agent shall execute his principal's instructions, and in particular those instructions related to the date of carriage, the selection of the carrier, the carriage means and the route to be followed.

2 - The commission agent may not charge his principal’s account any freightage exceeding the one agreed upon with the carrier. Any advantages obtained from the carrier by the commission agent shall benefit to the principal, unless otherwise agreed upon in the agency contract or dictated by custom.

**Article 345**

The commission agent for carriage shall guarantee the safety of the passenger or the article carried, and any agreement to the contrary shall be null and void.

**Article 346**

1 - Where the carriage relates to goods, the commission agent shall as of the time of receiving the goods be wholly or partly liable for the perishing, damaging or delay in the delivery of such goods. He may not deny his liability, unless he proves a force majeure, an inherent defect of the goods, or a fault of the principal or the consignee.

2 - Where the carriage relates to persons, the commission agent shall be liable for the delay in arrival, and for corporeal or incorporeal injuries as are suffered by the passenger in the course of performing the carriage contract. The commission agent may not deny his liability, except by proving a force majeure or a fault committed by the passenger.

3 - Whatever the case may be, the commission agent may have recourse against the carrier where relevant.

**Article 347**
1 - Any provision exonerating wholly or partially the commission agent for carriage, from the bodily injuries suffered by the passenger, shall be null and void.

2 - A provision which imposes on the passenger, in any manner whatsoever, the payment of all or some of the insurance costs against the liability of the commission agent, shall be deemed to be an exonation stipulated in the preceding paragraph.

**Article 348**

1 - The commission agent for carriage may provide for his total or partial exoneration from the liability due to the perishing, damaging or delay in the delivery of the goods carried, as well as from the liability arising from the delay of the passenger's arrival or bodily injuries sustained by him during carriage.

2 - The condition of exoneration from liability must be in writing, otherwise it shall be considered null and void. Where the commission agency contract is executed on printed forms, such condition must be clear and written in such manner as to draw attention, otherwise the court may consider it as inexistent.

3 - The commission agent for carriage may not prevail himself of the condition of total or partial exoneration from liability in cases of fraud or gross fault committed by him or his subordinates, or by the carrier or his subordinates.

**Article 349**

1 - The principal and passenger shall each have direct recourse against the carrier to claim the rights arising from the carriage contract. The carrier shall also have direct recourse against each of the principal and passenger to claim such rights. In all cases, the commission agent must be summoned as a party in the case.

2 - The passenger in the carriage contracts of persons and the consignee in the carriage contract of things shall have direct recourse against each of the principal, carrier and commission agent for carriage with respect to the rights arising from the carriage contract.

**Article 350**

Where the commission agent pays the carriage fare / freightage to the carrier, he shall subrogate him in his rights.

**Article 351**
The original commission agent is a guarantor of the commission agent for carriage appointed by him, except where the consignor has appointed the intermediary agent in his agreement him with the original agent.

**Article 352**

The provisions of Articles (321) and (322) hereof, shall apply to nonsuit as concerns the litigation arising from the commission contract for carriage.

**CHAPTER FIVE**

**PROVISIONS PERTAINING TO AIR CARRIAGE**

**Article 353**

1. Within the provisions of this Law, air carriage means the carriage of persons, luggage and goods by airplanes in consideration of a fair/freightage.

2. Luggage referred to in the foregoing paragraph, means articles which the passenger is allowed to carry with him in the airplane or which are delivered to the carrier for safe custody during the carriage.

**Article 354**

Without prejudice to the international conventions to which the State is a party, the provisions of this Part shall apply to air carriage, with due consideration to the specific provisions stipulated in the following Articles.

**Article 355**

An air carrier shall be held liable for the damage sustained as a result of a passenger's death, wound or bodily injury occurring during air carriage or during any of the operations of the passenger's boarding to, or disembarkation from, the airplane.

**Article 356**

1. An air carrier is held liable for the damage sustained due to the perishing, loss or damaging of the registered luggage and goods, if the accident that caused the damage occurred during the air carriage.

2. Air carriage includes the period when the luggage and goods are in the custody of the carrier during the flight or during the presence of the airplane at the airport or in any place where the airplane has landed.
3 - Air carriage shall not cover the period during which the luggage or goods are carried by land, sea or river outside the airport. However, where such carriage is necessary to load the luggage or goods, to deliver or transfer them from one airplane to another, in implementation of an air carriage contract, it is presumed, until otherwise established, that the damage resulted from an accident that occurred during the air carriage period.

**Article 357**

An air carrier shall be held liable for the prejudice caused by the delay in the arrival of the passengers or the registered luggage or the goods.

**Article 358**

An air carrier shall not be liable for such small personal belongings which are retained in the custody of the passenger during the travel and for which the carrier is not answerable unless the passenger proves that the carrier or his subordinates failed to take the necessary measures to prevent the occurrence of the damage.

**Article 359**

1 - In case of carriage of persons, the compensation, to which the carrier is condemned to pay in case of the passenger’s death or injury, may not be less than the amount of the prescribed Sharia blood money, but it may exceed this amount by mutual agreement.

2 - In case of carriage of luggage and goods, the compensation amount may not exceed Dhs 150 (One Hundred Fifty Dirhams) for each kilogram, unless it is agreed to exceed this sum. Nevertheless, where the consignor on delivering the luggage or goods submits a specific statement indicating that he attaches special importance to the delivery of the same in safe condition at the place of arrival, due to its value, and if he pays such additional freightage as is required by the carrier for the same, the carrier shall be bound to pay compensation according to the value indicated by the consignor, except where the carrier proves that such value exceeds the real value of the luggage and goods.

3 - Where one parcel is lost, damaged or delayed and this has an effect on the value of the other parcels covered by the same carriage application form, the total weight of such parcels shall be taken into consideration upon determination of the extent of liability.

4 - As regards such personal or small articles as would remain in the custody of the passenger during the flight, the compensation adjudged to each passenger for the perishing or damaging of such articles, may not exceed the sum of Dhs 3000 (Three Thousand Dirhams).
5 - An air carrier may not avail himself of the limitation of liability, as stipulated in this Article, where it is proved that the damage was the result of an act or omission by the carrier or his subordinates, either with intent to cause damage or due to imprudence coupled with awareness that a damage might result therefrom. Where the act or omission is committed by the subordinates, it must be also established that it was committed in the course of performance of their duties.

**Article 360**

The air carrier shall be held liable within the limits set in the preceding Article, irrespective of the capacity of the litigants in the liability lawsuit.

**Article 361**

1 - Where an action for compensation is brought against one of the carrier's subordinates, he may plead the limitation of liability stipulated in Article (359), where it is proved that the act which caused the damage was perpetrated by him during the performance of his services.

2 - However, no subordinate of the carrier may plead the limitation of liability, where it is established that the damage was the result of an act or omission by him, either with intent to cause damage or with imprudence coupled with awareness that a prejudice is likely to result therefrom.

**Article 362**

1 - The airway bill must contain a statement that the carriage is being made in accordance with the limited liability provision stipulated in Article (359), otherwise the carrier or his subordinates shall not have the right to avail themselves of such provision.

2 - Any condition exonerating the air carrier from liability or determining it at less than what is specified in Article (359), shall be null and void, except where the object carried has perished or has sustained damage due to its nature or to an inherent defect.

**Article 363**

Where the recipient receives the luggage or goods at the place of arrival without reservation, it shall constitute a presumption that he has received them in good condition and in conformity with the conditions of the airway bill, unless otherwise established.

**Article 364**
1 - Where the luggage or goods arrive damaged, the recipient must serve a notice on the carrier immediately upon discovery of the damage within no more than seven days, in respect of luggage, and twenty-four days in respect of goods, from the date of their receipt. In case of delay, the notice must be sent within twenty-one days at the most from the day on which the luggage or goods are placed at the disposal of the recipient.

2 - The notice may be addressed in the form of an objection as a protest written in the airway bill upon taking delivery of the luggage or goods.

3 - The action for liability against the carrier is not admitted if the notice is not served within the time limits specified in this Article, unless the plaintiff proves that the carrier or his subordinates have exercised fraud or swindling in order to evade such time limits or to conceal the damage sustained by the luggage or goods.

Article 365

1 - Where the carriage is free of charge, the air carrier shall not be held liable, unless it is proved that he or his subordinates have committed a fault, in which case the carrier shall be liable within the limits stipulated in Article (359).

2 - Carriage is deemed free of charge where it is performed without consideration and the carrier is not a professional carrier. However, where the carrier is a professional one, the carriage shall not be considered free of charge.

Article 366

The aircraft pilot may impose compulsory measures upon all the persons on board, and he may expel any person or remove any article whose presence on board the aircraft might constitute a threat to its safety or good order.

Article 367

An air carrier shall be exonerated from liability if he proves that all the damage was due to the fault of the injured person. The carrier's liability may be reduced by the court, where it is proved that the fault of the injured person has contributed to cause the damage.

Article 368

The plaintiff shall have an option to file his case before one of the following courts:

1 - The court within whose jurisdiction the carrier's domicile is situated.
2 - The court within whose jurisdiction the head office of the carrier's activity is located.

3 - The court within whose jurisdiction the carrier has an establishment or a business concern which has concluded the contract on his behalf.

4 - The court of the place of destination.

Any stipulation bringing an amendment to the rules of jurisdiction hereinabove referred to, shall be null and void, if provided for before the occurrence of the damage.

**Article 369**

In case of successive carriage performed by several successive carriers, each carrier shall be deemed a party to the carriage contract in respect of the stage performed by him. However, the carrier having entered into a successive carriage contract shall assume the liability for all the stage agreed in the contract, even if he has not personally performed it wholly or partially.

**Article 370**

The right to bring the action in liability against the air carrier or any of his subordinates may not be heard after the lapse of two years from the day on which the airplane arrived or was supposed to arrive, or from the day on which the carriage was interrupted.

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**BOOK THREE**

**BANKING OPERATIONS**

**PART ONE**

**BANK DEPOSITS AND ACCOUNTS**

**CHAPTER ONE**

**BANK DEPOSITS**

**Article 371**
1 - A bank cash deposit is a contract by which one person delivers a sum of money, by any means of payment, to the bank that undertakes to return it upon request or according to the agreed conditions.

2 - The bank acquires ownership of the deposited money, and it shall be entitled to dispose of it for the needs of its own activity, with an obligation to return its equivalent to the depositor; in the same currency as that deposited.

**Article 372**

1 - Save where otherwise agreed upon, the money deposit is due for restitution on demand; the depositor may at any time dispose of the balance or any part thereof.

2 - The foregoing right may be made conditional upon the serving of a prior notice or the expiry of a specific period.

**Article 373**

Save where the deposit is intended for investment, a cash deposit shall be considered a debt and set-off may be made between a cash deposit and a debt owed to the bank by the depositor. Any agreement to the contrary shall be null and void.

**Article 374**

Where the bank issues a savings deposit book, it must be in the name of the person in whose favor the book is issued. Deposits and withdrawals shall be entered therein; the particulars entered in the book and signed by the bank official, shall constitute an evidence for proving the said particulars, as between the bank and the person in whose favor the book was issued, and any agreement to the contrary shall be null and void.

**Article 375**

Unless otherwise agreed upon, the deposits and withdrawals shall be effected in the branch of the bank where the account was opened.

**Article 376**

Where the depositor has several accounts in one bank or in the same branch of a bank, each account is deemed as being independent of the other, unless otherwise agreed.

**Article 377**
With due observance of the provisions of Article (391) hereof, a money deposit contract does not vest the depositor with the right to draw from the bank sums in excess of the sums deposited. Where the bank carries on operations that cause the depositor's balance to be overdrawn, the bank must forthwith inform the depositor in order to adjust his situation.

**Article 378**

Unless otherwise agreed, the bank is bound to send to the customer a statement of his accounts once every month.

**Article 379**

A bank may open a joint account for two or more persons with equality among them, unless otherwise agreed and provided that the following provisions are complied with:

1 - The joint account shall be opened by all its owners or by one person holding a power of attorney from the owners of the joint account duly authenticated by an official competent authority. Mode of withdrawals from such account shall be determined in accordance with the agreement of the account owners.

2 - Where the balance of a joint account's co-owner is seized, said seizure shall be valid on the distrainee's share of the account balance as of the day on which the bank is served with the notice of the seizure. In such a case, the bank shall freeze withdrawals from the joint account up to the equivalent of the seized share. The co-owners of the joint account, or whoever represents them, shall be informed of the seizure within no more than five days as of the date of levying it.

3 - Where the bank is effecting a set-off between the various accounts of a co-owner of a joint account, it may not include such joint account in the set-off, except with the written consent of the other co-owners.

4 - Upon the death or legal incapacity of a co-owner of a joint account, the other co-owners must give notice to the bank of that fact within no more than ten days of the date of death or incapacity. The bank shall thereupon freeze withdrawals from the joint account as of the date of notification until a successor is appointed.

**CHAPTER TWO**

**BANK TRANSFERS**

**Article 380**
1 - A bank transfer is an operation according to which the bank enters a specified sum in the debit side of the person ordering the transfer and the same amount in the credit side of another account, pursuant to a written order from the transferor.

2 - The following may be achieved through the foregoing operation:

   a - The transfer of a specified sum from the account of one person to another person’s account, each of whom having an account with the same bank or in two different banks.

   b - The transfer of a specified sum from one account to another both of which are opened in the name of the person who has ordered the transfer, in the same bank or in two different banks.

3 - The agreement between the bank and the customer ordering the transfer shall regulate the conditions of issue of the order which, however, may not be made to bearer.

**Article 381**

Where the bank transfer is effected between two branches of the same bank or between two different banks, every objection emanating from third parties regarding this transfer must be addressed to the branch or the bank where the beneficiary’s account is opened.

**Article 382**

The transfer order may be effected in respect of sums which are actually entered in the account of the person ordering the transfer, or in respect of sums which may be entered in such account within a specified period as is agreed with the bank.

**Article 383**

It may be agreed that the beneficiary may in person present the transfer order to the bank where the account of the person ordering the transfer is opened, rather than it being notified to such bank by the said person.

**Article 384**

1 - The beneficiary shall acquire ownership of the amount object of the bank transfer as of the time it is debited to the account of the person ordering the transfer; the latter may revoke the transfer order until such entry is made.
2 - However, where it is agreed that the beneficiary shall submit the transfer order to the bank in person, the person ordering the transfer may not countermand the transfer order, with due compliance to the provisions of Article (389).

**Article 385**

The debt in settlement of which the transfer is made shall remain outstanding with its securities and supplements until the value has been actually credited to the beneficiary’s account.

**Article 386**

It may be agreed to postpone the execution of specified transfer orders, whether they were sent directly by the person ordering the transfer or presented by the beneficiary, until the end of the day in order to have them executed with other orders of the same kind and presented to the bank on the same day.

**Article 387**

1 - Where the transfer order is addressed directly by the person issuing the order to the bank, the latter may, if the balance of such person is less than the value indicated in the transfer order, refuse to execute the order provided it notifies without delay such refusal to the person ordering the transfer.

2 - Should the transfer order be presented by the beneficiary, the bank shall credit his account with the partial consideration, unless rejected by the beneficiary. The bank shall have to mention on the transfer order the crediting of the partial consideration or the beneficiary's refusal of the transfer.

3 - Where several beneficiaries present themselves to the bank at the same time and the value of the transfer orders held by them exceed the balance of the person ordering the transfer, they shall be entitled to require the distribution of the insufficient balance between them, each according to his share.

4 - Should the bank refuse to execute the transfer order or the beneficiary refuse to accept the transfer of the partial consideration in accordance with paragraphs (1) and (2) hereinabove, the person ordering the transfer shall have the right to dispose of the balance of his account.

5 - In case the bank fails to execute the transfer order on the first working day following the day on which it is presented, the order shall within the limits of the non-executed part, be considered as null and void and must be returned to the person who presented it against a receipt. Where an
agreement is reached for a longer period, the transfer order that has not been executed shall be added to the orders submitted on the following days.

Article 388

In case of death of the person ordering the transfer, the bank shall, as of the date on which it has been informed of the death, stop the execution of the transfer orders issued by him. Where the beneficiary dies, the bank shall carry on with the execution of the transfer orders.

Article 389

1 - Where the beneficiary is declared bankrupt, the person issuing the order may stop the execution of the transfer order even if the beneficiary has received it in person.

2 - The declaration of bankruptcy of the person issuing the transfer order shall not bar the execution of the transfer orders issued by him if submitted to the bank prior to the issuance of the judgment declaring bankruptcy, unless the COURT DECIDES OTHERWISE.

PART TWO

CURRENT ACCOUNTS

Article 390

A current account is a contract between two persons pursuant to which the rights and debts arising from their mutual relationship are converted into entries in the account, to be set off against each other, so that the final balance resulting upon the closure of the account shall alone constitute a payable debt.

Article 391

1 - A bank may open a current account for its customer where the operations carried out by said bank are coupled with the opening of a credit or the granting of fiduciary facilities in his favor.

2 - It may be agreed that the account shall not be overdrawn from the customer's side thus resulting in a continuous credit balance. It may also be agreed that said account shall be overdrawn on both sides, which means that it could have a debit or credit balance with regard to both parties.
**Article 392**

In order to enter payments in a current account, the following conditions should be met:

1 - That they be money or fungibles of the same nature in order to apply compensation between them.

2 - That they arise from debts, certain in their existence and determined as to their amount.

3 - That they be handed over to the payee on ownership basis.

**Article 393**

The two parties may keep several current accounts, as long as each account is restricted to one specific kind of operations or currencies.

**Article 394**

A contract of current account shall result in the following:

1 - Transfer of ownership of the monies and funds delivered and entered in the current account to the recipient party.

2 - The entry of a commercial paper in the current account is valid provided its value shall not be taken into account if it is not paid on maturity date, in which case it may be returned to its owner and a counter entry is made in the manner stipulated in paragraph ( 2 ) of Article ( 407 ).

3 - Particulars, as a whole, entered in a current account, before closure of the account and extraction of the final balance, are indivisible.

4 - Compensation may not take place between one particular entry in a current account and another in the same account.

5 - Particulars entered into the current account shall not forfeit the rights of both parties regarding contracts and transactions from which such particulars resulted.

6 - Save where otherwise agreed, each party to a current account may at any time dispose of his credit balance.

**Article 395**

1 - All debts arising from business relations between both parties to the current account, shall be entered, by force of law, in said account, save where such debts are secured by legal or contractual securities.
2 - Nevertheless, debts secured by contractual securities, whether they have been established by the debtor or a third party, may be entered in the current account, where all the concerned parties have expressly agreed on such entry.

**Article 396**

1 - Where it has been agreed to enter a debt secured by a contractual security in the current account, such security passes to guarantee the balance of the account on closure to the extent of the amount of the debt, regardless of any changes that may occur to the account during its course of operation, save where otherwise agreed upon.

2 - Where the law provides for specific measures to be taken for contracting the security or for being opposed to third parties, such security shall not pass to guarantee the current account balance and may not be used as evidence except from the date of carrying out the said measures.

**Article 397**

Where the debts due to either party are entered in the current account they shall lose their special characteristics and independent existence and shall neither, thereafter, be susceptible to settlement separately, nor to compensation or suing or to nonsuit.

**Article 398**

1 - Where the particulars of a current account include cash debts computed in various currencies or non-fungible items, both parties may agree to have them entered in the current account, provided they are entered under separate sections with due regard to the similarity in the payments included therein and further provided that both parties declare that the account maintains its unity in spite of its several sections.

2 - The balances of said separate sections must be transferable so that it would be possible, within the time limits specified by both parties or at the most when closing the account, to effect a compensation between the various sections to extract a single balance.

**Article 399**

1 - Payments, made by the customer, into the current account shall not bear interest unless otherwise agreed upon. Interest shall be computed on basis of the rate agreed upon; where the rate of interest has not been fixed in the agreement, it shall be computed on basis of the rate prevailing in the market at the time of dealing, provided that it does not exceed 12%.
2 - Interests shall run on the debit balance as of the date of closure of the account, save where otherwise agreed.

**Article 400**

1 - Where a time limit has been fixed for the closure of the account it shall be closed on the expiry of said limit; it may be closed beforehand by agreement of both parties.

2 - Where a time limit is not set for the current account it may be closed at any time at the will of either party, with due observance of notice periods agreed upon or as is customary.

3 - In all cases, the account shall be closed on the death of either party, his becoming legally incapacitated, his being declared bankrupt, or by the winding up of the juristic person, crossing off of the bank from the list of banks operating in the State, or upon the bank ceasing its operations.

**Article 401**

The current account, between the bank and its customer, shall be deemed closed at the end of the bank's financial year. Such closing shall not be considered as a final closure of the account, which shall remain open with its balance being carried forward to the same current account. The said account shall resume functioning on the next working day.

**Article 402**

Where the current account is closed, the debit balance is deemed a debt immediately due, unless both parties agree otherwise, or where some of the transactions that must be entered into the account are still in process and if completed would modify the balance. In this latter case, the debt shown in the balance shall fall due as of the working day following the last entry required by such transactions.

**Article 403**

The general rules governing the non admittance of the case on account of the period of limitation shall apply on the balance of the debt and its interests.

**Article 404**

Where the debt entered into the current account is extinguished or is reduced due to a cause subsequent to its entry therein, such entry must be cancelled or reduced, as the case may be, and the account amended accordingly.
Article 405

The creditor of either party to the account may lay a garnishment on the credit balance of the garnishee at the time of laying the garnishment.

Article 406

1 - Where either party to the current account is declared bankrupt, any mortgage made on his properties after the date fixed by the court for the cessation of payments may not be opposed against the general body of creditors, in order to guarantee the eventual balance of the debt to the extent of the debit balance at the time when the mortgage is imposed.

2 - Nevertheless, the mortgage may be opposed against the body of creditors, as to the difference - if any - between the debit balance at the time when the mortgage is decided and the balance at the time of closing the account, where it is established that the mortgagor was aware, when the mortgage was decided, that the debtor had ceased payment.

Article 407

1 - Where the resultant of the discount of a negotiable instrument is entered in the current account but the value thereof is not paid on the date of maturity, the person discounting the bill may cancel the entry of its value into the current account by a cross entry, even though the person who presented it for discount has been declared bankrupt.

2 - A cross entry means the entry of a sum equal to the value of the negotiable instrument in addition to the expenses in the debit side of the current account.

3 - No cross entry may be made except as concerns the negotiable instruments that remained unpaid on their maturity dates. Any agreement to the contrary shall be null and void.

Article 408

In case of denial and lack of legitimate excuse, legal action for the rectification of the current account shall not be heard with regard to entries made one year after the date of receipt of the statement of account, even if such legal action is based on an error, omission or repetition of such entries. As an exception to this rule, the period is extended to five years from the date of closing the account, in the two following instances: if during the one year period a party has notified the other that he maintains his right of rectification of the account, or where the customer proves, regarding a current account opened with a bank, that throughout the said period he did not receive from the bank any statement of account.
PART THREE
BANK CREDITS
CHAPTER ONE
BANK LOAN

Article 409

1 - A bank loan is a contract according to which the bank delivers to the borrower a sum of money as a loan or enters such sum in the credit side to his account with the bank according to the conditions and time limits agreed.

2 - The loan may be secured by guarantees.

3 - The borrower shall be bound to repay the loan and its interests to the bank within such time limits and according to such conditions as are agreed.

Article 410

A bank loan is considered a commercial act irrespective of the capacity of the borrower or the purpose for which the loan is allocated.

CHAPTER TWO
BANK GUARANTEE

Article 411

1 - A bank guarantee is an undertaking issued by a bank to settle the customer's debt to a third party, in accordance with the conditions agreed and included in the guarantee deed, and which may be for a definite or indefinite period.

2 - A bank guarantee entails joint liability.

Article 412

A bank guarantee may be issued under different forms, among which:

1 - Signing by the bank on a negotiable instrument as an accessory guarantor or gives such guarantee on a separate paper thus allowing the guarantee of several negotiable instruments together at one time.

2 - Making an independent contract of guarantee.
3 - A letter of guarantee is addressed by the bank to the client's creditor pursuant to which the bank guarantees its client in the fulfillment of his obligations.

**Article 413**

A bank guarantee is considered a commercial act, regardless of the capacity of the guaranteed person or the purpose for which it is issued.

**Article 414**

A letter of guarantee is an undertaking issued by a bank (the guarantor) at the request of one of its customers (the person making the order) to pay a certain specified or determinable sum to another person (the beneficiary), unconditionally and without restrictions, unless the letter of guarantee states otherwise, where payment is requested within the period stated in the letter. The letter of guarantee shall specify the object for which it has been issued.

**Article 415**

1 - The bank may require the submission of a security in consideration of issuing the letter of guarantee.

2 - The security may be in cash, commercial or financial instruments goods or an assignment to the bank by the ordering person of his right towards the beneficiary.

**Article 416**

A beneficiary may not assign his right, arising from the letter of guarantee, to a third party but with the bank’s approval.

**Article 417**

1 - The bank may not refuse payment to the beneficiary for a cause relating to the bank's relationship with the ordering person or the relation of this latter with the beneficiary.

2 - In exceptional cases, the court may at the request of the ordering person levy seizure on the guarantee amount with the bank, provided that the ordering person relies for his claim on serious and solid grounds.

**Article 418**

The bank shall be discharged from liability towards the beneficiary if within the validity period of the letter of guarantee no request for payment is
received from the beneficiary, unless it had been expressly agreed to renew said term prior to its expiry.

**Article 419**

Where the bank pays to the beneficiary the sum agreed in the letter of guarantee, it shall subrogate him in his recourse against the person issuing the order up to the limits of the amount paid.

**CHAPTER THREE**

**OPENING OF CREDIT**

**Article 420**

1 - The opening of a credit is a contract pursuant to which the bank places at the disposal of the customer a certain specified sum of money, which the customer has the right to draw at one go or at several intervals.

2 - A credit is opened either for a definite or indefinite term.

**Article 421**

A contract of credit opening is not considered a loan and the customer is not bound to use the credit opened in his favor.

**Article 422**

1 - Where the credit is opened for an indefinite term, the bank may at any time cancel it, provided notice of cancellation is sent to the beneficiary at least thirty days before the date set for the cancellation. Any agreement that vests the bank with a right to cancel an indefinite term credit without prior notice, or at a shorter notice period, shall be null and void.

2 - Unless otherwise agreed, and in all cases, the credit opened for an indefinite term shall be deemed cancelled, if the beneficiary does not use it, after the lapse of six months from the date on which the beneficiary was notified of such opening.

**Article 423**

1 - The bank may not cancel the credit before the expiry of the specified term except where the beneficiary dies, becomes legally incapacitated, stops payment - even though a judgment declaring his bankruptcy is not issued - or commits a gross fault in using the credit opened in his favor.
2 - Where the customer, in whose favor the credit has been opened, is a company, such credit shall expire also upon annulment of the company or upon expiration of its term.

**Article 424**

Where a substantial decrease occurs to the real or personal securities presented by the customer, the bank has the right to require an additional security or reduce the credit amount in proportion to such decrease.

**Article 425**

A credit may not be assigned save with the approval of the bank which opened it.

**Article 426**

A contract of opening a credit is considered a commercial activity, regardless of the capacity of the customer or the purpose for which the credit is intended.

**Article 427**

The contract of opening a credit shall specify the maximum amount of the credit as well as the method of using it.

**CHAPTER FOUR**

**DOCUMENTARY CREDIT**

**Article 428**

1 - A documentary credit is a contract pursuant to which a bank opens a credit at the request of its customer (the person ordering the opening of the credit) within the limits of a specified amount and for a definite term in favor of another person (the beneficiary) against a security of documents representing goods freighted or intended for freight.

2 - A documentary credit contract is deemed to be independent of the contract that caused the opening of the credit, and the bank shall remain foreign to such contract.

**Article 429**

Every documentary credit shall contain a time limit date for its validity and for presenting the documents for payment, acceptance or discount.
Where the date set for the expiry of the validity of the credit falls on a bank holiday, its validity shall be extended to the next following working day. The validity of the credit shall not extend beyond other than holidays even when the expiry of the validity coincides with the date of disruption of the banks business due to force majeure, unless there is an express authorization to this effect from the person ordering the opening of the credit.

**Article 430**

1 - The papers concerning the opening of the documentary credit or its confirmation or notice thereof shall precisely specify the documents in consideration of which the operations of payment, acceptance or discount are executed.

2 - A bank that opened a letter of credit must comply with the conditions of payment, acceptance and discount as agreed in the credit contract, if the documents representing the goods are conform to the particulars and conditions provided for in the contract.

**Article 431**

1 - A documentary credit may be revocable or irrevocable.

2 - A documentary credit shall be irrevocable, unless expressly agreed otherwise.

3 - A documentary credit may either be divisible or transferable, or indivisible or not transferable.

**Article 432**

1 - A revocable documentary credit shall not create any obligation on the bank towards the beneficiary; the bank may at any time amend or cancel it of its own accord or at the request of the person who ordered the credit to be opened.

2 - The bank and the person ordering the opening of the credit shall be jointly liable towards the beneficiary if the bills of lading submitted, within the validity period and prior to the cancellation of the documentary credit contract, are in conformity with the particulars and conditions contained in the said contract.

**Article 433**

1 - Where the documentary credit is irrevocable, the obligation of the bank shall be absolute and direct towards the beneficiary and any bona fide holder
of the document drawn in implementation of the contract that originated the opening of the documentary credit.

2. An irrevocable documentary credit may neither be cancelled nor amended, save with the agreement of all the concerned parties.

**Article 434**

1. An irrevocable documentary credit may be confirmed by a bank other than the one that opened it. Such confirming bank shall in turn assume an absolute and direct obligation towards the beneficiary and any bona fide holder of the document drawn in implementation of the documentary credit contract.

2. A mere notice of the opening of the irrevocable documentary credit sent to the beneficiary through a bank, other than the one that opened the documentary credit, shall not be deemed to be a confirmation of the credit by such other bank.

**Article 435**

1. The documents must be presented to the bank before the expiry of the validity of the credit, otherwise the bank may reject them, unless the person ordering the opening of the credit requests that they be accepted and the bank consents to such a request.

2. The bank must ascertain that the documents required are available, that their contents are in full conformity with the conditions of the letter of credit and that they fully conform with each other.

**Article 436**

The bank is only under obligation to ascertain that the documents are, on their face value, in conformity with the documents required in the letter of credit; and it shall not be bound to check if the goods are in conformity with their relative documents.

**Article 437**

Where the bank accepts the documents, it shall immediately send them to the person ordering the opening of the credit, and if it rejects the same, it shall forthwith notify the rejection to the beneficiary, indicating the reasons therefore.

**Article 438**
1 - The beneficiary may not assign the credit in whole or in part to another person or persons, unless so authorized by the bank and provided it is expressly stipulated in the letter of credit.

2 - The bank may not split the performance of the credit, except with the authorization of the person ordering the opening of the credit.

3 - Unless otherwise provided in the credit contract, the assignment may only be made once.

4 - Assignment is made by endorsing the letter of credit, if it is made to order, or by taking delivery thereof if it is to bearer. In case it is nominative, the procedures of transfer shall apply.

**Article 439**

1 - The person ordering the opening of documentary credit shall be bound to repay to the bank the amount it has paid to the beneficiary, within the limits of the credit opened, in addition to the expenses disbursed in this respect.

2 - As a security to its entitlements, the bank shall have the right to retain the documents it receives from the seller as well as the right to lay a mortgage on the goods represented by these documents.

3 - Where the person ordering the opening of the credit fails to pay to the bank the value of the shipping documents, that are conform to the conditions of opening the credit, within one month from the date he is notified of the receipt of said documents, the bank may sell the goods by adopting the execution proceedings on commercially mortgaged goods.

4 - Should the goods perish or be damaged, the mortgage right shall pass to the insurance amount.

5 - Nevertheless, the bank and its client may, after arrival of the documents of the credit financed by said bank, agree that the debtor client assigns the goods subject of the documentary credit or part thereof to the bank, in settlement of the debt due to the bank, in whole or in part. The bank shall then allow the customer to take delivery of such goods on trust basis and sell them on behalf and for the account of the bank, according to the terms and conditions agreed to by both parties. The customer's liability shall in this case be that of a commission agent, and the bank shall have all the rights of a principal over such goods or their price.

**PART FOUR**

**OPERATIONS ON COMMERCIAL PAPERS**
CHAPTER ONE

DISCOUNT

**Article 440**

1 - Discount is a contract pursuant to which a bank undertakes to pay in advance the value of a commercial paper to the beneficiary in consideration of transferring the ownership of such paper to the bank.

2 - The bank shall deduct from the sum paid, to the beneficiary of the discount, the interest on the paper's amount plus a commission. It may be agreed to effect the discount against a fixed lump sum.

**Article 441**

1 - Unless otherwise agreed, interest is calculated on basis of the time that lapses from the date on which the commercial paper is presented for discount until its maturity date.

2 - Commission shall be estimated on basis of the value of the commercial paper.

**Article 442**

1 - The bank shall acquire the ownership of the discounted commercial paper and shall exercise all the rights of the bearer as he may have recourse against the signatories of the paper.

2 - The bank shall further have towards the beneficiary of the discount an independent right to recover the sums it had placed at his disposal, keeping the interest and commission received.

This shall be done with due compliance with the provisions related to the current account and the bank shall exercise such right within the limits of the unpaid papers, regardless of the cause of non-payment of the discounted papers.

**Article 443**

1 - Where the value of the paper is not paid or the customer goes bankrupt, the bank may reserve for itself the right to make a reverse entry to the value of the commercial paper and the expenses in the debit side of its customer's account, who shall endorse the paper to the bank.
2 - Should the customer have no current account with the bank, he shall be bound to repay to the bank the value of the commercial paper and the expenses.

CHAPTER TWO

CREDIT BY ACCEPTANCE

Article 444

Credit by acceptance is a contract in which the bank plays the role of the drawee; it accepts in this capacity a commercial paper drawn on it by its customer or another party who deals with such customer and the bank undertakes to pay the value upon maturity.

Article 445

Should the bank pay the value of the commercial paper it has accepted, it shall enter its value together with the expenses incurred in the debit side of the customer's account. The bank shall have recourse against the client for the sums paid by virtue of the credit opened in favor of the customer and used as a consideration for payment of the commercial paper that it had undertaken to accept.

CHAPTER THREE

COLLECTION OF COMMERCIAL PAPERS

Article 446

The bearer of a commercial paper may endorse it to the bank in terms of proxy endorsement, in which case the bank becomes a proxy in the collection of the commercial paper for the account of the endorser.

Article 447

Upon maturity of the commercial paper the bank must claim payment from the drawee or the author of such paper. Once payment is made, the bank shall enter the value of the paper in the credit side of the customer's account, and if payment is not made the bank shall make a protest or establish the non-payment and in both cases the expenses shall be charged to the customer's account.

Article 448

1 - The bank shall be liable for fault or omission in the execution of his proxy.
2 - The bank may stipulate its exoneration from liability for delay in drawing up the protest. Such stipulation shall be effective between the customer and the bank, unless an act of fraud or gross fault is attributed to the bank, but shall not have effect on the other endorsers.

Article 449

The procreation resulting from a proxy endorsement shall terminate by the death or incapacity of the endorser.

PART FIVE

OPERATIONS ON FINANCIAL SECURITIES

CHAPTER ONE

LENDING SECURED BY FINANCIAL SECURITIES

Article 450

1 - Lending secured by financial securities is a loan secured by mortgage.

2 - Should the financial securities be registered instruments, mortgage thereof shall be made in writing by virtue of an assignment stating that it is given as a guarantee, marked on the instrument itself and entered in the records of the issuing party. However, where the financial securities are instruments to bearer, they shall be treated as material movables and mortgage thereof may be established by all means of evidence.

Article 451

1 - Ownership of the mortgaged financial securities shall pass on to the creditor mortgagee bank.

2 - The bank shall have the right to retain such instruments.

Article 452

The bank must preserve the mortgaged securities, by collecting their profits, receiving their value upon depreciation and deducting such sums from the principal debt.

Article 453

Where the bank does not recover its dues on maturity date, it may apply to the competent court for authorization to sell the mortgaged instruments by
public auction or at their price in the stock exchange market and collect his
dues from the sale price before any other creditor

**Article 454**

Where the instruments are presented by a person other than the debtor, the owner thereof shall not be bound to pay the debt guaranteed by the mortgage, except in his capacity as a guarantor in rem.

**Article 455**

The third party appointed by the two contracting parties to keep the possession of the mortgaged instruments, shall be deemed as having waived his right to detain them for any reason prior to such mortgage, unless he had reserved such right when he accepted to take possession of the mortgaged instrument for the account of the mortgagee creditor.

**Article 456**

Where the full value of an instrument is not paid at the time its presentment for mortgage, the debtor shall upon maturity of the unpaid part, pay it two days at least prior to its maturity date; otherwise the mortgagee creditor may petition the court to sell the instrument, in accordance with the provisions of Article (453) hereof, then he shall settle the unpaid part from the proceeds of the sale and keep the balance as a guarantee instead of the mortgage.

**Article 457**

The lien of the mortgagee creditor shall remain valid in the same rank as between the contracting parties and towards third parties, over the profits of the mortgaged instrument, its interests, the papers replacing it and its value if paid before its maturity date.

**CHAPTER TWO**

**DEPOSIT OF FINANCIAL SECURITIES**

**Article 458**

The deposit of financial securities with a bank is a contract by which the customer delivers to the bank the financial securities which have been agreed to be deposited, and the bank gives the customer a receipt upon taking delivery of such securities. Such receipt shall contain the contract conditions and the number of the financial securities, but the said receipt shall neither represent the securities deposited nor replace them, it shall be deemed as a mere instrument to prove the contract.
Article 459

1 In preserving the financial securities deposited with it, the bank shall exercise such care as is exercised by a depository who receives remuneration and shall take to that effect all the precautionary measures as is required by the banking customs; any agreement which exonerates the bank from such obligations shall be null and void.

2 - The bank shall be held liable for the perishing or theft of such financial securities, except where this is the result of a force majeure.

Article 460

Unless specifically authorized by the client, the bank may not use the financial securities deposited with it, whether by disposing, or mortgaging the same or exercising the rights derived therefrom.

Article 461

1 - The bank shall undertake the management of the financial securities deposited with it, by collecting the profits and value of such due or redeemed securities, and it shall notify the customer/depositor of the operations relating to the said securities, such as replacement or renewal thereof, and place the collected sums at the disposal of the depositor and credit them to his account.

2 - The bank shall inform the depositor of every matter or right relevant to the financial security and requiring his approval or is dependent on his choice. Where the depositor's instructions are not received in due time the bank shall dispose of the matter in such manner as is beneficial to the depositor who shall bear the expenses.

3 - The bank shall be held liable where it fails to fulfill its obligations and damage is caused to the customer as a result of such failure.

Article 462

1 - The bank shall be entitled to a remuneration against the obligations it assumes, such remuneration shall, in case of absence of agreement, be determined according to custom, with due consideration given to the number and value of the financial securities deposited.

2 - As a guarantee for the bank's remuneration, it shall have a possessory lien over the financial securities deposited and shall refrain from returning same until recovery of its right, in addition to the privilege prescribed by the law concerning the expenses disbursed for the preservation of a movable property.
Article 463

1 - The bank must return the financial securities deposited with it upon demand of the depositor with due consideration to the time needed for preparation of the securities for such return.

2 - The return shall be effected at the same place where the deposit was made. Unless otherwise agreed or provided by law, the bank must return the same securities which had been deposited and not securities of the same kind with different numbers.

Article 464

The financial securities must be returned, as the case may be, to the depositor in person, his legal representative, his heirs or his personal proxy even if it is mentioned in the security that it is owned by someone else.

Article 465

1 - Where the bank loses possession of the financial securities for a reason beyond its control, it shall be entitled to file a claim for recovery of the same from their actual possessor.

2 - Where the financial securities issued to bearer are lost or stolen, the bank shall inform the issuer of such securities of the fact and instruct him to refrain from paying the profits or value of said securities, in case of redemption or maturity, to whoever presents himself for the purpose.

Article 466

Where an action - at - law is brought claiming that the securities deposited with the bank have become due, the bank shall directly notify the depositor accordingly and shall abstain from returning the securities to him until the action is decided by the judicial authorities.

PART SIX

RENTAL OF SAFE DEPOSIT BOXES

Article 467

1 - Rental of safe deposit boxes is a contract pursuant to which the bank undertakes to place a certain specified safe deposit box at the disposal of its customer / lessee, to be used for a certain specified period against a fixed remuneration.
2 - The bank shall caretake the leased safe deposit box, provide for its security and fitness for use by taking all such measures as are imposed by the banking customs.

**Article 468**

1 - The safe deposit box is opened with two keys, one of which is handed over by the bank to the customer lessee and keep the other one with it. The bank may not give a duplicate of the key to any other person, neither may it grant access to the safe deposit box or allow it to be used except by the customer himself or his authorized agent.

2 - The key delivered to the lessee shall remain the property of the bank and must be returned to it on termination of the lease.

3 - The bank may use other means such as automated control or plastic cards systems.

**Article 469**

1 - The bank is responsible for the safety, custody and usability of the safe deposit box and may not deny responsibility except by proving a force majeure or the act of some other person considered as such.

2 - The bank may not avail himself of the exoneriation from liability clause where fraud or gross negligence is proved to have been perpetrated by it or by its subordinates.

**Article 470**

1 - The lessee undertakes to use the safe deposit box as is customary and to pay the rental agreed on the maturity dates.

2 - The lessee of a safe deposit box may not place therein any object detrimental to its safety or the safety of the place where it is located.

3 - Unless otherwise agreed with the bank, a lessee may not sublet the safe deposit box or part of it nor may he assign the lease to a third party.

**Article 471**

1 - Unless otherwise agreed, where a safe deposit box is leased to several lessees, each one of them may use it separately.

2 - Where one of the lessees dies, the bank may not, after becoming aware of the death, give permission for the opening of the safe deposit box,
except with the approval of all concerned persons or pursuant to a court order.

Article 472

The bank shall keep a register where the dates and times on which the lessee opens the safe deposit box are entered.

Article 473

Where the bank finds out that the safe deposit box is in danger or that it contains dangerous articles, it shall forthwith notify the lessee to report to the bank premises immediately and either empty the box contents or remove the dangerous items therefrom. Where the lessee fails to report on the date fixed, the bank may request the court, in whose jurisdiction the bank is located, permission for opening the box in order to empty it or to remove such dangerous items therefrom, in the presence of the person assigned by the court for the purpose. A report of the facts shall be drawn up wherein the box contents shall be listed. Where the danger threatening the safe deposit box is imminent, the bank may, open the box, under its own responsibility, and empty it or remove any dangerous articles therefrom, without any notice or permission from the court. This shall be performed by a committee consisting of at least three of the bank officers who will draw up a process - verbal of which one copy shall be notified to the customer.

Article 474

1 - Where the lessee fails to pay the rent of the safe deposit box on its due dates, the bank may, after the lapse of fifteen days, or other period agreed upon, from the date of serving him a notice requiring payment, consider the contract as automatically rescinded and recover the box, after sending notice to the lessee that he must report to the bank, open the box, empty its contents and deliver its key. The notice shall be valid if sent to the last address specified by the lessee to the bank.

2 - Where the lessee fails to report on the date set or if the contract term expired, the bank may, after serving notice on him, apply to the court in whose jurisdiction the bank is located, for permission to open the safe deposit box and empty it in the presence of a person designated by the court to that effect, who shall prepare a report of the fact, listing down the contents and signed by him and the bank. The court may order that the contents be deposited with the bank, or with a trustee appointed by the court, until they are handed to their owner or until a court order is issued to dispose thereof.

Article 475
The bank shall have a possessory lien over the contents of the safe deposit box and a privilege over the price resulting from the sale of its contents for recovering the rent and the accruing expenses.

**Article 476**

1 - An arrestment of, and a distress on, the contents of the safe deposit box may be laid.

2 - The seizure shall be laid by notifying the bank of the contents of the deed by virtue of which such attachment is levied, and by requiring the bank to state whether it has leased a safe deposit box to the distrainee. Upon receiving such notice, the bank shall forthwith bar the distrainee from using the box and notify him without delay that the seizure was levied on the safe deposit box.

3 - Where the seizure is an arrestment, the lessee may request to the court to remove the seizure from all or part of its contents.

4 - If the seizure is a distress, the bank shall be bound to open the safe deposit box, empty its contents in the presence of the distrainer and the execution officer and notify the lessee of the date fixed for the opening of the safe. On the date fixed, an inventory of the box contents shall be made, and such contents shall be delivered to the bank or the trustee appointed by the court, until they are sold in accordance with the procedures set by the court.

5 - Where the safe deposit box contains papers or documents not included in the forced sale, they must be handed to the lessee. However, if the lessee is not present at the time of opening the box, such papers or documents shall be delivered to the bank for safekeeping after placing them in an envelope sealed with the stamps of both the execution officer and the bank delegate, until they are claimed by the lessee.

6 - The distrainer must pay the bank a sum sufficient to secure the rent of the safe deposit box for the duration of the seizure.

**Article 477**

Except in the instances provided for by the law, the bank may not open a leased safe deposit box or empty its contents except with the permission of the lessee and in his presence, or in execution of a court order or decision.

**BOOK FOUR**
COMMERCIAL PAPERS

GENERAL PROVISIONS

DEFINITION AND TYPES OF COMMERCIAL PAPERS

Article 478

Commercial papers are instruments written according to forms determined by the law, representing a right having for object a specific sum of money payable on mere sight, or after a definite or determinable time. The commercial papers are negotiable through commercial means and are customarily recognized as a payment instrument instead of money.

Article 479

Commercial papers include bills of exchange, promissory notes, bearer instruments, checks and other papers drawn for commercial transactions and which is customarily accepted as a means of payment in transactions.

Article 480

The bill of exchange (draft) is a commercial paper that includes an order from the drawer to the drawee for the payment of a specific sum of money to the beneficiary at mere sight or at a definite or determinable time.

Article 481

The promissory note is a commercial paper pursuant to which its maker undertakes to pay a specific sum of money to another person (the beneficiary), at mere sight or at a definite or determinable time.

Article 482

The instrument to bearer is a commercial paper by which its maker undertakes to pay a specified sum of money to the order of the bearer at mere sight or at a definite or determinable time.

Article 483

The check is a commercial paper containing an order issued by the drawer to a bank (the drawee) to pay, on the date indicated therein as being the date of issue, a specific sum of money to the order of a third person, being the beneficiary, or the bearer thereof.
PART ONE

THE BILL OF EXCHANGE

CHAPTER ONE

MAKING A BILL OF EXCHANGE

Article 484

A bill of exchange must contain the following particulars:

1 - The expression "Bill of Exchange" written in the text thereof and in the language in which the bill is written.

2 - An unconditional order to pay a specific sum of money.

3 - The date and place of making the bill.

4 - Signature of the drawer.

5 - First name and surname of the drawee.

6 - Name of the person to whom or to whose order payment must be made (the beneficiary).

7 - Date of maturity and place of payment.

Article 485

An instrument which does not contain any one of the particulars mentioned in the above Article shall not be deemed a bill of exchange except in the following instances:

1 - Where the bill does not indicate the date of maturity, it shall be considered as being payable at sight.

2 - Where the place of payment of the bill is not stated therein, the place indicated next to the drawee's name shall be considered as the place of payment and the drawee's residence at the same time. The bill shall be payable at the drawee's place of residence if there is no condition of payment in another place.

3 - Where the place of making the bill is not stated therein, it shall be deemed made in the place mentioned next to the drawer's name; and where such place is not expressly stated, the place of making the bill shall be considered as being the place where the drawer has signed it.
Article 486

1 - A bill of exchange is either signed or thumb-printed.

2 - Two witnesses must testify that the thumb printer has affixed the print before them fully aware of what he has signed.

Article 487

1 - Where the bill amount is written in letters and in figures at the same time, the sum indicated in letters shall prevail in case of discrepancy.

2 - Where the amount is written several times either in letters or in figures, the lesser sum shall prevail in case of discrepancy.

Article 488

1 - A bill of exchange may not contain more than one amount.

2 - Where a bill of exchange is drawn in a currency having a nomenclature which is common between the two countries of making and payment, without specifying the currency intended, the currency of the country of payment shall prevail.

Article 489

1 - A bill of exchange may be signed by more than one drawer.

2 - A drawer may authorize a third party to sign the bill of exchange on his behalf, in which case the third party must prove his capacity upon signing the bill.

Article 490

1 - The sum stated in the bill of exchange may not be conditioned upon payment of interest unless it is made payable at sight or after a specific period from sight.

2 - The rate of interest must be mentioned in the bill itself otherwise the condition is null and void.

3 - Interest shall run as of the date of making the bill if no other date has been mentioned.

Article 491
1 - Whoever signs without authority a bill of exchange on behalf of another person shall be held personally liable thereunder. Once he pays it, he is entitled to the rights of the person on whose behalf he alleged to represent.

2 - The same provision shall also apply to the proxy who exceeded the limits of his authority.

**Article 492**

Where a bill of exchange bears forged signatures, or signatures of fictitious persons, or of persons who have no capacity to bind themselves; or where the signatures do not bind their signatories for other reasons, or do not bind those persons on whose behalf the bill is signed, the obligations of other signatories on the bill shall nevertheless remain valid.

**Article 493**

Obligations of a person lacking full legal capacity, that has not been authorized to practice commerce, and those of a person totally incapacitated, arising out of signing on a bill of exchange in any capacity whatsoever, shall be null and void in regard to themselves only; and they may prevail themselves of such nullity against any bearer of such bill.

**Article 494**

1 - A bill of exchange may be drawn to the order of the drawer himself.

2 - It may also be drawn on its drawer.

3 - It may as well be drawn for the account of another person.

**Article 495**

1 - The form of a bill of exchange shall be governed by the law of the State where it is made.

2 - The capacity of the obligor of a bill of exchange is determined according to his national law and where such law makes a renvoi to the law of another country, this latter shall apply.

3 - Where the governing law considers the obligor as a person lacking legal capacity, his obligation under the bill shall nevertheless remain valid if he signed the bill in a State under whose laws he is deemed to have full legal capacity.

**Article 496**
A bill of exchange may be made payable at the place of residence of another person, whether at the place of the drawee's residence or any other place.

**Article 497**

1 - The drawer of a bill of exchange shall guarantee its acceptance and its payment.

2 - He may put as a condition to be exonerated from the guaranteeing acceptance, however any condition of exoneration from guaranteeing payment shall be deemed null and void.

**CHAPTER TWO**

**NEGOTIATION OF A BILL OF EXCHANGE**

**Article 498**

1 - A bill of exchange is negotiable by endorsement even when it does not contain an express stipulation that it is drawn "to order".

2 - A bill of exchange is not negotiable when the drawer stipulates therein that it is not "to order", or any other term purporting the same meaning, save in accordance with the provisions governing the transfer of a right.

3 - Endorsement may be made to the drawee regardless to whether he accepted the bill of exchange or not, endorsement may also be made to the drawer or to any other obligor; all the foregoing persons may re-endorse the bill of exchange.

**Article 499**

1 - Subject to the provision of Article (503) hereof, the endorsement must be unconditional and any condition attached to the endorsement is deemed inexistent.

2 - Partial endorsement is null and void.

3 - Endorsement to bearer shall be deemed a blank endorsement.

**Article 500**

1 - Endorsement shall be written on the bill of exchange itself, or on an attached paper, and shall be signed by the endorser.
2 - Endorsement may be restricted to the endorser's signature (blank endorsement), in which case the endorsement must, in order to be valid, be written on the back of the bill of exchange or on the attached paper.

**Article 501**

Endorsement transfers all the rights resulting from the bill of exchange to the endorsee.

**Article 502**

In case of a blank endorsement, the bearer may:

1 - Fill in the blank by writing his name or any other person's name.

2 - Re-indorse the bill of exchange in blank or to another person.

3 - Deliver the bill of exchange to another person without filling in the blank and without indorsing it.

**Article 503**

1 - The endorser shall guarantee the acceptance and payment of the bill of exchange, unless otherwise agreed upon.

2 - The endorser may prohibit its re-endorsement, in which case he shall not be liable towards any person upon whom the bill of exchange shall pass on through a subsequent endorsement.

**Article 504**

The possessor of a bill of exchange shall be deemed to be its lawful bearer when he proves that he is entitled thereto by successive endorsements even if the last one is in blank. Crossed endorsements shall in this regard be considered inexistent. Should another endorsement succeed the one made in blank, the signatory of this last endorsement shall be deemed the person to whom the right to the bill has passed on following the blank endorsement.

**Article 505**

Where a person loses possession of a bill of exchange the bearer shall not be bound to surrender it if he proves his right thereto in accordance with the preceding Article, save where he has acquired it in bad faith or if he had committed a gross fault in order to acquire it.

**Article 506**
Without prejudice to the provision of Article (493), a debtor who is sued for a bill of exchange may not invoke against its bearer the pleas based on his personal relationships with the drawer or with one of its previous bearers, except where the bearer's intent at the time of acquiring it was to prejudice the debtor.

Article 507

1 - Where the endorsement includes the expression "value for collection" or "value for receipt" or any other expression indicating a delegation of power, the bearer may exercise all the rights arising from the bill of exchange, including the right to file an action in his own name and may only indorse the bill as proxy.

2 - The obligors may not in this case raise against the bearer the pleas which they may invoke against the endorser.

Article 508

1 - Where the endorsement includes the term "value for guarantee" or contains any other expression indicating mortgage of the right established by the bill of exchange to the endorsee, the bearer may exercise all the rights arising from the bill of exchange. Nevertheless, where the bearer endorses the bill of exchange, such endorsement shall be deemed made for proxy.

2 - The obligors of the bill of exchange may not in this case invoke against the bearer the pleas based on their personal relationship with the endorser, save where the bearer's intent, at the time of acquiring the bill of exchange, was to cause harm to the debtor.

Article 509

1 - An endorsement made after the maturity date shall produce the same effects as an endorsement prior to such date; however, an endorsement subsequent to a non-payment protest or after the expiry of the time limit set by law for making the protest, shall only produce the same effects as for the transfer of right.

2 - Unless otherwise established, an endorsement which does not bear a date shall be deemed to have been made before the expiry of the time limit fixed for the protest, unless the contrary is proved.

Article 510

An endorsement may not be predated; a predated endorsement shall be considered a forgery.
CHAPTER THREE

CONSIDERATION FOR PAYMENT OF A BILL OF EXCHANGE

Article 511

The drawer of a bill of exchange or the person for whose account it was drawn is bound to make available with the drawee consideration for its payment. Nevertheless, the drawer for the account of another shall be held personally liable towards the endorsers and the bearer of the bill of exchange, exclusively, for providing the consideration for payment.

Article 512

Consideration for payment is deemed to be available when, on the maturity date of the bill of exchange, the drawee is indebted to the drawer, or to the person who ordered the drawing, for a specific sum of money due and at least equal to the amount of the bill of exchange.

Article 513

1 - The acceptance of a bill of exchange is considered a presumption that the consideration required for payment is available with the acceptor; this presumption may only be rebutted as to the relation between drawee and bearer.

2 - In case of denial, the drawer alone shall be bound to prove, irrespective whether the bill of exchange was accepted or not, that the drawee had the consideration for payment on the maturity date. If he fails to do so, he shall be a guarantor for payment even if the protest was made after the time limit prescribed by law. In case the drawer proves that consideration is available and continues to be available until the date on which protest was supposed to be made, he shall be discharged to the extent of such consideration, save where it had been used in his interest.

Article 514

1 - The title to the consideration for payment passes by operation of the law to the consecutive bearers of the bill of exchange.

2 - Where the consideration for payment is less than the amount of the bill of exchange, the bearer shall be vested in regard to such deficit in the consideration with all the rights vested upon him for the entire consideration.

3 - The provision stipulated in the preceding paragraph shall also apply in the event where the consideration for payment is subject of dispute, is uncertain or not due on the maturity date of the bill of exchange.
Article 515

The drawer shall, even when the protest is made after the statutory time limit, deliver to the bearer of the bill of exchange the documents required to obtain the consideration for payment. Should the drawer be declared bankrupt, this duty is incumbent upon the trustee. The bearer of the bill of exchange shall in all cases assume all the expenses incurred in this respect.

Article 516

The drawer’s bankruptcy shall result the forfeiture of the delay given for payment and the maturity date of the bill of exchange shall become due. The bearer, to the exclusion of the other drawer's creditors, shall be entitled to obtain satisfaction from the consideration for payment available with the drawee.

Article 517

1 - Where the drawee is declared bankrupt and the consideration for payment is a debt on him, such debt shall be included in the assets of the bankruptcy.

2 - Where the drawer has with the drawee goods, commercial papers, financial securities or any other funds that may be recovered according to the bankruptcy provisions, and if such funds are expressly or implicitly allocated for payment of the value of the bill of exchange, the bearer shall have a priority to recover his right from the value thereof.

Article 518

1 - Where several due bills of exchange concur on a single consideration insufficient to pay them all, priority in recovering their value shall be given in accordance with the order of their drawing dates.

2 - Should the said bills of exchange be drawn on the same date, the bill bearing the drawee's acceptance shall have priority otherwise, the bill for which consideration for payment has been allocated shall have priority over that containing a provision of non-acceptance which shall rank last in the order of priorities.

CHAPTER FOUR

Article 519

The bearer or any possessor of a bill of exchange may, during the period from its drawing up to the date of its maturity, present it to the drawee at his place of residence for acceptance.
**Article 520**

1 - The drawer of a bill of exchange may condition that it be presented for acceptance either on a specific date or without fixing any date.

2 - He may also condition that it be not presented for acceptance, unless it is due for payment with a person other than the drawee, or in a place other than his domicile or due for payment on a specific period after sight.

3 - He may as well stipulate that it be not presented for acceptance before a specified period.

4 - Every endorser may condition the bill of exchange upon its presentment for acceptance on a specified date or without specifying any date, unless the drawer had stipulated that it must not be presented for acceptance.

**Article 521**

A bill of exchange that is due for payment after a specified period from sight must be presented for acceptance within one year of its date. The drawer may abridge or extend such time limit and every endorser may only abridge such time limit.

**Article 522**

1 - The drawee may require that the bill of exchange be presented for acceptance on the next day following the first presentment and any interested person may not allege that such request was rejected, unless it has been mentioned in the protest.

2 - The bearer of a bill of exchange presented for acceptance shall not be bound to surrender it to the drawee.

**Article 523**

1 - Acceptance shall be written on the face of the bill of exchange with the word "accepted" or with any other expression having the same meaning and shall be signed by the drawee.

2 - The mere signature of the drawee on the face of the bill of exchange shall be deemed as an acceptance.

3 - The date of acceptance should be stated on the same day on which it occurred if the bill of exchange is due for payment after a specified period after sight, or where it is stipulated that it must be presented for acceptance within a specified period pursuant to a condition pertaining thereto, unless
the bearer requires that the date of acceptance be stated on the same day of acceptance.

4 - Where the acceptance is undated, the bearer may in order to safeguard his rights have recourse against the endorsers, and the drawer must establish this fact by a protest made in due course.

**Article 524**

1 - The acceptance must be unconditional; however the drawee may restrict it to one part of the amount of the bill of exchange.

2 - Any modification to the particulars of the bill of exchange relating to the wording of the acceptance shall be deemed as a refusal of acceptance; nevertheless the acceptor shall remain bound by the contents of the acceptance text.

**Article 525**

1 - Where the drawer stipulates in the bill of exchange a place for payment other than the drawee's domicile without specifying the name of the person to whom payment is to be made, the drawee may specify his name upon acceptance; if he fails to do so, the accepting drawee shall be bound to make the payment at the place designated therefor.

2 - Where the bill of exchange is due for payment at the drawee's domicile, the drawer may specify in the acceptance wording an address where the payment must be made.

**Article 526**

1 - Where the drawee accepts the bill of exchange he shall be bound to pay its value on the maturity date.

2 - In the event of non-payment the bearer may, even if he is the drawer himself, have direct recourse against the accepting drawee by filing a lawsuit based on the bill of exchange claiming all what may legally be claimed.

**Article 527**

1 - Where the drawee crosses out his acceptance stated on the bill of exchange before returning it, the acceptance shall be deemed as rejected and the crossing out as having occurred before the bill of exchange is returned; unless otherwise established.
2 - Nevertheless, in the event where the drawee notifies in writing his acceptance to the bearer or to any other signatory, he shall be bound towards them by such acceptance.

CHAPTER FIVE

BACKING A BILL OF EXCHANGE

Article 528

1 - Payment of a bill of exchange in whole or in part may be guaranteed by a backer.

2 - Such backing may be given by any person even if one of the signatories of the bill of exchange.

Article 529

1 - Backing is written on the bill of exchange itself or on an extension annexed to it, in any wording indicating the backing and signed by the backer.

2 - Such backing is deduced from the mere signature of the backer, on the face of the bill of exchange, unless such signature is executed by the drawee or the drawer.

3 - The wording of the guarantee shall include the name of the guaranteed person otherwise it shall be deemed as issued for the drawer.

Article 530

1 - The backer shall be liable in the same manner as the guaranteed person.

2 - The liability of a backer remains valid even if the guaranteed liability is void for any reason whatsoever other than a defect in form.

3 - Where a backer pays the bill of exchange, all the rights arising therefrom shall be vested on him towards the guaranteed party and every obligor by virtue of the bill towards this latter.

Article 531

1 - Backing may be given on a separate paper indicating the place where it was made.
2 - A backer who has given his guarantee on a separate paper shall only be liable towards the person in whose favor the backing was given.

CHAPTER SIX

MATURITY OF THE BILL OF EXCHANGE

Article 532

1 - A bill of exchange must include one single date of maturity.

2 - The drawer may specify the date of maturity of the bill of exchange in any of the following manners:

a - At sight.

b - After the lapse of a specified period from sight.

c - On a specific date.

d - After the lapse of a specified period from the date of its formation.

3 - A bill of exchange which stipulates dates of maturity other than those mentioned in the two foregoing paragraphs shall lose its characteristic as a commercial paper.

Article 533

1 - A bill of exchange which is due for payment at sight shall be payable on mere presentment, and it must be presented within one year from the date of its formation; the drawee may abridge or extend this time limit but the endorsers may only abridge same.

2 - The drawer may stipulate that the bill of exchange which is due for payment at sight be not presented before the lapse of a specified term; in which case the time for presentment is calculated as from the lapse of said term.

Article 534

1 - The time of maturity of a bill of exchange, due for payment after a period from sight, is calculated as from the date of acceptance or from the date of protest.

2 - Where no protest was made, the acceptance that does not bear any date shall be deemed as having occurred towards the acceptor on the last day
of the time limit set for presenting the bill of exchange for acceptance according to Article ( 521 ).

**Article 535**

1 - Where a bill of exchange is drawn one month or more after its date or after sight, it shall fall due on the corresponding date of the month during which payment is to be made; in the absence of a corresponding date in the month during which the bill of exchange must be paid, it shall fall due on the last day of such month.

2 - Where the bill of exchange is drawn for one month and a half or for several months and a half after its date or after the date of sight, computation must begin with the full months and the expression "half a month" shall mean fifteen days.

**Article 536**

1 - Where the bill of exchange is due for payment on a specific date in a country where the calendar is different from that of the country of issue, the date of maturity shall be deemed as having been determined according to the calendar where payment is to be made.

2 - Where the bill of exchange is drawn between two countries having different calendars and it is due for payment after a certain period from its date, the date of drawing shall be adjusted to the corresponding day of the calendar of the country of payment and the date of maturity shall be determined accordingly. The date of presentment of the bill shall be determined according to the foregoing rules.

3 - The foregoing rules shall not apply when it appears from a condition in the bill of exchange or in its wording that different rules should be applied.

**CHAPTER SEVEN**

**PAYMENT OF THE BILL OF EXCHANGE**

**Article 537**

1 - The bearer of a bill of exchange must present it for payment on the date of maturity.

2 - Presenting a bill of exchange to any of the legally recognized clearing houses shall be tantamount to presenting it for payment.

**Article 538**
1 - Where a drawee pays the bill of exchange, he is entitled to recover it from the bearer and on which is written that it was paid and this mention is signed by the latter.

2 - The bearer may not refuse partial payment.

3 - In the event of partial payment, the drawee may require that such payment be stated on the bill of exchange and a relative discharge issued to him. The drawer, endorsers and any obligor under the bill of exchange shall be discharged up to the amount paid and the bearer shall protest the outstanding amount.

**Article 539**

1 - The bearer of a bill of exchange is not compelled to collect its amount before the maturity date.

2 - Where the drawee pays the amount of the bill of exchange before its maturity date, he shall bear any consequences resulting therefrom.

**Article 540**

Whoever pays the value of a bill of exchange on the maturity date without valid objection shall be discharged, unless he had committed fraud or gross fault. He must ascertain the regularity of the endorsements sequence but he is not bound to verify the authenticity of the signatures of the endorsers.

**Article 541**

1 - Where payment in the United Arab Emirates of the value of the bill of exchange is stipulated in a currency which is not officially in circulation therein, payment shall be made in the national currency according to the rate of exchange prevailing on the maturity date. Where payment is not effected on the date of maturity, the bearer shall have an option to claim payment of the value of the bill of exchange estimated in the national currency according to the rate of exchange prevailing either on the date of maturity or on the date of payment. The current custom in the place of payment shall apply for the conversion rate of foreign currency unless the drawer had fixed on the bill itself the rate on basis of which the payable sum shall be calculated.

2 - The provisions of the foregoing paragraph shall not apply in the event where the drawer had expressly stipulated that payment of the bill of exchange must be made in the foreign currency specified on the bill itself, subject to the special laws concerning currencies and the control over foreign transfers.

3 - Where the value of a bill of exchange is specified in a currency having a common denomination in several countries but a different value in the
country of drawing and the country of payment, it shall be assumed to mean
the country of payment.

Article 542

1 - Where a bill of exchange is not presented for payment on the date of
maturity, any debtor thereon may deposit its value with the treasury of the
court within whose jurisdiction the place of payment is located. Such deposit
shall be at the bearer's account and under his responsibility and against a
receipt to be issued to the depositor stating the amount of the sum deposited,
the date of drawing of the bill of exchange, the date of maturity thereof and
the name of the person in whose favor it was originally drawn.

2 - Where the bearer claims payment from the debtor, this latter must
hand to the bearer the deposit receipt against the surrender of the bill of
exchange on which it is marked that payment was made by virtue of the said
instrument. The bearer shall in this case receive the sum deposited with the
court against such instrument, and if the debtor fails to hand the receipt for
the deposit to the bearer, he shall be bound to pay the value of the bill of
exchange.

Article 543

Objection against the payment of a bill of exchange or refrainment
therefrom is only acceptable in case of loss of the bill or in case of bankruptcy
of its bearer.

Article 544

1 - Where a non-accepted bill of exchange drawn up in several copies is
lost, the person entitled to its value may claim payment by virtue of one of
its other copies.

2 - Where a bill of exchange is drawn in several copies and the copy which
bears the acceptance is lost, payment thereof may not be claimed on the
strength of another copy except by order of the president of the competent
court and against providing a guarantor.

Article 545

A person who has lost a bill of exchange - whether accepted or not - and is
unable to present one of the other copies, may apply to the president of the
competent court for an order to have its value paid, provided that he proves
his title thereto, and provides a guarantor.

Article 546
1 - In the event of refusal to pay the value of a lost bill of exchange after claiming payment thereof pursuant to the provisions of the two foregoing Articles, its owner must prove such refusal in a protest to be made the day following the date of maturity, and notify the same to the drawer and endorsers in such manner and within such time - limits as is provided for in Article ( 560 ).

2 - The protest must be made within the time limit mentioned in the preceding paragraph even though an order from the competent court could not be obtained in due course.

Article 547

Payment of the value of a bill of exchange on the date of maturity following a court order in the cases referred to in Articles ( 544 ) and ( 545 ) discharges the debtor from liability.

Article 548

The guarantor referred to in Articles ( 544 ) and ( 545 ) shall be discharged from his obligation after the lapse of three years without raising a claim or filing a lawsuit.

Article 549

1 - The owner of a lost bill of exchange may obtain a copy thereof through the person who has endorsed the bill to him and the latter is bound to assist him and authorize him to use his name in order to claim from the previous endorser and so on from one endorser to the other until reaches the drawer.

2 - Every endorser shall execute his endorsement on the copy of the bill of exchange handed over by the drawee after marking it as being in lieu of the missing original.

3 - Payment may not be claimed on the strength of such copy except by order of the competent court and after submitting a guarantee.

4 - All expenses incurred in this respect shall be borne by the owner of the bill of exchange.

CHAPTER EIGHT

CLAIM AND RECOURSE AGAINST THE OBLIGORS OF A BILL OF EXCHANGE

Article 550
The bearer of a bill of exchange, in case of non-payment on the date of maturity, shall have recourse against the endorsers, drawer and other obligors thereof.

**Article 551**

1 - A bearer may have recourse against the obligor of a bill of exchange prior to the date of maturity in the following cases:

   a - Total or partial non-acceptance.

   b - Bankruptcy of the drawee, whether he accepted the bill of exchange or not, or when he suspends payment even if he has not been declared bankrupt or when an ineffective attachment is levied on his property.

   c - Bankruptcy of the drawer of the bill of exchange which has been drawn under the condition of non-presentment for acceptance.

2 - The guarantor may request a respite for payment when recourse is exercised against him in the two cases provided for in Clauses (b) and (c) of the foregoing paragraph, by applying to the court of first instance, in whose jurisdiction his domicile is located, within three days from the date of recourse. Where the court considers the application justified to grant the respite, it shall determine in its decision a time limit for payment provided it does not exceed the date set for maturity; and the court decision in this respect shall not be subject to challenge.

**Article 552**

1 - Where the maturity date of a bill of exchange falls on an official or banking holiday, payment thereof may only be claimed on the following working day.

2 - Likewise, no action may be taken in relation to the commercial paper, such as presentment for acceptance or protest, except on a working day.

3 - When an action concerning a commercial paper must be taken within a specified time limit, and the last day of such time limit falls on an official or banking holiday, the time limit shall be extended till the next day.

4 - The intervening holidays shall be calculated within the time limit.

5 - The first day of the time limit shall not be taken into account when calculating statutory or contractual time limits related to commercial papers.

**Article 553**
Evidence of non-acceptance or of payment of the bill of exchange must be established by a protest for non-acceptance or a protest for non-payment, which shall be made through the competent notary public, provided that one copy thereof shall be delivered to the addressee of the protest.

**Article 554**

1 - The protest shall include an exact literal transcript of the bill of exchange with all the particulars stated therein, as to its acceptance, endorsement, guarantor, payment of its value if applicable and any other particulars. The protest shall also contain the notice to pay the value of the bill of exchange, whether the person liable to accept or pay such value was present or absent, the reasons of non-acceptance or non-payment, the inability or refusal to sign and the amount paid from the value of the bill of exchange, in case of partial payment.

2 - The protest for non-acceptance or non-payment shall be served at the domicile of the obligor of the bill of exchange or at his last known domicile.

**Article 555**

The competent notary public shall enter day by day all the papers related to the protest in chronological order in a special register having numbered pages and duly stamped.

**Article 556**

The competent notary public shall, during the first ten days of every month, send to the competent Commercial Registry Office a list of the protests for non-payment entered during the previous month and the said Office shall keep a special register to enter such protests. Every person may have access to such Register and obtain a copy thereof against payment of the prescribed fees. The said office shall publish a bulletin containing such protests.

**Article 557**

1 - A protest for non-acceptance must be made within the time-limits set for presentment of the bill of exchange for acceptance. Should the first presentment for acceptance according to Article (522) fall on the last day of such time limit the protest may be made on the following day.

2 - Where the bill of exchange is due for payment at sight, the protest for non-payment shall be made according to the conditions stipulated in the foregoing paragraph relative to the protest for non-acceptance.
3 - Where the bill of exchange is due for payment on a specified date or after a certain period from the date of drawing or of sight, the protest for non-payment must be made on either of the two days following the date of maturity.

4 - The protest for non-acceptance waives the need for presenting the bill of exchange for payment and for making a protest for non-payment.

**Article 558**

No other instrument shall replace a protest except in the instances where the law so provides.

**Article 559**

1 - Where the drawee suspends payment, whether he has accepted the bill of exchange or not, or in case an ineffective attachment is levied on his property, the bearer of the bill of exchange may not have recourse against the guarantor, except after presenting the bill to the drawee for payment and making a protest for non-payment.

2 - Should the drawee be declared bankrupt, whether he has accepted the bill of exchange or not, or in case of bankruptcy of the drawer of the bill of exchange who had stipulated its non-presentation for acceptance, submission of the bankruptcy judgment shall be sufficient to enable the bearer to exercise his rights of recourse against the guarantors.

**Article 560**

1 - The bearer of a bill of exchange must notify its drawer, and the person who has indorsed it to him, of the non-acceptance or non-payment thereof within the four working days following the date of protest, or the date on which it is presented for acceptance or payment if it contains the stipulation of "recourse without expense". Every endorser shall, within the two working days following his receipt of the notice, be bound to notify in his turn his endorser of the receipt of such notice, giving him the names and addresses of the previous notifiers, and so on from one endorser to the other until the drawer. The time limit shall, as concerns each endorser, start to run as from the date on which he received the notice from the preceding endorser.

2 - When one of the signatories of the bill of exchange itself has been notified according to the previous paragraph, it shall also be necessary to notify his backer within the same period.

3 - Where one of the endorsers has failed to state his address or has stated it in an illegible manner, it shall be sufficient to notify his previous endorser.
4 - Any person bound to serve a notice, may do so in any manner whatsoever, even by returning the bill of exchange itself.

5 - The person bound to send a notice, must prove that he did so within the prescribed time limit prescribed. Such time limit shall be deemed to be observed if he delivers the registered letter containing the notice to the Post Office within the said time limit.

6 - The person bound to serve notice shall not forfeit his rights if he fails to do so within the prescribed time limit, but he shall be required - when relevant - to compensate the damage resulting from his negligence, provided that the compensation shall not exceed the amount of the bill of exchange.

**Article 561**

1 - The drawer, every endorser or backer may exempt the bearer from the obligation of making the protest for non-acceptance or non-payment upon recourse, if there is a stipulation in the bill of exchange of "recourse without costs" or "without protest" or any other stipulation having the same meaning and signed by him.

2 - However, this stipulation shall neither exempt the bearer from presenting the bill of exchange within the prescribed time limits nor from serving the required notices. Any person opposing to the bearer the non-observance of such time limits shall have to prove his allegation.

3 - Where the drawer has stipulated the condition of "recourse without costs", the effects of such stipulation shall apply to all the signatories; however if such stipulation is made by an endorser or backer, its effects shall apply to him alone.

4 - Where the drawer has himself made this stipulation and the bearer nevertheless protests, the latter shall bear alone the costs, but if the stipulation is made by an endorser or a backer, recourse may be exercised by all the signatories for the costs of protest, if made.

**Article 562**

1 - Persons who have committed themselves under a bill of exchange shall be jointly liable towards its bearer.

2 - The bearer may have recourse against the obligors, jointly or separately, without having to observe the order of their obligations.

3 - The right of recourse of each signatory on the bill of exchange shall, if he pays its value, be established against the obligors towards him. Court action taken against any of such obligors shall not prevent the right of
recourse against the others even if they are subsequent to the obligor against whom the action has been initially instituted.

**Article 563**

1 - The bearer of a bill of exchange may claim, from the person having a right of recourse against him, the following:

   a - The principal sum of a non-accepted or non-paid bill of exchange, along with the agreed interest, if stipulated.

   b - The interest calculated according to the prevailing banking rate as of the date of maturity.

   c - The costs of the protest, notices and any other expenses.

2 - In case of recourse exercised before the maturity date of the bill of exchange, a sum equal to the official discount value on the date of recourse at the place where the bearer's domicile is located, shall be deducted from the value of the bill of exchange.

**Article 564**

Whoever has paid the value of the bill of exchange may claim from the obligors committed towards him to reimburse him the sum paid as well as the expenses incurred.

**Article 565**

The courts may not grant a respite to pay the value of the bill of exchange or to undertake any procedure related thereto, except where provided for in the law.

**Article 566**

1 - Any obligor who by way of recourse is called upon or is likely to be called upon to pay a bill of exchange, may, if he effects payment, demand that the bill, together with the protest and a receipt for the amount paid, be delivered to him.

2 - Any endorser having paid the bill of exchange may strike off his endorsement and all subsequent endorsements.

**Article 567**

In case of recourse exercised after a partial acceptance, the person who has paid the non-accepted part of the value of the bill of exchange, may
require its bearer to prove such payment of the bill itself and deliver him the respective discharge. Furthermore, the bearer shall be bound to hand him a certified true copy of the original bill of exchange together with the protest, in order to enable him to exercise his right of recourse against others for the amount paid by him.

**Article 568**

1 - The bearer of a bill of exchange shall forfeit his right, under the rules of the Exchange Act, to have recourse against the drawer, endorsers and other obligors, except the acceptor, on the expiry of the time limits set for the undertaking of the following:

   a - Present the bills of exchange due for payment at sight or at a certain specified period after sight.

   b - Make a protest for non-acceptance or for non-payment.

   c - Present the bill of exchange for payment in case it contains a stipulation of "recourse without costs".

2 - Nevertheless, the drawer shall not benefit from such forfeiture, except where he proves that he made available the consideration for payment on the maturity date; in which case the bearer may only have recourse against the drawee.

3 - Where a bill of exchange is not presented for acceptance within the time limit set by the drawer, the bearer shall forfeit his right of recourse based on both the non-acceptance and non-payment, unless it is revealed from the wording of the stipulation that the intention of the drawer thereby was to relieve himself from guaranteeing the acceptance.

4 - Where the endorser stipulates in his endorsement a date for presentment of the bill of exchange for acceptance, he may alone take advantage of such stipulation.

**Article 569**

1 - Where due to a force majeure a bill of exchange is not presented or protested within the prescribed time limits, such time limit shall be extended.

2 - The bearer shall, without delay, notify his endorser of the force majeure; such notice dated and signed by the bearer shall be transcribed on the bill itself or its extension; such notices to be served by each endorser to his previous endorser up to the drawer according to Article (560).
3 - On cessation of the force majeure, the bearer shall without delay present the bill of exchange for acceptance or payment, then make the protest when necessary.

4 - Where the force majeure continues for more than thirty days calculated as of the maturity date, recourse may be exercised against the obligors without the need to present the bill of exchange or make a protest.

5 - Where the bill of exchange is due for payment at sight or at a certain specified period after sight, the time limit of thirty days shall run from the date the bearer notifies his endorser of the force majeure, even if such date is prior to the expiry of the time limits set for presentment of the bill of exchange. The sight period shall be added to the thirty day time limit, if the bill of exchange is due for payment at a certain specified period after sight.

6 - Matters related to the person of the bearer or any person delegated by him to present or protest the bill of exchange shall not be deemed to be a force majeure.

**Article 570**

The bearer of a bill of exchange protested for non payment may levy an a precautionary attachment, without need to submit a guarantee, on the properties of the drawer, acceptor, endorser, backer or any other obligors under the bill of exchange, subject to the provisions stipulated for such attachment in the Civil Procedures Code, except the production of a guarantee.

**Article 571**

1 - Any person having a right of recourse against the other obligors under the bill of exchange, may recover his right by drawing a new bill of exchange on one of his guarantors, to be payable at sight at the place of residence of the guarantor, unless otherwise provided.

2 - A recourse bill of exchange shall cover the amounts mentioned in Articles (563) and (564), in addition to any commissions and other fees prescribed by law.

3 - Where the drawer of a recourse bill of exchange is himself the bearer, its amount shall be determined on the same basis as that adopted to fix the value of a bill of exchange due for payment at sight, drawn from the place where the original bill of exchange was payable to the place of the guarantor's domicile.

4 - Where the drawer of a recourse bill of exchange is an endorser, its amount shall be determined on the same basis as that adopted to fix the
value of a bill of exchange due for payment at sight, drawn from the place of the drawer’s domicile to the place of the guarantor's domicile.

5 - In case there are several recourse bills of exchange, the drawer of the original bill or any endorser of such bill, may not be asked to pay more than the value of one recourse bill of exchange.

CHAPTER NINE

INTERVENTION OF THE BILL OF EXCHANGE

SECTION ONE

GENERAL PROVISIONS

Article 572

1 - The drawer, endorser or backer of a bill of exchange may name the person who shall accept or pay the bill, when necessary.

2 - With due observance of the conditions set forth in the following Articles of this Chapter, a bill of exchange may be accepted or paid by any person intervening for the interest of any party liable there under who may be subject of a recourse.

3 - The intervening person may be a third party as he may also be the drawee who refused acceptance or any obligor under the bill of exchange; however he may not be the drawee who accepted.

4 - The intervening party must, within the two working days following the intervention, notify the party in whose favor the intervention took place; otherwise he shall be held liable when relevant, to compensate any damages sustained as a result of negligence, provided that such compensation shall not exceed the amount of the bill of exchange.

SECTION TWO

ACCEPTANCE OF INTERVENTION

Article 573

1 - Acceptance of intervention shall occur in all cases where the bearer of an acceptable bill of exchange has a right of recourse prior to the date of maturity.

2 - Where the bill of exchange names an acceptor or a payor where necessary of the value at its place of payment; the bearer may not in this
case, prior to the date of maturity, have recourse neither against the person who made such nomination nor against his subsequent signatories; save where he presents the bill of exchange to its nominated acceptor or payor where necessary and such nominee refrains from accepting it and the bearer proves such refrainment with a protest.

3 - The bearer may in other cases refuse to accept intervention, and if he accepts it he loses his right of recourse prior to the maturity date against the party in whose interest the intervention was made and against his subsequent signatories.

**Article 574**

Acceptance of intervention shall be done by writing it on the bill of exchange itself and shall be signed by the intervener. The name of the person in whose interest the intervention was made shall also be mentioned thereon, otherwise, it shall be deemed to be effected in favor of the drawer.

**Article 575**

1 - The acceptor of intervention shall have the same liability towards the bearer of a bill of exchange and the endorsers subsequent to the person in whose interest the intervention was made, as that incumbent on this latter.

2 - The party in whose interest the intervention was made and his guarantors may in spite of the acceptance of the intervention, require the bearer to surrender to them the bill, the protest and the quitclaim, if any, against payment of the amount stated in Article (563).

**SECTION THREE**

**PAYMENT BY INTERVENTION**

**Article 576**

1 - A bill of exchange may be paid by intervention in all cases where, upon or prior to maturity date, the bearer thereof has a right of recourse against those liable there under.

2 - Such payment shall be effected by paying the entire sum which was supposed to have been paid by the person in whose interest the intervention was made.

3 - Payment must take place at the latest on the next day following the last day on which the protest for non-payment may be made.

**Article 577**
1 - Where the acceptors of a bill of exchange by intervention or those designated for payment thereof, where necessary, have a domicile at the place of payment, the bearer must present the bill of exchange for payment to all such persons and if relevant he shall serve them a protest for non-payment at the latest on the day following the last day on which such protest may be made.

2 - Where the protest is not made on that date, the person designated for payment of the bill of exchange, where necessary, or the person in whose interest the intervention was made as well as the subsequent endorsers shall be discharged from their liability.

**Article 578**

Where the bearer of a bill of exchange refuses payment by intervention, he shall forfeit his right of recourse against the person who would have been discharged by such payment.

**Article 579**

1 - Payment by intervention shall be established by writing a quitclaim on the bill of exchange, stating the name of the party in whose interest payment was done; otherwise the payment by intervention shall be deemed to be made in favor of the drawer.

2 - The bill of exchange and the protest - if made - must be surrendered to the person who paid by intervention.

**Article 580**

1 - The party having paid by intervention shall acquire all the rights arising therefrom against the person in whose interest payment was made and against those persons liable under the bill of exchange towards such party. However, the person who paid by intervention may not re-endorse the bill of exchange.

2 - The subsequent endorsers to the person in whose interest payment was made shall be discharged from liability.

3 - Where several persons offer to pay a bill of exchange by intervention, the person whose payment shall discharge the biggest number of those liable on the bill shall have preference. Where this rule is knowingly violated, the intervener for payment shall forfeit his right of recourse against any person who has been discharged had this rule been observed.

**CHAPTER TEN**
BILL DRAWN IN SEVERAL COPYIES

Article 581

1 - A bill of exchange may be drawn in several copies conform to each other. In such case, each copy shall be numbered and shall state the total number of copies issued, failing which each copy shall be deemed to be a separate bill of exchange.

2 - The holder of a bill of exchange which does not stipulate that it is the only copy, may require copies thereof at his own expense. He shall to that effect refer to his endorser who shall be bound to assist him to refer to the previous endorser, and so on up to the drawer.

3 - Every endorser shall enter his endorsement on the new copies.

Article 582

1 - Payment of a bill of exchange on the strength of one of its copies is a discharge of liability even when it is not stipulated therein that the payment shall nullify the effect of the other copies. Nevertheless, the drawee shall remain liable for payment on the strength of each copy signed by him for acceptance and which he failed to recover.

2 - An endorser who has indorsed the copies of a bill of exchange to different persons, as well as his subsequent endorsers, shall be liable on the strength of all the copies bearing their signatures and which have not been recovered by them.

Article 583

The person who sends any copy of the bill of exchange for acceptance, must state on the other copies the name of the person who has possession of such copy, and this latter shall surrender it to the lawful bearer of any other copy. Where he refuses to surrender it, the bearer shall have no right of recourse unless he makes a protest stating:

a - that the copy sent for acceptance has not been surrendered to him despite the fact that he requested it.

b - That the acceptance or payment was not effected on the strength of another copy.

CHAPTER ELEVEN

PHOTOCOPIES AND ALTERATIONS OF THE BILL OF EXCHANGE
SECTION ONE

PHOTOCOPIES

Article 584

1 - The bearer of a bill of exchange may make photocopies thereof.

2 - The photocopy shall fully conform to the original of the bill of exchange, along with any endorsements or any other particulars entered therein; he shall also indicate on the copy the limit where the duplication from the original ends.

3 - The copy may be indorsed and have an alternate backer in the same manner as on the original and the copy shall have the same effects as the original.

Article 585

1 - The name of the person having possession of the original shall be mentioned on the copy of the bill of exchange, and such holder shall be bound to surrender the original to the lawful bearer of the copy.

2 - Where the holder of the original refrains from surrendering it, the bearer of the copy shall have no right of recourse against the endorsers or alternative backers of the bill, unless he makes a protest where he states that the original has not been surrendered to him although he has requested it.

3 - Where after the last endorsement and before making the copy, a phrase is written on the original purporting that the bill of exchange may not be indorsed after that date except on the copy, in such case each endorsement subscribed on the original shall be deemed null and void.

SECTION TWO

ALTERATIONS

Article 586

Where an alteration is made to the text of the bill of exchange, the persons who sign after such alteration shall be liable according to the altered text, but the persons who signed prior to such alteration shall only be liable in accordance with the original text.

CHAPTER TWELVE
EXPIRY OF THE LIMITATION PERIOD BARRING
FROM HEARING THE CLAIM

Article 587

Shall not be heard, in case of denial and in the absence of legitimate excuse, the following:

1 - The action resulting from the bill of exchange and lodged against the acceptor after the lapse of three years from the date of maturity.

2 - The action lodged by the bearer against the endorsers or the drawer after the lapse of one year from the date of the protest made within the prescribed time limit or from the date of maturity, if the bill contains a stipulation of "recourse without expenses".

3 - The action lodged by the endorsers against each other or against the drawer after the lapse of six months from the day on which the endorser has paid the bill of exchange or from the day on which the action was lodged against him.

Article 588

Where a case is instituted, the limitation period provided for in the foregoing Article shall run only from the date of the last procedure taken on the case.

Article 589

Limitation periods stipulated in Article (587) shall not apply if a judgment is rendered on the debt or if the debtor acknowledges the debt in a separate deed, which entails renewal of the debt.

Article 590

The interruption of the limitation period barring from hearing the case shall have no effect except with regard to the person against whom the procedure interrupting the said period was taken.

BOOK FIVE

BANKRUPTCY AND PREVENTIVE COMPOSITION

PART ONE
BANKRUPTCY

CHAPTER ONE

Article 645

1 - Subject to the provisions of preventive composition, any trader having suspended payment of his commercial debts, at the time of maturity due to the disruption of his financial position and the unsteadiness of his credibility, may be declared bankrupt.

2 - Shall be considered as having suspended payment, every trader using, for the discharge of his debts, abnormal or illegal means that indicate his bad financial condition.

3 - Bankruptcy shall be declared by judgment rendered by the competent civil court.

4 - The state of bankruptcy shall be established by judgment declaring bankruptcy. The suspension of payment or the use by a trader, of abnormal or illegal means for payment of his debts, shall have no effect except by passing the judgment, unless otherwise provided for by law.

Article 646

1 - The bankruptcy of a trader may be declared after his death, or retirement from the business or incapacitation, if this occurs while he is in a state of suspension of payment. A petition in bankruptcy shall be submitted within a year from the date of the death or from the date of striking the trader’s name off the Commercial Register, in case of his retirement from the business or from the date of his incapacitation.

2 - In case of the trader’s death, notification of an action in bankruptcy shall be served at his last domicile without need to name the heirs.

3 - The heirs of the trader may, after his death, file a petition for declaring him bankrupt taking into consideration the period stated in paragraph (1). However if some of the heirs object to the declaration of bankruptcy, the court shall hear their statements and then decide on the petition to the best interest of the persons concerned.

Article 647

1 - Bankruptcy of a trader shall be declared at his request or at the request of any one of his creditors.
2 - The court may decide the bankruptcy of a trader upon the request of the public prosecution or on its own motion.

**Article 648**

If the court decides on its own motion to declare a trader bankrupt, it must notify him of the day of the hearing. However, in urgent cases, the court may order the declaration of bankruptcy even one hour after summoning the debtor.

**Article 649**

1 - The trader may file a petition in bankruptcy, if his financial position is disrupted and payment of his debts has been suspended. Such petition shall become a must (30) thirty days after his suspension of payment, otherwise he shall be considered bankrupt by negligence. The petition shall be made by a report submitted to the court, in which he shows the reasons for suspension of payment. The following documents shall be attached to the report:

   a - The main commercial books.

   b - A photocopy of the last balance sheet audited in accordance with the accounting principles and the profit and loss account.

   c - A statement of the total personal expenses for the last two years preceding the petition in bankruptcy or for the period of his engagement in commerce, in case it is lesser than that.

   d - A detailed statement of the real estates and moveables owned by him and their approximate value as of the date of suspension of payment.

   e - A statement of the names and addresses of creditors and debtors, and the amount of their dues or debts and the sureties guaranteeing same.

   f - A statement of the protests made against the trader during the last two years preceding the petition in bankruptcy.

2 - The documents must be dated and signed by the trader. Should it not be possible to submit some of them or to fill in their data, the report shall give the reasons therefore and the court's record clerk shall make a minute thereof.

**Article 650**

1 - Any creditor in a commercial or civil debt that has become due, may file a petition for adjudication of bankruptcy of the trader indebted to him.
provided that an evidence is given by the creditor that such debtor has suspended payment of his commercial debt.

2 - Any creditor, with a deferred or conditional commercial or civil debt, may file a petition in bankruptcy, if his debtor has no known place of domicile in the State or if he escapes, closes or winds up his business, or if he undertakes prejudicial acts against his creditors, provided that a proof is given by the creditor that the debtor has suspended payment of his due commercial debt.

**Article 651**

Bankruptcy of a trader may not be declared, if he stops payment of any due penalties or taxes whatsoever, owed by him.

**Article 652**

1 - The court, examining the petition in bankruptcy, may order that necessary measures be taken in order to upkeep the funds of the debtor or administer them until a decision is taken on the bankruptcy petition.

2 - The court may assign an expert to investigate on the debtor's financial position and reasons for his suspension of payment and shall submit a report in this respect.

**Article 653**

1 - The civil court in whose jurisdiction falls the commercial establishment of the debtor shall be competent to declare the bankruptcy. Should there be more than one place of business, the jurisdiction shall be given to the court where the principal office is located. If a trader abandons trade, the jurisdiction shall be given to the court of his domicile within the state, and if he has no place of domicile, jurisdiction shall be given to the court of the place where payment has been suspended.

2 - Without prejudice to the provisions of the international agreements in force in the state, nothing may prevent the declaration of bankruptcy of the trader who has a branch, agency or office in the State, even if he was not declared bankrupt in a foreign country, in which case the court competent to declare the bankruptcy shall be the court in whose jurisdiction such branch, agency or office is situated.

**Article 654**

1 - The court declaring bankruptcy shall have jurisdiction to examine all claims and lawsuits arising from such bankruptcy.
2 - The lawsuit is considered to be arising from a bankruptcy, if it is relevant to the administration of bankruptcy or if a decision thereon requires the application of the bankruptcy law provisions. Cases arising from debts owed to the bankruptcy by a third party or vice versa, shall not be included in the administration of the bankruptcy, if such actions are likely to arise without bankruptcy.

**Article 655**

1 - In the adjudication of bankruptcy, the court shall fix a provisional date for suspension of payments, order that the debtor's place of business be sealed and shall appoint a receiver in bankruptcy.

2 - The court shall send a transcript of the adjudication of bankruptcy immediately after being issued to the public prosecution, receiver in bankruptcy, Ministry of Economy and Commerce, confederation of the chambers of commerce and industry, office of the Commercial Register concerned and the central bank in the state.

**Article 656**

The president of the court circuit that has decided the declaration of bankruptcy shall be the trustee in bankruptcy, and if the decision for declaration of bankruptcy is given by the court of appeal, it shall appoint any president of the circuit at the court of first instance, to be the trustee in bankruptcy.

**Article 657**

1 - Whenever required, the court may replace the trustee in bankruptcy with another judge.

2 - The decision for replacing the trustee in bankruptcy may not be subject to challenge by any means of appeal.

**Article 658**

1 - If the adjudication of bankruptcy has not fixed the date on which the debtor has suspended payment, the date on which the adjudication has been given shall be considered a provisional date for suspension of payments.

2 - If the adjudication of bankruptcy has been made after the death of the debtor, or after his retirement from the business or his incapacitation, and no date for suspension of payment is given therein, the date of the death, retirement from the business or incapacitation shall be considered a provisional date for suspension of payment.
Article 659

1 - The court shall, on its own motion or at the request of the public prosecution, the creditor, the receiver in bankruptcy or any other interested persons, amend the provisional date for suspension of payment until the lapse of ten days from depositing the list of the verified debts, as provided for in Article (782) paragraph 1, with the court clerk’s office and after the lapse of such period, the fixed date for suspension of payment shall become final.

2 - In all cases, the date of suspension of payment may not retrospect for a period exceeding two years from the date of the adjudication of bankruptcy.

Article 660

1 - The adjudication issued for declaration of bankruptcy or for amendment of the date of suspension of payment shall be recorded in the Commercial Register in accordance with the regulations relative thereto.

2 - The court shall, on the day following its issue, order the adjudication to be displayed on the notice board at the court for a period of 30 days and shall send it to each court having jurisdiction over such place of business or branch or agency or office of the debtor, in order to be displayed on the notice board at such court for a period of thirty days.

Article 661

1 - The trustee in bankruptcy shall publish a summary of the bankruptcy adjudication in one or more daily paper as specified by the court. Such publication shall be effected within (15) days from rendering the adjudication, and the summary shall include the bankrupt’s name and place of domicile, his registration number in the Commercial Register, the court that has given the adjudication, the date on which it has been given, the provisional date of suspension of payment, name of the trustee in bankruptcy, as well as the receiver and his address. The publication shall also include an invitation to the creditors for registering their debts in the bankruptcy. Apart from such data, the summary amending the date of suspension of payment shall also include the new date given by the court and shall be published in the same manner.

2 - The receiver in bankruptcy shall, in the name of the creditors, record the summary of the adjudication at the office of the real estate registry, within thirty days from the date of rendering the adjudication.

Article 662
1 - Any interested third party may challenge the adjudication of bankruptcy by filing an objection before the court that has issued such adjudication, within ten days from the date of the last publication of the summary of the adjudication in the newspapers. Without prejudice to the provisions of Article (659), the period for objection by a third party against all adjudications issued, in the lawsuits arising from the bankruptcy shall be ten days from the date of the adjudication being awarded, unless its publication is a must, then the period shall run from the date of such publication.

2 - The judgment issued on the objection shall be appealable.

**Article 663**

In appealing the judgment issued on bankruptcy cases, procedures and periods shown in the Civil Procedures Code shall be followed.

**Article 664**

Should the debtor, prior to the date when the adjudication of bankruptcy has become final, become solvent enough to honour all of his outstanding debts, the court must nullify the adjudication, provided that the debtor bears all expenses of the case.

**Article 665**

1 - Bankruptcy cases shall be heard summarily, however where urgency is required, the petition may be submitted to the court with an evidence in support of the suspension of payment, showing the reasons of the urgency, and in this case, the court may decide on the petition, even within an hour, after summoning the parties to the litigation, and it shall be sufficient to notify the debtor at his last domicile.

2 - Judgments rendered in bankruptcy cases shall be summarily executable without bail, unless otherwise provided.

**Article 666**

1 - If a debtor files a petition in bankruptcy and the court decides to reject the petition, it may sentence him to a fine of not less than Dhs. 5000 and not more than Dhs. 10,000 if it appears that he deliberately and falsely pretended to be bankrupt.

2 - If a creditor files a petition in bankruptcy and the court decides its rejection, it may sentence him to the fine indicated in the preceding paragraph and shall publish the judgment at his cost in the newspapers indicated by it, should it appear that he intentionally intended to discredit the
commercial reputation of the debtor. This does not however impair the debtor’s right to claim damages.

**Article 667**

If no money is available in the bankruptcy at the time of its declaration, to meet the expenses of the adjudication or its declaration, publication, challenging, imposing or lifting the seals from the bankrupt’s properties or taking precautionary measures thereon, such expenses shall be paid from the public treasury by order of the trustee in bankruptcy. The amounts thus paid shall be recovered by the Treasury as a privileged debt over all creditors from the moneys first incoming to the bankruptcy.

**CHAPTER TWO**

**ADMINISTRATORS OF THE BANKRUPTCY**

**Article 668**

1 - In the adjudication of bankruptcy or in a subsequent judgment, the court shall appoint a salaried agent to administer the bankruptcy called receiver in bankruptcy.

2 - The trustee in bankruptcy, on his own motion or at the request of the bankrupt or the controller, may order that one or more receivers be added, provided that their number shall not exceed three at any time.

**Article 669**

1 - Whoever is a creditor to the bankrupt, a spouse, in-law, kin to the fourth degree, or whoever, during the last two years prior to the declaration of bankruptcy, has been his partner, employee, accountant or agent, is not eligible to be appointed as a receiver in bankruptcy.

2 - Likewise, may not be appointed receiver in bankruptcy, any one who has been condemned in a felony, or misdemeanor of robbery, embezzlement, fraud, simple bankruptcy or perjury.

**Article 670**

1 - The receiver in bankruptcy shall administer and upkeep the bankruptcy’s property and he alone may be sued, after the adjudication of bankruptcy, whether the debts claimed are commercial or civil.

2 - The receiver in bankruptcy shall keep daily record of all matters related to the administration of bankruptcy, in a special book with numbered pages
signed by the trustee in bankruptcy and shall mark the last page of the book
to the effect that it has included the final entry therein.

3 - The court, the trustee and the controller may have access to such book
at any time. Likewise, the bankrupt may have access to it, by authorization
of the trustee in bankruptcy.

Article 671

1 - Should there be several receivers in bankruptcy, they shall act,
collectively, and shall jointly be responsible for their administration.

2 - Yet, the trustee in bankruptcy may divide the work among them or
entrust one of them to perform a certain job and, in this case, the receiver
in bankruptcy shall only be responsible for the works assigned to him.

3 - The receivers in bankruptcy may delegate each other to carry out the
works entrusted to them but may not delegate a third party except with the
authorization of the trustee in bankruptcy; however, in this case, the
trustee in bankruptcy and his deputy shall be jointly responsible for such
works.

Article 672

The bankrupt and the controller may file an objection with the trustee judge
against the acts of the receiver in bankruptcy prior to its completion. Such
objection shall result in the discontinuance of the act. The trustee judge,
shall decide on the objection, within five days from the date of its submission
and his decision shall be immediately enforceable.

Article 673

The judge, trustee in bankruptcy may, on his own motion or at the
request of the bankrupt or the controller, decide the discharge of the receiver
in bankruptcy or the reduction in number of the receivers in bankruptcy; in
case they are several. The trustee judge shall decide this issue within ten
days from the date of its submission, and his decision in this respect shall be
appealable. However, if the trustee judge did not decide the issue within the
prescribed period, the request shall be submitted directly to the court for
decision.

Article 674

1 - The fees and expenses of the receiver in bankruptcy shall be assessed
by decision of the trustee judge pursuant to his submission of a report on his
administration.
2 - The trustee judge may order that certain amounts be paid to the receiver in bankruptcy, prior to the submission of his report referred to in the preceding paragraph and such amounts shall be deductible from his fees.

3 - Any concerned party may challenge in court the decision of the bankruptcy judge on the assessment of the fees and expenses of the receiver in bankruptcy.

**Article 675**

1 - In addition to the powers given to him under this Law, the judge, trustee in bankruptcy, shall assume control over the administration and proceedings of the bankruptcy and shall take the necessary measures to preserve its assets.

2 - He shall convene the creditors for a meeting, in the cases stated in the law, and shall preside over the meetings.

3 - He may, at any time, summon the bankrupt or his heirs, agents, employees or any other person to hear their statements on matters relating to the bankruptcy.

4 - He shall submit to the court, a quarterly report, on the position of the bankruptcy and on each dispute relating thereto and falling within the jurisdiction of the court.

**Article 676**

Decisions issued by the trustee judge shall be deposited with the court's clerk on the day following their issue, and he may order, that such decisions be notified to the persons concerned.

**Article 677**

1 - Decisions issued by the trustee judge may not be challenged except where the law so provides or if such decisions are beyond the scope of his jurisdiction.

2 - The challenge, when allowed, shall be made through a plea to be filed with the specialized court of appeal, within ten days from the issuance of the appealed decision or from the date of its being notified to the concerned persons. The court decision shall be taken summarily in Chambers and may not be challenged, by any means whatsoever.

3 - The court may order a temporary stay of execution of the appealed decision until the appeal is decided.
**Article 678**

1 - The trustee judge shall appoint one or more controllers from among the creditors who have proposed their candidature to this purpose.

2 - The bankrupt and any creditor may challenge in court the decision of the trustee judge concerning the appointment of the controller. The challenge shall not, however, in a stay of execution of the decision.

**Article 679**

The controller or the deputy for the juristic person appointed as a controller may not be a spouse, son-in-law or kin to the fourth degree to the bankrupt.

**Article 680**

1 - In addition to the powers given to him under specific provisions, the controller shall examine the balance sheet and the report submitted by the debtor and shall assist the trustee judge, in exercising control over the activities of the receiver in bankruptcy.

2 - The controller may request, from the receiver in bankruptcy, to provide clarifications on the progress of the bankruptcy proceedings, its proceeds and expenses as well as the progress of the lawsuits related thereto.

**Article 681**

1 - The controller shall not receive remuneration for his work.

2 - He may be discharged by decision of the trustee judge.

3 - He shall not be held liable except for gross mistake.

**CHAPTER THREE**

**EFFECTS OF BANKRUPTCY**

**SECTION ONE**

**WITH RESPECT TO THE DEBTOR**

**Article 682**

1 - At his own discretion or at the request of the public prosecution or the receiver in bankruptcy, the trustee judge may, at any time, decide the detention of the bankrupt or place him under control, if he intentionally
conceals property or books or if he refrains from executing the decisions of the trustee judge, and may order taking the necessary preventive measures to preserve the rights of the creditors. The public prosecution shall execute such decision upon its issuance.

2 - The bankrupt may challenge the decision issued according to the preceding paragraph; however such challenge may not entail a stay of execution of the said decision.

3 - At any time, the trustee judge may decide to remove the control, release the bankrupt or to lift the interlocutory measures imposed upon him.

Article 683

1 - Whoever has been declared bankrupt may not vote, be elected or appointed in the national or municipal councils, chamber of commerce and industry or professional associations nor may he be a manager or director of any company or practice the business of a commercial agency, export, import, brokerage for selling or purchasing securities or the sale by public auction.

2 - Likewise, any one who has been declared bankrupt may not act on behalf of another party, in managing his property; yet a competent court may permit him, to manage the property of his minor children if this shall not involve any prejudice to them.

Article 684

The bankrupt may neither be absent from his place of residence, without notifying the receiver in bankruptcy, in writing, of his whereabouts, nor change it nor leave the country except with the authorization of the trustee judge.

Article 685

1 - Upon issuance of the bankruptcy judgment, the bankrupt shall be prevented from operating and disposing of his properties, and any acts of disposal made by him on the day on which the bankruptcy adjudication has been rendered shall be deemed to have occurred thereafter.

2 - If the act is such that it may neither be undertaken nor executed against a third party except by registration or other procedures, it shall not apply to the general body of creditors unless such process has been completed prior to the issuance of the bankruptcy judgment.

Article 686
Preventing the bankrupt from managing and disposing of his properties, shall not impede him from taking necessary measures to safeguard his rights.

**Article 687**

1. Once that adjudication of bankruptcy has been rendered, the bankrupt may neither pay his debts nor recover his dues.

2. However, if the bankrupt is a holder of a commercial paper, he may be paid its value on the maturity date, unless the receiver in bankruptcy objects to such settlement, in accordance with Article (543).

**Article 688**

Compensation between the bankrupt's rights and obligations may not occur after the issuance of the bankruptcy judgment unless there is a link between them. The link shall, in particular, exist if both the right and the obligation arise from one cause or if they are combined in one current account.

**Article 689**

1. Preventing the bankrupt from managing and disposing of his property shall include all of the properties owned by the bankrupt on the day on which the adjudication of bankruptcy is being issued, as well as the properties whose title passes on to him while he is in a state of bankruptcy.

2. Prevention from managing and disposing shall not, however, include the following:

   a. Properties that may not be seized by law and the subsidies dispensed to the bankrupt.

   b. Properties owned by other than the bankrupt.

   c. Rights related to the personal status of the bankrupt.

   d. Indemnities that accrue from a proper insurance contract entered into by the bankrupt prior to the issuance of the bankruptcy judgment. The beneficiary shall, however, be under obligation to repay to the bankruptcy, the premiums paid by the bankrupt as of the date fixed by the court for suspension of payment, unless otherwise provided for by law.

   e. Prevention of the bankrupt from acts of management and disposal as stated under clause (1) shall not include the rights that relates to his person or in his capacity as a head of the family or the rights that exclusively relate to a moral interest.
Prevention shall likewise not apply to the profits that the bankrupt may have earned through his activity or industry, to such an extent as the judge may consider appropriate enough for the bankrupt to meet his needs and to support himself and his family.

Article 690

1 - If an inheritance has devolved upon the bankrupt, his creditors shall have no lien over the properties of such inheritance, except after the creditors of the decedent receive their dues from such properties.

2 - The receiver in bankruptcy shall, under the supervision of the trustee, liquidate the properties of the estate that have devolved upon the bankrupt and shall satisfy all debts due therefrom. Upon the adjudication of bankruptcy, all cases related to the properties of the estate as well as the execution procedures in respect thereof shall be suspended until the liquidation of the estate is completed.

Article 691

Pursuant to the issuance of the bankruptcy judgment, it is not allowed to institute a lawsuit by or against the bankrupt or to proceed with it, with the exception of the following court actions:

1 - Those related to the properties, rights and dispositions from which the bankrupt is not prevented to manage or dispose of.

2 - Those related to the bankruptcy acts that the bankrupt is, under the law, authorized to perform.

3 - Criminal lawsuits.

4 - Lawsuits that are ready for adjudication through declaring the pleadings closed.

Article 692

1 - The court may authorize the forced intervention of a bankrupt in the actions concerning the bankruptcy. It may also authorize the creditor to intervene in these actions if he has a particular interest therein.

2 - If a criminal action, or one that relates to his person or to his personal status, is introduced by or against the bankrupt, the receiver in bankruptcy must be summoned to intervene should the said action involve financial claims.

Article 693
Pursuant to the declaration of his bankruptcy, the bankrupt has been condemned for damages for the prejudice he caused to a third party, the successful claimant may be admitted in the bankruptcy as a creditor to the extent of the damages awarded, unless his connivance with the bankrupt has been established.

**Article 694**

1 - The trustee judge may, after hearing the statement made by the receiver in bankruptcy, decide to grant a subsidy for the claimant thereof from the bankruptcy moneys upon request from the bankrupt or from those under his support.

2 - The trustee judge may at any time, on his own or upon request from the receiver in bankruptcy or the applicant for subsidy, decide to modify the amount of subsidy or order its cancellation. His decision may be subject to appeal.

3 - Payment of the subsidy shall cease if the compromise has been ratified or if a state of union of the body of creditors has been declared.

**Article 695**

The bankrupt may, by authorization from the trustee judge, be allowed to practice a new trade without having access to the monies of the bankruptcy, and thus the creditors whose debts have arisen in consequence of such trade shall have priority to recover their dues from the funds resulting from such trade.

**Article 696**

The following acts may not be invoked against the general body of creditors, if performed by the debtor after suspension of payment and before the adjudication of bankruptcy:

1 - All donations, except for customary small gifts.

2 - Settlement of the debt, before maturity date, regardless of the manner of such settlement.

3 - Settlement of matured debts in a manner other than agreed. Settlement by way of a commercial paper or a bank transfer shall be considered like payment in cash.

4 - Any pledge or any other agreed mortgage decided as a lien on the properties of the debtor in order to secure a previous debt.
Article 697

All acts of disposal performed by the bankrupt, other than those mentioned in the preceding Article, during the prescribed period, may be adjudged ineffective towards the general body of creditors, if such act is to their prejudice and if the one to whose benefit the disposing was made is aware, at the time of its occurrence, that the bankrupt has stopped payment.

Article 698

In all cases referred to, in the above two Articles, the general body of creditors may file an action for recovery. Should the subject - matter of settlement be a bill of exchange or a check, the case is to be brought against the one who gave the instrument for his account only. However, if the subject - matter of settlement is a bill to order, the case may only be filed against the first endorser and in both instances, it should be established that the person from whom recovery is requested, was aware at the time when the commercial was issued of the debtor's cessation of payment.

Article 699

1 - Mortgage or privilege rights levied on the debtor's property may be ruled ineffective towards the general body of creditors, if a record thereof has been made after the date of cessation of payment.

2 - The creditor, whose mortgage is subsequent to the one ruled ineffective towards the general body of creditors, shall not receive, from the proceeds of the sale of the property object of a mortgage or privilege, except what he would have obtained should the preceding mortgage produce its full effect. The difference shall pass to the benefit of the general body of creditors.

Article 700

1 - In case a disposition is ruled ineffective towards the general body of creditors, the beneficiary thereof is under obligation to return to the bankruptcy, what he has obtained from the bankrupt as a result of such disposal or to return the value of the thing at the time when it was received by him, and, in addition, to pay the proceeds of what he has received, from the date of receipt, in consideration of the benefits he derived there from.

2 - The beneficiary of such disposition shall have the right to take back in kind the consideration given by him to the bankrupt, if still available with the bankruptcy, otherwise he has the right to claim from it the benefits obtained from such disposition and to participate in the bankruptcy as an ordinary creditor in respect of any exceeding balance.
Article 701

The receiver in bankruptcy may exclusively claim the ineffectiveness of the debtor’s disposition towards the general body of creditors, if it occurs prior to the declaration of bankruptcy, in accordance with the rules set forth in the Law on Civil Transactions.

The decision declaring the disposition ineffective shall result in its non-opposability to all creditors whether their right has been established prior or subsequent to the disposition.

Article 702

1 - Shall be added to the legal period set for declining to hear the lawsuit filed by the receiver in bankruptcy against third persons, as well as the other periods prescribed by law for the procedures to be taken by the bankrupt or by the receiver, a period of six months as of the date on which the judgment declaring bankruptcy became final.

2 - Actions arising from the implementation of the rules provided for in Articles (696, 697, 698, 699 and 701) shall not be heard, in case of denial or absence of legal excuse, after the lapse of two years from the date on which the bankruptcy adjudication was issued.

SECTION TWO

WITH RESPECT TO THE CREDITORS

Article 703

Upon issuance of the bankruptcy judgment, it shall be formed, by force of law, a general body of creditors whose rights towards the bankrupt have resulted from a valid cause before the adjudication of bankruptcy. Such body shall enjoy a juristic personality and shall be represented by the administrator of the bankruptcy.

According to the preceding paragraph, owners of debts secured by mortgage or a special privilege shall not be included in the list of creditors, except where they join the bankruptcy as ordinary creditors as provided for hereunder.

Article 704

1 - It follows from the adjudication of bankruptcy that all individual proceedings and actions brought against the bankrupt by the ordinary creditors or by the creditors holding general liens shall be suspended.
2 - The creditors referred to in the preceding paragraph, may neither take execution measures against the assets of the bankrupt nor shall complete the procedures that have started before the issuance of the bankruptcy judgment. Yet, if a day has been fixed for selling the real estate of the bankrupt, the execution procedures may be continued by authorization of the trustee judge, and the price thereof shall devolve to the bankruptcy.

3 - Neither the actions in progress nor a fresh action or any other legal proceedings may be taken against the bankruptcy after its adjudication, unless the trustee judge so authorizes, under such conditions as decided by him, except for the mortgagee creditors and those endowed with a special privilege who may institute or resume lawsuits vis-a-vis the receiver in bankruptcy, and may carry on or continue execution on the property charged with liens in their favor.

Article 705

1 - Adjudication of bankruptcy shall extinguish all the bankrupt’s term cash debts regardless of whether such debts are simple or secured by a general or special lien.

2 - The court may deduct from the term debt, on which no interest was agreed, an amount equivalent to the legal interest for the period extending from the date of the adjudication of bankruptcy to the date of maturity of the debt.

Article 706

1 - The adjudication of bankruptcy shall, as concerns the general body of creditors, discontinue the charging of interests.

2 - Interests on debts secured by mortgage or privilege may not be claimed except, for the amounts resulting from the sale of the properties securing such debts. The principal debt shall be deducted first, followed by the interests that became due before the issuance of the judgment declaring bankruptcy being, and then the interests that became due thereafter.

Article 707

Owners of debts subject to a condition subsequent may participate in the bankruptcy, after securing a guarantor. As for the debts subject to a condition precedent they shall be put aside until the result of such condition is known.

Article 708
1 - Unless otherwise provided by law, should there be several debtors of a single debt and one of them is being declared bankrupt, the others shall not be affected by such bankruptcy.

2 - If a compromise has been made with an obligor who has gone bankrupt, the terms of such compromise shall not apply to the other obligors.

**Article 709**

Should a creditor obtain, from one of the debtors of a single debt, partial payment of the debt then the remaining obligors, or one of them, are declared bankrupt, the said creditor may not participate in the bankruptcy except to the extent of the outstanding balance of his debt and reserves his right to claim, his balance. The said obligor may participate in the bankruptcy to the extent of the amount reimbursed by him of such debt.

**Article 710**

1 - If all obligors liable for one debt have gone altogether bankrupt, the creditor may participate in each bankruptcy, for all of his debt until it has been fully satisfied, including the principal amount, the expenses and the interests.

2 - A bankruptcy may not claim from another bankruptcy anything it has settled on its behalf.

3 - If the total amount obtained by the creditor exceeds his debt and its accessories, the surplus shall be given to the bankruptcy of the debtor guaranteed by the others, by order of their liability in the debt. In the absence of such order classification, the surplus shall be transferred to the bankruptcies that have paid in excess of their share in the debt.

**SECTION THREE**

**WITH RESPECT TO THE OWNERS OF DEBTS SECURED BY A MORTGAGE OR A PRIVILEGE ON A MOVABLE**

**Article 711**

1 - Names of the bankrupt's creditors, owners of debts secured by a mortgage or a privilege on a movable, shall be included, for memory, in the list of creditors, and reference shall be made to their mortgage or privilege.

2 - At any time after being authorizes by the trustee in bankruptcy, the receiver in bankruptcy may pay the debt secured by mortgage and redeem the mortgaged objects for the account of the creditors.
Article 712

1 - If the mortgaged movable is sold at the request of the mortgagee, at a price exceeding the debt, the receiver in bankruptcy must collect the surplus amount for the account of the general body of creditors. Should the price be less than the amount of debt, the mortgagee creditor shall participate in the bankruptcy, to the extent of the balance due to him, as a simple creditor provided that his debt was concluded in accordance with the law.

2 - The receiver in bankruptcy may notify the mortgagee creditor, of the legal proceedings to be taken for execution on the mortgaged property before the dissolution of the body of creditors. In case the mortgagee creditor fails to take such proceedings, the trustee judge may authorize the receiver, upon his request, to sell the mortgaged movables after hearing the statement of the mortgagee creditor. The decision of the trustee judge authorizing the sale shall be notified to the mortgagee creditor who may challenge the decision, which shall result in a stay of execution of the sale.

Article 713

1 - After obtaining an authorization from the trustee judge, the receiver in bankruptcy, shall, within (10) ten days from the adjudication of bankruptcy, pay the wages and salaries of the workers and employees that fall due before the adjudication of bankruptcy, for a period of thirty days, from the bankruptcy available funds, even in the presence of other debts. However, if the receiver in bankruptcy has no sufficient funds to pay these debts, the first funds incoming to the bankruptcy shall be used for payment, even if there exist other preferential debts ranking first.

2 - The amounts due to the said categories of debts, if they exceed those indicated in the preceding paragraph, shall have a privileged rank among those prescribed by law.

Article 714

Should the receiver in bankruptcy settle a debt from his personal funds or if such debt is settled by another person, he shall subrogate the concerned persons in whatever rights they may have, and shall recover his debt from the first money that comes into the bankruptcy without giving any of them the right to objection thereto.

Article 715

In case of termination of a tenancy according to Article (722), the owner of the property rented to a bankrupt shall have a privilege to guarantee the rent due to him over the year preceding the adjudication of the leased
premises are sold or removed, the landlord shall maintain his privilege over them.

**Article 716**

The privilege given to the Government, on account of taxes, of different kinds, shall cover only the debt of the tax, due from the bankrupt, for the two years preceding the adjudication of bankruptcy. Except for these two years, due taxes shall be included in the distributions as simple debts.

**Article 717**

Upon proposal made by the receiver in bankruptcy, the trustee judge may order, when necessary, to use the first monies incoming to the bankruptcy, for satisfaction of the debts of the creditors having a privilege over the chattels owned by the bankrupt, provided that their names are included in the final list of undisputed debts referred to, in paragraph 1 of Article (757). Should there be an objection as to the privilege, payment may not be made except after deciding the dispute through a final judgment.

**SECTION FOUR**

**OWNERS OF DEBTS SECURED BY A MORTGAGE OR A PRIVILEGE ON REALTY**

**Article 718**

In case the price of realties is distributed prior to the distribution of the price of movables, or if both distributions have taken place together, the mortgagee or privileged creditors, who have not recovered all or part of their debts from the price of these realties, shall have the right to participate for the balance with the simple creditors in the distribution of funds allotted to the general body of creditors provided their debts have been verified and approved.

**Article 719**

1 - If one or more distributions of the price of movables have taken place prior to the distribution of the price of realties, the mortgagee or privileged creditors shall have the right to participate in the distributions with their full debts provided they have been verified and approved.

2 - Following the sale of the realties and completion of the final settlement, according to the ranks of the mortgagee and preferred creditors, any one whose rank qualifies him to obtain the whole of his debt from the price of the said realties, may not receive satisfaction of his debt except after deduction
of the amount that he has obtained from the price of the movables, and such amount shall be reimbursed to the body of ordinary creditors.

3 - Should the creditor’s rank not qualify him to recover but a part of his debt, he must return to the simple creditors the portion in excess of he would have obtained if the price of the realty object of a mortgage or privilege has been distributed prior to the distribution of the price of the movables and, in this case he shall participate in the bankruptcy to the extent of the balance of his debt.

Article 720

The mortgagee or preferred creditors, who did not obtain receive any part of the price of the realty object of their mortgage or privilege, shall be considered simple creditors, and in such capacity, all effects arising from the acts taken by the general body of the creditors and the judicial composition, if any, shall apply to them.

SECTION FIVE

EFFECT OF BANKRUPTCY ON VALID CONTRACTS

CONCLUDED PRIOR TO ITS DECLARATION

Article 721

1 - The declaration of bankruptcy shall not lead to the rescission of bilateral contracts in which the bankrupt is a party, except if they are based on personal considerations.

2 - If the receiver in bankruptcy fails to perform or to continue to perform the contract, the other party may apply for its rescission. Any decision taken by the receiver in bankruptcy, in respect of the contract, shall be submitted to the trustee judge of the bankruptcy for approval. The other party may fix to the receiver in bankruptcy a delay to clarify his position with regard to the contract.

3 - The contracting party may participate in the bankruptcy as a simple creditor for the indemnity resulting from the rescission, unless it is provided that the indemnity shall figure among the privilege granted to him by law.

Article 722

1 - If the bankrupt is a lessee of the premises in which he performs his trade activities, the issuance of the judgment declaring bankruptcy shall not result in the termination of the lease or maturity of the rent for the remaining
period of the tenancy, and any condition to the contrary shall be considered as inexistent.

2 - In case the lessor has proceeded with the execution on the movables existing in the premises but did not complete it when the judgment of bankruptcy was issued, the execution must be stayed for a period of sixty days from the date of such judgment, without prejudice to the lessor’s right to take precautionary measures, and to apply for vacation of the premises, in accordance with the general rules. In this case, the stay of execution shall cease to be in force, without need for a decision in this respect. However, the trustee judge of bankruptcy may order the continuance of the stay of execution for an additional thirty days, should he deem it necessary. The receiver in bankruptcy shall have to notify the lessor, during the period of the stay of execution, of his will either to terminate the tenancy or to maintain it.

3 - If the receiver in bankruptcy decides to maintain the tenancy, he shall have to pay the rent in arrears and to provide an adequate guarantee for the payment of the future rent. However, should the guarantee be inadequate, the lessor may request the trustee judge to terminate the lease within a period of fifteen days from the date he has been notified that the receiver in bankruptcy is willing to continue the tenancy.

4 - The receiver in bankruptcy, after securing the authorization of the trustee judge, may sublet the property or assign the lease, even if the bankrupt is prevented from doing so under the lease contract, provided that no damage should be caused to the lessor, that there is a clear and true interest for the general body of the creditors and that the lessor has been fairly compensated.

**Article 723**

If the employer goes bankrupt, the worker and the receiver in bankruptcy may terminate the contract, subject to the provisions set forth in the Labor Law.

**Article 724**

Agency shall terminate upon the bankruptcy of the agent or bankruptcy of the principal. It shall not, however, terminate upon the bankruptcy of the principal, if the agent or a third party has interest therein.

**SECTION SIX**

**RETRIEVAL**

**Article 725**
1 - Any person may recover from the bankruptcy objects specified per se that his title thereto is established at the time when the bankruptcy is declared.

2 - The receiver in bankruptcy, after securing the opinion of the controller and the authorization of the trustee judge may restitute the said object to its owner. Should he refuse to return it, the matter shall be referred to the court.

Article 726

1 - Provided they exist in nature in the bankruptcy, goods held in the possession of the bankrupt on deposit, or to be sold for the account of its owner, or for the purpose of delivering it to him, may be restituted to its owner. The price of the goods may also be recovered if not settled in cash, by virtue of a commercial paper, through compensation or by entering it in a current account between the bankrupt and the buyer.

2 - The person who recovers the goods shall pay to the receiver in bankruptcy the rights due to the bankrupt.

3 - If the bankrupt has deposited the goods with a third party, the may be recovered from him.

4 - If the bankrupt has contracted a loan against pledging the goods, and the creditor was unaware, at the time of pledge, that they are not owned by the bankrupt, they may not be recovered except after settlement of the debt secured by the pledge.

Article 727

Commercial papers and other deeds of value that are delivered to the bankrupt for collection of their value or profits, or for having them allotted for a specific settlement, may be restituted if they exist in nature in the bankruptcy and their value has not been paid upon declaration of the bankruptcy.

Nevertheless, such papers and deeds may not be recovered if entered in a current account between the recoverer and the bankrupt.

Article 728

Monies deposited with the bankrupt, in coins or papers, may not be recovered, unless the recoverer establishes specifically his title to them.

Article 729
In the instances provided for in the preceding Articles, the recoverer shall pay to the receiver in bankruptcy the rights due to the bankrupt.

**Article 730**

1 - If the sale contract is rescinded, either by judgment or by virtue of a clause in the contract, prior to the declaration of bankruptcy, the seller may recover the goods in whole or in part from the bankruptcy, provided they exist in nature.

2 - Recovery is possible, even if the rescission has been adjudicated after the declaration of the bankruptcy, provided that the action of replevin or rescission has been instituted prior to such ruling.

**Article 731**

1 - If the buyer goes bankrupt before payment of the price, and the goods are still held with the seller, the latter may retain them.

2 - If the buyer goes bankrupt after the goods have been dispatched to him, and prior to their entry in his stores or the stores of his agent entrusted with their sale, the seller may recover their possession, yet recovery is not be possible if the goods have lost their identity or if the bankrupt has disposed of them without fraud, before their arrival, according to his title or to their forwarding documents, to a bona fide buyer.

3 - Under all circumstances and after securing the authorization of the trustee judge, the receiver in bankruptcy may ask for the delivery of the goods, provided he pays to the seller the agreed price, failing which, the seller may insist on his right of rescission and his claim for damages.

**Article 732**

1 - Without prejudice to the provisions of Article (48) hereunder, if the buyer goes bankrupt before payment of the price and after the entry of the goods into his stores or the stores of his agent who entrusted to sell them, the seller may not apply for rescission of the sale or recovery of the goods, and his privilege shall not be forfeited.

2 - Any clause that enables the seller to recover the goods, or to retain a privilege thereon, shall not be opposed to the general body of the creditors.

**SECTION SEVEN**

**RIGHTS OF THE BANKRUPT'S SPOUSE**

**Article 733**
1 - Neither spouse may protest against the general body of creditors, in the bankruptcy of the other spouse, with respect to the donations decided by the latter to the former during the five years preceding the date of suspension of payment.

2 - In the bankruptcy of either spouse, the general body of the creditors may not claim the donations decided to such spouse by the other spouse during the period indicated in the preceding paragraph.

**Article 734**

Either spouse, regardless of the financial settlement adopted in the marriage, may recover from the bankruptcy of the other his/her movable and immovable properties, if he/she proves title thereto in accordance with the general rules, and such properties shall remain charged with the rights duly accrued thereto by a third party.

**Article 735**

1 - Properties purchased by the bankrupt for the account of the minors under his guardianship, as of the date he has practiced the business, are deemed to have been purchased with the funds of the bankrupt and consequently shall be included in the assets of the bankruptcy, unless otherwise proved.

2 - Properties that the bankrupt's spouse purchases in favor of the other spouse during the five years preceding the date of the bankruptcy declaration are deemed to have been purchased with the funds of the bankrupt and consequently shall be included in the assets of the bankruptcy, unless otherwise established.

3 - Unless otherwise established, any settlement by either spouse of the debts due from the other spouse who goes bankrupt, is deemed to have been paid from the funds of such spouse.

**CHAPTER FOUR**

**ADMINISTRATION OF BANKRUPTCY**

**SECTION ONE**

**Article 736**

1 - As soon as the adjudication of bankruptcy is issued, the trustee judge shall seal the bankrupt's place of business, offices, safes, books, papers, and movables, and may delegate any of the of the bankrupt's property shall be informed in order to put such property under seal.
2 - Should the trustee judge notice that it is possible to make an inventory of the bankrupt's property in a single day, he may proceed forthwith with such inventory without the need to put the seals.

3 - A report of the sealing process shall be made and signed by those who have executed it and shall be handed over to the trustee judge if such process has not been executed by him.

**Article 737**

The clothes and movables needed by the bankrupt and those whom he supports, may not be put under seal, and such things shall be determined by the trustee judge. A list of these items shall be delivered to the bankrupt to be signed by him and the trustee judge.

**Article 738**

1 - The trustee judge may, on his own or upon request by the receiver in bankruptcy, order to abstain from sealing, or removing the seals from the following objects:

a - Commercial books.

b - Commercial papers and other papers that shall be due for settlement within a short period or need a certain process to preserve the rights established therein.

c - Monies needed to settle the urgent bankruptcy matters.

d - Things that are exposed for quick damage or for urgent depreciation in value, or things whose maintenance need heavy expenses.

e - Things needed for operating the place of business, if it is decided to continue with its operation.

2 - Inventory of things stated in the preceding paragraph, shall be made in the presence of the trustee judge, or by any one delegated by him for this purpose, and a list thereof shall be handed over to the receiver in bankruptcy and shall be signed by him.

3 - Commercial books may not be handed over except after being closed by the trustee judge of the bankruptcy in presence of the bankrupt, if possible.

**Article 739**

1 - Upon request of the receiver in bankruptcy, the trustee judge may remove the seals in order to make an inventory of the bankrupt's assets.
2 - Removal of seals and inventory shall begin within five days from the date the judgment declaring bankruptcy has been issued.

**Article 740**

1 - The inventory shall take place in presence of the trustee judge, or his deputy, as well as the receiver in bankruptcy and the court's clerk. The bankrupt shall be notified thereof and he may attend.

2 - An inventory list in duplicate shall be made and signed by the trustee judge of the bankruptcy or his deputy, as well as the receiver in bankruptcy and the court's clerk. A copy of the inventory list shall be deposited with the court and the other shall remain with the receiver.

3 - The properties that have not been sealed or if seals have been removed must be mentioned in the list.

4 - The assistance of an expert may be required for making the inventory and for assessment of the properties.

**Article 741**

If bankruptcy is declared after the death of the trader without drawing up an inventory list on the occasion of his death, or if the trader passes away after the declaration of his bankruptcy, and before initiating or completing the list of inventory, the list shall be made immediately or shall be completed, as shown in the preceding Article, in presence of the bankrupt's heirs or after their notification to attend.

**Article 742**

The receiver in bankruptcy, after the inventory has been made, shall take delivery of the properties, books and papers of the bankrupt, and shall sign to this effect at the end of the list.

**Article 743**

If the balance sheet has not been supplied by the bankrupt, it shall be made immediately by the receiver in bankruptcy or, pursuant to the authorization of the court, by an auditor and shall be deposited with the court upon completion.

**Article 744**

The receiver in bankruptcy shall take delivery of the letters addressed in the name of the bankrupt and relating to his activities. He shall open such letters and keep them, allowing the bankrupt to have access thereto.
Article 745

1 - The receiver in bankruptcy shall take all the necessary measures to safeguard the rights of the bankrupt with third persons, and shall claim and recover such rights.

2 - He shall also register any real rights due to the bankrupt on the properties of his debtors, should the bankrupt fail to do so.

3 - He shall, in addition, submit to the trustee judge a report on the position of the bankruptcy, once at least every quarter.

Article 746

1 - The properties of the bankruptcy may not be sold during the period of preliminary proceedings. However, upon request of the receiver in bankruptcy, the trustee judge may authorize the sale of the things exposed to quick damage, or fast depreciation in value, or whose maintenance requires heavy expenses. Such authorization may also be given, if the sale is necessary to obtain funds to spend on its affairs, or if the sale realizes a sure profit for the creditors or for the bankrupt. In the latter case, sale may not be allowed except after securing the opinion of the controller and hearing the statements of the bankrupt or after he has been notified of the sale.

2 - The sale of movables shall be done in the manner indicated by the trustee judge of the bankruptcy. The sale of realties shall however be effected in accordance with the rules provided for execution on real property, under the Law on Civil Procedures.

3 - The decision issued by the trustee judge to sell the properties of the bankrupt may be challenged.

Article 747

1 - After securing the opinion of the controller and hearing the statements of the bankrupt, or after he has been notified, the trustee judge may authorize the receiver in bankruptcy to make the composition or to accept arbitration in any dispute related to the bankruptcy, even if related to real estate rights or actions.

2 - If the value of the dispute is undetermined, or if it exceeds Dhs. (10,000) ten thousand Dirhams, the preventive composition or the acceptance of the arbitration, shall not become effective except after its conditions have been ratified by the judge of the bankruptcy. The bankrupt shall be served with a summons to appear, and the judge of the bankruptcy shall hear his statements should he appear.
3 - The receiver in bankruptcy may not assign any right of the bankrupt, nor shall he acknowledge any right to a third party, except under the conditions indicated in the two preceding paragraphs.

4 - If the decision, issued by the trustee judge, has rejected the ratification of the composition or the arbitration it may be challenged.

**Article 748**

1 - Upon request from the receiver in bankruptcy or by the bankrupt, and after securing the opinion of the controller, the judge of the bankruptcy may authorize to resume the operation of the trading concern, if so required by the public interest or if it is in the interest of the debtor or the creditors.

2 - As proposed by the receiver in bankruptcy, the trustee judge shall appoint a manager of the trading concern and fix his remuneration. The bankrupt may be appointed as manager and the fee obtained by him shall be considered as subsidy.

3 - The receiver in bankruptcy shall exercise control over the person who has been appointed for administration and shall submit a monthly report, to the trustee judge of bankruptcy, on the progress of the business.

4 - The bankrupt and the receiver in bankruptcy may challenge the decision that calls for discontinuing the operation of the trading concern.

**Article 749**

In case of the bankrupt's death, his successors shall replace him in the procedures of bankruptcy, and they may appoint someone to represent them in this matter. However, should they fail to agree on someone to represent them, the trustee judge, may upon request from the receiver in bankruptcy, do so and he may dismiss the representative of the successors and appoint a replacement for him.

**Article 750**

1 - The amount collected by the receiver for the bankruptcy's account shall be deposited with the court's treasury, or with the bank indicated by the trustee judge, on the day of collection, or on the first working day that follows, after deduction of the amounts allotted by him for expenses. The receiver in bankruptcy shall account to the trustee judge for such amount, within five days as of the date of the deposit.

2 - Such amounts or other amounts deposited by third parties in favor of the bankruptcy, may not be drawn except by order of the trustee judge.
**Article 751**

1 - The trustee judge, when necessary, and after securing the opinion of the controller, may order that the distributions should be made among the creditors whose debts have been verified. The distribution shall be in accordance with a list, to be prepared by the receiver in bankruptcy and initialed by the trustee judge to the effect that the distribution has been made.

2 - The bankrupt and any interested person may challenge the decision given by the trustee judge to effect the distributions among the creditors.

**SECTION TWO**

**VERIFICATION OF DEBTS**

**Article 752**

1 - All the creditors, even if their debts are guaranteed by collateral securities, or established by court judgments, shall hand over to the receiver in bankruptcy, following the issuance of the judgment declaring bankruptcy, documents of their debts accompanied with a statement on such debts, their securities, if any, and the amounts thereof computed on basis of the exchange rate, prevailing on the day on which the adjudication of the bankruptcy declaration has been issued. The statement shall be signed by the creditor or his agent and the receiver in bankruptcy shall give a receipt evidencing that he has received the statement and the documents in support of the debts claimed.

2 - The Statement and the documents may be dispatched to the receiver in bankruptcy.

3 - The trustee in bankruptcy shall return the documents to the creditors, after the closure of the bankruptcy, and shall be responsible for such documents for a period of one year from the date of its closure.

**Article 753**

1 - Should all creditors whose names are recorded in the balance sheet, fail to submit documents in support of their debts, within ten days following the publication of the adjudication of the bankruptcy declaration in the local newspapers, the receiver in bankruptcy shall have to publish, in a daily paper indicated by the trustee judge, a notice for the creditors asking them to submit their documents accompanied with the statement, referred to in the preceding Article, and notify the creditors whose addresses are known.

2 - The creditors shall submit documents of their debts accompanied with the statement, within ten days from the date of publication in the
A period of one month shall be granted to the creditors living abroad.

**Article 754**

1 - The receiver in bankruptcy shall verify the debts with the assistance of the controller, in the presence of the bankrupt or after he has been notified to attend.

2 - If the receiver in bankruptcy or the controller or the bankrupt, objects to any of the debts, its amount or its security, the receiver in bankruptcy must immediately notify the creditor thereof.

The creditor may submit written or verbal explanations, within ten days from the date of receiving the notification. This period shall extend to thirty days should the creditor be residing outside the State.

3 - The debts due to the Government on account of taxes of different kinds shall not be subject to verification.

**Article 755**

1 - The receiver in bankruptcy, after verification of the debts, shall deposit with the court, a list showing the debts, the supporting documents and reasons for objection thereto, and his decision as to the acceptance or rejection thereof. Likewise, he shall deposit a list of the names of creditors, who claim having particular securities on the properties of the bankrupt, showing the amount of such debts and kind of such securities and the relevant funds allotted thereto.

2 - Such deposit shall be made within sixty days, at most, from the date of the judgment declaring bankruptcy. This period may be extended, if necessary, by decision of the trustee judge.

3 - The receiver in bankruptcy shall, within five days from the date of the deposit, publish in a daily paper, specified by the trustee judge, a statement showing that the deposit has been made and he shall forward to the bankrupt and to each creditor a copy of this list and statement showing the amounts he deems acceptable of each debt.

4 - Every interested person is entitled to take knowledge of the list and statement deposited with the court.

**Article 756**

The bankrupt and any creditor whose name is mentioned in the list of debts, shall be entitled to object to the debts mentioned therein, within ten days from the date of publishing in the newspapers that the deposit has taken
place. A period of thirty days shall be given, if the creditor is residing abroad. The objection shall be brought before the trustee judge of the bankruptcy, and may be communicated by registered letter or by cable.

**Article 757**

1 - After the expiry of the period provided for in the preceding Article, the trustee judge shall make a final list of the debts which were not subject to objection, and initial the statement accompanying the documents of such debts to the effect that they are accepted indicating the amount accepted from each debt.

2 - The trustee judge may consider the debt as objected to, even if no objection has been made in respect thereof.

3 - The trustee judge shall take a decision, as concerns the debts objected to, within thirty days from the expiry date of the period allowed for objection.

4 - The trustee judge shall notify the parties concerned of the date of the session, at least three days in advance, and shall notify them of the decision given in respect of the objection as soon as it is issued.

**Article 758**

1 - The decision issued by the trustee judge, accepting or rejecting the debt, may be challenged.

2 - The appeal may not stay the bankruptcy process, unless the court has so ordered.

3 - Prior to reaching a decision in the appeal, the court may order the acceptance of the debt temporarily, within an amount to be assessed by it.

4 - The debt may not be temporarily accepted if a penal action has been filed in respect thereof.

5 - If the debt subject of the appeal is related to its securities, it shall be accepted temporarily as an ordinary debt.

6 - The creditor whose debt has not finally or temporarily been accepted shall not take part in the bankruptcy procedures.

**Article 759**

1 - The creditors who have failed to submit their demand within the periods set forth by law, shall not take part in the current distributions. They may
however raise their objection until the distribution of money is completed, bearing the expenses thereof.

2 - The objection shall not result in a stay of execution in respect of the distributions ordered by the trustee judge. However, the said creditors may take part in the new distributions, to the extent of the amounts temporarily assessed by the trustee judge and their shares shall be detained until the decision in the objection is rendered.

3 - If their debts have been established thereafter, they may not claim shares in the distribution that has been made. They may however take from the outstanding amount, without distribution, the shares of their debts to which they were entitled had they taken part in the previous distributions.

SECTION THREE

CLOSURE OF BANKRUPTCY FOR INSUFFICIENCY OF FUNDS

Article 760

1- If the proceedings of the bankruptcy have stopped for lack of funds, before ratification of the preventive composition or the state of consolidation, the court may on its own, or upon a report from the judge of the bankruptcy, order to close the bankruptcy.

2 - As a result of the decision to close the bankruptcy for insufficiency of funds, each creditor shall have the right to take measures and to proceed with individual lawsuits against the bankrupt.

3 - Should the debt owed to the creditor has been verified and finally accepted in the bankruptcy, he may carry on the execution against the properties of the bankrupt, according to an order of payment given by the trustee judge of the bankruptcy which includes the amount of the debt and its final acceptance and the decision of closing the bankruptcy for insufficiency of funds.

Article 761

1 - The bankrupt and any interested person may, at any time, request from the court to cancel the decision of closing the bankruptcy for insufficiency of funds, should it be established that the funds are sufficient to meet the expenses of the bankruptcy, or if a sufficient amount has been handed over to the receiver in bankruptcy for this purpose.

2 - The court may either on its own or as requested by the trustee judge of the bankruptcy, reopen the bankruptcy and resume its procedures.
3 - Under all circumstances, expenses of procedures made in accordance with the two preceding paragraphs shall be paid on priority basis.

CHAPTER FIVE

TERMINATION OF BANKRUPTCY

SECTION ONE

DISINTEREST OF THE GENERAL BODY OF CREDITORS

Article 762

After the list of debts referred to in Article (757) has been made, the court, at any time and at the request of the bankrupt, may order that the bankruptcy should be terminated, if there is an evidence that he has satisfied all debts of the creditors which have been submitted to the bankruptcy or if he has deposited with the receiver in bankruptcy, the necessary amount for settlement of such debts including the principal and interest as well as the expenses of the bankruptcy.

Article 763

1 - The court may not decide termination of the bankruptcy, because of lack of interest of the general body of creditors, except after reading the report given by the trustee judge of the bankruptcy showing that one of the two conditions indicated in the preceding Article, has been satisfied.

2 - The bankruptcy shall be terminated, once the decision has been issued, and the bankrupt shall recover all of his rights except those requiring a judgment of rehabilitation to be issued.

SECTION TWO

JUDICIAL COMPOSITION

Article 764

1 - The trustee judge shall convene the creditors whose debts have been finally or provisionally accepted, to attend the composition deliberations.

2 - The convocation shall be addressed to the composition assembly in case that no objection to the debts has been received within seven days following the list of debts referred to in Article (757). However, in case an objection is raised, the convocation shall be addressed, within fifteen days following the expiry of the period fixed for the appeal before the judge of the bankruptcy,
against the last decision issued by him in respect of acceptance or rejection of the debts.

3 - The receiver in bankruptcy, within the period provided for in the preceding paragraph, shall publish the convocation for attending the composition deliberations in a daily newspaper as indicated by the trustee judge.

**Article 765**

1 - The composition meeting shall be held under the chairmanship of the judge of bankruptcy, at such place and time as indicated by him.

2 - The meeting shall be attended by the creditors themselves or by proxies authorized for this purpose.

3 - The bankrupt shall be convened to attend the meeting, and he may not delegate anyone on his behalf, except for such serious reasons as accepted by the trustee judge. However, if he is incarcerated, he shall be permitted to attend the meeting by order of the judge.

**Article 766**

1 - The trustee in bankruptcy shall submit to the composition meeting a report on the state of the bankruptcy and the last procedures taken in respect thereof, as well as the proposal made by the bankrupt regarding the composition and comments of the receiver thereon.

2 - The report made by the trustee in bankruptcy shall be read out, in the composition meeting, and shall be duly signed and handed over by him to the trustee judge. The statements of the bankrupt shall be heard and minutes of the meeting shall be prepared by the trustee judge.

**Article 767**

1 - The composition shall not be made, except if it is approved by a number of creditors, representing the numerical majority and owning two thirds of the debts that have been finally or provisionally accepted.

2 - The creditor who absents himself from the composition meeting is considered to have rejected the composition.

**Article 768**

1 - The spouse of the bankrupt or his relatives or his in-laws, up to the fourth degree, to whom the bankrupt is indebted, may not take part in the composition deliberations or vote its conditions.
2 - If any such creditor assigns his debt to a third party after the issuance of the bankruptcy judgment, the assignee may not take part in the composition deliberations or vote for it.

**Article 769**

1 - The creditors holding real sureties on the assets of the bankrupt, may not vote in the composition on account of their secured debts except if they waive their rights, in advance, to such sureties and if such waiver is mentioned in the minutes of the meeting.

2 - If any of the said creditors mentioned in the preceding paragraph, takes part in voting for the composition without declaring waiver of his rights to the sureties, it shall be considered a waiver thereof.

3 - However, under all circumstances, waiver of the surety shall not be considered final except in case the composition is approved.

4 - In case the composition is declared void, the waived surety shall be restored.

**Article 770**

1 - The minutes of the composition shall be signed in the meeting in which it was voted failing which the composition shall become void.

2 - If either one of the two majorities provided for in Article (767), has not been reached the deliberations shall be adjourned for another ten days without granting any further delay.

3 - The creditors who have attended the first meeting by themselves or have been represented and signed the minutes of the meeting, may not attend the second meeting, and in such case, their approval of the composition given in the first meeting shall remain effective in the second meeting, unless they have attended such meeting and amended their previous approval, or if the debtor has made a substantial change to his proposals concerning the composition, during the period between the two meetings.

**Article 771**

Composition may not be made with a bankrupt who has been condemned to a penalty of fraudulent bankruptcy. In case the investigation with the bankrupt in this crime has started, the composition deliberations must be postponed.

**Article 772**
1 - The judgment condemning the bankrupt to the penalty of negligent bankruptcy shall not bar composition with him.

2 - In case an investigation with such bankrupt has started, the creditors may either proceed with the deliberation in the composition or postpone it.

**Article 773**

1 - The composition may grant the debtor delays for settlement of the debts, and may include a waiver to the debtor of part of the debt; nevertheless the debtor shall remain liable for the part that has been covered by the waiver, being a natural debt.

2 - The composition may be made on condition of settlement, should the debtor become solvent within five years from the date on which the composition occurs. The debtor shall not be considered solvent unless the value of his assets exceeds the debts due from him.

3 - The creditors are entitled to ask the debtor to provide one or more guarantors as a surety for implementing the conditions of the composition.

**Article 774**

1 - The trustee judge shall submit the minutes of the composition to the court that has declared the bankruptcy for approval, and any one who has been a party to the composition may also apply for its approval.

2 - Any interested person, within five days from the date of signature of the minutes, shall inform the trustee judge in writing, of his remarks on the composition.

3 - The court, within three days from the lapse of the period mentioned in the preceding paragraph, shall take a decision to avoid or ratify the composition.

4 - The decision avoiding the composition must state the reasons therefore, and such decision shall be challengeable.

5 - The composition shall become effective, once the decision ratifying it has been issued, and the controller of the bankruptcy shall ensure that its conditions are put into execution. In case the bankruptcy has no controller, the court shall appoint a controller to ensure that the conditions of the composition have been fulfilled.

**Article 775**
1 - The composition shall be applied to the creditors constituting the general body of the creditors, as well as to those who have not taken part in its proceedings, nor have agreed to it.

2 - The composition shall not apply to the creditors holder of liens and pledges, if they have not waived them, nor shall it apply to the simple creditors whose debts have ensued, during the period of bankruptcy.

**Article 776**

1 - The decision ratifying the composition shall be publicized in the same manner as that has been followed in the judgment of bankruptcy. The extract published in the newspapers shall include the name of the debtor, place of his residence, the registration number in the Commercial Register, the date of ratification of the decision, and a summary of the most important conditions of the composition.

2 - Within ten days from the date of issuance of the court's decision ratifying the composition, the receiver in bankruptcy shall register the extract, in the name of the composition controller, in his capacity of representative of the creditors, with each registration department where the real property of the bankrupt is located. As a result of such registration, a mortgage on the said realty shall be created to secure the rights of the creditors who are bound by the terms of the composition. The controller shall ask for striking off the mortgage, after implementation of the composition conditions.

3 - Subject to the provisions of Article (48), hereunder, and within the period stated in the preceding paragraph, the receiver in bankruptcy shall record the summary of the judgment ratifying the composition, in the name of the controller, in his capacity of representative of the creditors, with the commercial registry office, in which area the bankrupt's place of business is situated. As a result of such entry a mortgage on the basic components of the trade concern shall be laid as a surety to safeguard the interests of the creditors who are bound by the terms of the composition. The controller shall write off the mortgage after implementation of the composition conditions.

**Article 777**

1 - Except for deprivation of the rights provided for under specific laws, bankruptcy shall cease to have any effect once the court's decision for ratification of the composition has been issued. This however shall not impair the criminal prosecution.

2 - The receiver in bankruptcy shall present to the bankrupt a final account, and the discussion of such account shall be made in the presence of the trustee judge.
3 - The duty of the receiver in bankruptcy shall terminate and the bankrupt shall take delivery from him of his funds, books and papers, against a receipt. The receiver shall not be held responsible for these should the bankrupt fail to take delivery within one year from the date of approval of the final account.

4 - The trustee judge shall draw up a minute of all the above stated, and in case of dispute, it shall be referred by the trustee judge to the court for settlement.

**Article 778**

1 - The composition shall be null and void, if, after ratification, a judgment has been issued condemning the bankrupt in any crime of fraudulent bankruptcy.

2 - Likewise, the composition shall be null and void, if after ratification, it appears that a fraud has occurred through concealment of the bankrupt's assets, or excessive statement of his debts, and in such case, avoidance of the composition must be claimed within six months as of the date on which the fraud is discovered; otherwise the claim shall not be accepted. In any case, the claim for invalidation of the composition shall not be accepted, if it is submitted after the lapse of three years from the date of the decision ratifying the composition.

3 - Avoidance of the composition, shall discharge the surety who has guaranteed fulfillment of its conditions.

**Article 779**

If, pursuant to ratification of the composition, an investigation is initiated with the bankrupt in a crime of fraudulent bankruptcy, or if a penal action for such crime has been instituted against him, the court that has declared the bankruptcy, at the request of any interested party, may order that such measures, as it considers necessary, should be taken to preserve the property of the debtor, and such measures shall be cancelled ipso jure, if it is decided that the investigation be filed or the bankrupt be acquitted.

**Article 780**

1 - If the bankrupt fails to execute the conditions of the composition, a rescission thereof may be claimed from the court which has ratified it.

2 - The rescission of the composition shall not discharge the surety who has guaranteed the fulfillment of its conditions, and shall be served with a summons to attend the session in which the claim of rescission shall be examined.
**Article 781**

1 - In the sentence ruling the nullity or rescission of the composition, the court shall appoint a trustee and a receiver in bankruptcy, and shall order to put the bankrupt's property under seal.

2 - Within seven days from the date of the judgment avoiding or rescinding the composition, the receiver in bankruptcy shall publish a brief of such judgment, in a daily newspaper indicated by the trustee judge of the bankruptcy.

3 - In the presence of the judge or his deputy, the receiver in bankruptcy shall make a supplementary inventory of the bankrupt's property and shall draw up an additional balance sheet.

4 - The receiver in bankruptcy shall call upon the new creditors, to submit documents of their debts in order to be verified in accordance with the relevant procedures.

**Article 782**

All new debts shall be verified immediately, whereas the debts that have already been accepted shall not be subject to verification again, debts that have been fully paid shall be excluded and debts that have been partly paid shall be reduced.

**Article 783**

Acts of disposition made by the debtor, after issuance of the decision ratifying the composition but prior to its nullity or rescission, shall be enforceable against the creditors who may not apply for its invalidity except in accordance with the rules prescribed, in the Civil Transactions Law concerning the action for invalidity of the act of disposition, and such action shall be barred after two years from the date of avoidance or rescission of the composition.

**Article 784**

1 - Pursuant to the nullity or rescission of the composition, the creditors shall recover their dues in full with respect to the bankrupt alone.

2 - These creditors shall participate in the general body of creditors, to the extent of their principal debts in full, if they have not received any part of the amount that has been decided for them in the composition, otherwise their principal debts shall be reduced in proportion of what they have obtained from the said amount.
3 - The provisions mentioned in the preceding two paragraphs shall apply, if the debtor has been declared bankrupt prior to the fulfillment of the conditions of the composition.

SECTION THREE

COMPOSITION AND WAIVER OF THE PROPERTY

Article 785

1 - The composition may be agreed to on basis that the debtor relinquishes all or part of his property, for selling it and distributing its proceeds among the creditors.

2 - The provisions pertaining to the judicial composition shall apply to the conditions, effects, nullity and rescission of the abovementioned composition. However, the debtor shall be prevented from the administration of the relinquished property as well as from the disposal thereof.

3 - Such property shall be sold and the proceeds thereof shall be distributed in the manner followed in the sale and distribution of the property in case the creditors are unified under a body of creditors.

Article 786

Should the resulting proceeds from the sale of the property relinquished by the debtor exceed the debts due from him, the excess amount shall be restituted to him.

SECTION FOUR

BODY OF CREDITORS

Article 787

The creditors shall be considered in a state of union, ipso jure if the judicial composition has not taken place.

Article 788

1 - Following the establishment of the union, the trustee judge of bankruptcy shall call upon the creditors to deliberate over the affairs of the bankruptcy, and to decide whether to keep the receiver in bankruptcy or change him. However the creditors, having real mortgages encumbering the bankrupt's properties, shall take part in such deliberations as well as voting, without entailing forfeiture of their mortgages.
2 - Should the majority of the attending creditors decide to change the receiver in bankruptcy, the trustee judge shall immediately appoint his substitute and the newly appointed receiver shall be called (the creditors' union receiver).

3 - The previous receiver, shall submit to the union's receiver, at such time as determined by the trustee judge and in his presence, an account on his administration, and the debtor shall be notified of the date of submission of such account.

**Article 789**

1 - The creditors' opinion shall be taken, during the meeting indicated in the preceding Article, on the question of a subsidy, to be given from the bankruptcy funds to the debtor or to whom he supports.

2 - If the majority of the creditors, who are present, agree on the subsidy to be given to the bankrupt or to whom he supports, the trustee judge, after taking the opinion of the receiver of the union and of the controller, shall determine the amount of such subsidy.

3 - The receiver of the union may exclusively challenge the decision taken by the trustee judge of the bankruptcy determining the amount of the subsidy. In this case, the subsidy shall be disbursed to whom it is decided until a decision is given in the challenge.

**Article 790**

1 - Even if previously allowed, the receiver of the union may not carry on with the debtor's trade unless he is authorized to do so by a majority, representing three quarters of the creditors, in number and in amount, and such authority shall specify its term and the power of the receiver as well as the amount that he may keep at his disposal in order to operate the business.

2 - The authority to carry on the trade may not take effect except after the approval of the trustee judge.

3 - If the continuation of the trade shall give rise to obligations in excess of the union's funds, the creditors who have agreed to continue with the trade shall be severally responsible in their own funds, for the excess, provided however that such excess arises from acts, within the limits of the authority given by them, and the liability of each creditor shall be in proportion to his debt.

**Article 791**
1 - The receiver of the union may sell the movables of the bankrupt, and his place of business, in order to recover his dues, however, the real estates of the bankrupt shall be sold by the receiver of the union under the supervision of the trustee judge, in accordance with the rules of execution on real estates as provided for in the Civil Transactions Law.

2 - Where execution on the real estates of the debtor has not been initiated prior to the formation of the union, the receiver shall exclusively have the right to levy the execution thereon and the execution process must start within the ten days following the formation of the union, unless the trustee judge orders postponement of the execution.

3 - The receiver, may enter into composition and accept arbitration on all the rights of the bankrupt, subject however, to the rules provided for, in Article (747) except for calling the bankrupt to attend the ratification of the composition or the arbitration.

**Article 792**

1 - The trustee judge of the bankruptcy may indicate to the receiver of the union the manner in which the sale of the bankrupt’s movables and his place of business.

2 - The receiver of the union may not sell the assets of the bankruptcy at one time against a lump sum amount, unless so authorized by the trustee judge who will not give such authorization but after securing the controller’s opinion.

3 - Any interested person may appeal the decision given by the trustee judge in respect of the manner of selling the movables of the bankrupt, or the permission to sell his properties at one time against a lump sum amount. The appeal shall result in a stay of execution.

**Article 793**

1 - The receiver of the union, shall deposit the amounts resulting from the selling of the bankrupt's property with the court's treasury or with any bank designated by the trustee judge, within a period not exceeding the day following collection thereof.

2 - The receiver shall submit, to the trustee judge a monthly statement on the position of the liquidation and the amounts deposited.

3 - Such amounts may not be withdrawn except by an order from the trustee judge.

**Article 794**
1 - The fees, expenses of the bankruptcy administration, and the subsidies allowed to the bankrupt and to whom he supports, and the amounts due to the preferential creditors, shall be deducted from the amounts resulting from the sale of the bankrupt's property, and the remainder shall be divided among the creditors in proportion to their verified debts.

2 - The shares of the debts objected to, shall be put aside and shall remain in safekeeping, until a final decision is given in respect of such debts.

**Article 795**

The trustee judge shall order that the distributions among the creditors be made, and shall specify the amount to be distributed. A notification to this effect shall be sent by the receiver of the union, to the creditors, and, if necessary, the trustee judge shall order that the decision of distribution be published in a daily newspaper indicated by him.

**Article 796**

1 - The receiver of the union may not pay the shares, unless the creditor produces the debenture deed initialed to the effect that it has been verified and accepted with mention of the amount paid.

2 - In case the creditor is unable to produce the debenture deed, the trustee judge may authorize payment of the debt after verifying its acceptance.

**Article 797**

If a period of six months has passed since the formation of the union, and the liquidation of the bankruptcy’s affairs have not yet been completed, the receiver shall submit to the trustee judge a report on the position of the liquidation and the reasons for the delay of its completion. The judge shall send such a report to the creditors, and convene them to a meeting for discussing it. However, such procedure shall be followed each time the period of six months expires, so long as the trustee did not complete the liquidation.

**Article 798**

1 - After completion of the liquidation process, the receiver of the union shall submit a final account to the trustee judge, who shall send copies of such account to the creditors or call them to peruse it after having it displayed on bulletin board of the court. However, in both instances, the judge shall convene the creditors for a meeting to discuss the said account, and the bankrupt shall be convened to attend the meeting.
2 - Once the account ratified, the union shall be dissolved and the bankruptcy shall be considered over, ipso jure.

3 - The receiver of the union shall be held responsible, for a period of one year from the date the bankruptcy has been terminated, of the books, documents and papers delivered to him.

**Article 799**

After termination of the union, each creditor shall have the right of execution against the debtor in order to obtain the remainder of his debt.

Acceptance of the debt in the bankruptcy shall be considered a conclusive judgment as far as such execution is concerned.

**CHAPTER SIX**

**MINOR BANKRUPTCIES**

**Article 800**

If it appears, after the inventory of the bankrupt's property, that its value does not exceed Dhs. 50,000 (fifty thousand), the trustee judge may on his own motion, or as requested by the receiver in bankruptcy or any of the creditors, order to proceed with the bankruptcy, in accordance with the following provisions, in whole or in part:

1 - The time limits provided for in Articles (753), (754) paragraph 2, (755) paragraph 2 (756), (757), paragraph 3 and (770) paragraph 2, shall be reduced by half.

2 - All decisions taken by the trustee judge shall not be subject to any appeal.

3 - A Supervisor of bankruptcy shall not be appointed.

4 - Subsidy to the bankrupt or to whom he supports shall not be decided.

5 - In case of objection to the debts, when verified, the creditors shall be convened for deliberations on the composition, within five days from the date the trustee judge gives a final decision on the objections.

6 - The composition shall come into effect upon its approval in the meeting of the creditors, and its ratification by the trustee judge in the said meeting.

7 - The receiver in bankruptcy shall not be changed upon formation of the union.
8 - After selling the assets of the bankruptcy, one distribution only shall be made among the creditors.

CHAPTER SEVEN

BANKRUPTCY OF COMPANIES

Article 801

In addition to the rules provided for in this Chapter, the bankruptcy of companies shall be governed by the rules provided for in the following Articles:

Article 802

1 - Except for joint venture companies, any other commercial company may be declared bankrupt, should it cease payment of its debts, upon maturity, due to the instability of its financial operations.

2 - The bankruptcy of a company may be declared, even in the course of its liquidation. However, if the company's liquidation has been completed, it may not be declared bankrupt.

3 - The aforesaid provisions shall apply to companies that have been declared invalid should they continue to operate in fact.

Article 803

With respect to joint stock and limited liability companies, the following shall be adopted:

1 - Should the declaration of bankruptcy of a company be applied for, decision on any application concerning the liquidation of the company or its being put under judicial sequestration, shall be suspended.

2 - If the declaration of a company has been adjudicated, it may not be liquidated or placed under judicial sequestration prior to the closing of bankruptcy.

Article 804

1 - Neither the manager of the company nor the liquidator, as the case may be, shall apply for declaration of bankruptcy of a company, except after being so authorized by the majority of the partners, in joint liability companies and limited partnerships and by the general assembly in an extraordinary meeting for the other companies.
2 - The report referred to in Article (649) shall be submitted to the court having jurisdiction over the declaration of bankruptcy.

3 - The report shall include the names of the current joint partners and those who have left the company after it has suspended the payment. The report shall also mention the place of residence of each one and the date of recording his withdrawal from the company in the Commercial Register.

**Article 805**

The creditor of a company may apply for the declaration of its bankruptcy, although he is a partner therein but non-creditor partners, in their individual capacity, may not do so.

**Article 806**

The court, either on its own motion or as requested by the company, may postpone the declaration of insolvency of a company for a period of not more than a year, if its financial position is likely to be consolidated, or if the interest of the national economy so requires. In this case, the court shall order that appropriate measures be taken for the preservation of the company’s assets.

**Article 807**

1 - If the bankruptcy of a company has been declared, all joint partners therein, and those who have withdrawn from the company after it has suspended payment, shall be declared bankrupt, provided that a period of not more than a year has elapsed since the registration of his withdrawal from the company in the Commercial Register.

2 - The court shall, in one judgment, declare the bankruptcy of the joint partners, even if it has no jurisdiction to declare the bankruptcy of such partners.

3 - The court shall appoint one judge to the bankruptcy of the company and the bankruptcies of the joint partners. Yet each bankruptcy shall be independent from the others as to its administration and verification of its debts and the manner of its termination.

**Article 808**

In case the declaration of bankruptcy of a company has been submitted, the court may declare the bankruptcy of each person who has carried out commercial activities in his name and for his own account and has disposed of the company’s property as if they were his own.
Article 809

If it appears that the assets of the company are insufficient to cover at least 20% (twenty per cent) of its debts, the court which has declared the bankruptcy may order the members of the boards of directors, or all of the directors, jointly or severally, to pay the debts of the company, in whole or in part, in case they are held responsible, under the Commercial Companies Law.

Article 810

The representative of a company declared bankrupt shall act on its behalf in any matter where the law requires the opinion of the bankrupt or his presence. The representative of the company shall appear before the trustee judge or the receiver in bankruptcy, whenever he is asked to do so, and shall give any information or explanations required from him.

Article 811

The receiver in bankruptcy, after securing the authorization of the trustee judge, may ask the partners to pay the outstanding balance of their shares, even before maturity. The trustee judge may limit such claim to the necessary amount required for the payment of the company’s debts.

Article 812

Debentures issued by the company as provided for in the Commercial Companies Law, shall not be governed by the procedures set for verification of debts, however, such debentures shall be accepted in their nominal value, after discount of what the company has paid thereof.

Article 813

1 - Proposals for composition shall be made, with the approval of the majority of the partners in the joint liability companies and limited partnerships, and with the approval of the general assembly in an extraordinary meeting, for other companies.

2 - The company’s representative shall propose the composition in the general meeting of the creditors.

Article 814

1 - If the composition concerns a company that has issued debentures, in excess of 20% (twenty per cent) of its total debts, it may not be granted to such a company, unless its conditions are approved by the general assembly of the holders of such debentures; however the approval shall be essential,
in all cases, if the conditions of the composition are inconsistent with those governing debenture bonds.

2 - Resolutions of the general assembly of the debenture holders shall be taken in accordance with the terms provided for in the Commercial Companies Law.

3 - Where the approval of the general assembly of the debenture holders is essential, the convening of the creditors to the meeting to negotiate the composition, shall be postponed until the resolution of the assembly is taken.

**Article 815**

1 - If the bankruptcy has ended through the union, and composition has been made with one or more of the joint partners, the company funds may not be allocated to fulfill the conditions of such composition or to secure its implementation, and the partner who has obtained the composition shall be discharged of the joint obligation.

2 - If a composition with the company has been made, and the bankruptcies of the joint partners have ended with a union, the company shall continue to exist, unless the object of the composition is to abandon its funds.

3 - If the bankruptcy of the company and bankruptcies of the partners have ended with the composition, each composition shall be considered independent from the other, and its conditions shall only apply to the creditors of the relevant bankruptcy.

**Article 816**

The company shall not be dissolved when its bankruptcy ends with the union, yet, the court that has declared the bankruptcy, may decide that the company should be dissolved, if it appears that its remaining assets after the liquidation are insufficient to carry on with its business in an efficient way.

**CHAPTER EIGHT**

**Article 817**

Except for the fraudulent bankruptcy, all the rights that the bankrupt has been deprived of, in implementation of private laws, shall be reinstated after the lapse of three years from the date on which the bankruptcy has ended.

**Article 818**
1 - The bankrupt shall be rehabilitated, even if the period provided for in the preceding Article has not elapsed, if he discharges all of his debts including the principal amount, the expenses, and the interests, for one year, including the part of the obligation of which he has been discharged.

2 - If the bankrupt is a joint partner in a company whose declaration of bankruptcy has been adjudicated, he shall be rehabilitated only after reimbursement of all the company’s debts including the principal amount, expenses, and interests for a period of one year, even if the said partner has obtained his own composition from his creditors.

**Article 819**

The bankrupt may be rehabilitated, although the period provided for in Article (817) has not expired, in the following two cases:

1 - If he obtains a composition from his creditors and fulfills its conditions. This also applies to the joint partner in the company whose declaration of bankruptcy has been adjudicated, if the partner obtains a composition of his own and satisfies its conditions.

2 - If he proves that the creditors have discharged him of all outstanding debts owed by him after termination of the bankruptcy.

**Article 820**

Without prejudice to the provisions of Articles (819) and (820), the bankrupt who has been condemned in any of the crimes of negligent bankruptcy may not be rehabilitated except after the penalty to which he has been condemned is discharged, pardoned or extinguished by limitation or by lapse of its term, if a judgment for stay of its execution has been rendered.

**Article 821**

The bankrupt condemned for any crime of fraudulent bankruptcy may not be rehabilitated, except after the lapse of three years following the execution of the punishment imposed on him, or his pardon, or from its extinguishment by limitation, provided that he has discharged all of his debts including the principal, interests, and expenses, or if he enters into a composition with the creditors.

**Article 822**

The bankrupt may, at the request of the successors, be rehabilitated post mortem. The periods provided for in the two preceding Articles shall be computed from the date of death.


**Article 823**

If any of the creditors has abstained from receiving his debt, or if he has been absent, or if his place of residence was found to be inaccessible, the debt may be deposited with the court's treasury, and the receipt of deposit, in connection with the rehabilitation, shall be treated as a discharge.

**Article 824**

1 - The application of rehabilitation shall be submitted with the supporting documents to the court that has declared the bankruptcy.

2 - The court shall immediately send a copy of the application to the public prosecution as well as to the department of the commercial registration and shall inform the creditors, whose debts have been accepted in the bankruptcy, of such application.

3 - A brief of the application shall be published at the cost of the bankrupt, in a daily newspaper designated by the court, and such brief shall include the name of the bankrupt, date on which the adjudication for the declaration of bankruptcy has been issued, and the manner in which the bankruptcy has ended, as well as the notice served upon the creditors for submitting their objection, if necessary.

**Article 825**

Within thirty days from the date on which a copy of the application for rehabilitation has been received by the public prosecution, it shall submit to the court a report containing data on the kind of bankruptcy, and the adjudications issued against the bankrupt in the crimes of bankruptcy, or the trials or the investigations conducted with him in this connection, and its opinion on acceptance or rejection of the application for rehabilitation, provided that such opinion gives the reasons therefore.

**Article 826**

Any creditor who has not received his right shall make an objection to the application for rehabilitation, within thirty days from the date of publication of the application in the newspapers. Such objection shall be made in writing and submitted to the court, and the supporting documents shall be attached thereto.

**Article 827**

After the expiry of the period provided for in the preceding Article, the court shall notify the creditors, who have made objections to the application for rehabilitation, of the date of examining the application.
Article 828

1 - The court shall decide on the application for rehabilitation and its judgment shall be appealable before the competent court of appeal.

2 - If the application for rehabilitation has been rejected, it may not be submitted anew except after the lapse of six months from the date of the final judgment being rendered in rejection thereof.

Article 829

If, prior to taking a decision on the application for rehabilitation, investigations has been conducted with the bankrupt in connection with any of the bankruptcy crimes, or if a criminal action has been filed against him, the public prosecution shall immediately inform the court. The court shall withhold taking a decision on the application for rehabilitation until the investigations have been disposed of, or until a decisive judgment in the penal action has been rendered.

Article 830

If a debtor has been condemned in any crime of bankruptcy, and a judgment against him has been rendered subsequent to the judgment of rehabilitation, the latter shall be treated as non-existing, and the debtor may not obtain rehabilitation except under the conditions referred to in the Articles (820), (821).

om the date on which fraud is discovered otherwise the request shall not be accepted. In all cases, the application for the invalidity of the arrangement shall not be acceptable, unless it is submitted after the lapse of two years from the date of the decision issued ratifying the composition.

Article 874

1 - The invalidity of the arrangement shall ensue the discharge of the guarantor who has warranted the performance of its conditions, from his obligation.

2 - The creditors shall not be under obligation to return the portions of debts received by them, prior to the judgment rendered on the invalidity of the composition.

Article 875

Rescission of the composition may be requested should the debtor fail to implement its conditions. Likewise, rescission may be requested in case of
the debtor’s death should it be revealed that he was not expecting the implementation of the composition conditions.

**Article 876**

Rescission of the composition shall not entail discharge of the guarantor, who has warranted the performance of its conditions, from his obligation. He shall be summoned to attend the session in which the request for rescission is examined.

**Article 877**

1 - The supervising judge shall assess the remuneration to be paid to the receiver in the composition, and shall deposit the decision issued to this effect with the court, on the day following its issue.

2 - Any interested person may file a plea against the decision within three days from the date of its deposit and the decision rendered in this respect shall be final.

**PART THREE**

**CRIMES RELEVANT TO BANKRUPTCY AND THE PROTECTIVE COMPOSITION**

**Article 878**

Is considered fraudulently bankrupt and shall incur the penalty of imprisonment for a maximum period of five years, every merchant who is declared bankrupt by a final judgment and it is established that he has committed any of the following acts:

1 - Concealed destroyed or altered his books in all or in part.

2 - Misappropriated or concealed part of his funds to the prejudice of his creditors.

3 - Knowingly acknowledged undue debts whether such acknowledgement is made in writing, given verbally, stated in the balance sheet or by abstention from submitting certain papers or explanations.

4 - Fraudulently obtained a composition.

**Article 879**
In case a final judgment rendered declaring the bankruptcy of a company, members of its board of directors or its managers or the liquidators, shall incur the penalty of imprisonment for a period not exceeding five years, if it is established that they have perpetrated any of the following acts:

1. Concealed, destroyed or altered the books of the company.
2. Misappropriated or concealed part of the company's funds.
3. Knowingly acknowledged undue debts on the company, or abstained from submitting certain documents, if in their possession.
4. Fraudulently obtained a composition for the company.
5. Declared false information on the subscribed or paid up capital, or have distributed fictitious profits or received bonuses in excess of the amount provided for in the laws or in its Articles of incorporation, or Memorandum of association.

The punishment provided for in this Article shall not apply to anyone whose non-participation in the incriminated act has been established, or has made reservations as concerns the decision issued against him.

**Article 880**

Is considered bankrupt by negligence and shall incur a penalty of imprisonment for a period, not exceeding two years or by a fine not exceeding Dhs (20,000) twenty thousand, any merchant whose bankruptcy has been declared by a final judgment, and it is established that his gross negligence has prejudiced his creditors, in any of the following instances:

1. If he spends large amounts of money in gambling, or fictitious speculations in matters irrelevant to his commercial activities.
2. If, after cessation of payments, he has honored the debt of any creditor in attempt to cause prejudice to the others, even if the objective was to obtain the arrangement.
3. If he disposes of goods at less than the usual price, with the intention to delay cessation of his payments, declaration of his bankruptcy, rescission of the composition, or, in order to achieve this purpose, has resorted to illegal maneuvers to obtain money.

**Article 881**

May be considered negligently bankrupt and may incur a penalty of imprisonment for a period not exceeding one year or a fine not exceeding
10000 (Ten Thousand) Dirhams, any merchant declared bankrupt by a final judgment, in any of the following instances:

1 - If he fails to keep such adequate commercial books, as to reflect the truth of his financial position or he fails to make the correct inventory as provided by law.

2 - If he fails to abide by the rules related to the registration in the Commercial Register.

3 - If he engages, in favor of a third party, and without consideration, into disproportionate commitments as compared to his financial status when he has undertaken such commitments.

4 - If he refrains from providing the information required by the trustee judge of the bankruptcy, or the competent court, or if he deliberately submits false information.

5 - If, after cessation of payments, he gives a special advantage to any of the creditors, in order to obtain the composition.

6 - If his bankruptcy recurs before he fulfills the commitments resulting from a previous composition.

7 - If he spends huge amounts on his personal expenses or his household expenses whether before or after cessation of payments.

**Article 882**

In the event of a final judgment declaring the bankruptcy of a company, members on its board of directors, its managers, or liquidators, shall be sentenced to imprisonment, if it is established that they have perpetrated any of the following acts:

1 - If they fail to keep commercial books sufficient enough to reflect the true financial position of the company.

2 - If they refrain from supplying the information required by the trustee judge, or the receiver in bankruptcy, or if they deliberately supply false information.

3 - If they dispose of the company’s funds after cessation of payments, in order to keep such funds out of the reach of the creditors.

4 - If, after cessation of payments, they have honored the debt of any creditor to the prejudice of the others, or have provided securities or special benefits to any of the creditors, by giving him preference over others, even if the purpose was to obtain a composition.
5 - If they dispose of the company's goods at less than the usual prices, in an attempt to delay the cessation of payments by the company, declaration of its bankruptcy, rescission of the composition, or have resorted to illegal maneuvers to obtain money, in order to achieve their purposes.

6 - If they spend huge amounts of money in gambling or fictitious speculation, on matters irrelevant to the business of the company.

7 - If they participate in acts in violation of the law or the company's Articles of incorporation or Memorandum of association, or have approved such acts.

The penalty provided for, in this Article shall not apply against anyone whose non-participation in the incriminated act has been established or who proves that he has made reservations to the decision taken in his respect.

**Article 883**

If a penal action in fraudulent or negligent bankruptcy has been filed against the bankrupt, a member of the board of directors of a bankrupted company, its manager, its liquidator, or has been condemned by a judgment, in this connection, in accordance with the provisions of the preceding Articles, the civil or commercial lawsuits shall remain independent from the criminal lawsuit, and the proceedings related to the bankruptcy affairs, as regulated by law, shall not be referred to the criminal court, nor shall the court be entitled to deal with, unless otherwise provided for by law.

**Article 884**

1 - The receiver in bankruptcy shall be sentenced to imprisonment for a period not exceeding five years if he misappropriates the funds of the bankruptcy while assuming its administration.

2 - He shall incur the penalty of imprisonment if he deliberately gives false information pertaining to the bankruptcy.

**Article 885**

Shall be liable to imprisonment and/or a fine any person who misappropriates or steals or conceals the bankruptcy funds, even if such person is a spouse of the bankrupt or one of his ascendants or descendants, or from the ascendants or descendants of his spouse. And the court shall on its own motion decide the restitution of the funds even if acquittal from the crime has been adjudged. The court, at the request of the concerned parties, shall, when necessary, order the payment of damages.

**Article 886**
Any creditor to the bankrupt shall be sentenced to imprisonment if he perpetrates any of the following acts:

1 - If he fraudulently increases the bankrupt’s indebtedness to his favor.

2 - If he stipulates in his favor with the bankrupt or a third party, special benefits, in consideration of voting for the bankrupt in the bankruptcy or composition deliberations.

3 - If he concludes with the bankrupt, after cessation of payments, a secret agreement that confers upon him special benefits, detrimental to the other creditors with knowledge thereof.

The court shall on its own motion, declare these agreements void, as concerns the bankrupt or any other person, and shall order the creditor to restitute what he has obtained from this void agreement, even a judgment of acquittal has been issued. The court may, upon request made by those concerned, order, when necessary, the payment of damages.

**Article 887**

Shall be sentenced to imprisonment, anyone who fraudulently submits to the bankruptcy, fictitious debts, in his name or in the name of a third party.

**Article 888**

1 - The receiver in bankruptcy or in the composition, as the case may be, shall provide the public prosecution with any deeds, documents, explanations and information, as is required.

2 - The deeds and documents shall remain, during the investigation or the criminal trial, in the custody of the court clerk’s office, and access to these may be made available and official copies thereof may be obtained, unless otherwise ordered by the court.

3 - The documents, after the investigation or the trial, shall be returned to the receiver in bankruptcy or to the controller against a receipt.

**Article 889**

The debtor shall be liable to imprisonment if:

1 - He deliberately hides all or part of his property, or if he overestimates same, in order to obtain a composition.

2 - He deliberately enables a fictitious creditor or one banned from participation in the composition, or who overestimates his debt, to take part in the deliberations and voting, or purposely lets him take part thereto.
3 - If he purposely deletes the name of a creditor from the list of creditors.

**Article 890**

The creditor shall be sentenced to imprisonment if:

1 - He overestimates his debts.

2 - He takes part in the composition’s deliberations or voting, with knowledge that he is legally banned to do so.

3 - If he concludes with the debtor a secret agreement that confers upon him special advantages which are detrimental to the interests of other creditors with knowledge thereof.

**Article 891**

Shall be liable to imprisonment anyone other than a creditor who knowingly takes part in the deliberations of the composition or the voting.

**Article 892**

Shall be liable to imprisonment any controller, who purposely gives false information on the status of the debtor, or if he confirms such information.

**Article 893**

Unless otherwise provided by law, the filing of a criminal lawsuit for fraudulent or negligent bankruptcy shall not amend the rules governing the proceedings relating to the bankruptcy.

**Article 894**

If the crime pertains to an agreement concluded with one of the creditors, in order to grant the creditor special advantages in consideration of voting for the composition, or to jeopardize the interests of other creditors, the criminal court may on its own motion declare such agreement void, and shall order the creditor to restitute whatever he has obtained as a result of such void agreement, even if a judgment of acquittal in the crime has been rendered. The court shall, at the request of the parties concerned and when necessary, order the payment of damages.

**Article 895**

All penal judgments rendered on the bankruptcy crimes, shall be published in the same manner followed for the publication of the bankruptcy judgment.
PART FOUR
FINES AND CHARGES

Article 896
Fines and charges of the criminal action related to negligent bankruptcy that is filed by the public prosecution may not, under any circumstance, be borne by the general body of the creditors.

Article 897
In the case a composition is concluded, the bankrupt shall bear the charges of the lawsuit. The public treasury may not, however, claim such charges except after the expiry of the periods granted to the bankrupt in the composition agreement.

Article 898
The charges of the lawsuit filed by the receiver in bankruptcy, in the name of the creditors, shall be borne, in case he is declared innocent, by the general body of the creditors or, if condemned, by the public treasury. In this latter case the public treasury shall have the right of recourse against the bankrupt.

Article 899
The charges of the criminal action filed by any of the creditors, in his name shall be borne by him, if the bankrupt has been adjudged innocent, or, if condemned, by the public treasury. In this latter case, the public treasury shall have the right of recourse against the bankrupt.

Article 900
Under any circumstance whatsoever, the fines and charges of the criminal lawsuit for fraudulent bankruptcy may be borne by the general body of creditors, unless one or several creditors constitute themselves a civil party claiming damages then, in this case, the charges in case of acquittal shall be borne by them.