

Law No. 27 of 2006 Promulgating the Trading Regulation Law 27 / 2006

Number of Articles: 849



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We, Tamim bin Hamad Al-Thani, Deputy Emir of the State of Qatar /**Crown Prince of Qatar**,
Having reviewed the Constitution;

The Civil and Commercial Articles Law promulgated by Law No. 16 of 1971, and amending Laws thereof;

The Civil Law promulgated by Law No. 22 of 2004;

The proposal from the Minister for the Economy and Trade;

And the draft law submitted by the Council of Ministers;

And having consulted the Shura Council;

Have issued the following Law:

Issuance Articles+E12

Article 1 - Introduction

The provisions of the Trading Regulation Law enclosed herewith shall be implemented. Subject to the provisions of Article 3; Books Two, Three, Four and Five of the Code of Civil and Commercial Articles Law referred to are hereby annulled.

Article 2 - Introduction

The requisite decisions for the implementation of the present law shall be issued by the respective ministers, each within their own jurisdiction

Article 3 - Introduction

All competent authorities, each within its jurisdiction, shall implement the present law. Notwithstanding the provisions of Article 580 concerning cheques as a payment instrument, which shall take effect three years from the date of application of this law, the present law shall take effect six months from the date of publication in the *Official Gazette*. During this period, the provisions of Article 457 of the aforementioned Civil and Commercial Articles Law shall apply.

Preliminary Part

General Provisions

Article 1

The provisions of this law shall apply to traders, and to all business conducted by any person, even if this person is not a trader.

Article 2

The provisions included in this law or in other laws relating to commercial matters shall apply to commercial matters. Where there is no provision, the trade custom shall apply. The special or local trade custom shall be given priority over public custom. Where there is no trade custom, the provisions of the Civil Law shall apply.

Part 1

Commercial Business and the Trader

Chapter One: Commercial Business

Article 3

Generally, commercial business is defined as work carried out by a person with a view to speculation even if he is not a trader. Speculation is expecting profit derived from a trading transaction.

Article 4

The following activities in particular shall be deemed to be commercial businesses:

1. The purchase of commodities and any other movables for sale, whether in their original form or after processing.
2. The purchase of goods and any other movable commodities for the purpose of leasing; or the hiring of such goods in order to sub-let them.
3. The sale, lease or sub-letting of purchased goods, or of goods leased according to the aforementioned method.
4. The purchase of property in order to sell it in its original state or after conversion, and the sale of property which is bought for that purpose.
5. The establishment of commercial companies.
6. Contracting businesses.

Article 5

The following activities shall be deemed to be commercial businesses, if conducted professionally:

1. Banking transactions;
2. Exchange, financial exchange, investment and finance business;
3. Operating business as an agent, broker, stock broker or commercial agent;
4. Supply contracts;
5. Public warehousing business and the mortgage on funds deposited therein;
6. Extraction operations of natural resources including mines, quarries, oil, gas and others;
7. All kinds of Insurance;
8. Business and activity associated with public facilities such as public stadiums, cinematography, hotels, restaurants and auction houses;
9. Business and activity in education facilities and private hospitals;
10. Concessions of utilities, such as water, electricity and gas supply; and postal, telegraph, telephone services.etc;
11. Land, sea and air transport;
12. Maintenance, cleaning and other commercial services;
13. Business agencies, tourism, export and import, and customs clearance businesses, and recruitment agencies.
14. Works related to printing, publishing, journalism, operating radio or television stations and other news media, advertising, and the sale of books.
15. Industry, including that associated with agricultural investment, and subcontracting of establishment and processing business.
16. The building and construction industry, including refurbishment and demolition.

Article 6

All activities related to shipping and aviation shall be deemed to be commercial businesses, in particular the following:

1. The building, sale, purchase, leasing, hire and repair of ships and aircraft;
2. Lending and borrowing;
3. Work contracts related to the use of a ship's or an aircraft's captain, crew and other employees;
4. Maritime and air transport, and any process related thereto such as the purchase or sale of accessories including supplies, tools, ammunition, fuel, ropes, sails, and aircrafts logistics and supplies;
5. Any kind of maritime and aviation insurance.

Article 7

Any work related to commercial securities shall be deemed to be a commercial business

Article 8

Any associated activity comparable to those cited in the preceding Articles in terms of their characteristics and goals shall be deemed to be a commercial business.

Any activity related to or facilitating the commercial transactions referred to in the preceding Articles shall be deemed to be a commercial business, as well as all activities carried out by a trader in pursuit of the needs of his business.

Article 9

Traders' contracts and obligations shall be deemed to be commercial in origin, unless there is evidence to the contrary.

Article 10

Where the contract is of a commercial nature for one of the parties, the provisions of the present Law relevant to this contract shall apply to the obligations of both parties emanating from such contract, unless there is a specific provision or agreement to the contrary.

Article 11

The following in particular shall not be deemed to be commercial businesses:

1. The creation and sale of a work of art by the artist himself or by his workers;
2. The publication and sale by an author of his own book;
3. The practice of their professions by self-employed people, such as doctors, engineers, lawyers, and similar professionals;
4. The sale by the farmer of crops produced on land owned or cultivated by him, even if such crops have been processed using available means. If a farmer establishes a permanent shop or factory for the sale of his crops, either in their original form or after processing, such sale shall be deemed to be commercial business.

Chapter Two Articles

The Trader

Subchapter I: Trader in General

Article 12

Whoever carries on a commercial business in his own name, fulfils the due eligibility conditions and is undertaking this work as his occupation, shall be deemed to be a trader.
Also, every commercial company or every company taking the commercial form, even if it is engaged in non-commercial activities, is deemed to be a trader.

Article 13

Whoever in any way publicly advertises the establishment of a shop for trading shall be deemed to be a trader even if he doesn't take trade his occupation.
Anyone practicing trade under a fictitious name or an alias, or whose identity is hidden behind that of another person, shall have the status of trader in the same way as a person who trades openly.
Whoever is prohibited from trading under specific laws or regulations and who does nevertheless engage in trading activities shall be deemed to be a trader and is subject to the provisions of this law.

Article 14

Whoever has concluded an accidental commercial transaction, but who does not conduct trade as his occupation, shall not be deemed to be a trader. However, his commercial transaction shall be subject to the provisions of this law.

Article 15

Ministries, other governmental bodies, public authorities and corporations, associations and clubs shall not be deemed traders. However, commercial transactions carried out by such parties shall be subject to the provisions of this law, unless a special exemption is granted to a transaction.

Trader capacity shall attach to companies created by the state or to which the state contributes, as well as other public authorities and corporations which are primarily engaged in commercial activity.

This same capacity shall attach to branches of foreign public companies and corporations engaged in commercial activity in Qatar.

Article 16

Individuals whose livelihood basically depends on the performance of small jobs or petty trade shall not be required to comply with the obligations of traders related to commercial books, registration in the commercial register or provisions of bankruptcy and protective reconciliation.

The definition of small jobs and petty trade shall be determined by a decision of the competent minister.

Article 17

Any Qatari, who has attained legal majority, provided that neither he nor the type of commercial transaction he is executing is subject to any legal impediment, shall be eligible to engage in trade

Article 18

Subject to the legal provisions prescribed to legal jurisdiction over funds belonging to minors, if the minor possesses assets in a business, the competent court may order the liquidation of his assets and withdrawal of the same from the business or may order the continuation of his interest therein. If a court orders the continuation of his interest in the business, it may give to a representative of the minor a general or limited mandate to do all the required work thereto, and such delegation shall be registered in the commercial register. A minor shall be committed only to the extent of his assets used in this business, and he may file for bankruptcy. Bankruptcy shall not include funds not utilized in the business, and there shall be no consequences for the said minor.

Article 19

Where there is serious reason to suspect the representative of mismanaging the minor's affairs; the court may withdraw the delegation referred to in the preceding Article, without adversely affecting rights of bona fide third parties.

The registrar of the court shall, during the twenty-four hours following the issue of the order withdrawing the power of attorney, inform the commercial register so that the cancellation may be registered.

Article 20

The following persons may not engage in trade:

1st: any trader who has filed for bankruptcy during his first year of trading, unless he has been rehabilitated by the court.

2nd: any trader who has been finally convicted of any of the bankruptcy crimes, by fraud, negligence, any commercial fraud, theft or scam, dishonesty, false accounting, or the use of counterfeit notes, unless he has been rehabilitated.

Violation of this ban shall be punishable by a term of imprisonment of not more than one year and payment of a fine of not more than fifty thousand (50,000) riyals, or by either of these two penalties, with the commercial premises being shut down in all cases.

Subchapter II: Business Bookkeeping

Article 21

Whoever is defined as a trader according to the provisions of the present Law shall maintain the commercial books required by the nature and scale of his business, in such a way as to accurately reflect his financial position.

Article 22

Traders must keep at least the following records/books:

1. Original daily journal.
2. General ledger.
3. Inventory record.

Traders whose capital does not exceed one hundred thousand riyals shall be exempted from such requirement. Registration regulation procedures in the above books or their forms and inspection thereof shall be determined by a decision of the competent minister.

Article 23

All operations relating to a trader's commercial activities shall be recorded daily in detail in the Original Daily journal. Personal expenses, withdrawals and total statement thereof shall be recorded on a monthly basis.

Article 24

All transactions recorded in the Original Daily Journal shall be transferred to the General Ledger and organized by account type, cross-referenced to the original daily journal.

Article 25

Details of the stock held by a trader in the last fiscal year shall be registered in the Inventory Record or total statement thereof if the details are contained in an independent records and lists. In this case, such records and lists shall form an integral part of the abovementioned inventory record.

A copy of the trader's general budget for each financial year shall also be included in the inventory, unless this is provided for by another specific record.

Article 26

Commercial records shall not contain any vacant space, footnotes, erasures or insertions. Before their use, each page shall be numbered and stamped by the commercial register.

Traders shall submit these records to the commercial register within two months of the end of each fiscal year for examination and certification. If the pages of these records are completed before the end of the fiscal year, the trader shall submit them, appropriately certified, to the commercial register after the last entry. In the event of cessation of a commercial activity, the trader or his heirs shall submit these records to the commercial register for the cessation to be certified.

There shall be no charge for sealing and signing in such submitted cases.

Article 27

A trader shall keep true copies of all outgoing correspondence, wire/telegraphs sent by him in relation to his business. He shall also keep all the incoming correspondence, telegrams, invoices and other documents received relating to the business.

Individuals carrying out petty trade or small jobs, referred to in Article 16 of the present Law, and traders whose capital does not exceed one hundred thousand (100,000) Riyals shall be exempted from such requirement.

Article 28

The trader or trader's heirs shall keep the Original Daily Journal, the General Ledger and the Inventory Record for a period of ten years from the date of the completion. They shall also keep all correspondence, telegrams, documents, and images mentioned in the preceding Article for a period of five years.

Article 29

At a lawsuit hearing, the juristic court shall, *ex-officio* or at the request of one of the plaintiff commits the trader to submit his records and documents, to view the entries on the disputed case, and to extract what it deems appropriate.

Article 30

Mandatory commercial records shall be an evidence for an owner who is a trader in case of dispute with another trader, if the dispute is associated with a business, and the records submitted were in order according to the above rules. This shall not be required in the opposite case, when evidence may be taken from commercial records of the opponent that are in order.

Article 31

Mandatory commercial records, either regular or irregular, shall represent evidence against the owner if his opponent based his case thereon, being a trader or not, on condition that the entries in the interest of the record's owner shall represent a proof for him.

Article 32

Where one party asks to rely on the contents of his opponent's records, and the opponent declines to submit such contents without reasonable excuse, the judge shall adopt the sworn testimony of the applicant

Article 33

Mandatory regular trading records/books shall be taken as proof on behalf of their owner against his non-trading opponent in connection with debts arising from goods supplied by him to a customer who is not a trader. Such evidence shall drop by the reverse evidence.

Article 34

Failure to keep the mandatory commercial books referred to in Article 22 of this law or to follow the provisions regarding their organization shall be punishable by a fine of not less than one thousand (1000) Riyals and not more than ten thousand (10000) Riyals

Article 35

A trader who uses a computer or other technological devices to organize his business operations shall be exempted from the provisions of Articles 22, 23, 24, 25 and 26 of the present Law. Information obtained from a computer or other device shall be deemed as a commercial record. General regulations governing the use of such devices shall be determined by the competent minister.

Part 2

The Store, the Business Title and the Unfair Competition

Chapter One: The Store

Article 36

A store shall be both the place where a trader works and the associated rights thereto.
The store shall include a set of both tangible and intangible elements, in particular goods, commercial furniture, industrial machinery, communication with customers, business title, the right to rent, trademarks and trade data, patents, licenses, and industrial patterns drawings and designs.

Article 37

The rights of the business owner in the different elements thereof shall be organized by respective provisions on these elements. Where there is no specific rule, general rules shall be applied.

Article 38

Trade names, trademarks, industrial drawings and designs patterns, patents and other elements of industrial or intellectual property shall be subject to the relevant laws and decisions thereof.

Subchapter I: The Sale of the Store

Article 39

The store shall not be sold except through an official contract. The sale contract shall specify the value of goods and physical assets, as well as intangible elements, each of which shall be defined separately. First the goods, then the physical assets, then the intangible elements value shall be deducted from the price paid, even if otherwise is agreed upon.

Article 40

Notification of the sale of the store shall be by its registration in the commercial register. The registration shall be made within one month of the date of sale and shall have priority over subsequent registrations concerning this store. The registration shall ensure the preservation of the Seller franchise for a period of five years from the date of registration. The registration shall be cancelled if it is not renewed during this period. The record shall be erased by the mutual consent of the stakeholders, or if so ordered by the court.

Article 41

The privilege/franchise of the Seller shall apply only to the parts of the store that are shown in the registry. If what is included in the franchise is not precisely specified, then the franchise shall apply only to the business title, the right to rent and to contact customers, and the goodwill of the business.

Article 42

The creditors of the Seller, within ten days of the announcement of the sale, shall have the right to sell the shop to a bidder, if they have decided by an increase of their number by 1/10, in the event they have estimated that the sale price is less than the true price. The order to sell shall be issued in this case by the president of the competent court at the request of the creditor who is requesting the sale.

Article 43

A Seller who files a lawsuit revoking the contract shall inform creditors who have claims on the store at their addresses registered in their claims. Where a Seller sets a condition revoking the contract if the price not paid by the deadline, or if the Seller and Buyer agree to cancel the contract, the Seller shall inform the creditors at their registered addresses of the said revocation or agreement by registered letter with receipt attached.

Article 44

Where the business is to be sold by public auction, the person calling for this shall notify the previous Sellers at their addresses shown in their bonds/claim by registered letter with attached receipt; informing them that if they do not revoke the contract within one month of the notification, their right of revocation lapses before the public auction.

Article 45

A civil lawsuit against third parties in respect of revocation of the contract for non-payment of the price shall not be accepted except if clearly so stated in the contract bond, and the lawsuit shall apply only to the elements of the store subject to the sale. Bankruptcy shall not prevent the filing of a revocation lawsuit.

Subchapter II: Renting the Store

Article 46

The store may be partially or completely rented, in accordance with the provisions stated in this Subchapter.

Article 47

The renter shall acquire the capacity of trader and shall be subject to all obligations related to such capacity, *inter alia* the requirement to register of his name in the trade registry within 30 days of the hire.

Article 48

The renter must declare the hire contract in the trade registry by the same deadline as stated in the previous Article and shall declare the cessation of the hire in the same way.

Article 49

The renter must display such capacity as aforementioned in all documents related to his commercial activity such as correspondence, lists, requisitions, and other documents.

Article 50

Whoever has debt in respect of the store may request the payment of his debts within 90 days of the hire declaration; otherwise his right will be forfeited to the renter by lapse of deadline.

Article 51

The renter shall be jointly liable with the tenant until the date of declaring the rent contract of the debts on the latter, for the period of occupying the store.

Article 52

The previous provisions shall not apply to a rental contract signed by the renter's representative, unless he is authorized to sign the contract.

Subchapter III: Mortgage/ Pawning of the Store

Article 53

Mortgage of the store may be permitted; if the subject of the mortgage is not precisely specified, the mortgage shall be limited to the trading title, the right of rent, customer contacts and goodwill.

Article 54

A mortgage shall only be effected by an official contract. The mortgage contract shall include a statement by the debtor as to whether the Seller has a beneficial/franchise interest in the store, and the name of the insurance company that insures the store against fire, if any.

Article 55

The mortgage contract shall be declared by registration in the Commercial Registry. The registration shall take place within 30 days of the contract date. The registration guarantees to keep the franchise for five years of its date. The registration shall be regarded as cancelled if it is not renewed during this period. The register entry shall be deleted by agreement between the parties concerned or by a final court order.

Article 56

The mortgagor shall be responsible for keeping the mortgaged store in a good condition without having the right to claim anything in return from the mortgage creditor.

Article 57

The lessor of the place where the mortgaged furniture and equipment are used in the store shall not maintain his franchise for more than two years

Article 58

Where the entire price or the debt was not paid by the store owner to the mortgage creditor by the deadline, the Seller or the mortgage creditor may, eight days after officially notifying the indebted store owner, submit a petition to the juristic court requesting permission to sell the whole or part of the store items the Seller or the mortgage creditor has a beneficial/franchise interest by public auction. The juristic court shall specify the method as well as the place, date and time of the sale. The sale shall be announced at least ten days in advance.

Article 59

The Seller and mortgage creditor shall have, on amounts of money accrued from the insurance, if properly matured, the same rights and concessions that they have on the insured items.

Chapter Two: Business Title

Article 60

The business title shall consist of the name of the trader and his surname by which he is commonly known or innovated name, or both. It shall be clearly distinguishable from the business titles registered before. The business title may include information on the people mentioned therein, related to the kind of business involved. In all cases, the title shall reflect the facts and shall not be misleading or detrimental to the public interest.

Article 61

The business title shall be registered in the commercial registry according to the provisions of the law.

Once this registration has been completed, no other trader may use this title in the pursuit of any commercial activity.

Where the trader name and surname are similar to a title already registered in the trade registry, the trader must add information to make it distinguishable from the previously registered entry.

Article 62

The trader shall carry out his commercial transactions and sign papers associated therewith, using his business title. The trader shall also affix such title at the entrance of his store.

Article 63

It shall not be allowed to dispose of the business title separately from the store. If the store owner disposed of his store, such disposition shall not include the business title unless that is clearly or implicitly stated.

Article 64

Anyone to whom ownership of the store is transferred, may not use the business title of the previous trade owner unless this has been transferred to him or he has been authorized to use such business title. In all cases, such person must add to this title a statement that proves the transfer of ownership. Where the previous owner agrees to the use of the business title without addition, he shall be responsible for commitments of the successor under the said title in

the event that the successor fails to fulfil such commitments.

Article 65

Whoever owns the business title of a store shall assume both the commitments of the previous owner and the rights of such title. Any agreement in contravention of this provision shall not apply to third parties unless it is registered in the commercial register or has been notified to the people concerned by means of a registered letter with attached receipt. The responsibility of the previous owner shall lapse five years after transfer of ownership.

Article 66

A person to whom ownership of a store has been transferred without the title of the business shall not be responsible for the commitments of the previous owner unless an agreement registered in the commercial registry states otherwise.

Article 67

The business title of companies shall be regulated by the respective legal provisions thereof.

A company may retain its original title without modification if a new partner joins it or if a partner leaves it and the title of the company includes his name, provided that such partner or the partner heirs agree the retention of this name in the title.

Chapter Three Unfair Competition

Article 68

Where the business title is used by anyone other than its owner without permission, or where the business title is used by its owner in a way that breaches the law, the parties concerned may request that its use be prevented and may request its deletion if it is registered in the trade registry. They may also claim compensation if the business had a premises.

The penalty for breaching the provisions stated in the previous paragraph shall be a term of imprisonment of not more than one year and/or a fine of not more than one hundred thousand (100,000) Riyals.

Article 69

Traders may not resort to fraud and cheating to sell their goods and may not publish information that can harm a competitor interest; otherwise, he shall be responsible for the result of such harm.

Article 70

Trader may not disseminate false information or matters about the source of his merchandise or description, or the scale thereof. The trader may not falsely claim to have obtained a certificate or reward, and may not resort to any means of misleading for the purpose of competing with another trader to attract his clients; otherwise he shall be responsible for any harm that may result.

Article 71

A trader may not induce the workers or employees of another trader to assist him take that trader's clients, or to stop working with that trader to work for him or to impart commercially sensitive information to him. Such actions shall be considered unfair competition that requires compensation.

Article 72

Where a trader provides a previous employee or worker with a false reference which misleads another trader who has acted in good faith and suffers damage as a result, the trader thus adversely affected may, according to the circumstances, claim compensation from the first trader.

Article 73

A person whose job is to provide the chambers of commerce with information and who, either deliberately or resulting from serious negligence, gives false information about the attitude or financial situation of a trader, shall be responsible for paying compensation for any resulting harm.

Part 3: Commercial Liabilities

Article 74

Persons who are committed to commercial debt together shall be jointly responsible, unless the law or the agreement stipulates to the contrary.

Article 75

A guarantee is commercial if the guarantor is guaranteeing a commercial debt for the debtor, or the guarantor is a trader and has an interest in guaranteeing the debt, unless the law provides otherwise or there has been an agreement to the contrary. A guarantee arising from the guarantee of commercial securities as a reserve guarantee or through the endorsement of such securities shall always be a commercial guarantee.

Article 76

In the case of a commercial guarantee, the guarantors shall act jointly and shall be jointly liable to the debtor. A creditor who makes a claim against any of the guarantors shall not lose his right to claim from the others.

Article 77

Works and services which are related to the commercial activity of the trader and are provided to third parties shall be with compensation unless proven otherwise. This compensation shall be determined in accordance with the common customary tradition. The court shall define the compensation if there is no customary tradition.

Article 78

A loan shall be a commercial loan if the trader takes it out in pursuit of his commercial activities or the purpose of the loan is to use in the business.

Article 79

The court may not give a debtor who has a commercial debt a grace period for full payment or payment by installments, except in cases provided for by the law or if it is absolutely necessary, provided that the creditor will not be placed in jeopardy.

Article 80

Repayment of a business liability may only be claimed during normal working hours

Article 81

Commandment or notification of debt in commercial issues shall be by registered letter, with a confirmation of receipt. In case of emergency commandment or notification shall be by a telegram or its substitute.

Article 82

Payment of a commercial debt shall be valid if it has been made to a person who possesses a receipt of debt or carries a form of discharge from the creditor and the debtor has acted in good faith. A debtor shall be deemed to have acted in good faith if he is unaware that the certificate of debt or the discharge form is illegal.

Article 83

The debt receipt in the possession of the debtor shall be an evidence of acquittal of debt unless proven otherwise.

Article 84

A creditor shall not be forced to accept the implementation of the contract if a deadline for its implementation is set and the debtor failed to implement it during such term, unless there is an agreement to the contrary.

Article 85

Where one of the parties to the contract retains the right to rescind the contract against consideration, then the implementation of the obligations of the contract or acceptance that the other party implement his obligations, shall override such right of rescission.

Article 86

Save as otherwise expressed by the law, in trade matters, whatever their value, all means of evidencing may be used for proof. Except for the cases where the law requires written evidence of the trade matters, it is permissible to prove the reverse of what is included in the written evidence, or to prove what exceeds this evidence using all methods of evidencing.

The (idiochira) papers in trade matters shall be evidence against the other on their date, even if the date is not fixed, unless the law stipulates the date to be fixed.

The date of the (idiochira) paper shall be considered the true date until proven otherwise using all means of proving.

Article 87

Liabilities of traders to each other in relation to their commercial work lapse ten years from the deadline for fulfillment of such liabilities, unless the law provides for a shorter period. The final rulings on the disputes arising from the aforementioned commercial liabilities referred to in the preceding paragraph shall lapse ten (10) years from the date of their issuance.

Part 4

Specific Commercial Contracts

Chapter One: Commercial Sale

Subchapter I: Sale Elements

Article 88

A sale shall take place by the mutual consent of the two contracting parties on the sold item and the price. The Buyer must have sufficient diligence of the sale item. Due diligence shall be deemed sufficient if the contract includes a statement and basic description of the sale item.

If the contract states that the Buyer has knowledge of the sale item then he forfeits his right to cancel the sale, claiming that he has no knowledge of it, unless fraud on the Seller's part is proven.

Article 89

It shall not be considered an offer to inform the current prices to many persons nor offer goods and services for sale by sending their list, prices and pictures.

Article 90

Where a sale is concluded on the basis of a sample then the sale item shall correspond to the sample.

Where the sample is damaged or destroyed in the hands of one of the contracting parties, even through no fault of his own, then that party, whether Seller or Buyer, shall have to prove that the item is, or is not, identical to a sample.

Where the sale is conditional upon a trial period, the Buyer may accept or reject the sale. The Seller must facilitate the trial for the Buyer. If the Buyer refuses the sale, he must do so within the period agreed upon. Where there is no agreement on the period, then he must announce his decision within a reasonable time to be decided by the Seller. The silence of the Buyer after the trial period will be considered as an acceptance. A sale that is subject to a trial period shall be dependent on the acceptance of the sale item unless it becomes apparent from the agreement or the circumstances that the sale was dependent on a rescinded condition.

Article 91

Where the sale is conditional upon a trial period, the Buyer may accept or reject the sale. The Seller must facilitate the trial for the Buyer. If the Buyer refuses the sale, he must do so within the period agreed upon. Where there is no agreement on the period, then the Buyer must announce his decision within a reasonable time to be decided by the Seller. The silence of the Buyer after the trial period shall be deemed an acceptance. A sale that is subject to a trial period shall be dependent on the acceptance of the sale item unless it becomes apparent from the agreement or the circumstances that the sale is dependent on a rescinded condition.

Article 92

Where the sale is subject to a taste trial, then the Buyer may accept the sale if he wishes, but he shall have to announce this acceptance within the period designated by an agreement or customary tradition and there shall be a sale only at the time of announcement.

Article 93

Where a trader sells movable property belongs to third party, which comes within the remit of his business and delivers it to a Buyer, then the Buyer shall own the sale item if he has acted in good faith, but if the said item is a missing or stolen item then the real owner may recover it within five years from the time of loss or theft and the Buyer may request the return of his payment.

Article 94

Movable goods which do not exist at the time of the contract but can be prepared and delivered at the time of delivery may be sold.

Article 95

Where at the time of contract the two contracting parties note the possibility of damage to an item, the item may be sold and the Buyer shall not get his money back if the sale item is in fact damaged. The sale shall be void if the Seller was confident that such damage would definitely occur.

Article 96

Where it is agreed that the Buyer may specify the form, size or other features of the sale item, then the Buyer shall perform such specification within a reasonable time, otherwise the Seller may ask for cancellation and compensation.

At the end of the specified period, the Seller may provide a specification of the sale item, which shall be deemed the final specification if the Buyer does not object to it within fifteen (15) days from the date of notification.

Article 97

Estimation of price may be restricted to the basis under which it shall be determined later.

Where the price agreed on is the market price, this means the market price applicable to the time and place in which the sale item must be delivered to the Buyer. Where no such market price exists at the place of delivery, then the market price at the place, agreed by custom shall be the applicable price.

Article 98

Where the contracting parties do not specify a price, then the sale shall be concluded on the basis of the price at which they have used to do business with. Where no such business dealings have been previously between them, then the sale will be held at the market price unless it becomes clear from the circumstances or from business customary practice another price shall be adopted.

Article 99

A third party may be authorized to determine the price. The market price on the day of sale shall be adopted if for any reason whatsoever the said third party fails to specify the price. Where it becomes impossible to determine the market price, the competent court shall determine the price.

Article 100

The net weight at the time of delivery shall be calculated if the price is estimated on the basis of weight, unless both parties have agreed otherwise or there is a custom which is contrary to this.

The extent of mutual tolerance of defect in the goods as a result of transportation or other or agreement on the delivery of a certain approximate quantity shall be determined by custom and practice.

Article 101

The law of compulsory pricing and its resolutions shall not be applicable to sales that were concluded before it came into effect, even if payment is due at a later date.
For sales which took place during the period when these laws and resolutions were in force, the specified price may not be exceeded; otherwise the Buyer may refrain from paying the extra amount or may claim it back, even if the parties had agreed otherwise.

Subchapter II: Sale Effects

1- Vender Obligations

Article 102

A sale shall be void and the Buyer shall get his money back if the sold item has perished before delivery for reasons beyond the Seller's control, but if the loss occurred after the Buyer was notified to receive the sale item. The Buyer shall pay the expenses if the Seller takes any necessary action to maintain the safety of the sale item.

Article 103

Where the sold item has decreased in value before delivery due to the damage, the Buyer may either request that the sale be cancelled if the goods are seriously defective or accept the goods at a reduced price.

Article 104

Where the sale is to be exported to the Buyer, the delivery shall not be completed till the sold item reaches the Buyer, unless there is an agreement to the contrary

Article 105

Where it has been agreed that delivery shall be completed as soon as the sold item reaches the courier curator, the Seller shall be liable for losses until the goods are delivered to the courier curator, at which time such liability shall be transferred to the Buyer.

Article 106

Where at the request of the Buyer the Seller sends sold goods to another destination, not the specified one, then the Buyer shall be liable for losses from the time of delivery of the goods to the person responsible for their transportation. If the Seller has contravened the Buyer's instructions regarding the mode of transport without due necessity, then the Seller shall be responsible for any damages caused by this contravention.

Article 107

Where a sale has been concluded on the basis of a deferred payment, then the Seller may stipulate that ownership shall not be transferred to the Buyer until the price has been fully paid, even though the sold item has been delivered. The Buyer shall be liable for losses from the time of delivery.

Article 108

Where a delivery deadline has not been specified then the goods shall be delivered as soon as the contract is completed, unless the nature of the goods or custom and practice require that an alternative date be set.
Where the goods are seasonal then they shall be delivered before the end of the season.
Where it has been agreed that the Buyer should set the delivery date then the Seller shall have to be committed to deliver within that period, taking into account custom and practice and the nature of the goods.

Article 109

Where the Seller fails to deliver on time, then the contract shall be deemed unenforceable without prior notification unless the Buyer notifies the Seller of his intention to fulfill the contract within three days of the deadline. In such case the Buyer has the right, with the permission of the president of the court or without such permission in urgent cases, to buy replacement goods of the quality agreed on, or of average quality in the absence of an agreement, at the expense of the Seller.
The Buyer, in exercising his right to purchase at the Seller's expense, shall act in good faith.
In transactions in which sold items are delivered in batches or stages, the Buyer shall have the right to request termination of the contract if the Seller fails to deliver any batch or fails to deliver the required items at an agreed time. A part of the contract which has been fulfilled shall not become void unless the division of the goods has an adverse effect on the Buyer.

Article 110

Where a contract is terminated because of the Seller's failure to deliver on time, then the Buyer has the right to ask the Seller for compensation to the extent of the difference between the agreed price and the market price effective on the date specified for delivery and without prejudice to the right of the Buyer to claim compensation for damages sustained as a result of the failure to fulfill the contract.

Article 111

Where the goods sold or delivered fail to match the specification agreed upon, for example in respect of quantity or quality, then the Buyer may ask for the contract to be voided if the difference is such as to make the goods unfit for purpose. In other cases it is sufficient to reduce or increase the price depending on the increase or decrease in the quantity or quality. All the above shall be applicable unless there is an agreement or custom to the contrary.

Article 112

In the circumstances set out in the preceding provision the Buyer shall notify the Seller of the shortfall, defect or failure to correspond with the specification within 15 days from the date of actual delivery. They may agree to lengthen or shorten this period or exempt the Buyer from taking it into account. If the Buyer fails to provide such notification within the period specified in the preceding paragraph, then his claim shall be heard only if the defect, shortfall or failure to meet the specifications cannot be detected by the usual methods.

Article 113

The Seller shall bear the cost of measuring, counting or weighing, unless there is an agreement or custom to the contrary

Article 114

The Buyer shall examine the goods immediately upon receipt in accordance with the usual practices pertaining to the dealings. He shall notify the Seller as soon as any defects are detected or forfeit the right to return defective goods. If the defect is detected in the course of normal examination, then the Buyer shall notify the Seller of the detection methods used, otherwise the Buyer shall lose his recourse against the Seller.

Article 115

A claim under guarantee in respect of defective goods shall be made within one year of the actual delivery of the goods, unless the Seller accepts the obligation of a longer warranty period. The Seller may not benefit from the limitation or lapse of time of this period if he has deliberately and fraudulently hidden the defect.

2- Buyer Obligations

Article 116

Goods shall be paid for at the place where they are delivered, unless there is an agreement or custom to the contrary. Where payment is not due at the time of delivery then it shall be made at the Buyer's home country at the time of maturity of price.

Article 117

Goods shall be paid for at the time when they are delivered, unless there is an agreement or custom to the contrary.

Where someone claims a prior right to the goods or right due from the Seller, or if there is reason to fear that the goods will be taken from Buyer, the Buyer shall be entitled to withhold payment until such claim ceases or the threat is removed, unless there is a condition in the contract which prevents this. However, the Seller may in this case demand payment provided that he presents a guarantor. This provision shall apply in the event that the Buyer detects a defect in the goods.

Article 118

Where all or part of the price is due to be paid immediately, then the Seller may keep the goods until the due sum is paid to him even if the Buyer has given a mortgage or security, unless the Seller has granted the Buyer a period of grace after the sale. The Seller may keep the goods even if the period allowed for payment has not ended in the following circumstances:

1. If the Buyer's bankruptcy has been announced.
2. If the Buyer has weakened by his acts, the assurances he gave to the Seller, or the weakness of guarantees is not linked to the will of the Buyer and the Buyer has not provided to the Seller what completes the guarantee.
3. If the Buyer has not provided the Seller with the guarantees specified in the contract.

Article 119

If goods perish while in the Seller possession as specified in the previous Article, then the Buyer shall bear the loss unless the goods are lost by the Seller himself.

Article 120

The Seller may, after warning the Buyer accordingly, claim the difference between the agreed price and the price of re-sale if the goods are not paid for on the date agreed upon.

Where the market price of the goods is known, then the Seller may ask the Buyer for the difference between the agreed price and the price on the day fixed for completion.

Article 121

The Buyer may pay the price before the due date, unless otherwise agreed. The agreement or custom shall determine what is to be deducted from the price against payment before the due date.

Article 122

Where the agreement or custom does not specify a place or time for the delivery of the goods, then the Buyer shall receive them at the place where they were found at the time of sale and transport them without any delay, except that which transportation requires.

Article 123

The Seller shall bear the costs of delivery of the goods unless there is any agreement or custom to the contrary.

Article 124

Where the Buyer refuses to receive the goods then the Seller may deposit them with a curator and sell them at auction after a reasonable period which he shall determine, having notified the Buyer promptly. Perishable goods may be sold at auction without any such notification.

Where the goods have a known price then they may be sold practically at this price through a broker.

The Seller must deposit the sale proceeds in the court treasury, without prejudice to his right to reduce the price and deduct all the expenses of the deposit and sale.

Chapter Two: Certain Types of Commercial Sales

Subchapter I: An Installment Sale

Article 125

An installment sale is a type of credit sale in which the price is paid by installments over time and first installment become due on receipt of the goods. The specifications particular to the sold goods, the price and the installment terms shall be specified in the installment sale contract.

Article 126

Where the price is due to be paid in installments and the Buyer fails to pay one of the installments, then the sale may not be declared null and void if it is clear that the Buyer has paid at least three-quarters of the price.

Article 127

Where the Seller retains ownership of the transferred goods until all installments have been paid, then the Buyer shall have ownership on payment of the last installment. The Buyer shall bear the risk of loss of the goods from the time they are delivered thereto. Without prejudice to the provisions set out in the bankruptcy Part, the condition of retention of ownership shall not affect third party unless it is in writing and has a fixed date and prior to the emergence of the right of third party, or the implementation procedures taken by the creditors on the sold item.

Article 128

The Buyer may not dispose of the goods before payment of all installments without the Seller's written approval. No action taken by the Buyer in violation of this provision on behalf of third parties shall be effective against the Seller unless it is proved that the alienee knew at the time of the disposition about the non-payment of the full price.

Article 129

Where the Buyer disposes of the goods prior to the payment of the full installments, and without the Seller's consent, the Seller may ask the Buyer to pay the remaining installments immediately.

Article 130

The installment sale provisions stipulated in the preceding Articles shall be applicable even if the contracting parties describe the sale as rent.

Subchapter II: Auction and Knockdown Sale in Commercial Shops

1- Auction Sale

Article 131

Commercial shops shall be prohibited to sell their goods at auction except in the following cases and having obtained the necessary license from the competent authority:

1. Clearance, when the shop finally ceases trading;
2. When one or more businesses that the shop is involved in are finally being wound up;

3. Closure/clearance of one of the branches of the shop;

4. Clearance of goods that have become defective due to fire, leaks, humidity or infestation. In all cases, the trader must declare the reason for the sale before carrying out the public auction.

2- Knockdown Sale

Article 132

Selling at reduced prices means that the business announces that all or most of its goods will be sold at discounted prices for a limited period, for example, end of season or closing down sales or any other similar occasion, howsoever named, when it is announced that goods will be sold at reduced prices for a limited period.

Article 133

Commercial shops may not sell their goods at the reduced prices or advertise the same in any way without obtaining a permit from the competent authority.

Article 134

Commercial shops shall be permitted to sell at discounted prices with a view to final clearance on a single occasion and for a period not exceeding three months in the following cases:

1. Cessation of commercial activity;
2. Bankruptcy;
3. The death of the owner of the shop or any partner, if it results in the final liquidation of the business or cessation of its activities;
4. Erasure of the records from the commercial register;
5. A change in the type of commercial activity.

Article 135

The competent ministry shall specify the conditions for obtaining a license to conduct sales at public auctions and at the discounted price and shall determine the rules and regulations which will be obligatory on the occasion of such sales.

Article 136

Law enforcement officers authorized by Attorney General's resolution by agreement with the competent minister shall seize and record any violations in shops selling goods at auction and at discounted prices. Such officers shall be entitled to enter shops, check documentation, bills and other securities, and record irregularities.

Article 137

Without prejudice to any severer penalty provided for by another law, violation of the provisions of Articles contained in this Subchapter shall be punishable by a term of imprisonment of not less than one month and not more than one year and/or a fine of not less than one thousand (1,000) Riyals and not more

than ten thousand (10,000) Riyals. Furthermore, the shop may be closed for a maximum of one month and the license referred to in Article 135 of this Law may be suspended for a period of three years from the date of the aforementioned sentence. In case of recidivism, the maximum and minimum punishments shall be doubled. The rule of closure shall be mandatory. In the application of the provisions of this Subchapter, shall be considered recidivist whoever commits a similar offence to an offence committed previously and was punished by one of the prescribed punishments under this Article before the elapse of 5 years from the end of implementing the conviction or elapse by time.

Subchapter III: Special Sale Types

Article 138

Sales derived from business custom and practice and from international dealing shall be subject to the laws, rules and provisions applicable thereto.

Subchapter IV: Purchase by an Agent on his Own Account

Article 139

Whoever acts on behalf of third party under any agreement or provision may not buy for himself, directly or under a pseudonym, even at auction, an item that he has been entrusted with selling under such representation, except by permission of the judge, and without prejudice to what has been provided for in the law to the contrary.

Article 140

Brokers and experts may not buy property entrusted to them for sale or estimation purposes, whether under their own name or a pseudonym.

Article 141

The contract shall be valid in the circumstances set out in the preceding two Articles if it is permitted by whoever the sale is made on his behalf.

Subchapter V: Maritime Transactions

Article 142

Maritime transactions are sales that include all or some of the provisions relating to maritime insurance and shipping.

Article 143

The international rules and regulations on sales issued by the International Chamber of Commerce shall be applicable unless there is a provision in the present Law regarding such sales.

1- Sale at the Port of Departure

a) Sale with Cost, Insurance and Freight CIF

Article 144

A C.I.F sale is the sale of goods exported by sea to a particular place with a lump sum allowance which includes the price of the goods, insurance and freight charges as far as the port of arrival.

Where the Seller is not committed to the insurance then the sale shall be classed as C&F Cost & Freight.

Article 145

The Seller shall complete the transport contract at his own expense with the usual conditions: to transport cargo to the destination port agreed upon and by the usual shipping route. The Seller shall pay the freight charges and any other expenses incurred in unloading the goods, as defined at the time and place of shipment.

Article 146

The Seller shall be committed to load the goods on board at the port of embarkation at his own expense, on the date agreed in the contract of sale, or within a reasonable time if the parties have not specified a time for the shipment.

The Seller shall obtain the necessary export licenses at his own expense and shall also bear the expenses of packaging, weighing, measuring, counting or quality checking the goods, as required for shipment. He shall also be committed to paying export and shipping taxes and duty due on the goods.

The Seller shall inform the Buyer without delay of the date of shipment of the goods and the name of the ship.

Article 147

The Seller shall bear the risk of damage to the goods until they pass, during their shipment, the ship's rail. After that the risk shall move to the Buyer

Article 148

The Seller shall, at his own expense, take out maritime insurance with a professional and reputable insurer to cover the risks of the trip. Every installment shall be insured if the goods are to be shipped in installments. The Seller himself cannot be an insurer for the Buyer.

The insurance policy must be covered by a negotiable document and under the conditions which are customary at the port of embarkation, but the amount of insurance shall not be less than the price mentioned in the sale contract plus ten per cent.

The Seller shall only be required to provide insurance cover against the risks of normal transport. The Seller shall not be committed to insure against the risks of a particular trade unless he has an agreement with the Buyer.

The Seller shall not be obliged to insure the goods against war risks unless the contract specifies otherwise.

Article 149

The Seller shall send to the Buyer without delay a clean and negotiable shipping document specifically relating to the sold goods. It must include proof of loading on the date or within the period specified for shipment. The Seller shall authorize the Buyer or his representative to receive the goods by endorsing or transfer this right to him in the appropriate legal way. If the document relates to the shipping fee then it shall be endorsed on the day of shipping by the

transport company with a record of the completion of loading.

A list of the goods and the insurance document or certificate shall be attached to the bill of lading which shall also include the basic terms which the bearer shall be entitled to. Documents that may be required by the Buyer to prove that the goods are as provided for in the contract, certificates of origin and other documents shall also be included.

Where reference is made in the bill of lading to a leasing agreement in respect of the ship, then a copy of this contract shall be attached.

Article 150

The bill of lading shall be deemed clean if it does not include explicit additional clauses confirming the presence of defects in the goods or packaging. References in the bill of lading to the previous use of vessels or packages, to disclaimers in respect of damage due to the nature of the goods, or to ignorance on the part of the shipper of the contents or weight of the shipment shall not be included in these terms.

Article 151

The Buyer shall not be obliged to accept the documents sent by the Seller, if the conditions contained therein are not identical to the conditions set out in the contract of sale. The Buyer shall be deemed as accepting those documents unless he objects to them within seven days of receipt. The objection shall take the form of a request to the Seller to send documents corresponding to the conditions within a reasonable period.

At the expiry of such period, the Buyer may ask for the sale to be cancelled with compensation if appropriate. Where the Buyer returns the documents for a specific reason or accepts them with conditions, then the Buyer cannot make any further objection based on reasons and conditions not provided previously.

Where the Buyer returns the documents without justification, then he shall be responsible for compensating the Seller for any damage.

Article 152

Where the ship on which the goods have been loaded arrives in advance of the documents or incomplete documents arrive, then the Seller shall immediately, after notifying the Buyer, do everything necessary to enable the Buyer to obtain a copy of the missing documents or complete them. The Seller shall bear the relevant expenses with compensation if appropriate.

Article 153

The Buyer shall be committed to receiving the goods after examination and verification that they correspond with the documents that have been received if the ship arrives. The Buyer shall be responsible for the expenses due on the goods during the sea voyage until they arrive in arrival port, unless it has been agreed to include these expenses in the freight charges. The Buyer shall also pay the import or customs duties on the goods.

Article 154

Where the difference between the goods and the paper work does not exceed the amount customarily allowed, the Buyer shall be obliged to accept the goods with a deduction from the price to be estimated by specialists in accordance with the established practice in the port of arrival.

b) Sale with delivery/Freight on Board FOB

Article 155

The FOB sale is a sale in which the goods are delivered at the port of shipment/ embarkation port on board a ship designated by the Buyer for transport.

Article 156

The Buyer shall contract for carriage of the goods, pay the relevant expenses and notify the Seller in reasonable time of the name of the vessel he has chosen for transport, the place and date of shipment, or the time limit set for the procedure.
The Buyer may be represented by the Seller in the conclusion of the contracts of insurance for both the goods and their carriage.

Article 157

The Seller shall commit to packing and shipping the goods on the ship designated by the Buyer at the time or within the time limit designated for shipment.
The Seller shall bear the expenses of the packaging, examination, measuring, weighing or counting as necessary for the shipment of goods.
The Seller shall notify the Buyer without delay of the shipment of the goods and send the documents to prove the same. The Buyer shall pay for the notification and transmission of documents.

Article 158

The Seller shall obtain an export permit, which, together with all procedures of the shipment of goods, shall be at his own expense.

Article 159

Where the Buyer requests a certificate proving the origin of the goods, then the Seller shall be committed to obtaining and giving such certificate to the Buyer.

Article 160

The Seller shall provide all necessary assistance to enable the Buyer to obtain the bill of lading and other documents issued in the country of shipment that may be required by the Buyer for import to the destination country, transit of shipment when necessary and to enable Buyer referral to the carrier in any proceedings arising from the contract of carriage. The costs and risk thereof shall be at the Buyer's expense.

Article 161

The Seller shall pay all costs required for the shipment of the goods, and all risks of damage to the goods until the moment in which, during its shipment, they pass the ship's rail. The Buyer shall be responsible for any subsequent damage and expenses in this regard.

Article 162

Where the Buyer fails to notify the Seller of the name of the ship within a reasonable time or reserves the right to specify the time of delivery or the port of

embarkation but without issuing specific instructions during that time, then the Buyer shall be committed to any additional expenses that may arise and bears the risk of any possible damage to the goods as from the expiry date agreed upon for delivery, provided that the sold goods are designated

Article 163

Where the ship is delayed until after the expiration of the period designated for shipment, or shipment of the goods during that period was not possible due to *force majeure*, then the Buyer shall be committed to paying the additional expenses arising and bearing the risk of possible damage as from the expiry date designated for the shipment, provided that the sold goods are designated by itself.

2- Sale at the Destination Port

Article 164

The sale at arrival is a sale in which the goods are delivered at the destination port agreed upon and the Seller shall be deemed responsible for the damage of the goods after shipment. Such contracts shall include conditions that their execution is dependent on the arrival of the ship intact; or the Buyer has the option to accept the goods either as per his interest or as the pattern delivered thereto.

Chapter Three: Contract of Carriage

Article 165

The convention of carriage is a convention whereby the carrier is committed to carrying the goods or people from one place to another designated place for a consideration.

Article 166

With the exception of maritime transport the provisions of this Chapter shall be applied to all types of transport, whatever the status of the carrier, taking into account the provisions set out in special laws on certain types of transport and the provisions of international transport agreements to which the State is a party.

Article 167

A transportation or carriage contract shall be deemed as concluded if consent and affirmation are given. All methods of evidencing may be used to prove the contract. In respect of transporting goods, receiving them by the carrier shall be an acceptance of transportation thereof. As regards passenger transport, embarkation represents acceptance, unless it is proven that the passenger's intention was not to conclude a contract for transportation.

Article 168

Any case emerging from a contract to transport goods or people, or a proxy contract by commission becomes obsolete after one year. This restriction applies to lawsuits in respect of responsibility for goods damaged after the day designated for delivery, as well as for delay, damage or partial damage to goods since the delivery day or from the day that the addressee is put in possession of the goods. A party committing intentional wrong-doing or making a serious mistake may not avail themselves of this restriction. Any agreement revoking the previous provisions shall be invalid.

Subchapter I: Goods Transportation Contract

Article 169

A goods transportation contract means that the carrier is committed to transporting specific goods, not in a perished or damaged condition, by an agreed method of transport from one designated place to another place, by a deadline and for consideration.

Article 170

Carriage documentation shall be issued in duplicate. The carrier shall sign one copy which is then delivered to the sender. The sender shall sign the other copy which is then delivered to the carrier.

The documentation shall include in particular the following information:

1. The date and location of issue of the document.
2. Names and origins of the sender and recipient as well as the carrier, and the transportation proxy on commission if available.
3. Fulfillment location and arrival location.
4. Type of the goods to be transported, weight, size, packaging method, number of packages, and all other information required for detailed identification and valuation.
5. Carriage start and finish deadlines.
6. Transport fee and other expenses with a statement of payment as well as the time and method of payment.
7. Special agreements pertaining to particular means of transport and the compensation procedure in case of damaged, spoiled or delayed goods. All types of legally accepted verification may be used to prove the carriage document retrospectively.

Article 171

Carriage documents may be issued in the name of a specific person, or for his/her order or for carrier thereof. The document shall be circulated as per the transfer regulations stipulated under civil law if nominal, by endorsement if for a command/order and by deliverance if for the carrier. In all cases the carriage document shall be as possessing the transported item.

Article 172

Where carriage documentation is not issued, the carrier shall provide the sender on request with a signed receipt for the transported goods. The receipt shall be dated and shall include sufficient information to identify the goods, fee, the location and carriage start and finish times.

1- Effect of the Contract on the Sender and Recipient

Article 173

The sender shall be committed to delivering the goods to the carrier at the embarkation location, unless delivery elsewhere is agreed on. The sender shall also be committed to delivering to the carrier the necessary carriage documentation. Inadequate documents and documents that do not tally with the facts are the sender's responsibility. The carrier shall be responsible for loss of or misuse of carriage documentation. Where the carriage requires special preparations on the part of the carrier, the sender shall notify the carrier sufficiently far in advance of delivery.

Article 174

Where the nature of the goods to be delivered requires special preparation, the sender shall make such preparations in such a way as to avoid perishing or damage, or the risk of damage to persons or goods transported therewith. The sender shall be responsible for the damage that arises from failure to observe this commitment. Nevertheless, the carrier shall be responsible for such damage if he/she consents to deliver in the knowledge or possible knowledge of the sender's neglect of this commitment. The carrier is deemed to be aware of the damage if the damage is clear or if it is of a type that cannot be hidden from a regular carrier.

The carrier may not deny responsibility for the damage or perishing of an item he/she delivers by proving that the damage is consequent on a flaw in the packaging of another item or in loading or packaging thereof. Any agreement to the contrary shall be invalid.

Article 175

The carrier has the right to examine the goods due to be carried to verify their status and the authenticity of the data provided by the sender. If the examination requires packages to be opened, it shall be done in the presence of the sender. If the sender fails to report on time following notification, the carrier may proceed in good faith in his/her absence. The carrier may apply to the sender or the recipient for the costs of the examination.

Where it becomes clear on examination that the goods are in such a condition that they do not qualify for undamaged carriage, the carrier may refuse carriage unless the sender acknowledges in writing the condition of the goods and his/her consent to the carriage. This acknowledgement shall be included in the transport documentation or the delivery receipt.

Article 176

The sender shall be committed to pay the carriage fee and any other expenses due to the carrier, unless it is agreed that the recipient is undertaking responsibility for such fees and expenses. In such case, the sender and the recipient shall be jointly responsible for paying the fees and expenses. If in an emergency the carrier has to take a longer route to avoid a specific risk to the goods carried, he/she shall be entitled to a fee for the extra distance and extra expenses if appropriate.

The carrier shall not receive payment for the carriage of goods perished by *force majeure*.

Article 177

While the goods are still in the possession of the carrier, the sender may order the carrier to return them or send them to someone other than the recipient. The sender shall pay the carrier the carriage fee and compensates him/her for the expenses and damages. The sender may not, however, exercise such right in the two following cases:

1. Where the sender is unable to present the carriage documentation that he has received from the carrier.
2. Where the goods reach their destination and the recipient is asked to take delivery of them.

Such right shall be transferred to the recipient from the time that he/she receives the carriage documentation.

Article 178

The owner of goods may dispose of the goods by selling or by any means while they are in the possession of the carrier according to the carriage documentation. The owner shall be responsible for any consequent perishing of the said goods during carriage. The goods may recourse to the carrier if possible unless there is an agreement to the contrary.

Article 179

The recipient shall be responsible for commitments arising from the contract of carriage if the recipient consents to them implicitly or explicitly. Consent shall be deemed to be implicit in particular if the recipient requests delivery of the goods as per the carriage documentation, or issues instructions to that effect after receiving the documentation.

2- Effect of the Contract on the Carrier

Article 180

The carrier shall commit to shipping the goods and loading them on the means of transport unless agreed otherwise. Where it is agreed that the sender ships and loads the goods, the carrier may refuse to transport them if they are incorrectly loaded in such a way as can be observed by a regular carrier. Where the sender demands that carriage shall be on a specific vehicle that is unsuitable for the nature of the goods, the carrier shall not be responsible for damage consequent on utilizing this means of transport provided that the carrier warns the sender accordingly.

Article 181

The carrier shall use the agreed route. Where no specific route is agreed on, the carrier shall use the standard route. However, the carrier may change the agreed route, or may not commit to the standard route if necessity circumstances require.

Article 182

The carrier shall guarantee the safety of the goods while implementing the contract of carriage. The carrier shall take the due diligence as required by the nature of the transported goods. The carrier shall be responsible for total or partial wear, damage of the goods, or any delays in delivering thereof. Not delivering the goods, not notifying the recipient to come and take delivery of the goods or not finding the recipient after the expiration of a reasonable period of time following the agreed delivery deadline or as required by custom for transport and delivery of goods shall be deemed total damage. The carrier's commitment to the safety of the goods shall commence at the time and location where such goods are put in the carrier possession for completion of the transportation process. Such commitment ends with delivery at the agreed time and place.

Article 183

The carrier shall not be responsible for normal damage to the goods during carriage due to its nature, such as reduction in weight or size unless the reduction is proved to be due to other causes.

Article 184

The carrier shall be responsible for losses of only such goods as are handed to him together with written statements by the sender for transport, such as money, securities, jewellery or other valuables.

Article 185

The carrier shall be responsible for the actions of persons employed by the carrier to fulfill obligations under the carriage contract.

Article 186

In the event of loss of, or damage to goods for which no price is shown in the carriage documentation or receipt, compensation shall be estimated on the basis of the market price of the lost or damaged goods prevailing in the destination on the scheduled day.
Where no price is available, the price shall be fixed by an expert appointed by the court as a matter of urgency.
However, where the price is mentioned in the carriage documentation the carrier may dispute this price and may use any method to prove the actual price of the item.

Article 187

Where the goods are no longer fit for their intended purpose due to damage or partial destruction or due to delayed delivery and the carrier has been proved responsible, the compensation claimant may give up the goods to the carrier in exchange for full compensation.

Article 188

The recipient shall have the right to examine the goods at the place of carriage and at the time of receipt to confirm their safety. Where the goods are received without due caution the right to discuss damage, partial destruction or delayed delivery with the carrier shall be forfeited, unless the recipient proves the condition of the goods and files a lawsuit against the carrier within thirty days from the date of delivery.
The condition of the goods shall be proved by the officers of the department, or an expert appointed by the court as a matter of urgency

Article 189

Where a single carriage contract is fulfilled by several successive carriers, the first carrier shall be responsible to the sender and the recipient for the whole of the carriage; otherwise all conditions shall be invalid. None of the other carriers may be liable to the first carrier or the sender or the recipient except with respect to damage in his own part of the carriage. Where it is not possible to determine the part where the damage occurred, then the compensation shall be divided among all the carriers in proportion to their fees. Where any of them is unable/bankrupt to pay his share it shall be divided between the others equally.

Article 190

A carrier may not deny responsibility for destruction, damage or delayed delivery, unless the carrier can prove of force majeure or self defect in the goods or an error on the part of the sender or the recipient. Where the cause of destruction or damage is unknown, liability shall fall on the carrier.
Where the carrier takes the precaution of including a condition disclaiming responsibility for damage due to defective packaging of the goods, the sender or the recipient shall prove that the damage did not occur because of this defect.

Article 191

All conditions absolving the carrier from responsibility for total or partial destruction or damage of the goods shall be invalid, and all conditions absolving the carrier from this responsibility shall be null and void if it results from the actions of the carrier subordinates. All conditions obliging the sender or the recipient to pay any sums, of whatsoever type intended to cover all or some of the cost of insurance against the carrier's liability shall be deemed to absolve the carrier from responsibility.

Article 192

Save in the event of fraud or serious error by the carrier or subordinates thereof, the carrier may do the following:

1. Determine the responsibility for destruction, damage or delay, provided that the stipulated compensation shall not be purely symbolic or notional.
2. Impose a condition absolving the carrier from liability for damages arising from the delay.

The condition providing exemption from liability or identifying it shall be communicated by the carrier to the sender in writing.

Article 193

Where the goods being carried are in the custody of the sender or the recipient, the carrier shall not be responsible for destruction or damage thereof unless an error is proved on the carrier part or subordinates thereof.

Article 194

The carrier shall be committed to unloading the goods on arrival, unless it was agreed otherwise. The recipient shall have the right to approach the carrier directly to claim delivery or payment of compensation as required.

Article 195

Where delivery is not mandatory at the recipient's premises, the carrier may inform the recipient of the arrival of the goods and the time when they can be received. The recipient shall take delivery of the goods within the time limit set by the carrier otherwise the recipient shall be responsible for storage costs. The carrier may levy additional charges for transporting the goods to the recipient after the expiry of the time limit set for delivery.

Article 196

Where there is an impediment to the start or the continuation of carriage, or if the recipient fails to take delivery on the date designated by the carrier, or attends and refuses receipt or payment of carriage and expenses, the carrier shall notify the sender asking for instructions. If the sender delays sending the required instructions to the carrier within a reasonable time, the carrier may ask the court to appoint an expert as a matter of urgency to establish the condition of the goods and to authorize him to deposit them with a trustee on the sender's account and responsibility. Where the goods are exposed to destruction or damage, decrease in value, or require maintenance, the judge may order the goods to be sold in the manner designated thereby and the proceeds deposited in the Treasury of the court for the benefit of the stakeholders. The judge may, when required, order the sale of all the goods or sufficient amount to meet the amounts owed to the carrier.

Article 197

The carrier may withhold the goods to meet the carriage charges and expenses and other amounts which are due to him for carriage. The carrier shall have

a lien on the proceeds of the sale of the goods to meet the sums due to him for carriage. The carrier shall follow the same enforcement procedures applied to the goods mortgaged commercially.

Subchapter II: Passenger transport contract

Article 198

A passenger transport contract is a contract whereby the carrier is committed to transporting passengers by a specified means of transport from a specific place to another place safely and on time in return for a fare.

Article 199

The carrier shall be committed to carrying the passenger and his belongings to the destination, at the time agreed upon, specified in the transport regulations or required by custom.

Article 200

The carrier shall be committed to the safety of passenger during the implementation of the transport contract, and shall be responsible for physical or material damages suffered by passengers as well as losses that occur as a result of delayed journeys.

The carrier's obligation of care to the passenger shall begin from the moment when the passenger enters the means of transport and ends at the moment that the passenger leaves. However, the carrier shall generally observe the commitment to passenger safety while waiting for the place prepared to receive passengers bending their transporting.

Article 201

The carrier may not disclaim responsibility for physical injury or physical damage or delay to the passenger unless force majeure, an error of the passenger or a health condition thereof is proved. The heirs of the passenger shall have the right to claim compensation for damages from a carrier, whether death occurred directly after the accident or after a period of time.

Article 202

The carrier shall be liable for the actions of persons carrying out their obligations under the transport contract.

Article 203

All terms absolving the carrier wholly or partly from responsibility for physical harm to the passenger shall be invalid. Any term requiring the passenger to pay any sums of any type with the objective of covering all or some of the cost of carrier liability insurance shall be deemed exemptions from responsibility.

The carrier may impose conditions exempting the carrier in whole or in part from liability arising from delay or material damage faced by the passenger.

In that case, the condition exempting the carrier from liability shall be in writing and passengers shall be fully informed by the carrier.

Article 204

The carrier shall not be responsible for loss of or damage to the passenger's luggage, unless the passenger proves the carrier or his subordinates are at fault. Carriage of registered luggage shall be subject to the same provisions as the carriage of goods.

Article 205

Where the passenger dies or becomes ill during the carriage contract, the carrier shall be committed to keeping his luggage till it can be delivered to the stakeholders.

Where any stakeholder party is at the scene of death, such stakeholder party may intervene to monitor such action and to request that the carrier to deliver a declaration that the passenger's luggage is in his possession.

Article 206

The passenger shall be committed to pay the fare on the date agreed upon, or specified in transport regulations or required by custom, and the passenger shall follow the carrier's instructions related to the transport.

Article 207

The carrier may keep a passenger's registered luggage as security for the fare and other expenses which are owed to him during the implementation of the carriage contract.

The carrier shall have preferential right on the price of luggage to meet the amounts payable to him in respect of transport. In this regard, the procedures for implementation of goods mortgaged commercially shall be followed.

Subchapter III: Agency Commission for Carriage

Article 208

Agency commission for carriage is a contract whereby the agent contracts in his own name at the expense of or on behalf of the client with a carrier to carry something or someone to a specific destination, performing the activities associated with this carriage if necessary in exchange for commission received from the client.

If the commission agent takes over responsibility for the carriage with his means, all provisions of the contract of carriage shall be applied to the commission agent unless otherwise agreed.

Article 209

The carriage commission agent shall be committed to maintaining his client's interests and shall carry out his instructions, in particular with regard to the selection of the carrier, the means of carriage, route to be taken and the date of carriage. The carriage commission agent shall act with due care of a normal trader. The agent shall be obliged to mention in his client's account the actual charge payable to the carrier.

Article 210

The carriage commission agent shall ensure the safety of the passenger or the goods.

In the case of carriage of goods the carriage commission agent shall be responsible; from the time he takes charge of the goods, for total or partial destruction, damage or delayed delivery. The carriage commission agent may only disclaim responsibility by proving force majeure, defect in the goods, or a mistake on the part of the client or consignee.

In case of carriage of passengers the carriage commission agent shall be responsible for delayed arrival and any harm suffered by the passenger during the execution of the carriage contract including bodily or material. The carriage commission agent may only disclaim responsibility by proving force majeure, passenger error or state of health thereof and he has the right in all cases to refer/recourse to the carrier if he can show good reason.

Article 211

Any condition which absolves the carriage commission agent partially or wholly from the responsibility of damage suffered by the passenger physically shall be null and void.

Every condition that would require the passenger in any case to pay any sum in whatever capacity in order to cover all or some of the expenses of the carriage commission agent's liability insurance shall be deemed exemptions from responsibility.

Notwithstanding cases of fraud or serious error by the carriage commission agent or one of his subordinates, the agent may impose a condition of his partial or total exemption from the responsibility arising from the loss of the goods or damage or delayed receipt and the liability arising from the delayed passenger arrival and non-physical damage inflicted by him.

Terms providing exemption from responsibility shall be in writing and the carriage commission agent shall inform the client or passenger about the same explicitly.

Article 212

The client or the passenger has legal recourse to claim compensation directly from the carrier for damage resulting from the non-implementation of the carriage contract or its false or delayed implementation. In all cases the carriage commission agent shall be involved.

The carrier shall have legal recourse directly to the client or the passenger to claim compensation for damage resulting from the implementation of the carriage contract.

The consignee shall have the right to refer directly to both the carrier and the carriage commission agent for the rights arising from the carriage contract.

Article 213

The main carriage commission agent shall be a guarantor for a commission agent whom he appoints unless the sender appoints the intermediary agent by agreement with the main agent.

Article 214

Where the carriage commission agent has paid the freight charges to the carrier, the carriage commission agent shall replace the carrier as far as the rights are concerned.

Article 215

Except for the provisions set forth above, the provisions related to the agency commission shall be applied to commission agent of the carriage.

Subchapter IV: Provisions for Air Carriage

Article 216

Without prejudice to international conventions in which the State is party, and where no special Article has been provided for in this subchapter, the provisions of the contract of carriage set forth in this Chapter shall be applied to the air carriage.

Article 217

Air carriage means the carriage of persons, luggage or cargo by aircraft for a fee.

The term 'luggage' means things which the passenger may take with him on the plane and the same is delivered to the carrier to be in his custody during carriage.

This term shall not include small personal items that remain in the personal custody of the passenger during travel.

Article 218

The air carriage documentation shall include a statement that the carriage is in accordance with the provisions of limited liability provided for in Article 224 herein, unless the carrier declines to comply with these provisions.

Article 219

The air carrier shall be responsible for compensation for the death of a passenger or injuries or any other physical harm which occurs during the presence of the passenger in the place allocated for waiting prior to boarding an aircraft and until the passenger collects his luggage in the place of arrival.

Article 220

The air carrier shall be responsible for compensation for destruction or loss of luggage or goods or their damage if the accident which led to the damage occurred during air carriage.

Air carriage shall include the period in which the luggage and goods are in the custody of the carrier, and it shall start when the carrier receives the goods and ends when it delivers the same at the place of arrival.

Air carriage shall not include the period in which the luggage or goods are located outside the airport at the road or maritime carriage base. However, if such carriage takes place with a view to shipping or delivery or transfer from one aircraft to another, it shall be assumed that the damage resulted from an incident occurring during air carriage, unless there is evidence to the contrary.

Article 221

The air carrier shall be responsible for damage resulting from delay in the arrival of passengers, luggage or goods.

Article 222

1. The air carrier may disclaim responsibility only by proving force majeure, defective goods or error on the part of the sender, consignee or passenger.
2. If the carrier proves one of the matters mentioned in the preceding paragraph, the prosecutor may refute this proof with evidence which testifies that the damage did not occur because of this or there were other causes of damage as well. In this case the compensation shall be reduced as per the damage ratio attributable to the matter proved by the air carrier.

Article 223

The air carrier shall not be responsible for loss or damage of small personal items that remain in the custody of the passenger during travel, unless the passenger proves that the carrier or his subordinates are at fault.

Article 224

Compensation awarded against the air carrier in the case of carriage of passengers may not exceed an amount of one hundred and fifty thousand (150,000) Riyals for each passenger unless there is a clear agreement to exceed this amount.

In the case of luggage or cargo the compensation amount shall not exceed one hundred and fifty thousand (150,000) Riyals per kilogram. However, if the consignee at the time of delivery of luggage or cargo provides the carrier with proof of its value or importance and pays an additional charge which the carrier may request, the carrier shall be committed to pay compensation as per the proven value, unless the carrier proves that this value is in excess of the true value or significance of the luggage or cargo.

In the case of loss, destruction or damage of part of a package or some of its contents, the maximum compensation shall be calculated on the total weight of the package unless this does not affect the value of other packages covered by the same consignment; otherwise the weight of these packages shall also be taken into account.

With regard to the small personal items that remain in the custody of the passenger while travelling, compensation awarded to each passenger may not exceed three thousand (3000) Riyals.

Article 225

The air carrier's liability to pay compensation shall not be limited to the amounts set out in the preceding Article, if it is proved that the damage was caused by an act or omission by the carrier or his subordinates, either with intent to cause damage, or recklessly coupled with awareness of the potential for damage. Where the act or omission is carried out by the subordinates, it shall be proved to have been committed in the course of their duties.

Article 226

Where a lawsuit for compensation is filed against one of the subordinates of the carrier, such subordinates may stick to the compensation provided for in Article 224 if he proves that the act which caused the damage occurred in the performance of his job.

The total compensation which can be obtained from the carrier and his subordinates together shall not exceed these limits. However, a subordinate of the carrier may not stick to the maximum compensation if it is proved that the damage resulted from an act or omission by him, either with intent to cause damage, or recklessly coupled with awareness of the potential for damage.

Article 227

Any condition which exempts the air carrier from liability or fixes the same at less than the maximum limits of compensation set out in Article 224 shall be null and void.

However, this voiding shall not include a condition that exempts the air carrier from liability or fixing liability in the case of loss of goods at the place of carriage or damage due to the nature or a defect.

Article 228

The consignee's unqualified receipt of luggage or goods shall assume receipt in good condition and corresponding to the carriage documentation, unless there is evidence to the contrary.

Article 229

In the case of damage to luggage or cargo the consignee shall be directed to the carrier immediately on discovery of the damage and within a maximum of seven days for luggage and fourteen days for goods, starting from the date of receipt.

In the event of delay the complaint shall be raised within twenty-one days of the day the luggage or goods were placed at the disposal of the consignee.

The protest shall be proved in the form of a reservation on the carriage documentation upon delivery of luggage or cargo or in the form of a registered letter with acknowledgment of receipt sent to the carrier within the legal time limit. A lawsuit against the carrier claiming liability shall not be accepted if the complaint was not sent on the dates set out in this Article, unless the defendant proves fraud by the carrier or his subordinates with a view to missing these dates or hiding the fact of damage to luggage or cargo.

Article 230

The right to file a claim for liability against the air carrier shall lapse two years after the day of the plane's arrival at the destination or the day on which it shall have reached its destination or the day of cessation of carriage.

Article 231

In the case of free carriage, the air carrier shall not be liable unless it is proved that the mistake has been made by air carrier or subordinates thereof. In this case, the air carrier shall be liable within the limits set out in Article 224 herein.

Free carriage is carriage that is provided free of charge by a carrier who is not a professional.

The air carrier shall be responsible for the maximum compensation provided for in Article 224 of this law, irrespective of the status of the liabilities in the case of liability and the number or amount of due compensation.

Article 232

The air carrier shall be responsible for the maximum compensation provided for in Article 224 herein, irrespective of the status of the liabilities in the case of liability and the number or amount of due compensation.

Chapter Four

Mortgage and Deposit in Public Depots

Subchapter I: Commercial Mortgage

1- Elements of Mortgage

Article 233

Commercial mortgage means transferring property as the debtor's security for a commercial debt.

Mortgage is a business for all stakeholders whose rights and obligations are related thereto.

Article 234

A mortgage shall be implemented to the benefit of others only if possession of the mortgaged property has been transferred to the lender or to the Judge/notary appointed by the contracting parties and it remains in the possession of the person or persons who have received it until the expiry of the mortgage.
The mortgagee or notary appointed by the contracting parties shall take possession of the mortgaged item in the following cases:
1. If the property is placed at his disposal in such a way as to make others believe it is in his custody.
2. If he receives instrument representing the mortgaged property and its possessor gives the other party the right to receive that property.

Article 235

Rights may be mortgaged as follows:
1. Inalienable rights in written nominal instruments to include statement that it has been done as a security, which shall be documented by the authority which issued the instrument and shall be indicated therein.
2. Inalienable rights in instrument are an endorsement stating that the value is for guarantee or mortgage.
3. Inalienable rights in instrument for the bearer with written confirmation that these rights have been mortgaged and the authority that issued this instrument to obtain a mortgage has been notified.
4. Other inalienable rights in nominal instruments or instruments for an order by following the procedures for the transfer of rights.
The possession of rights shall be transferred by the delivery of instruments with rights fixed therein. If the instruments is deposited with third party the deposit delivery receipt shall be deemed to be the delivery of the instruments itself, provided that the instruments is identified in the receipt sufficiently and the depositor accepts its possession to the credit /favor of the mortgage lender.

Article 236

The mortgage for the contracting parties and in relation to others shall be proved with all methods of proof.

Article 237

Where the mortgage results from fungible money it shall remain in existence even if anything else of the same value and type is replaced by the mortgaged property.
Where the mortgaged property is not fungible, the mortgagor may recover the mortgaged property and replace it with an alternative, provided that it has been provided for in the mortgage contract and the creditor accepts the replacement taking into account the provisions set out in the bankruptcy and without prejudice to the rights of third parties of good faith.

Article 238

The mortgagee or notary appointed by the contracting parties shall deliver to the debtor, if so requested, a receipt showing the nature, type, quantity, weight and other characteristics of the mortgaged property.

Article 239

The mortgagee or notary appointed by the contracting parties shall be committed to taking all necessary measures to maintain the mortgaged property. Where such property is a commercial document, the mortgagee shall take the actions required by law to protect the inalienable rights therein and its value at maturity. The mortgagor shall be committed to all expenditure occurring in such way.

The mortgage lender or notary appointed by the contracting parties shall be responsible for the destruction or damage of the mortgaged property unless it is proved that this is due to a defect in the property or any outside cause beyond his control.

Article 240

The mortgagee may not benefit from the mortgaged property without consideration. The mortgagee shall invest the mortgaged property and use all rights related thereto to the mortgagor's benefit and collect the resultant profits and amounts at maturity.

The net profit and any benefit obtained by the creditor from his usage of the property shall be deducted from the amount secured by the mortgage even before maturity, provided that the said deduction shall be made first from his costs of maintenance and repair to the property and his costs and then from his compensation due to him, then from expenses and then from original amount of debt.

Article 241

Where the debtor does not repay the debt secured by the mortgage at maturity, the mortgagee shall submit a petition to the head of the court seven days after notifying the debtor formally or by registered letter. Such petition shall seek an order to sell all or part of the mortgaged property.

Article 242

An order issued by the head of the court to sell the mortgaged property shall be executed only five days after notification to the debtor and the guarantor, if any, of the place, date and time of the sale.

Where the mortgage is spread over a number of funds, the mortgagee has the right to separate the fund which shall be sold, unless otherwise agreed. In all cases, only an amount sufficient to meet the creditor's entitlements and selling expenses shall be included in the sale.

Article 243

A sale at auction shall be conducted at a time and place specified by the head of the court unless the head of the court specifies an alternative method of sale.

Where the mortgaged property is a document that can be traded on the stock market, the head of the court shall order its sale on this market by recognized brokers.

The mortgagee shall be entitled to obtain his debt expenses from the sale proceeds.

Article 244

Where the mortgaged property is susceptible to loss or damage or is expensive to maintain and the mortgagor has not submitted alternative property, the creditor and the mortgagor may both request the head of the court to permit its immediate sale in any way designated by the court and the mortgage shall be transferred to the sale proceeds.

Article 245

Where the market value of the mortgaged property has reduced so far as to have become insufficient security for the debt, the creditor may request the mortgagor to provide a security within a certain time limit.

Where the mortgagor refuses to do so or the specified time limit ends without such security having been provided, the creditor may take action on the mortgaged property following the procedures stipulated in Articles 241 to 243 of the law.

Article 246

Where the mortgaged property is a document of which the entire value has not been paid, the mortgagor shall be obliged, when he is asked to pay the unpaid part, to submit sufficient funds to the mortgagee for payment of this part at least one day before maturity, otherwise the mortgagee may request the sale of the document by following the procedures set out in Articles 241 to 243 herein.

Article 247

Any agreement concluded at the time of the mortgage decision or after the decision shall be invalid. In the event of failure to pay the debt at maturity, the mortgagee shall have the right to own the mortgaged property or sell the same without reference to the procedures set out in Articles 241 to 243 herein.

However, after the debt or an installment thereof becomes payable the creditor may agree with his debtor that the mortgaged property or part thereof may be credited against the debt, and the court may order that the mortgagee owns the mortgaged property or part thereof in payment of the debt provided that its market value is estimated by an expert.

Subchapter II: Deposit in Public Depot

Article 248

A deposit in **Public Depot** is a contract whereby the treasurer is committed to receiving the goods for safekeeping on behalf of the depositor or the person who has ownership or possession of the goods, under the instruments that represent the goods and are issued by the **Public Depot**.

Transit depots at ports are deemed to be **Public Depots**.

Any **Depot** not entitled to issue the negotiable instruments representing the goods is not deemed to be a **Public Depot** that is subject to the provisions set out in this section.

Article 249

A **Public Depot** entitled to issue the negotiable instruments representing the goods may only be established or invested under license from the appropriate authority in accordance with the terms and conditions that are decided by the authority.

Article 250

The appropriate minister shall issue a register to regulate the **Public Depots**.

A register shall be kept for each **Public Depot** to regulate its activity as per the agreement and the nature of the goods to be kept. This register shall include the rights and duties of the treasurer and the method of calculating the storage charges.

Article 251

The treasurer may not, with any capacity, whether on his own account or that of others engage in any commercial activity which includes any goods of the type he is licensed to keep in his **Public Depot** and issue the instruments that represent the goods.

Where the treasurer is a company in which one of the partners holds at least 10% of its capital, such partner shall be bound by the prohibitions set out in the preceding paragraph.

Article 252

Public Depots may provide guaranteed loans by mortgaging the goods stored in them and may deal with the mortgage instruments that represent the goods.

Article 253

The depositor shall be committed to submitting to the public depot accurate information on the type, features and value of the goods.

The depositor shall be entitled to inspect goods delivered to the public depot on his account and take samples therefrom.

Article 254

The treasurer shall be responsible for the preservation of the deposited goods, taking appropriate precautions according to the nature and type of goods.

The treasurer shall be responsible for the goods and he shall not exceed the value determined by the depositor.

The treasurer shall not be responsible for damage or defects resulting from the nature of the goods or their inherent defects, or from preparation methods or dragging

Article 255

The treasurer may request the president of the court to authorize him to sell the goods if there is an imminent threat of damage. The president of the court shall define the method of sale. The treasurer shall notify the depositor of the same without delay.

Article 256

Notwithstanding goods stored in warehouses in transit ports, which are covered by marine insurance and when goods are at the risk of fire, the depositor shall insure, at his own expense the stored goods or delegate the treasurer to do so. The depositor may also insure the goods if the goods are under mortgage instruments.

Article 257

The depositor shall receive from the treasurer a storage receipt showing the name and home country of the depositor, the type and quantity of goods, and all data required to identify and establish the value of the goods, the names of the business and the insurance company, type of insurance, beneficiary of the insurance and the statement of payment of fees and taxes due.

The storage receipt shall be attached to the mortgage instrument that includes all data recorded therein.

Article 258

Where the goods covered by the storage receipt and mortgage instrument are exchangeable, they may be replaced by goods of the same type and characteristics if provided for in the storage receipt and mortgage instrument. In this case all rights and entitlements of the bearer of the receipt or instrument shall be transferred to the new goods.

The storage receipt and mortgage instrument may be issued for the quantity of goods from bigger quantity of fungible goods

Article 259

The storage receipt and mortgage instrument may be issued in the name of the depositor or to his order.

Where the storage receipt and mortgage instrument is to the order of the depositor, the depositor may waive them together or separately by endorsement.

The endorsee of the storage receipt or mortgage instrument shall request that the endorsement indicating his home country be recorded in the record copy that is kept in the depot.

Article 260

The endorsement of a mortgage instrument separately from the storage receipt shall result in a report of the mortgage of goods in favour of the endorsee.

The endorsement of the storage receipt shall result in the transfer of ownership of the goods to the endorsee. Where the mortgage instrument has been endorsed in favour of another person, the ownership of the goods shall be transferred to the endorsee of the storage receipt with the mortgage obligation. In such case the endorsee of the storage receipt shall be committed to paying the debt secured by the mortgage instrument, otherwise the mortgage creditor can obtain his dues from the price of the goods.

Article 261

The endorsement of the storage receipt and mortgage instrument shall be dated.

Where the mortgage instrument has been endorsed separately from the storage receipt, the endorsement along with its history shall include a statement of the amount and maturity date of the debt secured the name, profession and home country of the creditor, and the signature of the endorser.

The endorsee must without delay request that the endorsement of the mortgage instrument and the relevant data be recorded in the registers of the public depot, indicating the mortgage instrument.

Article 262

A person who holds a storage receipt separately from the mortgage instrument may pay the debt secured by such instrument even before the maturity date. Where the bearer of the mortgage instrument fails to pay or the payment is refused before the maturity date, the bearer of the storage receipt may deposit the debt and the expenses thereof until the maturity date with the treasurer who shall be responsible for the goods, and this deposit shall follow the release of the goods.

Article 263

Where the secured debt is not paid at maturity, the bearer of a mortgage instrument that is separate from the storage receipt may request that the

Article 264

The mortgage creditor shall take his entitlement from the proceeds of the sale of the goods ahead/preferential of all other creditors after deducting the following amounts:

1. Taxes and fees due on the goods.
2. Legal expenses.
3. Expenses of the sale and storage of goods and other expenses of storage.

If the bearer of the storage receipt is not present at the time of sale of the goods, any amount in excess of the dues of the bearer of the mortgage instrument shall be deposited in the treasury of the court.

Article 265

The bearer of the mortgage instrument may apply to the current mortgage debtor or the endorsers only after the execution of the mortgaged goods and if the sale proceeds are insufficient to pay the debt.

The bearer shall apply to the endorsers within ten days of the date of sale of the goods, or forfeit his right to do so. In all cases, a bearer of a mortgage instrument shall not be entitled to apply to the endorsers if he fails to initiate proceedings for the execution of the mortgaged goods within thirty days of the date of maturity of the debt.

Article 266

Where goods covered by an insurance policy meet with an accident, the holder of the storage receipt or mortgage instrument shall be entitled to insurance money in the same amount as his entitlements to the goods.

Article 267

In the event of loss or damage to a storage receipt, the holder may request the president of the court to issue an order to deliver him a copy of the receipt, provided that his ownership is proved with the article of a guarantor or adequate security.

In the same circumstances a person who has lost or damaged a mortgage instrument can request the president of the court to issue an order for payment of the secured debt if it has matured.

If the debtor fails to execute the order, the beneficiary may request that the mortgaged goods be sold in accordance with the execution procedures of the mortgage business, provided that the endorsement of a mortgage instrument has been registered in the register of the depot, that a guarantor or sufficient security is provided, and that the payment order includes all endorsements recorded in the register of the public depot.

Article 268

The guarantor shall be discharged or the security provided in the case of a lost storage receipt shall be expired when three years have passed without any request for recovery of the goods being sent to the business.

The guarantor shall be discharged or the security provided in the case of a lost mortgage instrument shall be expired one year after the date that the endorsement is recorded in the register of the business.

Article 269

Where the depositor has not recovered the goods at the end of the deposit contract, the treasurer, after notifying the depositor, may request that the goods be sold in accordance with the procedures for implementation of the mortgage business. The treasurer shall deduct the amount due to him from the sale proceeds and hand over the remainder to the depositor or deposit it in the treasury of the court.

The terms of the preceding paragraph shall apply if there is no fixed deposit term, a year has passed from the date of deposit and the depositor has not requested recovery of the goods or explicitly or implicitly expressed a desire to continue the contract of deposit.

Article 270

Whoever establishes a public depot or invests in it in violation of the rules of Article 249 above shall be punished by a term of imprisonment of not more than one year and/ or a fine of not more than fifty thousand (50,000) riyals.

In the event of conviction, the court may order the liquidation of the business by appointing the liquidator and defining his powers.

Article 271

The treasurer or any of the subordinates thereof shall be liable to the penalty provided for in the preceding Article if the treasurer or any of the subordinates thereof disclosed confidential information in respect of the deposited goods except in cases permitted by the law.

Chapter Five

Commercial Agency and Brokerage

Subchapter I: Commercial Agency

1- General Provisions

Article 272

Agency is a contract whereby the agent performs a legal action on behalf of the client. Commercial agency, although it contains an absolute power of attorney, shall be concerned with business, unless expressly agreed otherwise. Where a commercial agency is assigned a particular job, the agent shall be in a position to complete the required work.

Article 273

The services of a commercial agency shall be performed for consideration, unless otherwise agreed. The agent shall act with the due care and attention of a normal trader while conducting commercial agency work. If a fee has been agreed, it shall not be subject to the discretion of the court. If the fee is not included in the agreement, it shall be determined according to the prevailing fees in the profession or in accordance with custom and practice. It shall be determined by the court if there is no customary or prevailing wage.

The fee shall be earned by the agent as soon as the task has been performed. If he is unable to complete the task for any reason he shall refer to the client. Except for these two cases, the agent shall be entitled to recompense only for the efforts he has made in accordance with custom and practice. The court shall determine the appropriate recompense if there is no such custom.

Article 274

The agent may not be represented by another person in his capacity as representative unless the client so authorizes.

Where the agent has been permitted to appoint a deputy he shall be responsible only for a mistaken appointment or for mistaken instructions issued thereto.

In the event of the agent having permission to appoint a deputy in accordance with the provisions of the preceding paragraph, the client and vice-agent shall each have the right of direct recourse to each other.

Article 275

The agent shall adhere to explicit instructions issued to him by the client and shall be responsible for the damage resulting from any failure to do so. In his capacity of representative the agent shall have freedom of action as required by the circumstances regarding the guidelines issued by the client.

If the agent finds that the implementation of the client's explicit instructions will result in serious harm to the latter, the agent shall defer such implementation until it is reviewed by the client.

Article 276

Where the agent has received no explicit instructions from his client the agent may defer action until he receives such instructions.

However, if an urgent matter requires attention or the agent is authorized to work within the limits of what is useful and appropriate, the agent shall take action in the client's interest and after taking appropriate precautions.

Article 277

The agent shall not be obliged to insure property held on behalf of the client, unless the client asks him to do so, or the nature of the property or custom and practice requires the insurance.

Article 278

The agent may act as a second party in the transaction assigned to him to conclude only in the following circumstances:

- a - If the client has given him permission to do so;
- b- If the client has given explicit and specific instructions about the deal, which have been carefully carried out by the agent;
- c- If the transaction relates to a commodity which has a fixed market price and the agent purchases it for or sells it to the client at that price.

In such cases the agent shall not be entitled to a fee for representing the client.

Article 279

The agent shall be responsible for damage to items held by him on the client's behalf, unless such damage was due to unknown reasons and the agent was not involved, the defects were inherent in the items or the damage was due to their nature.

Article 280

Where it appears to the agent that damage to property received on the client's behalf has been caused by transportation, the agent shall take urgent measures to prevent further deterioration. Where the items held by the agent on the client's behalf are under imminent threat of damage or risk declining in value and the agent and client have been unable to make contact with each other to give and receive appropriate instructions in time, the agent shall ask the court urgently for permission to sell the objects in the manner determined by the court.

Article 281

The agent shall immediately provide the client with the required information regarding his agency activities and the relevant statement of accounts. The statement of accounts shall tally with the facts. Where the agent deliberately includes false statements, the client may decline the transactions that are related to these data and exercise his right to claim compensation. Where substantial data have been deliberately omitted from the statement of accounts, the client shall have the right to request that such data be included and may claim compensation. The agent shall not be entitled to a fee for these transactions.

Article 282

The agent shall have privilege on the goods and other things sent to him by the client, or deposited therewith or delivered thereto as soon as the goods are sent, deposited or delivered. Such privilege shall include the agent's fee and all sums due for the agency, whether accrued prior to the delivery of the goods or while they are in possession of the agent. The privilege rights shall be established notwithstanding whether the payment relates to goods still in the possession of the agent or to other goods that were sent, deposited or delivered previously. Where the goods under privilege are sold and delivered to the Buyer, the agent's privilege shall be transferred to the value.

Article 283

The agent shall not have privilege on goods sent, deposited or handed thereto for safekeeping, unless the goods remain in the agent possession. The goods shall be deemed to be in the possession of the agent in the following circumstances:

1. If they were put at the agent disposal in customs or public depots, in the agent warehouses or in the course of transport by the agent means.
2. If the agent possessed the goods before they arrived under a shipping document or any other transport document.
3. If the agent exports the goods but they nevertheless remain in the agent possession because of the shipping or any other transport document.

Article 284

The agent's privilege shall be superior to all privileges other than judicial expenses, legitimate alimony and government dues including taxes and fees and other rights of any kind that are privileged according to conditions prescribed in the relevant laws.

Article 285

All procedures relating to commercially mortgaged property shall be followed with respect to goods in the possession of the agent while exercising his rights. However, if the agent is in charge of the sale of the goods in his possession, he may arrange the sale without following the procedures referred to if the agent experiences difficulty in implementing the client's instructions regarding the sale.

Article 286

Where the client has no known home in Qatar, his agent's home in the country shall be regarded as the client's home that he can be sued/prosecuted and served with official notices therein in respect of work carried out by the agent for him.

Article 287

The commercial agency shall end with the completion of the work under the agency or on the expiry of the specified term. The same shall also end with the death of the client or the agent, either's loss of capacity, or bankruptcy of the agent.

Article 288

Defense based on the expiry of the agency against bona fide third parties may not be accepted, when third parties contract the agent without their knowledge that the agency is expired.

Article 289

The laws and resolutions related to regulation of engagement in commercial agency shall apply.

1. **Certain Types of Commercial Agency** 290-326
2. **Contracts Agency and Distribution Contract** Articles 290-304

2- Certain Types of Commercial Agency

a) Contracts Agency and Distribution Contract

Article 290

A contract agency is a contract under which the agent continuously seeks and negotiates the conclusion of transactions in a specific field of activity for the benefit of the client against consideration. The agent's tasks may include the conclusion of these transactions and their implementation on behalf of the client.

Article 291

The contract agency contract must be recorded in writing. It must specify in particular the limitations of the agency, fees of the agent, the area of activity, the duration of the contract if it is for a fixed term and the trademark of the commodity which is under the agency, if any.

Article 292

The contracts agent shall undertake the work of his agency and manage his commercial activity independently and he shall be solely responsible for the expenses of his activity.

Article 293

The client may not be assisted by more than one contracts agent in the same region in the same area of activity.

Article 294

Where it is stipulated in the contract that the contracts agent shall assess display, storage, maintenance or repair facilities or the requirements of the agency's work are to be especially time-consuming, the contract term cannot be less than five years.

Article 295

A contracts agent may not assume the financial rights of the client, unless the client permits him to do so. In this case, the agent may not grant a reduction or term without special permission.
The contracts agent may receive requests for the execution of contracts that are concluded by him as well as complaints about non-implementation of these contracts. The contracts agent shall represent his client in cases related to these contracts that are filed by him or against him in his own area of activity.

Article 296

The client shall be committed to pay the agreed fee to the agent. This fee may be a percentage of the value of the deal and this percentage shall be calculated on the basis of the sale price to the customer, unless otherwise agreed.

Article 297

The contracts agent shall be entitled to a fee for transactions that are concluded as well as those that are not concluded because of actions on the client's part, unless the contract requires otherwise.
The agent shall also be entitled to a fee for transactions entered into by the client directly or through others in the area of activity assigned to the agent, even if these transactions were not completed as a direct result of the latter's activity, unless the parties expressly agree otherwise.

Article 298

The client shall submit to the agent all the information and facilities required for the conduct of the agency. The client shall provide in particular specifications of goods and models, drawings, samples and other data that will help him to promote and market the goods under the agency.

Article 299

The contracts agent shall be committed to taking all necessary measures to preserve the rights of the client. The contracts agent shall provide his client with data on market conditions in his area of activity. Other than in cases authorized by law, The contracts agent may not disclose confidential client information relating to the agency activity, even after the end of the contractual relationship.

Article 300

Agency contracts shall be entered into in the joint interest of both parties, so a client may not terminate a contract where the agent has not been at fault, but he shall compensate the agent for damages resulting therefrom. Any agreement contrary to this shall be invalid.
The agent shall also be obliged to compensate the client for damages occurring if the agent resigns the agency at an inappropriate time and without an acceptable excuse.

Article 301

Where the contract is for a fixed term and the client did not renew it at the end of its term he shall pay the agent a fair sum in compensation which shall be determined by a tribunal, even if there is agreement to the contrary.

To be entitled to such compensation the agent shall meet the following conditions:

1. The agent shall not have made any mistakes during the implementation of the contract.
2. The agent activity has led to apparent success in the promotion of goods or increased number of clients.

Assessment of compensation shall take into account the damage suffered by the agent and help given by the client to the agent in promoting products and increasing customer numbers.

Article 302

The compensation referred to in the aforementioned Article shall lapse after 90 days from the date of termination of the contract. All other ensuing cases from the contract agency contract shall lapse by the lapse of three years from the end of the contractual relationship.

Article 303

Where the client appoints a new agent in the contracts agent's place, the new agent along with the client shall be responsible for paying compensation awarded to the previous agent if it is proved that his removal or non-renewal of his contract is the result of collusion between the client and the new agent.

Article 304

Distribution contract under which traders are committed to promoting and distributing the products of an industrial or commercial establishment in a particular area shall be covered by the contracts agency regulations and the provisions of Articles 294, 300, 301, 302 and 303 herein shall apply thereto.

b) Agency with commission

Article 305

A commission agency is a contract under which an agent legally conducts business under his own name on behalf of the client for a consideration. The rules set out in the following provisions in addition to the general rules on commercial agency shall apply to commission agency.

Obligations of the Commission Agent to the Client Articles 306-311

Obligations of the Commission Agent to the Client

Article 306

Where a commission agent sells at a lower price or buys at a higher price than that set by the client, the client shall, if he declines the deal, initiate notification to the commission agent of such declining within seven days of receipt of notification of the completion of the deal, otherwise the price shall be deemed to be accepted.

The client may not decline the deal, if the agent agrees to carry the cost of the price difference.

Article 307

Where the commission agent concludes superior terms to those set by the client, the benefit shall go to the client. The agent shall be committed to submit an account to the client of the actual conditions under which the contract was concluded.

Article 308

Where the commission agent assigned to sell gives a term to the buyer to pay the price or makes the installment for the payment without the permission of the client, the client may demand the agent to pay the entire price immediately. In such case the agent may retain the difference if the deal was done at a higher price. However, the agent may give the term or make the installment for the payment without the permission of the client, if the custom in the region in which the sale took place requires that, unless the instructions of the client oblige him to sell at the current price.

Article 309

Where the client's peremptory instructions require selling at a deferred price set for the agent and the commission agent sold at the current price accelerator, the client shall have the right to either accept the current price or require deferred price at the maturity of the term.

Article 310

The commission agent cannot change the trademarks placed on the goods received by him from the client or to his account. If the commission a variety of goods from one type and sent to him by two different clients, he has to put on all goods a distinctive statement.

Article 311

The commission agent shall not disclose the name of the client unless he is authorized to do so. The commission agent shall not disclose to the client the name of the third party who contracted with him, only if the deal was based on a time limit. In such case, if he refused to disclose the name of others the client may consider the deal as accelerated.

Agent-to-Client- Rights in Commissions

Article 312

The client shall have to return to the commission agent the expenditures and other amounts incurred for the implementation of the agency, even if the deal has not been done, except in the case of mistake of the commission agent or if they agreed otherwise.

Article 313

Where the commission agent met with some damage due to the implementation of the agency, the commission agent may demand the client for the compensation, unless the damage resulted from the mistake of the commission agent.

Article 314

Where the commission agent deputizes another commission agent to perform the assigned work, the deputy shall have the privilege only to the extent of the debt owed to the original commission agent.

Relationship of the Commission Agent with other Contracting

Article 315

The commission agent shall be directly committed to third party that contracted with him. This third party shall also be committed before the commission agent.

The third party shall have no right to recourse against the client. The client also shall have no right to directly recourse against the third party with a case, unless the law provides otherwise.

Article 316

Where the commission agent assigned to sell becomes bankrupt before taking the price from the buyer, the client may directly demand the buyer to pay the price.

If the commission agent assigned to sell becomes bankrupt before the delivery of the sale item, the client may demand the seller directly to deliver the sale item to him.

Article 317

The commission agent shall not be a guarantor for the implementation of the obligations of the person who contracted with him, unless it was clearly explained or there is a provision in the law or it is a guarantee which is required by the custom of the region where the activity is being performed. In this case the commission agent shall deserve a special wage and shall be considered as joint guarantor.

c) Trade Representative

Article 318

A trade representative is a person who has been commissioned by a trader under a contract of employment to carry out on his behalf work related to his trade, whether travelling, in the trader's premises or anywhere else.

Article 319

A trader shall be responsible for the deals and contracts concluded by his trade representative within the limits of authority given to him.

The trade representative may be authorized by several traders who shall share responsibility when there is recourse to the trader regarding the actions of subordinates.

Where the trade representative is authorized by a company, the company shall be responsible for the trade representative work.

Article 320

Where the limits of authorization have not been specified for a trade representative, the authorization shall be deemed to include all transactions relating to the type of trade that he has been authorized to conduct.

A trader shall not plead against a third party contracting with the trade representative by limiting the authorization, unless he proves the knowledge of the third party of such limitation.

Article 321

A trade representative shall conduct the business which has been authorized in the name of the trader who authorized him. The trade representative shall give at the time of signing, the trader's full name together with his own full name and his status as trade representative; otherwise he shall be personally responsible for his actions.

However, the third party in this case may have recourse against the trader directly, if the transactions carried out by the representative were done on behalf of the trader and were related to the kind of trade he is authorized to do.

Article 322

A trade representative shall represent the trader in lawsuits arising from transactions carried out by him.

Article 323

A trade representative may not conduct business on his own account or that of a third party, without obtaining the clear consent of the trader he represents.

Article 324

A travelling sales representative may not claim the price of goods which he has not sold. He also may not reduce their price or defer payment of the same. The travelling sales representative shall accept the requests of others in the name of the person whom he represents and shall take the requisite measures to safeguard the rights of the said person.

Article 325

A trader may authorize some of his employees to make sales in his store. He can take the sale price inside the store, unless pay is owed to the cashier. The sales receipts in the store shall be evidence for the trader. The price may be required outside the store if the employees have been so authorized in writing by the trader.

Article 326

The trade representative shall be liable jointly with the trader for the observance of the legal provisions related to the unfair competition.

Subchapter II: Brokerage

Article 327

Brokerage is a contract whereby the broker undertakes, for a consideration, to find a second party in order to conclude a specific contract and conducts the negotiations for the same with the person who authorized him to do so, and with the conditions thereof.

Article 328

The broker's fee may be a certain percentage of the deal or a lump sum. Where the fee has not been determined by the law or by agreement, it shall be determined according to custom and practice, otherwise the court shall determine it depending on the importance of the task assigned to the broker and the effort and time devoted thereto.

Article 329

The broker shall be entitled to a fee if the contract was concluded as a result of his negotiations. The broker shall be entitled to a fee on conclusion of the contract, even if all or part of the contract has not been implemented or its effect is dependent on the fulfillment of a particular form imposed by law. Where the contract is suspended on an unfulfilled condition, the broker shall not be entitled to a consideration unless the condition is met.

Article 330

Where the contract cannot be concluded due to the intransigence of the party who has assigned him, the broker shall earn compensation equivalent to his effort.

Article 331

Where the broker is authorized by both parties to the contract, the broker shall be entitled to a consideration from each of them. Both the parties involved in the contract shall be individually responsible to the broker for payment of the due consideration, even if they have agreed that one of them shall bear all the expenses of the brokerage.

Article 332

The broker may not recover expenses incurred in the implementation of the work assigned to him, unless it has been agreed upon and in this case the expenses shall be due even if the contract has not been concluded.

Article 333

The broker may not request a fee or recover expenses if his actions damage the interests of the contractor instructing him to the advantage of another party for whom he was not acting as negotiator or he is promised a benefit by the latter contractor, contrary to the dictates of good faith.

Article 334

The broker may not be, directly or indirectly, a party to the contract which he is negotiating unless the contracting party allows him to be so. In such case the broker shall not be entitled to a consideration.

Article 335

The court may reduce a broker's fee if it has been set at a level disproportionate to the services rendered, but paid on conclusion of the contract he has negotiated.

Article 336

The broker, if authorized by one of the parties to the contract, shall present the deal to both of them honestly and inform them of all the relevant circumstances to the best of his knowledge. In all cases, the broker shall be responsible to them for any fraud or serious error committed in the implementation of his duties.

Article 337

A broker may not negotiate on behalf of people known for their insolvency or whom he knows to be incompetent. He shall not use tricks or exaggeration to encourage involvement in a contract that he is negotiating; otherwise he shall not be entitled to a consideration and shall be obliged to pay compensation for the consequent damage.

Article 338

Where goods were sold through a broker on the basis of samples he shall keep these samples until the date of delivery, unreserved acceptance by the Buyer of the goods or the settlement of any disputes that may arise from the sale.
The broker shall provide the descriptions that differentiate the samples of the goods to be sold, unless exempted by the contracting parties.

Article 339

Where the broker assigns work to a deputy without being authorized to do so, the broker shall be responsible for the work of such deputy as if the work was being done by him and shall be responsible jointly with the deputy. Where the broker is authorized to appoint an unspecified deputy, the broker shall be responsible only for a mistaken appointment of, or mistaken instructions issued to, such deputy. In all cases, the authorized broker and his deputy may have direct recourse against each other.

Article 340

Where a number of brokers are authorized in a single contract, they shall be jointly responsible for the work assigned to them, unless each is licensed to work individually or specific duties are assigned to a particular broker.

Article 341

Where multiple parties authorize a single broker for their joint work, they shall be jointly responsible for the fee he is entitled to under the authorization, unless otherwise agreed.

Article 342

The broker shall keep records of all transactions concluded as a result of his activity and keep documents related thereto. The broker shall give photocopies to the contracting parties if requested. The rules regarding commercial registers provided for in this law shall be applied to these records.

Article 343

In the commodity, securities, financial instruments and real estate markets, the provisions of the relevant laws and regulations shall apply to brokerage.

Chapter Six

Banking Operations

Subchapter I: Cash Deposit

Article 344

Cash deposit is a contract whereby cash is deposited at a bank or a body licensed to accept deposits. The authority safeguarding the funds shall have the right to dispose of them and is committed to refunding the same to the depositor. The refund shall take place in the currency that was deposited.

Article 345

The bank shall open an account for the depositor to record transactions between them or the bank and others in respect of the depositor's account on the basis of his instructions.

Article 346

The deposit contract shall not give the depositor the right to withdraw from the bank more than what the depositor has deposited therein. Where the bank carries out transactions which result in the depositor's account being overdrawn, the bank shall notify the depositor immediately to rectify the position.

Article 347

Cash deposits shall be refunded on request, unless otherwise agreed. The depositor shall have the right to dispose of the balance or part thereof at any time. If the depositor dies, the funds shall remain deposited in accordance with the terms of the contract unless claimed by the heirs before maturity.

Article 348

The bank shall send a statement of the account to the depositor once a month, unless otherwise required by agreement or custom. The statement shall include a copy of transactions on the account and the balance after the last transaction.

Article 349

Deposits and withdrawals shall take place at the head office of the bank or the branch at which the account has been opened, unless otherwise agreed upon or the bank's systems allow otherwise.

Article 350

Where the depositor has multiple accounts in one bank or branches thereof, each account shall be considered separate from other accounts, unless otherwise agreed.

Article 351

The bank may open a joint account between two or more persons equally, unless there is an agreement otherwise, taking into account the following provisions:

1. A joint account shall be opened by all its holders or by a person who holds power of attorney issued by the account holders attested by the competent authority.
2. Withdrawals from a joint account shall be authorized by the signatures of all account holders. It may be agreed that any of the account holders may make individual withdrawals and a maximum amount may be set for withdrawals by an individual at any one time.
3. If the assets of one of the joint account holders are seized, the seizure shall be applicable to the defendant's share of the account balance from the day the bank announced the seizure. The bank may stop withdrawals from the joint account up to the amount of the seized share and all the partners/the account holder or their representatives shall be notified of the seizure within five days.
4. The bank may not, when conducting a clearance among the various accounts of one of the holders of the joint account, include the joint account in the clearance without the written consent of the other holders.
5. In the event of the death of one of the joint account holders or his loss of capacity, the remaining holders shall notify the bank of the same and indicate their desire to continue the account or close it within ten days of the date of death or the loss of legal capacity.

The bank shall stop withdrawals from the joint account, within the limits of the share of the deceased or incapable individual until the appointment of a legal successor.

Subchapter II: Deposit of Securities

Article 352

The deposit of securities is a contract whereby securities are deposited in a bank or licensed financial institution for safe-keeping and exercise of the rights arising from them for the account of the depositor, either for or without a consideration.

Article 353

The bank may not use the securities that have been deposited with it on its own account and may only exercise the rights arising therefrom in the interests of the depositor, unless otherwise agreed.

The bank may not surrender these papers, except for a reason necessitates that.

Article 354

The bank shall, in safeguarding securities deposited therewith, keep a close watch on the same, for a fee, and observe all precautions dictated by banking practice. Any agreement that relieves the bank of these commitments shall be nullified.

The bank shall be responsible for the loss or theft of such securities, unless caused by force majeure. The depositor shall pay the remuneration agreed upon or determined by custom, as well as the requisite expenses.

Article 355

The bank shall receive the dividends' of securities, their value and all other amounts derived from them, unless otherwise agreed.

The amounts received by the bank shall be placed at the depositor's disposal and recorded in his account.

The bank shall be obliged to collect all the dividends' of securities and values and any other due amounts therefrom unless it is agreed otherwise.

The bank shall make necessary measures to maintain rights arising from these securities, such as receiving its instruments free and their presentation for replacement or addition of new profits thereto.

Article 356

The bank shall notify the depositor of all rights and orders relating to the securities. The bank may be required to obtain the depositor's approval if he so chooses. Where no instructions are received from the depositor in time, the bank shall dispose of the rights to benefit the depositor. The depositor shall bear the expenses of operations carried out by the bank as well as the commission.

Article 357

The bank shall return the deposited securities only if requested to do so by the depositor, taking into account the time required for the preparation of papers for the return.
The return shall be arranged at the place of deposit or at any other place that has been agreed upon. The bank shall refund the securities that were deposited unless otherwise agreed by the parties or the law permits the return of similar ones.

Article 358

Upon deposit of securities, the response shall be to the depositor or his agent with a private power of attorney or his successor, even if the securities includes that it is the property of third parties.

Article 359

Where a lawsuit about the maturity of securities that have been deposited is pending, the bank shall notify the depositor directly and shall not return the same until the final decision of the court in the case.

Article 360

The bank shall have the right to keep securities that have been deposited therewith, in order to ensure the fulfillment of all its rights in respect of the depositor.

Article 361

Where the bank goes bankrupt, the depositor has the right to recover the deposited securities when these securities are involved.

Subchapter III: Rent of the Safe Deposit Boxes

Article 362

A safe deposit is a contract under which the bank or any licensed entity maintains a specific container in its head office at the disposal of the hirer for the utilization of the same for a certain period against consideration charged by the bank or entity.

Article 363

The bank is obliged to take all measures to enhance the security of the safe deposit box to be beneficial. The bank shall be responsible for its custody and ensure its integrity and suitability for use. The bank may only deny its responsibility in exceptional circumstances.

Article 364

The safe deposit box may only be opened by two keys together. One of them shall be given to the hirer and the other shall be kept by the bank. The hirer shall return the received key to the bank at the end of the period of hire.
The deposit box may be opened in any other way, provided that the purpose of the system of two keys referred to in the preceding paragraph shall be verified.
The bank may not permit anyone other than the hirer or agent under a special agency to open the deposit box. The bank shall verify the identity of the hirer or the agent before allowing the deposit box to be opened. The bank shall maintain a special register in which the dates and number of times of opening of the deposit box shall be recorded.

Article 365

The hirer may not sub-let the deposit box or part thereof or assign the hire to others, unless otherwise agreed.

Article 366

Where the locker has been hired to several hirers, they shall all have the right to use it individually, unless otherwise agreed.
In the case of the death of a hirer or one of the hirers, the bank shall not, on learning of the death, authorize the opening of the deposit box except with the consent of all persons concerned or a court order.

Article 367

A hirer may not deposit in the deposit box any items representing a threat to the safety of persons or of the place where it is located.
Where the safety deposit box is suspected of containing dangerous items, the bank shall immediately require the attendance of the hirer to empty the safety deposit box. If the hirer does not attend, the bank may request permission from the president of the court to open it in the presence of a person appointed by the court. A report on the incident detailing the contents of the deposit box shall be written.
Where immediate action is required for safety reasons, the bank may on its own responsibility open the deposit box and empty it or remove the dangerous items therefrom without notice or permission from the court. This is carried out by a committee of at least three bank officials. A record of the incident shall be written and a copy shall be sent to the hirer.

Article 368

Where the hirer fails to pay the safety deposit box charges after ninety days' notice to pay the same, the contract shall be dissolved automatically without the need for a judicial ruling.

Article 369

Where the contract has expired or is deemed to be dissolved in accordance with the above Article, the bank shall recover the safety deposit box after notifying the tenant that he is required to empty its contents. The notification shall be valid if it was sent to the last address provided by the hirer to the bank. If the hirer does not attend on the date specified in the notification, the bank may request permission from the president of the court to open the deposit box in the presence of the executing officials it appoints. The executing officials shall prepare a report of the incident and the contents of the deposit box. The bank must keep the contents of the locker. The bank shall have the right; six months after compiling the inventory, to appeal to the president of the court for it to be sold in the manner specified by the court and for the proceeds of sale to be deposited in the court, or the court may order any other appropriate action. The bank shall have a privilege on the amounts deposited in the safety deposit box and on the proceeds of sale of its content to meet the hire charges and expenses owed to it.

Article 370

The safety deposit box may be under attachment. The seizure shall take place by authorizing the bank to state whether it will rent a safety deposit box of the seized. If it approved that, the seized shall not be allowed to enter the place of the safety deposit box. The bank shall be given a copy of the minutes of seizure that include a document under which the seizure took place. The hirer/renter of safety deposit box shall be announced with the minutes of the attachment/seizure. Where the seizure is precautionary, the hirer can appeal to the president of the court to lift the seizure or permit him to remove some of the contents of the deposit box. Where the seizure is an execution, the enforcement commissioner, after warning the hirer, shall open the deposit box forcibly after the seizer deposits the expenses of opening and returning the deposit box to its previous condition. The contents of the deposit box shall be sold in accordance with procedures designated by the court. Where the hirer is not present and there are documents in the deposit box, the bank shall keep them in a proper storage facility that shall be sealed by the executing staff and the bank, for a period of five years and after that period the matter shall be referred to the president of the court for decision. The seizer shall pay the bank a sum sufficient to cover the hire fees during the period of seizure.

Subchapter IV: Bank/Account Transfer

Article 371

A bank transfer is a process whereby the bank transfers a certain sum debited from the account of the person who orders the transfer by letter or email, to the credit of another account, in order to achieve the following:

1. Transfer of funds from one person to another, each of them having an account in the same bank or in two different banks; or
2. Transfer of funds from one account to another, both of which have been opened in the name of the person who orders the transfer, whether in the same bank or in two different banks.

Article 372

A bank transfer is arranged on the written instructions of the person ordering the transfer under the conditions that are agreed upon by him and the bank to which the instructions are issued. The name of the beneficiary shall be mentioned in the order of transfer.

Where the beneficiary is a person authorized to deposit the funds in the account of another person, the name of that person shall be mentioned in the transfer order.

Article 373

Where the bank transfer takes place between two or more branches of the bank or between two different banks, any dispute raised by third parties over the transfer shall be addressed to the branch or the bank holding the account of the beneficiary.

Article 374

A transfer order may be restricted to the amount of the funds already recorded in the account of the person ordering the transfer or to an amounts recorded in this account during the period previously agreed upon by that person and the bank.

Article 375

There may be an agreement that the beneficiary himself will present the transfer order to the bank instead of notification of the transfer order being sent thereto.

Article 376

The beneficiary acquires the value of the funds from the time they are credited to his account. The person ordering the transfer may change his mind in the transfer order until the time it is so credited.

However, if it is agreed that the beneficiary himself shall come to the bank with the transfer order, the person ordering the transfer may not withdraw the transfer order, taking into account provisions for the bankruptcy of that person or the beneficiary.

Article 377

The debit to be transferred shall remain guaranteed until its value is recorded to the credit of the beneficiary.

Article 378

Where there are insufficient funds in the account of the person ordering the transfer and the transfer order was sent directly to the bank by that person, the bank may refuse to execute the order provided that the person is notified of the refusal immediately. If the bank agrees the execution of the entire value of the order, the amount in excess of the account balance shall be deemed a credit facility provided by the bank to that person. Where the transfer order is submitted by the beneficiary, the bank shall record the partial balance in his account, unless this is refused by the beneficiary. The bank's records shall show the transfer order and the partial balance or the refusal of the beneficiary. The person ordering the transfer shall have the right to dispose of the partial balance if the bank refuses to execute the order or the beneficiary refuses to record the partial balance in accordance with the above provisions.

Article 379

Where the bankruptcy of the beneficiary is known, the person ordering the transfer can prevent the implementation of transfer, even if the order is received by the beneficiary himself. Bankruptcy of the person ordering the transfer will not prevent the implementation of transfer orders that were submitted to the bank before issue of the order of bankruptcy, unless the court orders otherwise.

Where the person ordering the transfer dies, the bank shall stop implementation of issued transfer orders from the date it knew about the death. If the beneficiary dies, the bank shall continue the implementation of transfer orders to his heirs.

Subchapter V: Simple Credit facilities

Article 380

Credit is a contract under which the bank puts at the disposal of the beneficiary, for a specified or unspecified period, the facilities for payment up to a specified amount, in accordance with the terms to be agreed upon between the bank and the beneficiary.

Article 381

Where the credit is enabled for a certain period, the bank may not cancel it before the end of this period, except in the case of the death of the beneficiary, or interdiction, or the cessation of payments, even with adjudication of bankruptcy, or serious error on the part of the beneficiary while using the credit granted to him.

The bank may cancel the credit if the beneficiary is a company that was annulled or expired for any reason.

Article 382

Where the credit facility is for an uncertain period, the bank may cancel it at any time, provided that the bank notifies the beneficiary at least fifteen days before the date determined for the cancellation. Any agreement giving the bank the right to cancel the credit facility for an unspecified period without prior notice, or with less than the notice period referred to, shall be null and void.

In all cases, a credit facility opened for an unspecified period shall be deemed to be cancelled six months from the date the beneficiary is notified of the opening of the credit facility if it has not been used, unless otherwise agreed

Article 383

Where there is a significant deficiency in personal guarantees or guarantees in kind provided by the beneficiary, the bank may request for additional security or reduce the amount of credit in proportion to this deficiency.

The beneficiary may, with the bank's approval, recover part of the guarantees equivalent to the value of credit that he has paid.

Article 384

A credit facility may not be transferred without the approval of the bank that opened it.

Article 385

A contract to open a credit arrangement shall specify the maximum amount of credit and how it is to be used.

Subchapter VI: Letter of Credit

Article 386

A letter of credit is a contract which the bank undertakes at the request of a customer, known as the 'applicant' to a specified value for a specified period for the benefit of another person known as the 'beneficiary', the bank shall guarantee by its possession of documents representing transported/movable goods or ready for transportation

Article 387

A letter of credit will be separate from contracts related to the goods it pertains to, and under no circumstances shall the bank be a party to these contracts.

Article 388

The application for letters of credit, supporting documentation and notifications thereof shall identify carefully documents for the implementation of payment/fulfillment, acceptance or deduction.

Article 389

The bank supplying the letter of credit shall be committed to implement conditions and the terms of fulfillment, acceptance and discount/deduction agreed upon in the opening letter of credit contract, provided that the documents representing the goods accord with the statements and terms of the relevant contract.

Article 390

A letter of credit shall be revocable or irrevocable. The contract for letter of credit shall clearly specify its type and if this is not stated the letter of credit shall be deemed irrevocable.

Article 391

The recoverable documentary credit shall not entail any obligation from the bank to the beneficiary and the bank may, *ex proprio motu* modify or cancel the recoverable documentary credit at any time or at the request of the applicant.
If shipping documents are presented as per the letter of credit contract statements and conditions within its validity and before its cancellation or modification, the bank and applicant shall jointly be responsible to the beneficiary.

Article 392

The bank's obligation in case of irrevocable documentary credit shall be final and direct before the beneficiary, and before every bona fide bearer of the withdrawn instrument in implementation of the contract for which the credit is opened.

The irrevocable documentary credit may not be cancelled or modified except by agreement of all stakeholders therein.

The irrevocable credit may be supported by another bank which shall also be obliged finally and directly before the beneficiary and every holder of good faith of the withdrawn instrument in implementation of the contract for which the credit is opened.

Notification only to open irrevocable documentary credit to the beneficiary through another bank shall not be considered support for this credit.

Article 393

Irrevocable LoC/ documentary credit shall include expiry and presenting date of the credit documents in order to fulfill or grant or discount. Where the fixed date for expiration of credit comes on a bank holiday the validity shall be extended to the first working day after holidays.

Except for holidays, the validity of credit shall not be extended if the expiry date coincides with the closure of the bank for force majeure or for any other reason beyond its control unless there is explicit authorization from the applicant.

Article 394

The bank shall be obliged to take due diligence to check documents to verify existence and compliance with the instructions of the applicant.

The bank may not accept substitute documents even if it is replacement or complementary. When the bank rejected documents, it must notify the applicant immediately explaining the reasons of rejection.

Article 395

The bank shall not be accountable when the documents presented correspond in form and appearance to instructions received from the applicant. The bank shall not be responsible for the specification of the commodity for which the letter of credit has been arranged, such as its type, description, quantity, weight, external condition, packaging and value. The bank shall not be responsible of the implementation by sender or insurer of their commitments.

Article 396

Relinquishing or sub-dividing the letter of credit may not be allowed unless the bank which arranged it is authorized by the applicant to pay it wholly or partially to a certain person or group of persons other than the original beneficiary based on clear instructions from the beneficiary.

Such relinquishment shall only occur with the clear consent of the bank within the scope of the validity credit agreement. Relinquishment shall be allowed only once unless otherwise agreed and shall be by endorsement of the letter of credit if permitted or by handing over if it is for the bearer. If the the letter of credit is nominal the drafting/Hawala process shall be followed.

Article 397

The applicant may not for any reason enforce a lien/attachment or place under sequestration in the bank the rights of the beneficiary arising from a letter of credit.

Article 398

An applicant for letters of credit shall repay to the bank the amount paid to the beneficiary within the credit limit and shall be committed to paying the bank the charges incurred in this regard. The bank shall reserve the right to custody of the documents received from the beneficiary and shall have the right to mortgage the goods represented in such documents. If the applicant fails to pay the bank the value appropriate to the condition specified in the shipping documents within 19 days from delivery of these documents, the bank may sell the goods following the procedures appropriate to commercially mortgaged items.

Article 399

Save as otherwise stipulated in this Subchapter, the standard rules for letter of credit issued by international commerce chamber shall apply.

Subchapter VII: Discounted Securities

Article 400

In a discounted securities contract the bank shall undertake to immediate payment to the bearer of the value of the securities, provided that the ownership of the securities is transferred to the bank in return for the instant payment.

Article 401

The beneficiary shall have the right to recover the discounted securities before the maturity date, provided that he commits to refunding the sum received. Subject to the bank's approval the original debtor may recover the paper before the maturity date.

Article 402

Discounts processes on securities that do not represent a real debt such as courtesy and phantom stock shall be deemed invalid.

Article 403

The beneficiary shall commit to return to the bank the value assigned to the discounted securities, if the original debtor fails to pay on maturity date.

Article 404

The bank, before the original debtor in the securities and the beneficiary of the discount and other committed parties, shall have all rights arising from the paper that has been deducted. However, it may be agreed that the bank shall return ownership of the paper to the beneficiary at maturity to enable him to take legal action to secure its value.

Article 405

Where the amount due in respect of discounting the securities is recorded in the current account of the beneficiary, the bank may cancel this record retrospectively when it is returned to the beneficiary or when the original debtor fails to pay at maturity, notifying the beneficiary of the discount record.

Subchapter VIII: Letter of Guarantee

Article 406

A letter of guarantee is an irrevocable written pledge issued by the bank at the request of its client, known as the applicant, to pay a certain amount or

amount to be specified to another person, known as the beneficiary if the beneficiary so requests within the period specified in the letter and without regard to any rejection. The purpose for which the letter of guarantee is issued shall be explained therein.

Article 407

The bank may ask for insurance to be provided against issue of the letter of guarantee. The insurance may be a waiver from the applicant of his rights regarding the beneficiary.

Article 408

The beneficiary may not cede his right arising from the letter of guarantee to others, except with the consent of the bank, provided that the bank is authorized by the applicant to give such approval.

Article 409

The bank may not refuse to pay the beneficiary by reason of its relationship with the applicant or the applicant's relationship with the beneficiary.

Article 410

A guardianship or seizure in the bank may not be imposed on the value of the letter of guarantee for any reason.

Article 411

The bank shall be absolved of responsibility to the beneficiary if during the period of validity of the letter of guarantee no application from the beneficiary for payment is received, unless renewal before expiry is otherwise agreed between the bank and the applicant .

Article 412

Where the bank repays the beneficiary the amount agreed in the letter of guarantee, it shall replace the beneficiary to recourse to the applicant by amount that the bank pays.

Article 413

Save as otherwise stipulated in this Subchapter, the rules prevailing in international transactions on the letter of guarantee shall apply.

Subchapter IX: Current Account

Article 414

A current account is a contract between a bank and client in which the reciprocal and interdependent deposits arising from operations taking place between them, including the receipt of cash, funds, saleable securities etc. are recorded and special and continuous settlements are replaced by a single settlement resulting in a final account balance at close of business.

Article 415

Where the particulars of the current account include a cash debt in different currencies or in non-identical funds, the parties may agree to enter them on the account provided that they are recorded in separate sections or sub-accounts. The balances of these sections or branches shall be compatible/transferable with each other, so that at the time determined by the parties or, ultimately, on closure of the account, clearance/setoff can be conducted so a single balance can be given.

Article 416

Deposits credited to the current account shall be free of conflict. The ownership of money or funds that are credited to the current account shall transfer to the party that receives them. Each party to the current account can act at any time with regard to its credit balance, unless otherwise agreed.

Article 417

Securities may be credited to the current account, but their value shall not be calculated if they were not paid at the maturity date. In such case, the value shall be returned to the owner and the record shall be cancelled.

Article 418

Any debts arising from the business relationships between the parties to the account shall be credited to the current account unless secured by legal or agreed insurances. However, a debt secured by the agreed insurances may be recorded in the current account, whether decided by the debtor or third parties, if all the parties concerned have agreed explicitly thereon.

Article 419

Where it is agreed that a debt secured by an agreed insurance shall be recorded on the current account, such insurance shall be transferred to cover the account balance upon closure by the amount of the debt notwithstanding changes on the account, unless otherwise agreed.

Where the law requires certain action to be taken for the insurance to take place, or for a claim against third parties, the insurance shall not be transferred to the balance and the same may not be claimed, unless from the date of completing such actions.

Article 420

Where the debt of one of the two parties debited to the current account, such debt shall lose its specific characteristics and self entity, and shall not be liable alone for repayment, clearance or lapse by time.

Article 421

Crediting deposits to the current account shall not drop claims by the two parties in relation to the contracts and transactions ensued from this credit, unless otherwise agreed.

Article 422

Particulars of the current account shall not be divided before the closure of the account and the final balance is settled. Total clearance of all particulars of the account shall only be upon the closure of the account.

However, a creditor of one of the account's parties can make attachment during the period the account is active, on the credit balance to his debtor at the time of attachment. In such case, the party which is holding the account shall conduct a temporary balance statement of the account to detect the attaché situation at the time of attachment.

In the case that the attatchee has been prevented from disposing of his credit balance, during the activity of the account, the attachment shall only be executed to the final balance that appears in his favor at the time of closing the account.

Article 423

Where a term of the current account is determined, the current account shall be closed at maturity thereof. The account may be closed before the end of this period by mutual agreement.

Where the duration of the current account is not determined, the current account may be closed at any time at the wish of one of the parties, taking into account the agreed dates of notification or normal banking practice.

In all cases, the current account shall be closed on the death of one of the parties, or loss of capacity, bankruptcy, insolvency, arrest, the expiry of a legal entity, the bank's removal from the list of the working banks or its cessation of trading.

The account may be suspended temporarily, while it is active, to indicate the position of each of the parties, on the dates agreed upon by the parties or determined by banking custom and otherwise every three months.

Article 424

At the time of closure the account balance shall be deemed to be the current balance, unless the parties have agreed otherwise or unless some of the transactions that are due to be entered on the account have been completed and can alter the balance. In such case the balance shall be deemed to be a current debt from the next day till the last record required by these processes.

Article 425

The general rules shall be applied to the elapse of the final balance of the account on closure, unless otherwise agreed.

Article 426

Where changes have been made later to any of the account details, a retrospective adjustment or settlement shall be made to correct the situation.

Article 427

Where the proceeds of the discount of securities have been recorded in the current account without their value being paid at maturity, the person who discounted the paper, even after the bankruptcy of the presenter, may remove the record retrospectively.

A retrospective adjustment may be made in respect of securities that have not paid on the due date. Any agreement contrary to this shall be null and void.

Article 428

Claims for correction to a current account as a result of errors, omissions, duplications or other corrections shall not be accepted more than one year from the receipt of the statement of account, unless fraud, gross negligence or fault on the part of any of the parties is proved.

All cases relating to current accounts shall lapse after five years.

This period shall apply from the day the right to correct the account arises.

Subchapter X: Acceptance Credit

Article 429

Acceptance credit is a contract under which the bank accepts securities, drawn by its client or other person designated by the client, and agrees to pay its value at the due date.

Article 430

When paying the face value of the securities, the bank shall debit such value from the account of the client. The bank may by acceptance claim the amount paid from the client based on the amounts paid under the terms of the credit contract.

Article 431

Having accepted the securities, the defenses available to the bank arising out of the credit contract under which it was accepted may not be used against the holder.

Subchapter XI: Credit Cards

Article 432

A credit card is a contract which authorizes the client to have payments up to a certain limit settled by the bank that issued the card or issued on behalf of others.

Article 433

The rights and obligations of both the bank and the customer resulting from the issue of credit, debit and other cards and their use shall be regulated under the terms that are agreed upon between the parties, particularly in respect of determining the amounts that can be withdrawn, the validity of the card, the bank's charges and method of payment.

Article 434

The bank shall be committed to paying the third party financial claims arising from the use of credit cards to purchase goods and services, within the limits of the amounts permitted to the cardholder. The bank's commitment to payment shall be mandatory/irrevocable and shall not protest by any proofs or pleadings arising from the relationship with the cardholder.

Subchapter XII: Collection of Securities

Article 435

A holder of securities shall show it to the bank as a proxy endorsement and under this endorsement the bank shall act as agent in collecting the paper for the bearer.

Article 436

On maturity of the securities, the bank shall ask the drawer to pay. If the payment is made, the bank shall credit the value of the paper to the client's account. If payment is not made the bank shall object to the non-payment in writing, and in both cases, the expenses shall be recorded in the client's account.

Article 437

The bank shall be responsible for errors or negligence in carrying out its agency.

Article 438

The agency resulting from the proxy endorsement shall not end with the death of the endorser or his loss of capacity.

Subchapter XIII: Loan with the Guarantee of Securities

Article 439

Lending with the guarantee of securities is a loan secured by a mortgage.

Where the securities are nominal *sukuk*, their mortgage shall be underwritten by a waiver stating that it is a security, indicating the *sukuk* and recorded in the records of the issuing body. Where the securities are *sukuk* for their bearer, they shall be deemed movable material and their mortgage shall be proved by all means of proof.

Article 440

The acquisition of the mortgaged securities shall be transferred from the mortgagor to the bank which is the mortgagee. The bank shall have the right to seize these *sukuk*.

Article 441

The bank shall preserve the mortgaged *sukuk* by collecting their profits and the value at the time of consumption and deducting these amounts from the original debt.

Article 442

Where the bank does not obtain its due entitlement, it can ask the court for permission to sell the mortgaged *sukuk* by public auction or at the market price. The bank shall take its entitlement from the sale proceeds ahead of other creditors.

Article 443

Where the mortgaged *sukuk* have been provided by a person other than the debtor, their owner shall not be bound to pay the debt documented by the mortgage debt except as a physical guarantor.

Article 444

The third party appointed by the contracting parties for the acquisition of the mortgaged *sukuk* shall be deemed to have waived his right to keep them due to a prior reason, unless he has retained that right when accepting the possession of the mortgaged *sukuk* for the account of the mortgagee

Article 445

Where the entire value of the *sakk* has not been paid at time of its submission for the mortgage, the debtor, at the time of maturity of the unpaid part, shall ensure it is paid at least two days before maturity, otherwise the mortgagee creditor may ask the court to sell the *sakk*. The unpaid part shall be paid from the sale proceeds and the remaining proceeds shall be kept as a guarantee instead of the mortgage.

Article 446

The mortgagee creditor shall retain among contractors and others the privilege on the profits of the mortgaged *sakk* and securities that are replaced by it and its value if they are paid before maturity.

Part 5

Securities and their Types

Article 447

Securities are legal instruments written according to the forms established by the law. They represent a right which means a certain amount of money. They are payable once presented or after a time to be specified and are subject to commercial trading.

Article 448

Securities include bills of exchange, promissory notes, bearer bonds, cheques and other securities irrespective of the capacity of their stakeholders or the nature of the business for which they were created.

Article 449

A bill of exchange is a security which includes an order from the drawer to the drawee to pay a certain amount of money to the order of the beneficiary. Payment may be upon presentation or on a certain date or the amount may be subject to specification..

Article 450

A promissory note is a security under which its writer undertakes to pay a sum of money on receipt of information or on a certain date, or the sum is subject to specification by another person, who is the beneficiary.

Article 451

A bearer bond is a security under which its writer undertakes to pay a certain amount of money on presentation or on a certain date or the amount is subject to the specification of the holder of the paper.

Article 452

A cheque is a security which includes an order issued by the drawer to the drawee bank to pay on the given date a certain amount of money to a third party, who is the beneficiary, or to the bearer thereof.

Chapter One

Bill of exchange

Subchapter I: Issue and Trading of Bills of Exchange

a) Issuing the Bill of Exchange

Article 453

A bill of exchange shall include the following information:

1. The words 'bill of exchange' inserted in the body of the instrument and expressed in the language employed in drawing up the instrument;
2. A statement of the date and of the place where the bill is issued;
3. Name of the person who is obliged to pay the drawee;
4. The name of the person to whom or to whose order payment is to be made (the beneficiary);
5. An unconditional order to pay a determinate sum of money;
6. Maturity date;
7. Place of payment;
8. Signature of the person who issued the bill of exchange (the drawer).

Article 454

An instrument in which any of the requirements mentioned in the preceding Article is wanting shall not be deemed a bill of exchange, except in the cases specified in the following paragraphs.

1. Where the place of issue is not mentioned in the bill of exchange it shall be deemed to have been issued in the place mentioned beside the name of the drawer. Where that place is not mentioned explicitly, the place where the drawer signed shall be deemed the place of issue.
2. In default of special mention, the place specified beside the name of the drawee is deemed to be place of payment, and at the same time the place of the domicile of the drawee. The bill of exchange shall be payable at the domicile of the drawee if no stipulation that payment should be at certain place.
3. A bill of exchange in which the time of payment is not specified is deemed to be payable at sight.

Article 455

A bill of exchange may be written payable to drawer's order himself. A bill of exchange may be drawn on the drawer himself or may be drawn for the account of someone else.

Article 456

A bill of exchange may not include more than one amount. Where the required currency is not specified on a bill of exchange drawn between a country of issue and a different country of payment, the currency of the country of payment shall be used.

Article 457

Where the sum payable by bill of exchange is expressed in words and also in figures, and there is a discrepancy between the two, the sum denoted by the words shall be the amount payable.

When the sum payable by bill of exchange is expressed more than once in words or more than once in figures, and there is a discrepancy, the smaller sum shall be payable.

Article 458

Where it is necessary to determine the capacity of the person committed to pay the bill of exchange, reference shall be made to the legislation of his own country.

Where the person committed to pay lacks capacity according to the legislation of his own country, such person's obligation shall remain valid if the law of the country where he signed deems him fully capable.

Article 459

Obligations of minors and their equivalent, who are not authorized to transfer, arising from their signatures on bills of exchange as drawers, endorsers or in any other capacity, shall be null and void for them only.

They may adhere to this nullification in respect of any holder of a bill of exchange, even where the latter has acted in good faith.

Article 460

Where a bill of exchange bears the signatures of people who lack capacity, forged signatures or the signatures of fictitious persons, or if for other reasons the signatures were not binding on the signatories and on the person who signed the bill of exchange in their names, the obligations of other signatories shall nevertheless remain valid.

Article 461

More than one drawer may sign the bill of exchange. The drawer may also entrust signature of the bill of exchange on his behalf to a third party and in this case, the third party shall identify himself when signing the bill of exchange.

Article 462

Whosoever puts his signature on a bill of exchange as representing a person for whom he had no power to act shall be bound himself as a party to the bill of exchange. Where the person who signs the bill of exchange pays the bill of exchange, he will obtain the same rights as the person for whom he purported to act. The same rule applies to a representative who has exceeded his powers of agency.

Article 463

The drawer of a bill of exchange shall guarantee both acceptance and payment. He may release himself from guaranteeing acceptance but not the guarantee of payment.

Article 464

A bill of exchange may be drawn up in multiple identical copies.

Each copy shall be numbered; otherwise each copy shall be deemed a separate bill of exchange.

Every holder of a bill of exchange not stating therein it is the sole copy has a right to request copies thereof at his own expense, for which he shall apply to the person who endorsed it. Such person shall be obliged to assist him to go back to the former endorser and the process shall continue, thus until he reaches the original drawer. The endorsers are bound to reproduce their endorsement on the new copies.

Article 465

Payment of the bill of exchange under one of its copies exempts from liability, even in the absence of a condition that this payment shall invalidate other copies. Nevertheless the drawee shall remain bound to pay under each acceptable copy if he fails to recover them.

An endorser who has transferred bill copies to different persons, as well as subsequent endorsers, shall be liable under the copies that bear their signatures and have not been withdrawn by them.

Article 466

A person who sends a copy of a bill of exchange for acceptance shall state on the other copies the name of the person who is to possess that copy and the latter shall deliver the copy to the legal holder of any other copy.

Where such person refuses to deliver, then the holder shall have no right of recourse, unless he is able to prove one of the following proofs:

1. The copy sent for acceptance was not delivered to him despite his request.
2. Acceptance or payment was not carried out under another copy.

Article 467

A holder of a bill of exchange shall have the right to take copies of the bill of exchange including any endorsement or mark thereon.

Data written in the copy shall exactly match the data of the original and the holder shall note thereon in writing the point at which the copying from the original ends.

The copy may be endorsed and guaranteed as a back-up, and the provisions of the original shall be applied to the copy.

Article 468

The name of the holder of the original shall be stated in any copy of a bill of exchange and the said holder shall hand over the original to the legitimate holder of the copy. If the possessor of the original refuses to hand it over to him, the holder of the copy shall not have a right of recourse against its precautionary endorsers or insurers unless he is able to argue and prove that the original was not delivered to him at his request. If following the most recent endorsement and before making a copy he endorses the original to the effect that from now on, endorsements shall not be valid except on the copy, all endorsements written on the original shall from then on be regarded as null and void.

Article 469

Where the text of the bill of exchange is altered, subsequent signatories to the alteration shall to what is stated in the altered text, but the former signatories shall be bound to what has been stated in the original text.

Article 470

Each bill of exchange, even if not expressly drawn to order, may be transferred by endorsement.
When the drawer has inserted in a bill of exchange the words "not to order" or an equivalent expression, the instrument can only be transferred according to the form, and with the effects, of an ordinary assignment
The bill may be endorsed to the drawee, whether or not the drawee accepts the bill of exchange, or to the drawer, or to any other party to the bill. These persons may re-endorse the bill.

Article 471

An endorsement shall be written on the bill of exchange or on a slip affixed thereto (allonge), which shall be signed by the endorser.
An endorsement after maturity shall have the same effects as an endorsement before maturity. Nevertheless, an endorsement after protest for nonpayment or after expiration of the limit of time fixed for drawing up the protest may operate only as an ordinary assignment.
Save as otherwise provided, an endorsement without date shall be deemed to have been placed on the bill before the expiration of the limit of time fixed for drawing up the protest.

Article 472

It is not allowed to advance the date of endorsement and where such advancement occurs it shall be deemed falsification.

Article 473

The endorsement may leave the endorsee unspecified. The endorsement may consist simply of the signature of the endorser (endorsement in blank). In the latter case, the endorsement, to be valid, must be written on the back of the bill of exchange or on the slip attached thereto.

Article 474

Without prejudice to the provisions of Article 476 herein, an endorsement may be unconditional and any condition to which it is made subject to shall be deemed not to be written. Partial endorsement shall be null and void.
An endorsement to Bearer is deemed to be an endorsement in blank.

Article 475

In the case of a blank endorsement, the holder may

1. fill up the blank either with his own name or with the name of some other person;
2. re-endorse the bill in blank, or to some other person;
3. transfer the bill to a third person without filling up the blank, and without endorsing it.

Article 476

In the absence of any contrary stipulation the endorser shall guarantee acceptance and the payment of value thereof. The endorser may prohibit any further endorsement. In such case, he gives no guarantee to the persons to whom the bill is subsequently endorsed.

Article 477

The possessor of a bill of exchange shall be deemed the legitimate holder thereof, when it is proved that the possessor has the right in the bill of exchange with uninterrupted endorsements, even if the most recent endorsement is a blank endorsement. Endorsements that have been written off in this regard shall be considered as if they were not written. When an endorsement in blank is followed by another endorsement, the person who signed this last endorsement is deemed to have acquired the bill by the endorsement in blank.

Where a person is dispossessed of a bill of exchange, in any manner whatsoever, the holder who establishes his right thereto in the manner mentioned in the preceding paragraph shall not be bound to give up the bill unless he has acquired it in bad faith, or unless in acquiring it he has been guilty of gross mistake.

Article 478

All rights arising out of a bill of exchange shall be transferred by endorsement to the person for whom it was endorsed.

Without prejudice to the provisions of Article 459 herein, a debtor against whom there is a lawsuit on a bill of exchange has no right to use his personal relationship to its former drawer or holder as a defence, unless the holder, in acquiring the bill, has knowingly acted to the detriment of the debtor

Article 479

Where an endorsement contains the statements "value in collection", "for collection", "by procuration" or any other statement implying a simple mandate, the holder may exercise all rights arising out of the bill of exchange, but he can only endorse it by the means of procuration.

In such a case, the parties liable to the bill of exchange may only set up against the holder defences which could be set up against the endorser.

The mandate contained in an endorsement by procuration shall not terminate by reason of the death of the party giving the mandate or by reason of his becoming legally incapable.

Article 480

Where an endorsement contains the statements "value in security", "value in pledge" or any other phrase implying a pledge, the holder may exercise all rights arising out of the bill of exchange but an endorsement by him shall be deemed an endorsement by procuration.

A debtor with the bill of exchange shall have no claim against the holder by defences founded on his personal relations with the endorser, unless the holder in receiving the bill, has knowingly acted to the detriment of the debtor.

Subchapter II: Guarantees of Payment of bill of exchange

a) Consideration for payment

Article 481

The drawer of the bill of exchange or the person for whom the bill of exchange was drawn shall deposit with the drawee the compensation against the payment.

However the drawer of the third party shall be responsible personally towards the endorsers and holders of the bill of exchange and no others with regards to

the compensation of the payment.

Article 482

The consideration for payment shall be deemed existent, if the drawee is indebted to the drawer or the person who is responsible for drawing within the maturity date of the bill of exchange, with a certain amount of money payable or at least equivalent to the amount of the bill of exchange.

Article 483

Acceptance of the bill shall be considered as evidence for the presence of consideration with the acceptor for payment.

The opposite of this evidence in the relationship of the drawer with the holder may not be demonstrated/ proofed.

The drawer alone shall prove in case of denial; whether the bill has been accepted or unaccepted, that the drawee has consideration for its payment at the time of maturity.

If he cannot prove so, he shall be the guarantor of the payment even if the proofs are provided after the legal specified time.

If the drawer proved within the time and continued until the time given, his liability shall be cleared in the amount as a consideration, unless it is used in his interest.

Article 484

The ownership of the consideration for the payment shall be transferred by the virtue of law to the contracting bill holders.

If the consideration for payment is less than the value of the bill, the bill holder can revoke this and ask for a full consideration of the payment as per their rights.

This provision shall apply only if the consideration for payment is a disputed debt, which has not been claimed or has not been entitled upon maturity of the bill.

Article 485

Where the drawer has provided the proof after the legally specified time, then all the documents shall be handed over to the bill holder in order to obtain the necessary payment.

If the drawer is deemed bankrupt, the bankruptcy manager shall comply and deal with the necessary proceedings.

In all scenarios the bill holder shall be liable for all the expenses incurred.

Article 486

The bankruptcy of the drawer shall result in the lapse of the specified time and maturity of date for payment of the bill value.

The bill holder alone without the drawer's presence shall collect his rightful compensation of the payment which is found properly with the drawee.

Article 487

Where the drawee becomes bankrupt and has the compensation of the payment as a debt, this shall be counted as assets towards the bankruptcy.

Article 488

Where the drawer with the goods, securities, financial papers or other funds that may be recovered in accordance with the provisions of the bankruptcy and this money was explicitly or implicitly allocated for the sole payment of the bill, the holder shall have the priority to take his entitlement from the value.

Article 489

Where several bills are withdrawn for the one compensation of the payment, its value shall not be enough to cover the payment of all the bills.
The order of the dates of withdrawal will be taken into consideration with respect to the rights of the holders in collecting their debts in exchange for the said payment.
The earliest holder of the bill of exchange in terms of date will be given precedence over others.
If the bills of exchange were drawn on the same date, the bill bearing the acceptance of the drawee, the bill which allocated the compensation of the payment shall be submitted to pay its value.
The bills of exchange, which include the condition of non acceptance, shall be considered in the last place.

b) Acceptance of bill of exchange

Article 490

Until maturity, a bill of exchange may be presented to the drawee for acceptance at the drawee domicile, either by the holder or by any person who is merely in possession thereof.

Article 491

The drawer of the bill of exchange may make the submission mandatory for acceptance, with or without fixing a limit of time for presentment
Except in the case of a bill payable at the address of a third party or in a locality other than that of the domicile of the drawee, or, except in the case of a bill drawn payable at a fixed period after sight, the drawer may prohibit submission for acceptance.
The drawer may also stipulate that presentment for acceptance shall not take place before a specified date.
Unless the drawer has prohibited acceptance, every endorser may stipulate that the bill shall be presented for acceptance, with or without fixing a limit of time for presentment

Article 492

Bill of exchange payable at a fixed period after sight must be presented for acceptance within one year of its date of issue.
The drawer may abridge or extend such period.
Such periods may be abridged by the endorsers.

Article 493

The drawee may request that a bill shall be presented to him a second time on the day after the first presentment. Parties interested shall not be allowed to set up that such request has not been complied with unless this request is mentioned in the protest.

The holder shall not be bound to surrender to the drawee a bill presented for acceptance.

Article 494

An acceptance shall be written on the bill of exchange itself and shall be expressed by the word "accepted" or any other equivalent term and shall be signed by the drawee. Mere signature of the drawee on the bill of exchange shall be deemed acceptance.

Where the bill of exchange is due for payment after a certain period after **sight** or it was due to submission for the acceptance within a certain limit of time in accordance with a special stipulation, the acceptance must be dated as of the day when the acceptance is given, unless the holder requires that it shall be dated as of the day of presentment.

Where the acceptance is undated, the holder, in order to preserve his right of recourse against the endorsers and the drawer, must authenticate the omission by a protest drawn up within the proper time.

Article 495

An acceptance shall be unconditional, but the drawee may restrict the acceptance to part of the sum payable.

Every other modification introduced by an acceptance into the tenor of the bill of exchange shall be deemed as a refusal to accept. Nevertheless, the acceptor shall be bound according to the terms of his acceptance.

Article 496

Where the drawee who has put his acceptance on a bill has cancelled it before restoring the bill, acceptance is deemed to be refused. Failing proof to the contrary, the cancellation shall be deemed to have been taken place before the bill was restored. Nevertheless, where the drawee notifies his acceptance in writing to the holder or to any party who has signed the bill, the drawee shall be liable to such parties according to the terms of his acceptance.

Article 497

Where the drawer designates on the bill of exchange, a place of payment other than the place of domicile of the drawee without designating a person with whom the payment shall be executed, the drawee may designate such person when accepting the bill.

Otherwise, it shall be deemed that the acceptant has undertaken an obligation to pay at the place of payment.

Where a bill payable at the domicile of the drawee, the latter may designate in the acceptance the address of the place where payment is to be executed.

Article 498

By accepting, the drawee shall undertake to pay the bill of exchange at its maturity.

In default of payment, the holder, even if he is the drawer, shall have a direct action on the bill of exchange against the acceptor for all that can be demanded in accordance with provisions of Articles 532 and 533 herein.

c) Reserve guarantee

Article 499

Payment of a bill of exchange may be guaranteed by a guarantor as to the whole or part of its amount. This guarantee may be given by a third person or even by a person who has signed as a party to the bill.

Article 500

The reserve guarantee shall be written either on the bill itself or on a paper connected thereto (an allonge), where it is stated with the writing "For reserve guarantee", or by any other equivalent formula and is signed by the guarantor.

A guarantee must specify for whose account it is given. In default of this, it is deemed to be given for the drawer

This guarantee shall be effective just by the mere signature of the guarantor on the face of the bill, except in the case of the signature of the drawee of the drawer.

Article 501

The reserve guarantor shall undertake the guarantee the same way as the guaranteed.

The undertaking of the reserve guarantor shall be valid even if the guarantee is invalid for any reason, other than a problem in the issuance.

Where the reserve guarantor has to settle the bill, he shall have all the rights arising thereout against the person guaranteed and against those who are liable to the latter on the bill of exchange.

Article 502

The reserve guarantee may be drawn on a separate paper, clearly indicating the place where the guarantee has taken place. The reserve guarantor on a separate paper shall not be liable except towards the person who receives such guarantee.

Subchapter III: Ending of the Obligation Established in the Bill

a) Payment

1- Date of maturity

Article 503

A bill of exchange may be drawn payable:

1. at sight;
2. at a fixed period after sight;
3. at a fixed period after date;
4. at a fixed date specified on the bill of exchange.

Bills of exchange containing other or consecutive maturities shall be deemed null and void.

Article 504

The bill of exchange due for payment at sight shall be payable once submitted.

Such bill shall be submitted for payment within one year from the date of issuance.

The drawer may abridge or extend this period. These periods may be abridged by the endorsers.

The drawer may prescribe that a bill of exchange payable at sight must not be presented for payment before a named date. In such case the period for presentment begins from this date.

Article 505

The maturity of a bill of exchange payable at a fixed period after sight shall be determined either by the date of the acceptance or by the date of the protest.

In the absence of the protest, an undated acceptance is deemed, so far as regards the acceptor, to have been given on the last day of the limit of time for presentment for acceptance in accordance with the provisions of article 492 herein.

Article 506

Where a bill of exchange is drawn at one or more months after date or after sight the bill shall be deemed mature on the corresponding date of the month when payment must be made.

Where there is no corresponding date, the bill shall be deemed mature on the last day of this month.

When a bill of exchange is drawn at one or more months and a half after date or sight, the count shall be calculated in full months.

The "eight days" or "fifteen days" indicate not one or two weeks, but a period of eight or fifteen days. The expression "half month" means a period of fifteen days.

Article 507

Where the maturity is fixed at the commencement, in the middle or at the end of the month, the first, fifteenth or last day of the month shall be understood.

Article 508

When a bill of exchange is payable on a fixed day and in a country with different calendar from the country of issue, the day of maturity shall be deemed to have been fixed according to the calendar of the country of payment.

When a bill of exchange drawn between two countries having different calendars is payable at a fixed period after date, the day of issue shall be referred to the corresponding day of the calendar in the country of payment, and the maturity is fixed accordingly.

The time for presenting bills of exchange is calculated in accordance with the rules of the preceding paragraph. Provisions of this article do not apply if a stipulation in the bill or even the simple terms of the instrument indicate an intention to adopt some different rule.

Article 509

The holder of the bill of exchange shall present the bill upon maturity.

Presentation of the bill of exchange to any legally recognized clearing house shall be deemed as recognition of payment.

Whoever pays at maturity without valid protest shall be discharged, unless he has been guilty of fraud or gross negligence. Such person shall be bound to verify the regularity of the series of endorsements, but not the signature of the endorser.

Article 510

The holder of a bill of exchange shall not be obliged to receive payment before maturity.

The drawee who pays before maturity does so at his own risk.

Article 511

The drawee may request redemption with signed statement proving the repayment from the holder when the bill of exchange is paid in full.

The holder may not refuse to accept the partial payment. The drawee may request certifying such partial payment on the bill of exchange and given receipt.

The drawee, endorser and others committed to the bill of exchange shall be discharged from liability for whatever value paid of the principal.

The holder may protest the non paid amount of the bill of exchange value.

Article 512

Where the bill of exchange is not presented on the maturity date, debtors may deposit their payments in the courts treasury. The deposit shall be on the account and under the responsibility of the holder of the bill of exchange.

A document proving the deposit and amount thereof, date, maturity of the bill of exchange and the name of the beneficiary shall be delivered to the court registry.

Where the holder demands the debtor to pay, the debtor shall deliver the deposit document in return of receiving the bill of exchange. The holder shall receive the amount from the court registry by presenting this document.

Where the deposit document was not delivered to the holder, the holder shall pay the principal value of the bill of exchange to the holder.

Article 513

Where it is stipulated that payment of the bill of exchange shall be in Qatar in unused currency, payment may be effected by the currency in use according to the exchange rate on the maturity date. Where payment was not effected on the maturity date, the holder may claim the value of the bill in the currency commonly in use in Qatar according to the exchange rate on the maturity or payment date.

The official exchange of the currency in Qatar against foreign currencies shall prevail. However, the drawer may indicate in the bill, the payable price.

where the amount on the bill of exchange is determined by a common label bearing money, but its value in the country of issue is different from its value in the country of payment, the value in the country of payment shall prevail.

Article 514

It is not acceptable to refuse repaying the bill of exchange, unless it has been lost or its holder has gone bankrupt.

Article 515

Where a multiple copies non-accepted bill of exchange has been lost, the person receiving the value of the bill may claim repayment thereof, by presenting one of the copies.

Article 516

Where a bill of exchange is issued in several copies and the-copy bearing the form of acceptance is lost, its payment may not be claimed via one of the other copies, save as by an order from the president of the court and provided that a guarantor is presented.

Article 517

A person who has lost a bill of exchange, whether or not coupled with acceptance, and who is unable to present one of the other copies, may apply to the president of the court for an order for payment thereof, provided that he proves his ownership thereof and provides a guarantor.

Article 518

Where the payment of a lost bill of exchange has been declined after a claim thereof in accordance with the two foregoing Articles 516 and 517 herein, the owner of the lost bill, in order to maintain rights therein, shall document the same in a protest for non-payment made out by him on the day following maturity date, and served on the drawer and the endorsers in the ways and on the dates prescribed in Article 530 herein.

The protest for non-payment shall be made out and served even if it is not possible to obtain an order from the president of the court at the proper time.

Article 519

The owner of a lost bill of exchange may obtain a copy thereof by recourse to the person to whom the bill was endorsed. Such endorser shall be bound to assist the owner of the lost bill and to allow him to use his name in claiming on the previous endorser. In such a claim, the owner shall proceed from one endorser to another until he arrives to the drawer. Each endorser shall be bound to write endorsement thereof on the copy of the bill provided by the drawer after indicating thereon to the effect that it is a replacement for the one lost.

A demand for payment by virtue of such copy may only be made on an order from the president of the court and provided that a guarantor is made available.

All expenses shall be borne by the owner of the lost bill.

Article 520

Payment by the maturity date based on an order from the president of the court in the cases referred to in the preceding Articles shall discharge the debtor from obligation thereof.

Article 521

The obligation of the guarantor provided for in Articles 516, 517 and 519 shall lapse after three years where neither a claim nor a court action has been made during such period.

b) Failure to pay

1- Claiming and Recourse of non-Acceptance and non-Payment

Article 522

Where a bill of exchange was not paid by its maturity date, the bearer thereof may have recourse to its endorsers and drawer or other obligors. The bearer shall have the right of recourse to the endorsers and drawer or other obligors prior to maturity in the following cases:

1. Total or partial rejection of acceptance;
2. Insolvency of the drawee; whether he has accepted the bill of exchange or not, or his refraining from paying what he owes even if the withhold has not been confirmed by a judgment, or in the case of an unavailing attachment of possessions thereof.
- 3- Insolvency of the drawer of a bill of exchange, the non-presentation of which for acceptance is conditional.

The guarantors, when recourse is made to them in the cases indicated in the cases referred to in the abovementioned two paragraphs (1) and (2) may apply to the president of the court within three days of the date on which recourse was made thereto for a grace period for payment. The president of the court shall, when he deems the application to be justified, specify in the court order the date on which payment is to be made, with the provision that such grace period shall not exceed the date prescribed for the maturity of the bill of exchange. Such order shall not be contested.

Article 523

Payment of a bill of exchange which falls due on legal holiday may only be demanded on the next business day

Nor may any action be taken in relation to a bill of exchange, in particular presentation thereof for acceptance or the making of a protest for non-payment or the like, except on a business day.

Where a particular date is prescribed for action to be taken in connection with a bill of exchange and its last day falls on a holiday, such date shall be extended to the day thereafter. Interposing holidays shall be deducted when computing limits of time.

Save as otherwise prescribed, the first day shall not be accounted in legal deadlines or agreements related to the bill of exchange.

Article 524

Failure to accept or pay a bill of exchange shall be proved by a protest for non-acceptance or non-payment issued by the clerk at the court.

The protest shall include a literal copy of the bill of exchange, the wording confirming acceptance and endorsement, and a notice to pay the value of the bill of exchange, and stating whether the acceptance or payment obligor is present or absent and the reasons for declining acceptance or payment thereof.

The clerk of the court charged with issuing the protest for non-payment shall keep a copy thereof with the party against whom the protest is issued. Such clerk shall register, in a special register with numbered pages and designated according to the original index, the protest documentation in full, day by day observing the sequence of dates.

Entries in the aforesaid register shall be made by the method followed for indexing.

Within the first fifteen days of every month, the clerk of the court shall send to the competent party at the Commercial Register a list of the protests for non-payment made out by him during the previous month for accepted bills of exchange and documents to order. The competent party at the Commercial Register shall keep a book for entering these protests.

Such registers may be examined upon payment of the prescribed fees, and the office shall compile a publication containing such protests.

Article 525

A protest for non-acceptance of a bill of exchange shall be made on the dates prescribed for presentation for acceptance. Where the first presentation in accordance with Article 493 herein is made on the last day of the period prescribed for presentation, the protest may be made on the day thereafter.

Article 526

A protest for non-payment of a bill of exchange due for payment on a particular day or at a particular interval after its date or the date of signing thereof shall be made on one of the four working days thereafter.

Where a bill of exchange is payable at sight, a protest for non-payment shall be made in accordance with the conditions given in the aforesaid Article 525 for a protest for non-acceptance.

Article 527

A protest for non-acceptance shall dispense with presentation of a bill of exchange for payment and making a protest for non-payment.

Article 528

Where the drawee fails to pay, whether or not he has accepted the bill of exchange and in the case where an unavailing attachment has been made of his possessions, the bearer of the bill of exchange may not have recourse to his guarantors until the bill has been presented to the drawee for payment and a protest for non-payment has been made.

In the event of insolvency of the drawee, whether or not he has accepted the bill of exchange, and also in the event of the insolvency of the drawer of a bill of exchange the presentation of which for acceptance is conditional, the presentation of the insolvency judgement shall be sufficient in itself to enable the bearer to exercise his rights of recourse to the guarantors.

Article 529

The drawer, an endorser, or guarantor may, by stipulation "without costs", "without protest", or any other equivalent expression written on the instrument and signed, release the holder from having protest of non-acceptance or non-payment drawn up in order to preserve his right of recourse.

This stipulation does not release the holder from presenting the bill within the prescribed time, not from the notices he has to give. The burden of proving the non-observance of the limits lies on the person who seeks to set it up against the holder.

Where the stipulation is written by the drawer, it is operative in respect of all persons who have signed the bill; if it is written by an endorser or a guarantor, it is operative only in respect of such endorser or guarantor. If, in spite of such stipulation written by the drawer, the holder has the protest drawn up, he must bear the costs thereof. When the stipulation emanates from an endorser or guarantor, the costs of the protest, if one is drawn up, may be recovered from all the persons who have signed the bill.

Article 530

The holder must give notice of non-acceptance or non-payment to his endorsers and to the drawer within the four working days which follow the day for protest or, in case of a stipulation "free of expenses", the day for presentment.

Every endorser shall within the two working days following the day on which he receives notice, notify his endorser(s) of the notice he has received, mentioning the names and addresses of those who have given the previous notices, and so on through the series until the drawer is reached. The periods run from the receipt of the preceding notice.

When, in conformity with the preceding paragraph, notice is given to a person who has signed a bill, the same notice shall be given within the same limit of time to his guarantor. Where the endorser either has not specified his address or has specified it in an illegible manner, it is sufficient that notice should be given to the preceding endorser. The notice may be given in any form whatever, even by simply returning the bill of exchange.

A person who must give notice shall prove that he has given notice within the time allowed. This limit of time is fulfilled if the notice has been posted by

registered mail within the prescribed time.

A person who does not give notice within the limit of time shall not forfeit his rights. He is responsible for the damage, if any, caused by his negligence, provided that the damages shall not exceed the amount of the bill of exchange.

Article 531

All drawers, acceptors, endorsers or guarantors of a bill of exchange are jointly and severally liable to the holder.

The holder has the right of proceeding against all these persons individually or against some of them or collectively without being required to observe the order in which they have become bound.

The same right shall be possessed by any person signing the bill who has taken it up and paid for it.

Proceeding against the parties liable shall not prevent proceedings against the others, even though they may be subsequent to the party first proceeded against.

Article 532

The holder may recover from the person against whom he exercises his right of recourse:

1. The amount of the unaccepted or unpaid bill of exchange;
2. The expenses of protest and of the notices given as well as other expenses.

Article 533

A party who pays a bill of exchange can recover from the parties liable to him (guarantors), the entire sum which he has paid and any expenses which he has incurred.

Article 534

Save as otherwise stipulated by the law, courts may not give any grace periods to repay the bill of exchange value or to carry out any other procedures related thereto.

Article 535

Every party liable against whom a right of recourse is or may be exercised may require, against payment, that the bill be given up to him with the protest and receipted account. Every endorser who has paid a bill of exchange may cancel his own endorsement and those of subsequent endorsers.

Article 536

In the case of the exercise of the right of recourse after partial acceptance, the party who pays the sum in respect of which the bill has not been accepted may require that this payment shall be specified on the bill and that he shall be given a receipt therefore. The holder must also give him a certified copy of the

bill with the protest, in order to enable subsequent recourse to be exercised.

Article 537

The holder shall lose rights of recourse against the endorsers, the drawer and against the other parties liable, with the exception of the acceptor after the expiration of the limits of time fixed for the following,:

1. presentencing of a bill of exchange drawn at sight or at a fixed period after sight,
2. drawing up the protest for non-acceptance or non-payment,
3. presentencing for payment in the case of a stipulation "without protest".

However the drawer does not benefit from such limitation unless the drawer proves availability of funds at maturity. In such a case the holder shall only recourse to the drawee. Where the bill is not presented at the time stipulated by the drawer, the holder loses his rights of recourse due to non acceptance and nonpayment, unless it appears from the terms of the stipulation that the drawer only meant to release himself from the guarantee of acceptance.

Article 538

Should the presentation of the bill of exchange or the drawing up protest within the prescribed limits of time be prevented by *force majeure*, these limits of time shall be extended.

The holder shall be bound to give notice without delay of the case of *force majeure* to his endorser and to specify this notice, which he must date and sign, on the bill or on an *allonge*.

When the *force majeure* terminates, the holder shall without delay present the bill of exchange for acceptance or payment and, if need be, draw up the protest.

When the *force majeure* continues beyond thirty days after maturity, recourse may be exercised, and neither presentment nor the drawing up of a protest shall be necessary.

In the case of bills of exchange drawn at sight or at a fixed period after sight, the time limit of thirty days shall run from the date on which the holder has given notice of the *force majeure* to his endorser; the notice can be given even before the expiration of the time for presentment. In the case of bills of exchange drawn at the certain time after sight, the time limit of thirty days shall be added to the period after sight specified in the bills of exchange.

Matters which are purely personal to the holder or to the person whom he has entrusted with the presentment of the bill of exchange or drawing up the protest shall not deemed to constitute a case of *force majeure*.

Article 539

The holder of bill of exchange, who submitted a plea of non-payment, can sign an attachment on the movable properties of drawer, acceptor, endorser, reserve guarantor and others who are committed to the bill of exchange, taking into account the procedures established in the Code of Civil and Commercial Procedure regarding attachments.

Article 540

Every person having the right of recourse may, in the absence of agreement to the contrary, reimburse himself by means of a fresh bill (redraft) to be drawn at sight on one of the parties liable to him and payable at the domicile of that party

Article 541

The bill of exchange of recourse includes the amounts set out in the articles 532 and 533 of this law in addition to the commission and any other fees prescribed by law.

If the drawer of a bill of exchange of recourse is himself the holder, its amount shall be determined on the basis which determines the value of the bill of exchange payable after access and is drawn from the place where the original bill of exchange is payable to the place where is the home of the guarantor.

If the drawer of a bill of exchange of recourse is one of the endorser, its amount shall be determined on the basis which determines the value of the bill of exchange payable after access and is drawn from the place where is the home of the drawer of the bill of exchange of recourse to the place where is the home of the guarantor.

Article 542

Where there are several recourse bills of exchange, the drawer of the original bill of exchange or the endorser thereof may only be required to pay the value of one recourse bill.

2- Intervention

Article 543

The drawer, an endorser, or a guarantor may specify a person who is to accept or pay in case of need. A bill of exchange may, subject as hereinafter mentioned, be accepted or paid by a person who intervenes for the honour of any debtor against whom a right of recourse exists.

The person intervening by payment or acceptance may be a third party, even the drawee, or, save the acceptor, a party already liable on the bill of exchange.

The person intervening shall be bound to give, within two working days, notice of this intervention to the party for whose honour he has intervened. In default, such person shall be responsible for the damage, if any, due to his negligence, but the damages shall not exceed the amount of the bill of exchange.

Article 544

There may be acceptance by intervention in all cases where the holder has a right of recourse before maturity on a bill which is capable of acceptance.

Where the bill of exchange indicates a person who is designated to accept or pay the bill in case of need at the place of payment, the holder may not exercise his rights of recourse before maturity against the person naming such referee in case of need and against subsequent signatories, unless he has presented the bill of exchange to the referee in case of need and until, if acceptance is refused by the latter, this refusal has been authenticated by a protest

In other cases of intervention the holder may refuse an acceptance by intervention. Nevertheless, if the holder allows it, he loses his right of recourse before maturity against the person on whose honour such acceptance was given and against subsequent signatories

Article 545

Acceptance by intervention shall be stated on the bill of exchange, and the intervenor shall sign it and mention the name of the person for whose honour the intervention has occurred. Where an acceptance by intervention lacks this statement, the intervention shall be deemed to have occurred for the honour of the drawer.

Article 546

The acceptor by intervention shall be liable to the holder and to the endorsers, subsequent to the party for whose honour he intervened, in the same manner as such party.

Notwithstanding an acceptance by intervention, the party for whose honour it has been given and the parties liable to him may require the holder, in exchange for payment of the sum mentioned in Article 532, to deliver the bill, the protest, and an receipted account, if any.

Article 547

Payment by intervention may take place in all cases where, either at maturity or before maturity, the holder has a right of recourse on the bill.

Payment shall include the whole amount payable by the party for whose honour it is made. Payment shall be made at the latest on the day following the last day allowed for drawing up the protest for non-payment.

Article 548

Where a bill of exchange has been accepted by persons intervening who are domiciled in the place of payment, or where persons domiciled there have been named as referees in case of need, the holder shall present the bill to all such persons and, *mutatis mutandis*, have a protest for non-payment drawn up at the latest on the day following the last day on which a protest for non-payment may be made.

In default of protest within such date, the party nominated for payment, or for whose account the bill by intervention has been accepted, and the subsequent endorsers, are discharged.

Article 549

The holder who refuses payment by intervention shall lose his right of recourse against any persons who would have been discharged thereby.

Article 550

Payment by intervention must be authenticated by a receipt given on the bill of exchange mentioning the person for whose honour payment has been made. In default of such mention, payment shall be deemed to have been made for the honour of the drawer.

The bill of exchange and the protest, if any, shall be given up to the person paying by intervention.

Article 551

The person paying by intervention shall acquire the rights arising out of the bill of exchange against the party for whose honour he has paid and against persons who are liable to the latter on the bill of exchange.

Nevertheless, such person may not re-endorse the bill of exchange.

Endorsers subsequent to the party for whose honour payment has been made are discharged.

In case of competition for payment by intervention, preference shall be given to the person whose payment shall release the largest number of obligors. A person who knowingly intervenes to pay contrary to this rule shall lose his right of recourse against those persons who would have been discharged had such rule been observed.

Subchapter IV: Limitation Period

Article 552

All actions arising out of a bill of exchange against the acceptor shall become barred after three years reckoned from the date of maturity

Actions by the holder against the endorsers or against the drawer shall become barred after one year from the date of protest made by the legal deadline or from the maturity date if the bill contained a clause exempting from protest.

Action by the endorsers against each other or against the drawer shall become barred after six months from the day on which the endorser paid the bill or

from the day on which the action was brought against him.

Article 553

In the event that an action is brought, the limitation period shall apply only if a judgement concerning the debt is given or if the debtor acknowledges the debt in a separate instrument entailing renewal of the debt.

Article 554

Interruption of the limitation period shall affect only the person in respect of whom period has been interrupted.

Article 555

Those against whom a case in respect of a debt is brought, irrespective of the expiry of the limitation period, declare on oath that they are free from the debt if they are asked so to take oath and their heirs or other successors shall swear that they were unaware that their testator died with his financial obligations encumbered with the debt.

Chapter Two

The promissory Note

Article 556

A promissory note is an instrument containing the following particulars:

1. The order clause or the phrase 'promissory note' written in the body of the note in the language in which it is made out.
2. The date and the place in which the note is issued.
3. The name of the person to whom or to whose order payment is to be made.
4. An unconditional undertaking to pay a particular sum of money.
5. The maturity date.
6. The place of payment.
7. The signature of the party creating the note.

Article 557

A note that lacks any of the particulars stated in the foregoing Article shall not be deemed a promissory note except in the following cases:

1. Where the note lacks a statement of the place where it was created, it shall be deemed to have been created in the place indicated alongside the name of its issuer/compiler.
2. Where the note lacks a statement of the place where it has to be paid, the place mentioned alongside the compiler name shall be deemed the place of payment and domicile of the compiler at the same time. Where no place for the payment is mentioned, the working or residence place of the compiler shall be deemed the place of payment.
3. Where the note lacks a statement of the maturity date, payment shall be deemed to be at sight.

Article 558

The compiler of a promissory note shall be bound in the same way as the acceptor of a bill of exchange.

A note to order payable by a particular interval after sight shall be presented to the compiler by the date stated in Article 492 for a statement to be written indicating that the note has been sighted.

This indication shall be dated and signed by the compiler. The sight interval shall commence from the date on which the indication is made. If the compiler declines to make such indication, his refusal must be confirmed by a protest for non-acceptance. The date of the protest shall be deemed to be the beginning of the sight interval.

Article 559

Without prejudice to its nature, the provisions relating to the bill of exchange shall apply to the promissory note in respect of eligibility, multiple reproduction and copies, endorsement, maturity, payment, recourse for non-payment, impermissibility of granting a grace period for payment, conservation attachment, protest, calculation of deadlines and working days, recourse by establishing a bill of recourse, payment by intervention, and the limitation periods.

Also applicable to the promissory note are the provisions relating to the precautionary guarantee, whilst observing that if the name of the guaranteed party is not mentioned in the form of such guarantee, the guarantee shall be deemed to be in favour of the compiler of the note.

Chapter Three

The Cheque

Article 560

Notwithstanding the provisions given in this Chapter, the provisions governing a bill of exchange shall apply to a cheque in as much as they do not conflict with its nature.

Subchapter I: Creation and Negotiation of a Cheque

a) Creation of a Cheque

Article 561

A cheque is an instrument containing the following particulars:

1. The term "cheque" written in the body of the instrument, in the language in which it is written;
2. Date and place of the issuance of the cheque;
3. The name of the person bound to pay (the drawee);
4. The name of the person to whom or to the order of whom payment is to be made. In the manner given in Articles 567 and 568;
5. An unconditional order to pay a particular sum of money;
6. The place of payment;
7. The signature of the person making out the cheque (the drawer).

Article 562

An instrument that lacks one of the particulars mentioned in the preceding Article shall not be deemed a cheque except in the following two cases:

1. Where the cheque lacks a statement of the place where the cheque was issued it shall be deemed to have been made out in the place indicated alongside the name of the drawer;
2. Where the cheque lacks a statement of the place for payment, the place given alongside the name of the drawee shall be deemed its place for payment. If several locations are mentioned alongside the name of the drawee, the cheque shall be deemed payable in the first-named place. Where the cheque lacks these details or any other particulars, it shall be deemed payable in the place where the principal premises of the drawee are situated.

Article 563

Cheques issued in Qatar and payable therein may be drawn only on a bank and on the cheque forms issued by the bank. Instruments drawn in the form of cheques on other than a bank or on other than the bank formats shall not be deemed cheques.

Any bank giving its customer a book containing blank cheques for payment against them from its treasury shall write on each cheque the name of the account holder who receives it and his account number.

Article 564

A cheque may not be issued unless at the time of making out the cheque the drawer had funds with the drawee disposable by cheque according to an express or implied agreement. The drawer has to pay consideration for honouring the cheque. The drawer rather than anyone else, shall, upon denial, prove that the person on whom the cheque is drawn has had the funds for honouring at the time of its issue; however, if he fails to prove that, he must secure the honouring of the cheque even if the protest for non-payment is made after the time prescribed by law.

Article 565

When the sum payable by cheque is expressed in words and also in figures, and there is a discrepancy between the two, the sum denoted by the words shall be the amount payable.

Article 566

There shall be no acceptance with regard to a cheque, and if acceptance is written in a cheque, it shall be treated as if it has never existed.

However, the drawer may demand the drawee to mark down a cheque as certified, and the certification denotes availability of the honouring funds with the drawee at the date of marking it down, and the signature by the drawee on the face of the cheque shall be considered as certification.

The funds for payment of a certified cheque shall remain blocked with the drawee for payment upon presentation of the cheque.

The drawee may not refuse to honour a cheque if the bank holds the consideration for its payment, and the signature of the drawee on the body of the cheque shall be deemed to indicate the drawee approval.

The verified cheque shall remain with the drawee and be under its responsibility in the interest of the holder until the expiry of the cheque presentation date.

Article 567

It is permissible to stipulate that a cheque be paid:

;"To a designated person, with or without expressly stating the condition that it is "to order .

2. to a named person, stating "not to order" or any other phrase having the same meaning, or upon deletion of the term "to order" stated in the cheque delivered to the client from the bank.

(c) To the bearer of the cheque.

A cheque drawn in favour of a named person and which mentions the phrase "or to bearer" or any similar phrase shall be deemed to be a cheque to the bearer. Where it does not show the name of the beneficiary it shall be deemed to be to bearer. A cheque which includes the clause 'not negotiable' shall be payable only to the bearer who takes receipt of it accompanied by this clause.

Article 568

A cheque may be drawn to the order of the drawer himself. The cheque may also be drawn on account of someone else. It may not be drawn on the drawer himself except when drawn between the branches of the same bank, or between the branches and the headquarter of the bank, or from one establishment on another both belonging to the drawer himself provided that it is not payable to the bearer.

Article 569

The drawer shall ensure honouring the payment of the cheque, and every clause that exempts the drawer himself from such guarantee shall be deemed null and void.

Article 570

The drawee alone shall bear the damage resulting from honouring a cheque in which the signature of the drawer has been forged or the details in the body thereof falsified, if no one can attribute a grave mistake to the drawer, his name set out on the cheque, which led to the occurrence of fraud or misrepresentation in the data, and all the conditions contrary to that shall be null and void. The drawer shall be deemed to be particularly at fault when he does not exercise the diligence of a normal person in looking after the cheque book provided thereto.

b) Cheque Negotiation and Precautionary Guarantee

1- Negotiating a Cheque by Endorsement

Article 571

A cheque which payment to a designated person is conditional, whether or not the 'order' conditions is provided for therein, shall be negotiable by endorsement, and such endorsement may be made even to a drawer, or to any other party liable thereunder, and such persons may re-endorse the cheque.

Multiple endorsements shall be serially numbered.

A cheque which payment to a designated person is conditional, on which is written the phrase "not to order" or any other similar phrase, may only be negotiated by following subrogation Procedures stipulated in the Civil Law and the payable cheque to bearer shall be transferred by delivery.

Article 572

Endorsement to the drawee shall be deemed a form of quittance unless the drawer has several branches and the endorsement is made in favour of a branch other than that on which the cheque is drawn.

Article 573

An endorser shall guarantee the payment of the cheque unless stipulated otherwise. The endorser may forbid re-endorsement thereof, in which case the endorser shall not be bound by guarantee to persons to whom the cheque accrues by a subsequent endorsement.

Article 574

An endorsement written on a cheque to bearer shall make the endorser liable under the provisions of recourse, but such endorsement shall not result in the instrument becoming a cheque to order.

Article 575

The holder of an endorsable cheque shall be deemed to be the lawful bearer thereof upon proving that he holds title thereto by uninterrupted endorsements, even if the last endorsement thereof is an endorsement in blank. In such case, deleted endorsements shall be deemed null and void.

Where an endorsement in blank is followed by a further endorsement, the signatory to such endorsement shall be deemed to be the one to whom title to the cheque belongs by the endorsement in blank.

Endorsement written on a cheque to the bearer shall be deemed to be an endorsement in blank

Article 576

Where a person loses possession of a cheque as a result of some accident, whether such cheque be to the bearer or endorsable, the person to whom such cheque accrues shall not be bound to surrender such cheque, should the person establishes his title thereto as given in the aforesaid Article 575, and had not obtained the cheque in bad faith, or was not guilty of gross default in his quest to acquire thereof.

Article 577

An endorsement subsequent to a protest for non-payment or occurring after the expiry of the deadline for presentation of the cheque shall entail only the effects of subrogation stipulated in the Civil Law.

An undated endorsement shall be deemed to have been made prior to making a protest for non-payment or have been made prior to the expiry of the deadline for presentation of the cheque unless proved otherwise. Endorsements may not be pre-dated and if such pre-dating occurred it shall be deemed a forgery.

Article 578

Partial endorsement and endorsement issued by the drawee shall be deemed null and void

2- Precautionary Guarantee

Article 579

Payment of the value of a cheque wholly or in part may be guaranteed by an alternative guarantor. Such guarantee may be given by a third party other than the drawee, or by one of the signatories to the cheque.

Subchapter II: Lapse of the Obligation Established by the Cheque

a) Payment

Article 580 (Amended By Law 7/2010)★

A cheque shall be payable once sighted, and any statement to the contrary shall be deemed as to have never existed.

Where a cheque is issued with a subsequent date, the bank may not honour such cheque before that date. The bank shall be liable for any damages resulting of encashment before the original date.

Article 581

A cheque drawn and payable in Qatar shall be presented for payment within six months.

A cheque drawn outside Qatar but payable therein shall be presented for payment within eight months.

The aforesaid deadlines shall commence from the date shown on the cheque as the date of issue.

Presentment of the cheque to the bank, or blocking by such bank of its amount by telephone or by cable with the drawee bank, as well as presentment of the said cheque to any of the clearing houses recognized by law shall be deemed as presentment for payment.

Article 582

Where a cheque is drawn between two countries having different calendars, the date of issue shall be referred to the corresponding date in the calendar of the country for payment.

Article 583

Where a cheque is payable in Qatar, the drawee may honour the value of the cheque even after the expiry of the deadline for presentment.

An objection by the drawer to the encashment of a cheque shall not be acceptable except in the case of loss or the bankruptcy of the bearer or interdiction thereof.

Where, for reasons other than those mentioned in the foregoing paragraph, the drawer objects, and the bank refrains to pay, and the court shall not order suspension of payment even in the event of a lawsuit being filed for the original right.

Article 584

If the drawer dies, loses his capacity or becomes bankrupt after the creation of the cheque, this shall not affect the applicable provisions.

Article 585

Where the funds for payment are less than the cheque amount, the holder shall demand from the drawee to make partial settlement within the extent of the amount available with the drawee. The holder shall demand the drawee to indicate such payment on the back of the cheque, give him a certificate to this effect and establish the right of recourse for the balance amount either by this certificate or by making a protest.

Article 586

Where several cheques are presented at the same time and the consideration is insufficient to pay them all, the sequence of the dates on which they should be drawn shall be taken into account. Where the cheques presented are taken from one book and bear one date of issue, the earliest cheque numerically shall be deemed to antecede the others unless proved otherwise.

Article 587

Where it is stipulated that a cheque be paid in Qatar in a currency not in circulation therein, the value of the cheque on the date of presentation shall be paid in the currency in circulation in Qatar at its rate on the date of its encashment. Where encashment is not done on the date of presentation, the bearer shall have the choice of claiming the amount of the cheque valued in the currency in circulation in Qatar according to the rate either on the date of presentation or the date of encashment.

Where a cheque is presented for the first time after the expiry of the deadline for its presentation, the rate on the day on which the deadline for presentation expired shall apply. The current official exchange rate in Qatar shall be followed when valuing foreign currency. But the drawer may designate on the cheque the rate at which the payable sum is to be calculated. If the amount of the cheque is designated in a currency with a common denomination but whose value in the country of issue differs from that in the country of encashment, it shall be assumed that the currency in the country of encashment was intended.

Article 588

When a cheque to bearer is lost or destroyed, its owner may reference to the drawee to stop payment of the cheque. Such protest shall include the cheque number, its amount, the

name of the drawer and every other particular that may assist in identifying the cheque and the circumstances surrounding its loss or destruction. Where it is not possible to provide some of these details, the reasons thereof must be given. If the protestor is not domiciled in Qatar, he must designate a selected domicile.

Upon receiving the protest, the drawee shall decline to pay the value of the cheque to the holder and shall keep the consideration for payment of the cheque until the matter is resolved.

The drawee shall, at the expense of the protestor, publish the number of the lost or destroyed cheque; its amount, name of the owner, name and address of the protestor in one of the local Arabic daily newspapers.

After the date of this publication, any action taken with regard to the cheque shall be null and void.

Article 589

The cheque holder referred to in the foregoing Article may challenge the drawee over the objection. The drawee shall receive the cheque against a receipt and inform the objector by registered letter of the name and address of the holder.

The cheque holder shall notify the objector by registered post of the requirement to bring an action for entitlement to the cheque within one month of the date of his receipt of the notice, and the notice shall indicate the reasons for holding the cheque and the date thereof.

If the objector refrain from bringing an action for entitlement within the aforesaid interval, the Judge of urgent matters, at the request of the cheque holder shall rule to refuse the objection. In such case, the cheque holder shall be deemed to be its lawful owner vis-a-vis the drawee.

Should the objector brings an action for entitlement to the cheque, the drawee may pay its value only to the litigant who is granted a final ruling on ownership of the cheque or an amicable settlement certified by both sides declaring his ownership.

Article 590

When six months elapse from the date of the objection referred to in Article 588 without the cheque holder presenting a claim for payment, the objector may, within two month apply to the court for permission, to take receipt of the value of the cheque. This ruling shall be given vis-à-vis the drawee once the court has verified the objector's ownership of the cheque.

Where the application by the objector is not presented as aforesaid, or the application is refused by the court, the drawee shall re-enter the consideration on the credit side of the drawer's account.

Article 591

The drawer or bearer of a cheque may cross it. Such crossing shall be done by drawing two parallel lines across the body of the cheque. Crossing may be general or specific. Where there is no entry in the space between the lines or if the word "bank" or any other word of the same meaning is written between the lines, the crossing shall be deemed general. Where the name of a specific bank is written between the lines the crossing shall be deemed specific.

A general crossing may be converted to a specific crossing. However a specific crossing cannot be converted to a general crossing. The drawer may delete the crossing or the name of the bank written between the lines by signing it. In such case the crossing shall be deemed null and void.

Article 592

The drawee may pay on a generally crossed cheque only to one of his clients or to a bank.

The drawee may pay on a specifically crossed Cheque only to the bank named between the lines or to a client of the bank if the latter is the drawee.

However, the bank named between the lines may entrust another bank with taking receipt of the value of the cheque. A bank may obtain a crossed cheque only from one of its clients or another bank, nor may it receive its value on account of persons other than those named.

Where the cheque bears several specific crossings, the drawee may not pay thereon unless it bears two crossings one of which is for its value to be collected via a clearance Chamber.

Failing to observe the foregoing provisions, the drawee shall be liable to compensate for damages not exceeding the value of the cheque.

"Client" in this Article means anyone having an account with the drawee and who has obtained a cheque book therefrom or is entitled to obtain such book.

Article 593

The drawer or bearer of a cheque may stipulate that the cheque should not be honoured by entering the following, on the body of the cheque "for credit to account" or any other phrase having the same meaning. In such case the drawee can only settle the value of the cheque by entries in writing such as a credit to an account or bank transfer or clearance. Such entries in writing replace encashment, and a deletion of the statement "for credit to account" may be deleted by his signature. Should the drawee fail to observe the foregoing provisions, he shall be liable to compensate for damages not exceeding the value of the cheque.

Article 594

Subject to the provisions of Articles 591, 592 and 593 herein, the crossed cheque shall remain negotiable and possessing all the characteristics of the other cheques.

b) Failure to Pay

Article 595

The bearer of a cheque may have recourse to the drawer, endorsers or other obligors if he presents the cheque within the legal deadline and the value thereof is not paid thereover, and the bearer confirms failure to pay by a protest for non-payment. In lieu of a protest for non-payment, failure to pay may be proved by the following:

1. A statement issued by the drawee, mentioning the day of presentation of the cheque;
2. A statement issued by a clearance Chamber, stating that the cheque was presented within the legal deadline and the value thereof was not paid.

The statement shall be dated, written on the cheque itself, and signed by the party making the cheque. It shall not be permissible to decline to place put such statement on a cheque if the bearer so requests, even if the cheque includes a clause for recourse without costs. However, the drawee may request a grace period of not more than the working day following presentation of the cheque even if presented on the last day of the date for presentation.

Article 596

A failure to pay shall be proved in the manner given in the previous Article 595 prior to the expiry of the deadline for presentation. If presentation occurs on the last day of this deadline, the failure to pay may be proved on the working day thereafter.

Article 597

The bearer shall retain his right of recourse to the drawer even if the bearer does not present the cheque to the drawee or make a protest for non-payment or equivalent within the legal deadline, unless the drawer made the consideration available and the consideration remained with the drawee until expiry of the deadline for presentation of the cheque and the consideration was then abated by an act not attributable to the drawer.

Article 598

Where an event of force majeure occurs that prevents presentation of a cheque or the making of a protest for non-payment or equivalent by the specified deadlines, such deadlines shall be extended.

The bearer shall, without delay notify the person who endorsed the cheque of the event of force majeure, and shall enter this notification dated and signed on the cheque or an attached sheet, and notices shall proceed serially until they arrive at the drawer. Once the event of force majeure has abated, the bearer shall without delay present the cheque for payment, and *mutatis mutandis* make a protest for non-payment or equivalent.

Where the event of force majeure continues for more than fifteen days calculated from the date of the day on which the bearer notified his endorser of the occurrence of the event of force majeure, even if this date falls before the expiry of the deadline for presentation of the cheque, recourse may be made to the obligors without a need to present the cheque or make a protest for non-payment or the equivalent.

Matters which related to the person of the bearer of the cheque or to the person charged with presenting the cheque or with making a protest for non-payment or equivalent shall not be deemed to fall within a force majeure.

c) Limitation of Actions

Article 599

Actions by the bearer for recourse to the drawee, drawer, endorser and obligors become barred on the lapse of six months from the date of expiry of the deadline for presentation of a cheque.

Actions for recourse against each other by all persons obliged to pay the cheque shall become barred on the lapse of a year from the day on which the obligor paid the value of the cheque or a legal claim is made.

Notwithstanding the expiry of the limitation period, defendants shall, declare under oath that they are free of the debt if so requested. Heirs and other successors thereof shall swear that they were unaware that their testator died with his financial obligations encumbered with the debt.

Article 600

The limitation period set forth in the foregoing Article shall, in the case that an action is filed, apply only from the date of the last proceeding. The aforesaid limitation period shall not apply where judgement is given on the debt, or where the debtor acknowledges the debt in a separate instrument entailing renewal of the debt.

Article 601

Interruption of the limitation period shall affect only the person with respect to whom the action causing the interruption was taken.

Article 602

The time barring of an action to claim for the value of a cheque shall not prevent the bearer from claiming against the drawer who has not made the consideration available

or has taken it back wholly or in part, for the return of that from which he has unrightfully profited. This provision applies to the drawer if the obligors make recourse to him for payment of the value of a cheque.

Subchapter III: Sanctions

Article 603

Without prejudice to any severer penalty provided for in the Penal Code or any other law, any drawee who commits one of the following actions shall be punished with fine of no less than five thousand (5000) Riyals and no more than twenty thousand (20000) Riyals:

1. Intentionally declares contrary to fact that there are no funds for honouring the cheque or that the funds available are less than the amount thereof;
2. Refusing in bad faith to honour a cheque drawn on its treasury which has honouring funds to a bearer against whom no valid protest has been made;
3. Refuses to put the statement referred to in Article 595 herein;
4. Not writing the client name and account number on each cheque in accordance with Article 563 herein;

This shall not prejudice the compensation due to the drawer for damage sustained through non-payment and the harm done to his credit.

Article 604

Where a court has passed a judgement of conviction on any of the cheque related crimes provided for in the Penal Code, it may order the withdrawal of the cheque book from the convicted person and prevent giving him new books for a period of one year

Article 605

In the case of conviction in any one of the cheque related crimes provided for in the Penal Code, the Public Prosecution shall publish the names of the convicted persons in the *Official Gazette*, with an indication of their professions, their addresses and the imposed penalties.

Part 6

Bankruptcy and Preventive Composition

Chapter One: Declaration of Bankruptcy and its Effects

Subchapter I: Declaration of Bankruptcy

Article 606

Any trader whose financial affairs are in difficulty and who ceases to pay his commercial debts may be declared bankrupt. The use of illegal means by the trader to service his debts shall be failure to pay and shall be deemed to be evidence that his affairs are in trouble.

Article 607

A state of bankruptcy exists only on a judgement adjudicating bankruptcy. Save as otherwise provided by the law, the use by the trader of illegal means before the issue of such ruling to service his debts shall have no effect.

Article 608

A trader may be declared bankrupt at the request of one of his creditors or at his own request. The court may, *ex proprio motu* declare a trader bankrupt.

Article 609

Any creditor for a current due dispute free commercial debt may apply for his trading debtor to be declared bankrupt, even if it is guaranteed, if he fails to pay the debt at maturity.

Any creditor for a deferred commercial debt shall be entitled to apply for his trading debtor to be declared bankrupt if such trader has no known domicile in Qatar, flees, or closes down his premises, proceeds to liquidate himself or takes action harmful to his creditors, provided that the creditor shall provide proof that the debtor has failed to pay his current commercial debt.

Any creditor for a due civil debt may apply for his trading debtor to be declared bankrupt if he produces proof that the debtor has failed to pay his current commercial debts.

A trader may not be declared bankrupt for failure to pay criminal fines or taxes or fees of any kind.

Article 610

The creditor may request declaring the bankruptcy of the debtor by the normal procedures of filing a lawsuit.

Where urgency is called for, an **Order on Petition** may be submitted to the president of the court containing evidence of the failure to pay and the grounds for urgency.

Article 611

An application by a trader to be declared bankrupt shall be by way of a report submitted to the court registry, indicating the grounds for failure to pay. The report shall be accompanied by the following documents:

1. The principal commercial books;
2. A copy of the latest balance sheet and of the profit and loss account;
3. A statement of personal expenses for the two years previous to submission of the application or the period of engagement in business if less than that;
4. A detailed statement of the property and movables owned by the trader and their approximate value on the date of the failure to pay;
5. A statement of the names and domiciles of the creditors and debtors, the amount of their rights or debts and the securities guaranteeing them;
6. A statement of the protests for non-payment made against the trader during the two years previous to submission of the application.

The aforesaid documents must be dated and signed by the trader. If he is unable to provide some of the documents or to complete details thereof, the report must give the reasons therefore. The court registry shall provide a record of receipt of these documents.

Article 612

Where the public prosecutor or the court *ex proprio motu* call to declare the trader bankrupt, the court registry shall notify him of the day of the hearing by recorded delivery registered letter.

Article 613

In cases of urgency the court may order, in the first session that necessary procedures and measures be taken to safeguard the property of the debtor. In the second session, after having summoned the litigants to appear, the court may urgently decide in the bankruptcy application. The debtor may only be notified at his home domicile.

Article 614

A trader who has failed to pay his commercial debts may be declared bankrupt even after death or ceasing trading or becoming incompetent.

A declaration of bankruptcy may be applied for during the first two years following the death of the trader or the deletion of his name from the Commercial Register. In case of the death of the trader in a suit for bankruptcy shall be served at his latest domicile without a requirement to designate the heirs.

The heirs of a trader may apply for him to be declared bankrupt after death during the

First two year following the trader decease. Where the heirs are not unanimous over an application for a declaration of bankruptcy, the court shall hear the heirs who did not take part in the filing of the application and resolve the matter in the interest of those concerned.

Article 615

Without prejudice to the requirements of international agreements, a trader whose main activity is located abroad may be declared bankrupt, if such trader has a branch or agency in Qatar.

A law suit is deemed to arise from the bankruptcy if it relates to the management of the bankruptcy or a decision thereon requires the application of the bankruptcy rules.

Article 616

Bankruptcy legal actions shall be immediately heard and any judgments passed in respect thereof shall be immediately executed without bail unless otherwise provided.

Where judgement includes immediate action without bail, execution shall be restricted to the normal manner for legal actions arising from the bankruptcy without including liquidation of the bankruptcy assets. The prescribed period for appeal against judgments passed shall be twenty days. Such period shall apply to all bankruptcy related judgments.

Article 617

The court examining a petition in bankruptcy may order the necessary action to be taken to maintain or administer the assets of the debtor until the bankruptcy is decided. The court may appoint whomsoever the court chooses to investigate the financial position of the debtor and the reasons for his failure to pay and to submit a report accordingly.

Article 618

The court shall appoint a receiver and shall order seals to be affixed to the trader trading premises, treasuries and warehouses. The court shall appoint one of its judges to be the judge in bankruptcy.

The court registry shall immediately after its issuance, send to both, the Public Prosecutor, the receiver and the competent authority at the Commercial Register, copy of the judgement summary of the bankruptcy.

Article 619

In the adjudication of bankruptcy the court shall specify a provisional date for cessation of payment. Where a provisional date is not specified, the date on which the adjudication was given shall be taken as the provisional date.

Where adjudication is given after the death of the trader or after he has ceased trading or lose his capacity and prior to the provisional date aforesaid, this date shall be deemed to be the date of death or the date of cessation of trading or lose of capacity.

Article 620

The court, *ex mero motu* or at the request of the debtor, one of his creditors, the Public prosecutor, the receiver or other interested parties, may amend the provisional date for ceasing payment until ten days have elapsed from the date on which a list of the verified debts has been lodged with the court registry. Once such time has passed, the date set for ceasing payment shall become final. Under no circumstances may the date for ceasing payment be put back more than two years from the date of the adjudication of bankruptcy. In respect of determining such date, resort to harmful or illicit means to meet the debts shall be deemed to come within cessation of payment.

Article 621

The decision to declare bankruptcy or the ruling amending the date of the cessation of payment shall be registered in the Commercial Register. The summary ruling shall be posted in the notice board of the court.

The receiver shall undertake publication of a summary of the adjudication in two dailies and in the *official Gazette* within two weeks of its issue. The receiver shall also undertake to enter, in the competent authority of real estate registration, the summary in the name of the group of creditors within thirty days of issue of the adjudication. Such entry shall not entail a mortgage or any other security being assumed by the group of creditors.

The receiver shall also send a copy of the summary of the ruling declaring bankruptcy to the competent authority of the debtor business, as well as to all the banks operating in the country.

Article 622

Any interested outside party may contest the adjudication of bankruptcy by way of objection within ten days of the date of publication of the summary of the adjudication in the *Official Gazette*.

Article 623

Where, at the time of declaration of bankruptcy, there is insufficient ready cash to meet the costs of the adjudication of bankruptcy, or to declare, publish or contest bankruptcy, or to affix the seals on or remove them from the assets of the bankrupt, these costs shall be defrayed by the bankruptcy judge.

These payments shall be deemed as priority over all creditors from any funds that is recovered from the bankruptcy.

Article 624

If before the adjudication of bankruptcy becomes final, the debtor becomes able to meet all commercial and civil debts owing by him, the court shall rule for the adjudication of bankruptcy to be abolished. However, the debtor shall bear the costs of the case,

Article 625

Where one of the creditors applies for the debtor to be declared bankrupt and the court rules to refuse the application, the court may impose a fine not less than ten thousand (10000) Riyals and not exceeding fifty thousand (50000) Riyals on the creditor. The ruling shall be published in the *Official Gazette* at the creditor's expense if it appears to the court that the creditor intended to harm the commercial reputation of the debtor, without prejudice to the debtor's entitlement to demand compensation.

Where the debtor applies for himself to be declared bankrupt and the court rules to refuse the application, the court may impose the fine provided for in the above paragraph. The ruling shall be published if it becomes clear that the debtor fakes bankruptcy..

Subchapter II: Effects of Declaration of Bankruptcy

a) Effects of Bankruptcy for the Debtor

Article 626

An individual on being declared bankrupt may not be a voter or a member of the *Shura* Council, or the Central Municipal Council or the Chamber of Commerce and Industry of Qatar or associations, nor may he be a manager or a member of the management board of directors or director of any company,

A bankrupt may not engage in commercial affairs, export or import or brokerage in the sale or purchase of securities or sale by auction, nor may he represent others in the management of their property. However the court may permit the bankrupt to manage the funds of his minor children, if the court ruled that no harm as a result may affect them, until such time as his rights are restored under the law.

Article 627

A bankrupt may not absent himself from his domicile without written permission from the receiver. The receiver may, *ex officio* or at the request of the Public Prosecutor decide to place the bankrupt under supervision or prevent the bankrupt from leaving the country for a specified, *mutatis mutandis* renewable period. The Public Prosecutor shall execute such decision immediately after issue. The bankrupt may apply for such decision to be re-examined. The receiver, upon reasonable grounds may decide at any time to remove the bankrupt from being under supervision.

Article 628

A bankrupt may not dispose of or manage his property once the adjudication of bankruptcy is issued. All transactions made by a bankrupt on the day on which the adjudication of bankruptcy is given shall be deemed to occur thereafter. Where a transaction is one that is protested against third parties only by entry or registration or similar procedures, such transaction shall not apply to the group of creditors unless the action occurred prior to the issue of adjudication of bankruptcy.

Preventing the bankrupt to dispose and manage his assets shall not prejudice his taking the necessary procedures to maintain his rights.

Article 629

The incapacity of the bankrupt includes the prohibition to dispose and manage the assets he owned when the verdict of bankruptcy is issued and also the assets whose properties are transferred to him after the issuance of the verdict. Yet, the prohibition shall not include the following:

1. Funds that may not be seized by law and the amounts designated for him as alimony.
2. Rights related to the bankrupt person or to his personal status.
3. Compensation payable to the beneficiary in an insurance contract concluded by the bankrupt before the issuance of the verdict of bankruptcy. The beneficiary is committed to give back to the bankruptcy of all insurance premiums which were paid by the bankrupt from the day appointed by the court as a date to stop payment unless the law provides otherwise.

Article 630

Where an estate devolves to the bankrupt, his creditors shall have no right over its assets until the creditors of the deceased receive their dues from such assets and the creditors of the deceased shall have no rights over the assets of the bankruptcy.

The Bankruptcy receiver shall, under the supervision of the bankruptcy judge, replace the bankrupt in all rights arising out of liquidating the assets and satisfying the debts of the estate which devolved to the bankrupt.

Article 631

After the passing of a judgement for the adjudication of bankruptcy, a bankrupt may not discharge the debts due from him nor collect debts owed to him. However, the value of a commercial paper held by the bankrupt may be paid to the bankrupt on the date of maturity, except where the bankruptcy receiver objects to such satisfaction.

Article 632

Once the adjudication of bankruptcy is in issue there shall be no offsetting of the rights and obligations of the bankrupt unless an association is found between them. Such association particularly occurs if the aforesaid rights and obligations stem from one cause or are included in a current account.

Article 633

Only the following cases may be proceeded with or initiated by or against the bankrupt after the passing of a judgement for the adjudication of bankruptcy:

1. cases relevant to the assets and disposals not covered by the prohibition imposed upon the bankrupt person;
2. suits relating to the business of the bankruptcy which he is permitted to perform under the law;
3. criminal cases.

Where criminal action, relating to the person or the personal status of the bankrupt are brought by or against him, the bankruptcy receiver must be joined if it involves financial claims.

The court may allow the joinder of the bankrupt as a party in suits related to the bankruptcy and may also allow joinder of the creditor to be a party in such cases where he has an interest therein.

Article 634

Where, after being declared bankrupt, a bankrupt is ruled liable to compensate for damage the bankrupt has caused to others, the victim may claim against the bankruptcy for the compensation ruled unless it is proved that he has conspired with the bankrupt.

Article 635

The following transactions shall not be maintained vis-a-vis the group of creditors if carried out by the debtor after the date on which payments ceased and prior to the adjudication of bankruptcy:

1. All contributions, except for customary small gifts;
2. The settlement of debts before their term, however such settlement may be made. The creation of the consideration to meet a commercial instrument, the maturity date of which has not yet fallen due shall be deemed to come within settlement before term;
3. The settlement of current debts other than by the thing agreed upon. Settlement via commercial instruments or bank transfer shall be deemed the same as settlement in cash;
4. Any other contractual pledge or security.

Any transaction undertaken by the bankrupt other than the foregoing during the aforesaid period may be ruled of no effect against the group of the creditors if such transaction is harmful to them, and if the alienee knew at the time of its occurrence that the bankrupt had ceased payments. The receiver shall be deemed responsible of the burden of prove of such knowledge.

Article 636

Where the bankrupt pays the value of a negotiable instrument after the date of suspension of payment but before the adjudication of bankruptcy, the sum paid is not recoverable from the holder, but the drawer or the party for whose account the negotiable instrument was drawn shall refund the value paid to the bankruptcy, if at the time of making the negotiable instrument he was aware of the bankrupts' suspension payment.

Article 637

A verdict may be issued with the non execution of the registration of the rights under the mortgage or the privilege imposed on the bankrupt debtor's assets amongst a body of creditors if this happened after the date of registration to stop the payment and after the expiration of fifteen days from the date of the report of a mortgage or a privilege.

The creditor takes the following mortgage foreclosure, however, the price resulting from the sale of the mortgage will not be given except what it will be obtained by force of imposing the former mortgage, and the difference shall be given to the group of creditors.

Article 638

Where a judgement is entered for the non-validity of a disposal against the body of creditors, the alienee shall be required to return to the bankruptcy what he obtained from the bankrupt by way of the aforesaid disposal or the value of the thing at the time received. the alienee shall also be required to pay interest on or the proceeds from what he received from the date of receipt.

The alienee shall be entitled to retrieve the consideration that he provided to the bankrupt if that consideration itself is to be found in the bankruptcy. Where the consideration is not there the alienee shall be entitled to claim on the body of creditors for the benefit accruing to them from the transaction and to participate in the bankruptcy in his capacity as an ordinary creditor, with regard to the surplus.

Article 639

Only the receiver may apply for the invalidation of a transaction made by the bankrupt person prior to the adjudication of bankruptcy to harm the creditors in accordance with the provisions of the action of invalidity of the disposal by the debtor to harm his creditors. A judgement invalidating the disposal entails its invalidity against all creditors, regardless of whether their rights have arisen before or after the disposal.

Article 640

Actions stemming from the application of the provisions contained in Articles 635, 636, 637, 638, and 639 herein shall lapse one year after the issue of the adjudication of bankruptcy.

Article 641

Having heard what the receiver has to say, the Judge in bankruptcy may, at the request of the bankrupt or his dependents determine a financial support for the bankrupt and his dependents from the bankruptcy funds.

On a request by the receiver or the beneficiary the judge in bankruptcy may at any time reduce the amount of the support or order it to be cancelled.

Payment of the support shall cease when a judgement confirming a composition becomes final.

Article 642

A bankrupt may, based on a permission of the Judge in bankruptcy practise a new trade with funds other than the bankruptcy funds provided that this shall not entail damage to the creditors. Creditors whose debts arise through this trade shall have precedence in recovering their rights from its funds.

b) Effects of Bankruptcy for the Creditors

1- Creditors in general

Article 643

By force of law, on the mere issue of an adjudication of bankruptcy a group of creditors, whose rights against the bankrupt arose from proper cause prior to the issue of the adjudication of bankruptcy, shall be established.

This group shall enjoy legal personality and shall be represented by the receiver.

Under the foregoing paragraph the holders of debts guaranteed by mortgage or special lien shall not be deemed to be included in the group of creditors, except in those cases where they come into the bankruptcy as ordinary creditors as stated in this law.

Article 644

An adjudication of bankruptcy shall eliminate the terms of all monetary debts of the bankrupt, whether these are ordinary debts or guaranteed by general or specific item.

Article 645

Where a bankrupt is committed to paying a lifelong regular emolument or to meeting instalment undertakings for a consideration, the judge in bankruptcy, at the request of a creditor may order that an adequate sum be earmarked to pay the aforesaid emoluments or instalments, and is to state how they are to be paid.

Article 646

A creditor whose debt depends upon a resolutive condition shall participate in a bankruptcy on providing a guarantor or sufficient guarantee to the satisfaction of the receiver. A creditor whose debt depends upon a suspensive condition shall have his share in the distributions earmarked until the fate of the debt becomes clear.

Article 647

The issue of an adjudication of bankruptcy shall entail the stay of an individual suits brought by ordinary creditors and general lien creditors. The aforesaid creditors may not take individual enforcement proceedings against the assets of the bankrupt, nor may they finalize proceedings begun before the adjudication of bankruptcy. However where a day is determined for the sale of the property of the bankrupt, enforcement proceedings may be carried on with the permission of the judge in bankruptcy, and the proceeds shall accrue to the bankruptcy after deducting expenses by the creditor therein.

Mortgages and special lien creditors may bring or continue actions against the receiver and may enforce or continue with enforcement against the assets that guarantee their rights.

Article 648

Where there are several obligors for one debt and one of them become bankrupt for this debt, such bankruptcy shall have no effect with respect to the other obligors, unless otherwise provided.

Where a composition is arrived at with an obligor who becomes bankrupt, the composition terms shall not apply to the other obligors.

Article 649

Where a creditor receives part of the debt from one of the obligors for the debt, and then the remainder or one of the obligors become bankrupt, the creditor may participate in the bankruptcies only for the balance of the debt and retains his right to claim on the non-bankrupt obligor for that balance. This obligor may participate in each bankruptcy for what he has paid on behalf thereof.

Article 650

Where all the obligors for one debt become bankrupt simultaneously, the creditor may participate in each bankruptcy for the whole of its debt until it is settled in full as to the principal interest and expenses. A bankruptcy may not have recourse to another bankruptcy for what it had paid on behalf thereof.

Where the total obtained by a creditor exceeds the debt and its subsidiary matters, the excess shall be returned to the bankruptcy of the obligor who is guaranteed according to the order of their obligations in the debt. If there is no such order, the excess shall be returned to the bankruptcies which have paid more in the debt.

2- Holders of Debts Guaranteed by a Mortgage or Lien on a Movable Asset

Article 651

After obtaining permission from the judge in bankruptcy, the receiver may pay debts guaranteed by a mortgage on a movable asset, recover the mortgaged movable asset and add thereof to the assets of bankruptcy.

The receiver may also notify the mortgagee of the necessity to take legal actions to enforce on the mortgaged things within a reasonable time determined thereby.

Where the mortgagee fails to take such procedures, the receiver after taking permission from the judge in bankruptcy, proceed on the sale of mortgaged movables.

The permission of the adjudicator to sale shall be communicated to the mortgagee. Such creditor may appeal this decision without having the effect of suspending the appeal, unless the court decides otherwise.

Article 652

Where the mortgage property is sold, at a price exceeding the amount of the debt, the bankruptcy receiver shall receive the surplus sum for the account of the group of creditors. Where the price is less than the amount of the debt, the creditor mortgagee shall participate with regard to the balance remaining due in the bankruptcy as an unsecured ordinary creditor, provided that his debt is established in the provisions of this Law.

Article 653

Subject to the provisions of Article 623 herein, the adjudicator may, upon the motion of the receiver, order, where necessary, the application of the first funds collected for the bankruptcy account to pay the debts of creditors having priority over the bankrupt person's movables, whose names are included in the final list of the undisputed debts. Where a dispute arises with regard to the priority, payment may not be made until the dispute is settled by a final judgement.

Article 654

The priority given to the government, because of taxes and duties of different kinds, shall include only taxes and duties due from the bankrupt for the two years preceding the adjudication of bankruptcy.

Article 655

The owner of the leased premises for commercial purposes to the bankrupt shall, in the event of termination of the lease in accordance with the provisions of Article 660 herein, have a priority right in respect of the year preceding the passing of the bankruptcy judgement, and the current year over all that relates to the performance of the lease contract and the damages which may be awarded.

Where the movables in the leased propriety are sold or moved without terminating the lease, the lessor may exercise his right of priority in the manner prescribed in the preceding paragraph. In addition, the lessor shall have the right of priority for another year starting from the end of the year in which bankruptcy is adjudicated, whether the lease contract has a fixed date or not.

Article 656

subject to the permission of the adjudicator and in spite of the existence of any other debt, the receiver shall pay, within the ten days following the passing of the bankruptcy judgement out of the funds under his hand the wages, salaries and other dues accrued prior to the adjudication for 30 days to the bankrupt employees, the prescribed alimony and the last payment due for the commercial representatives before adjudication of bankruptcy. Where the receiver does not possess the funds required to pay the said debts, payment shall be made from the first funds collected, even when there are other preceding debts in the order of priority.

Excess amounts shall have the prescribed priority as stipulated by law.

3- Holders of Debts Guaranteed by a Mortgage or Lien on Real Property

Article 657

Where the distribution of the proceeds of movable properties precedes distribution of proceeds of immovable properties, mortgagees or chargees may participate as unsecured creditors in the distribution of funds, provided that their rights are established in accordance to the provisions of the Law.

Subsequent to the sale of immovable properties and the final settlement in accordance with the priority of the mortgagees and chargees, any creditor who is qualified according to his priority to receive his entire debt from the proceeds of the immovable property shall return to the body of creditors, the amount which he has obtained from the earlier distribution.

Where according to his priority a creditor qualifies to receive only part of his debt, he shall refund to the body of creditors the amount which exceeds what he would have received had the distribution of the real property, subject to the mortgage or priority, been made prior to distribution of the price of movables and shall participate in the bankruptcy with regard to the balance of his debt as an unsecured creditor.

Article 658

Where the distribution of the proceeds of immovable properties precedes distribution of proceeds of movable properties, or if the two distributions are made simultaneously, mortgagees or chargees who have not recovered all or part of their debts from the proceeds of the immovable properties may participate with the unsecured creditors in the distribution of funds to which relates the right of the group of creditors, provided that their rights are established in accordance to the provisions of the Law.

Mortgages or holders of charges who do not qualify to receive any part from the price of immovable properties over which they hold securities shall be deemed unsecured creditors and as such they shall be subject to all effects resulting from the acts of the body of creditors and from the legal composition, if any.

c) Effect of Bankruptcy on Valid Contracts Concluded Prior to Adjudication

Article 659

Where the bankrupt is the tenant of the property in which he practice his trade, the rental agreement shall not terminate and the rent for the remaining period shall not be dissolved due to its lapse on the issue of the adjudication of bankruptcy, and any clause to the contrary shall be null and void.

Article 660

Based on the permission of the adjudicator, the receiver may, within sixty days of the issue of the adjudication, decide to terminate the rental of the property in which the bankrupt practice his trade. In such case the receiver must notify the landlord of such decision within the aforesaid period.

Article 661

Where the receiver decides to continue with the rental, he must pay the late rent and provide an adequate guarantee for future rent. Within thirty days of notification to continue the rental, the landlord may apply to the court to terminate the rental if the guarantee is insufficient.

With the permission of the judge in bankruptcy, the receiver may sub-let the property or relinquish the rental even if the bankrupt is forbidden to do so under the tenancy agreement, provided that there is real and evident benefit to the group of creditors and that the landlord is fairly compensated.

Article 662

Work contracts shall not be abrogated with bankruptcy of the employer; unless there is a necessity not to continue investment in the business.

However anyone whose services are terminated due to the bankruptcy of the employer may claim appropriate compensation from the bankruptcy.

Article 663

An agency shall lapse on the bankruptcy of the agent or the bankruptcy of the principal.

However the agency shall not lapse on the bankruptcy of the principal where the agent or third parties, have an interest therein.

Article 664

Contracts binding on both sides, to which the bankrupt is a party, shall not be abrogated on the adjudication of bankruptcy unless based on personal considerations.

Where the receiver does not implement the contract, the other party may apply for its abrogation and shall participate in the bankruptcy for the compensation due on the abrogation .

Any decision taken by the receiver on the contract shall be presented to the judge in bankruptcy for his permission. The other party may designate a grace period for the receiver to clarify his position from the contract.

d) Right of Recovery

Article 665

Any person may recover from the bankruptcy such specific things to which he proves right of ownership. Subject to the permission of the judge in bankruptcy, the receiver may deliver to the recoverer what he has claimed. Where the receiver refuses to hand over such requested items, the dispute shall be raised to the court of jurisdiction.

Article 666

Commercial instruments and other instruments of value delivered to the bankrupt may be recovered so that their value may be realised or be earmarked for a specific payment where such instruments are present in kind in the bankruptcy and their value has not been paid upon declaration of bankruptcy. However, such instruments may only be recovered where the said instruments are included in a current account between the applicant for recovery and the bankrupt. Money deposited with the bankrupt may not be recovered save where the money is identified and the ownership of the recoverer is proven.

Article 667

Goods In the possession of the bankrupt by way of bailment or for sale for the account of or delivery to the owner thereof may be recovered provided that such goods are available in kind in the bankruptcy. Where the bankrupt deposits the goods with a third party, the goods may be recovered from such third party.

Where the bankrupt borrows against a mortgage on the goods and where the creditor is unaware at the time of the mortgage that the bankrupt does not own the goods, such goods may not be recoverable until the repayment of the debt secured by the mortgage.

Article 668

The price of goods sold by the bankrupt for the account of the goods' owner may be recovered where payment is not been made in cash or by way of commercial instrument or by a set-off In a current account between the bankrupt and the buyer.

Article 669

In the instances stipulated in the two preceding Articles, the recoverer shall pay the receiver the rights due to the bankrupt.

Article 670

Where a contract of sale is rescinded by a judgement or by the operation of a condition in the contract, prior to the adjudication of the bankruptcy of the buyer, the seller may recover the goods from the bankruptcy provided they are still available in kind.

Recovery may be effected despite the occurrence of rescission after the adjudication of the bankruptcy of the buyer, provided that the action for the recovery of the recession is lodged prior to the bankruptcy adjudication.

Article 671

Where the buyer is bankrupt before making payment of the price and the goods remain in the possession of the vendor or where they have not yet entered the warehouses of the buyer or of his agent who is entrusted with the sale thereof, the vendor may withhold the goods or recover possession thereof.

However, recovery may not be effected when the goods lose identify or when the bankrupt infraudently disposes thereof before their arrival, by virtue of the ownership or carriage documents.

In all cases, the receiver/trustee may, having sought the permission of the adjudicator, request the delivery of the goods provided that the seller is paid the agreed price. Where the trustee makes no such request, the seller may invoke his right of rescission, claim damages and participate thereby in the bankruptcy.

Article 672

Where the buyer is adjudged bankrupt before payment of the price, but after receipt of the goods in his stores or the stores of his sales agent, the seller may not claim recession of the contract of sale nor recovery of the goods and shall also forfeit his right to a lien thereof. Any condition or agreement which may enable the seller to recover the goods or maintain a lien thereover shall not be pleaded against the body of creditors.

Article 673

Notwithstanding the financial arrangements **followed in the marriage**, either spouse may recover from the other spouse's bankruptcy his/her movable and real property if title thereto is established. **Rights** supported by legal documents which *bona fide* third parties have acquired over such property shall stand.

Article 674

Property purchased by or for the account of the bankrupt spouse or for the account of minors under the guardianship of the bankrupt from the date of engaging in business shall not be deemed to have been part of the assets of the bankruptcy, save where otherwise proven that such property were purchased with the bankrupt person's money.

Debts against the bankrupt spouse which the other spouse pays shall be deemed to have been paid with the funds of the bankrupt spouse unless otherwise proven.

Article 675

Neither spouse may claim from the bankruptcy of the other spouse the gifts offered by his spouse during their marriage as a result of a disposition in his life or added after death.

Similarly, the group of debtors may not claim from either spouse gifts given to them by the other spouse during marriage.

Chapter Two

Administration of Bankruptcy

Subchapter I: Persons Administering Bankruptcy

Article 676

The court shall appoint one or more trustees/receivers in bankruptcy, provided that their number shall not exceed three.

Neither the spouse of the bankrupt nor a relative or relative by marriage to the fourth degree may be appointed as a trustee. Similarly, any person who was partner, employee, accountant or agent in respect of the bankrupt during the three years preceding the adjudication of bankruptcy may not be appointed as a trustee as well as anyone who has been sentenced in a felony or misdemeanor involving moral turpitude or dishonesty.

Article 677

The bankruptcy adjudicator may, *ex proprio motu* or at the request of the bankrupt or the supervisor appointed from amongst the creditors pursuant to the provisions of Article 684, request the court to dismiss and replace the trustee or reduce the number of trustees based on justified reasons.

Article 678

The trustee /receiver shall take all the necessary procedures and actions to administer and safeguard the bankruptcy property. Such procedures and actions shall apply to the bankrupt.

The bankruptcy receiver shall act on behalf of the bankrupt in all matters where the said administration so requires

Article 679

Where there are numerous trustees/receivers, they shall act collectively and shall be jointly liable for their administration. The adjudicator may divide the work between the trustees or entrust one of the trustees with a specific task in which case the trustee shall only be liable for the work assigned thereto.

Subject to the provisions of the preceding paragraph, the Bankruptcy trustees may authorise each other to perform of duties assigned to them. However,

they may not authorise to third parties to act on their behalf except with the permission of the bankruptcy judge. The Bankruptcy trustee and the person acting on his behalf shall be jointly liable for the aforesaid duties

Article 680

The receiver shall record in a special ledger on a daily basis all matters related to the administration of the bankruptcy. The pages of such ledger shall be numbered and shall be signed and sealed by the adjudicator. The end of the ledger shall be endorsed by the effect that it is complete.

The adjudicator and the supervisor appointed from amongst the creditors may examine such ledger at any time. The bankrupt may likewise do so with special permission from the adjudicator.

Article 681

The fees and expenses of the bankruptcy receiver shall be determined by a resolution of the bankruptcy judge when the trustee has presented a report on his administration.

The bankruptcy judge may order that payments be made to the bankruptcy receiver before submission of the report, on the account of his fees.

Any concerned party may object before the Court against the rulings of the bankruptcy judge with respect to the assessment of the fees and expenses of the bankruptcy receiver.

Article 682

The bankrupt and the supervisor appointed from amongst the creditors may lodge an objection with the adjudicator in respect of the work of the bankruptcy receiver before such work is complete. The objection shall have the effect of suspending the work. The adjudicator shall decide on the objection within five days of the date of submission thereof.

Article 683

The bankruptcy shall be deemed liable for defaults committed by its receiver during and because of the administration and maintenance thereof.

Compensating the damages resulting from such mistakes shall be a liability on the bankruptcy.

The receiver shall be liable, for gross negligence in the bankruptcy administration.

Article 684

The adjudicator shall appoint one or more supervisors from amongst the group of creditors. The supervisor or the representative of the corporate person who is appointed as supervisor may not be a spouse of the bankrupt nor a relative or relative by marriage to the fourth degree.

Article 685

In addition to the powers vested in him by special provisions, the supervisor shall examine the balance sheet and the report submitted by the receiver, and shall assist the adjudicator in supervising the work of the bankruptcy receiver.

The supervisor may seek clarifications from the bankruptcy receiver concerning the progress of the proceedings, revenues, expenses and state of legal actions related thereto.

Article 686

The supervisor shall receive no remuneration for his work. However the court may allocate a reward to the supervisor if he exerts a considerable effort and where the bankruptcy status so allows.

The adjudicator may, *ex proprio motu*, or at the request of one of the creditors, or the Public Prosecutor, order the dismissal of the bankruptcy. The supervisor shall only be liable for substantial default.

Article 687

In addition to the powers vested in him by special provisions, the adjudicator shall assume responsibility for supervising the administration of the bankruptcy, expedite the proceedings and take the necessary measures to safeguard the assets of the bankruptcy.

The adjudicator shall call creditors to meet in the situations prescribed by the law and shall preside over such meetings.

The adjudicator may, at any time, summon the bankrupt or his heirs or his clients or his employees or any other person to hear their statements on matters related to the bankruptcy.

Article 688

The decisions issued by the adjudicator shall be lodged with the court registry on the day following their issue, and shall be reported to the concerned persons by a registered delivery mail.

Article 689

Save as otherwise provides by the law or where decisions are beyond the jurisdiction of the adjudicator, the decisions passed by the adjudicator shall be unappealable.

The accepted appeal shall be filed with the court within ten days from the date of notification thereof. The Court may order the stay of execution of the appeal pending adjudication, unless the law provides otherwise.

Subchapter II

Administration of the Assets of the Bankrupt and Verification of Debts and Closure of Bankruptcy Due to Insufficiency of Funds

1- Administration of the Assets of the Bankrupt

Article 690

Seals shall be affixed on the premises of the bankrupt; offices, stores, ledgers, documents and movable property thereof. Upon adjudication of bankruptcy, the adjudicator shall delegate a court official or one of the Public Prosecution staff to affix seals. An official report with respect to the affixing of seals shall be prepared and delivered immediately to the adjudicator. Where the adjudicator believes that an inventory can be taken of the assets in one day, the adjudicator may proceed forthwith without seals having to be affixed.

Article 691

Seals shall not be affixed on clothing, movable property and other necessary items of the bankrupt and his dependents. Such items shall be delivered to the bankrupt in a list to be signed by himself and the bankruptcy judge.

The adjudicator may, *ex proprio motu* or at the request of the receiver order to dispense with seals or the lifting thereof from commercial books; commercial papers and other such instruments due for payment in the near future, or which require certain procedures for the protection of the fixed rights

arising therefrom; amount of money required for spending on urgent matters relating to the bankruptcy; perishable items; items whose value diminishes rapidly or the maintenance of which incur high costs; Items needed for the operation of the place of business if it is decided to continue operations thereof. An inventory for the items mentioned in the preceding paragraph shall be taken in the presence of the bankruptcy judge or the person delegated thereby and the inventory list shall be delivered to the bankruptcy receiver who shall sign such list.
The commercial books shall only be delivered after the adjudicator has closed the same in the presence of the bankrupt.

Article 692

At the request of the receiver, the bankruptcy judge shall order the lifting of the seals for conducting the inventory taking of the bankrupt's assets.
The lifting of the seals and the conduct of inventory taking shall commence within five days from the date of adjudication of bankruptcy.

Article 693

The inventory shall be prepared in the presence of the adjudicator *or* representative thereof, the receiver and the clerk of the court. The bankrupt and the supervisor appointed by the group of creditors shall be notified of the date of inventory taking and may attend and comment thereon.
The inventory list shall be drawn up in duplicate and shall be signed by the adjudicator, his representative, the receiver/trustee and the clerk of the court. One copy shall be lodged with the registry of the court and the other shall remain with the receiver.
The list shall state those assets on which seals have not been affixed or those from which the same have been removed.
The assistance of an expert valuer may be sought in preparing the inventory and evaluating the property.

Article 694

The Public Prosecutor has the right to attend the inventory taking, viewing the bankruptcy papers and books and request clarifications on the status, progress of procedures and method of administration thereof.

Article 695

Where an adjudication of bankruptcy is made subsequent to the death of the trader, or where the bankrupt dies before the inventory list is drawn up, the adjudicator shall order the inventory list to be drawn up at once or continue to be drawn up in the manner set forth in Article 693 herein, and this shall be in the presence of the heirs or subsequent to their summoning up. The heirs or whomsoever they appoint to represent shall subrogate him in the bankruptcy proceedings, failing which the adjudicator shall select the person who is to represent them.
In all cases, the bankrupt heirs shall represent the bankrupt in the procedures concerning the bankruptcy.

Article 696

Once the inventory is complete, the receiver shall receive the property, ledgers and papers of the bankrupt and shall sign to such effect at the end of the inventory list.
He shall also
The receiver shall also receive incoming correspondence which is in the name of the bankrupt and which is related to his work. The receiver shall open and keep such correspondence, which the bankrupt may examine.

Article 697

Where the bankrupt fails to submit the balance sheet, the receiver shall draw up such balance sheet forthwith or shall assign such task to a chartered accountant approved by the bankruptcy judge. Such accountant shall deposit the balance sheet with the Court registry.

Article 698

The receiver shall assume responsibility for all actions necessary to safeguarding, claiming and recover the rights of the bankrupt towards third parties. With the permission of the adjudicator and after seeking the opinion of the supervisor and hearing the statements of the bankrupt or notifying him by registered delivery mail, the receiver shall arrange composition or accept arbitration in any dispute related to the bankruptcy, or the right of the bankrupt and acknowledge the right of a third party.

Article 699

At the request of the receiver or bankrupt and after seeking the opinion of the supervisor, the adjudicator may authorise the continued operation of the business where the public interest or interest of bankruptcy so requires for a period not exceeding ninety (90) days to be automatically renewed, unless the bankruptcy judge orders otherwise.

At the request of the receiver, the adjudicator shall appoint a person to assume responsibility for administering the business and shall specify the remuneration thereof.

The bankrupt himself may be appointed for such purpose and the remuneration which he receives shall be deemed to be included within maintenance.

The receiver shall supervise the person appointed to administer the bankruptcy and shall submit a monthly report to the adjudicator on the state of the business.

The bankrupt and the receiver may appeal the decision concerning rejection of the permission to continue operating the business.

Article 700

The property of the bankruptcy may not be sold during the course of the preliminary proceedings. However, the adjudicator may, at the request of the receiver authorise the sale of perishable items, items which may diminish in value or which are extremely costly to maintain.

Authorisation may also be granted for the sale of the bankruptcy assets if such sale is needed to obtain funds for spending on the affairs thereof or where the sale realises a confirmed benefit for the bankruptcy or the bankrupt person. The sale authorisation shall in such case be given once the opinion of the supervisor is taken and the statements of the bankrupt have been heard or once the bankrupt is notified of the sale.

Article 701

The proceeds which the receiver realises on account of the bankruptcy shall be deposited with the court treasury or at a bank designated by the adjudicator once the sums allocated by the latter for costs have been deducted or the day thereafter.

The receiver shall submit to the adjudicator an account of the said sums within five days of the date of deposit. Neither these nor other sums deposited by third parties may be withdrawn on account of the bankruptcy save by order of the adjudicator.

Article 702

Where necessary, the adjudicator may, having sought the opinion of the supervisor, order a distribution to be made to the creditors whose debts have been ascertained. Such distribution shall be by way of a list drawn up by the receiver. The adjudicator shall endorse the distribution to the effect that the distribution has been made.

The bankrupt, and any concerned party may appeal against the decision of the adjudicator on distributions to the creditors.

Article 703

The receiver shall submit to the adjudicator within thirty days of the date of his appointment a report on the reasons for the bankruptcy, the apparent state and the circumstances thereof. The adjudicator may set another date for submission of the said report and shall refer such report and his remarks thereon to the Public Prosecution.

The trustee shall submit reports on the state of the bankruptcy at regular intervals to be specified by the adjudicator.

2- Verification of Debts

Article 704

Following the adjudication of bankruptcy, the creditors, even if their debts are guaranteed by special securities, or become established by *res judicata* judgments, shall deliver to the receiver the instruments of their debts together with a statement of the debts, their securities if any and the amount thereof denominated in local currency at the exchange rate prevailing on the date of the bankruptcy adjudication judgement. The statement shall be signed by the creditor or his agent. The receiver shall prepare a receipt in respect of the statement and instruments and shall acknowledge to give the creditor official copy thereof.

The receiver shall return the original instruments to the creditors following termination of the bankruptcy and shall be liable therefor for a period of one year as from the date of closure of the bankruptcy.

Article 705

By means of an announcement in the *Official Gazette* and two daily newspapers, the receiver shall invite the creditors whose names are recorded in the books and records of the bankrupt to submit their instruments accompanied by the statement referred to in the previous Article. A copy of the invitation shall be advertised at the Commercial Register Headquarter and a copy thereof shall be sent by registered mail to the creditors whose addresses are known.

Such creditors shall submit statement supporting such debts within fifteen days of the date of the last publication. Such period shall be doubled to one month in respect of creditors who are resident outside Qatar.

Article 706

The trustee shall verify the debts with the assistance of the supervisor and in the presence of the bankrupt or after he has been notified to attend. Where the receiver or the supervisor or the bankrupt dispute the debt, the receiver shall notify the creditor accordingly by a letter sent by recorded delivery registered post. The creditor shall submit written or oral clarification within fifteen days of the date of receipt of the notice. Such period shall be doubled to one month in respect of creditors who are resident outside Qatar.

Debts owed to the Government because of any type of tax or fees shall not be subject to the verification procedures.

Article 707

Once the debts have been verified, the receiver shall deposit a list thereof with the registry of the court, including the statement of debt instruments, grounds for disputing them and the receiver recommendations with regard to the admission or rejection thereof.

The receiver shall likewise deposit a statement of the names of the creditors who claim to have specific securities in respect of the assets of the bankrupt, indicating the amount of their debts and the type of their securities and the prescribed properties thereon.

Such deposit shall be made within sixty days at most of the adjudication of bankruptcy. Where necessary, such period may be prolonged by an order of the adjudicator.

Article 708

The receiver shall within five days of the date of the deposit mentioned in the preceding

Article dispatch to the bankrupt and the creditors a copy of the said list and statement together with a statement of the sums which it is thought should be accepted from the debt of each creditor separately.

During the same period, the receiver shall publish in two daily newspapers the deposit.

the registry of the court shall publish the list and the statement in the first edition of

the *Official Gazette* issued after the five days have lapsed. A copy of both the list and the statement shall likewise be sent to the adjudicator.

Article 709

The bankrupt and each creditor whose name appears in the list of debts may protest such debts within twenty days of the date of publication of the list in the *Official Gazette*. Such period shall be doubled when the creditors are resident outside Qatar.

The protest shall be delivered to the adjudicator by recorded delivery registered post or by cable or any appropriate media.

Article 710

Once the fifteen days stipulated in the preceding Article have lapsed, the adjudicator shall draw up a final list of the undisputed debts. The receiver shall endorse the statement accompanying the instruments for such debt, to the effect that they have been accepted and the amount admitted of each debt on the statement.

The adjudicator may, *ex proprio motu* deem the debt to be disputed, even where no objection in respect thereof may have been submitted.

Article 711

The adjudicator shall decide on disputed debts within thirty days from the date of expiry of the period fixed for submission of disputes. The Registry of the Court shall notify the parties concerned by registered letter of the hearing date at least one week prior to such hearing. The adjudicator shall likewise immediately notify the parties concerned of the decision issued in respect of the objection.

Article 712

The decision issued by the adjudicator admitting or rejecting a debt may be appealed within twenty (20) days of issue. Before adjudicating the appeal, the court shall order the debt to be admitted provisionally in a sum which it shall estimate.

The debt may not be provisionally admitted where a penal action has been lodged in respect thereof.

Where the appeal is related to the securities for the debt, such debt shall be temporarily admitted as an ordinary debt.

A creditor, whose debt has not been admitted either provisionally or finally, shall not participate in the bankruptcy proceedings.

Article 713

Creditors who fail to submit their claims on the prescribed dates shall not participate in the current distributions. Such creditors may however dispute until the completion of the distribution of cash funds and shall bear the costs of such objection.

The objection petition shall not entail suspension of the distributions ordered by the adjudicator. However, the said creditors may participate in the new distributions to the amounts estimated by the adjudicator on a temporary basis. Their shares shall be retained pending judgement in respect of the objection petition.

Where their debts are subsequently established, they may not claim any shares in the distributions conducted. They may, however receive from the remaining undistributed amounts the shares of their debts to which they would have been entitled had they participated in the previous distributions.

3- - Closure of Bankruptcy Due to Insufficiency of Funds

Article 714

Where the bankruptcy process is halted due to insufficiency of assets prior to ratification of the composition or the establishment of a state of union, the adjudicator may, *ex proprio motu* or based on a report of the receiver, order the closure of the bankruptcy.

Article 715

A decision closing the bankruptcy on grounds of insufficiency of assets shall have the effect of restoring to each creditor the right to institute proceedings and individual action against the bankrupt.

Where a creditor's debt is verified and finally admitted in the bankruptcy, such creditor may levy a distress on the assets of the bankrupt by way of a payment order from the adjudicator.

Such order must state that the debt has been finally admitted and that the bankruptcy has been closed due to insufficiency of funds.

Article 716

The bankrupt, any concerned party and the Public Prosecution may apply to the adjudicator, at any time, to cancel the order closing the bankruptcy where it is appeared that there are sufficient funds or where a sufficient amount of funds is delivered to the bankrupt that would allow the continuation in the bankruptcy proceedings.

In all cases, the expenses of the proceedings that have taken place according to the two preceding paragraphs shall be paid in priority over other claims.

Subchapter III: Small Bankruptcy

Article 717

Where it is established after the inventory is taken, that the property of the bankrupt has a value of no more than hundred thousand (QR 100,000) Riyals, the adjudicator may, *sua sponte* or at the request of the receiver or a creditor, order that bankruptcy proceed according to all or part of the provisions stated hereunder:

1. reducing the period of the proceedings as the adjudicator deems fit.
2. A supervisor shall not be appointed;
3. In case of disputing the debts, the creditors shall be called to discuss composition within five days from the date of resolving the dispute by the adjudicator;
4. A composition shall be enforceable immediately after the approved of the body of creditors. The adjudicator shall ratify the composition in such meeting.
5. Where a state of union is established, the receiver shall not be changed and funds shall be distributed only once.
6. Only one distribution of the assets shall be made to creditors after completion of the sale of the properties of the bankrupt. In all cases, all rulings and decisions of the adjudicator shall be un-appealable.

Subchapter IV: Bankruptcy of Companies

Article 718

Taking into consideration section, company's bankruptcy shall be subject to the bankruptcy provisions in general, unless the law require otherwise.

Subject to the provisions provided for in this Subsection, the bankruptcy provisions in general shall apply to the bankruptcy of Commercial Companies

Article 719

With the exception of Joint Ventures, professional firms and State-owned enterprises or companies in which the state owns more than half of the capital and engaged in operating public utility, a company may be adjudged bankrupt where its financial activities so compel and it ceases to pay its due debts.

The company may be declared bankrupt even if it ceases payment of its commercial debts when it is in the process of liquidation. Any creditor whose debt remains unpaid may seek an adjudication of bankruptcy against the company within the three years subsequent to its deletion from the Commercial Register.

Article 720

A de facto corporation may be declared bankrupt. Any company fails to become a de jure corporation for any reason of annulment, for the period prior to its declaration, shall be deemed a de facto company.

Article 721

A creditor of the company may apply for the adjudication of bankruptcy even though he is a partner therein. Partners who are not creditors may not, however, apply in their individual capacity for the adjudication of bankruptcy.

Article 722

The manager, chairperson or liquidator of a company may not apply for the adjudication of bankruptcy except after obtaining permission from the majority of partners in joint-liability companies, simple commandite partnerships, the Extraordinary General Assembly or from the partners' assembly in the case of other companies.

The adjudication of bankruptcy report provided for in Article 611 herein shall contain the names of the present jointly liable partners and those who have leaved the company after suspension of payment, their domicile nationality and date of advertising retirement of each partner in the Commercial Register.

Article 723

The Court may, *ex proprio motu* or at the request of the company, or the Public

Prosecution defer an adjudication of bankruptcy in respect of a company where there is a likelihood that the financial position thereof will be strengthened in the period determined by the court, or if the interests of the national economy so require. In such case, the court shall order such measures as it deems necessary to safeguard the assets of the company.

Article 724

The legal representative of a company which is declared bankrupt shall subrogate the company in respect of any order, where the law requires that the bankrupt be consulted or be present. The legal representative shall appear before the adjudicator or receiver whenever summoned and shall provide all information and clarifications required therefrom.

Article 725

The receiver, having sought the permission of the adjudicator, may request the partners to pay the remainder of their shares, even if the date of payment does not fall due. The adjudicator shall order that such request be limited to the extent required to settle the debts of the company.

Article 726

Loan stock issued by the shareholding company shall not be subject to the debt verification procedure. Such bonds shall be accepted in the bankruptcy at their par value after deduction of such amount of the value as the company has paid.

Article 727

Where a company is declared bankrupt, all general liability partners therein shall be declared bankrupt. The bankruptcy shall include a general liability partner who leaves the company after it ceases making payments when the company is declared bankrupt, before two years lapse as from the date when the departure of such partner is declared in the Commercial Register.

Article 728

The court shall issue a single judgement declaring the company and the general partners therein bankrupt. The adjudicator for the company shall be the same adjudicator for the general partners. However, each bankruptcy shall be independent of the other bankruptcies in terms of administration, debt verification and mode of termination thereof.

The bankruptcy estate of the company shall consist of its assets, including partners' shares. The liabilities of the bankruptcy shall only include the rights of its creditors. The bankruptcy estate of a general partner shall consist of his personal assets, while the liabilities shall include the rights of his creditors and the creditors of the company.

Article 729

Where the bankruptcy of the company is terminated by union and composition is reached with one or more jointly liable partners, the property of the company may not be used to fulfill the terms of such composition or to grantee the execution thereof. The partner who obtains composition shall be released from joint liability.

Where composition is concluded with the company and the bankruptcies of the jointly liable partners were resolved by union, the composition shall not apply to the bankruptcies of the partners save where the subject thereof is relinquishment of the company property.

Where the bankruptcy of the company and the bankruptcies of the partners terminate by union, each composition shall be deemed to be separate from the others and its terms shall only apply to the creditors of the bankruptcy involved in such composition.

Article 730

The bankruptcy of a company may not end by composition if the company is in the process of liquidation.

Where a company which is not in the process of liquidation applies for composition, the composition proposals shall be made with the approval of the majority of partners who owns more than half in the jointly liable partnerships and limited partnerships and with the approval of the extraordinary general assembly and the partners' assembly in the other companies. The legal representative of the company shall submit the proposals for composition to the body of creditors.

Article 731

Where a petition of bankruptcy of a company is submitted, the court may, in addition to adjudication of bankruptcy thereof, order the same in respect of each person who carries out commercial activities on his own account under the cover of such company and disposing of the company property as his own.

The Court may, *ex proprio motu* or upon the request of the Public Prosecution, receiver or one of the creditors, order that the provisions stipulated in Article 626 herein be applied on members of the Board of Directors and directors or managers who had committed gross acts of default resulting in the disruption of or suspension of payment by the company.

Article 732

Where it is established, after the company is declared bankrupt that it has insufficient assets to pay at least twenty per cent (20%) of its debts, the court may, at the request of the receiver, order all members of the Board of Directors or all the directors and managers or some thereof, jointly or severally to pay all or some of the debts of the company save where they established that, in their regulating the affairs of company they have exercised the due diligence exercised by the reasonable man.

Chapter Three

End of the Bankruptcy

Subchapter I: Termination of Bankruptcy Due to Cessation of the Interest of the Body of Creditors

Article 733

After preparing the final list of debts stipulated under Article 710 herein, the court may at the request of the bankrupt terminate the bankruptcy where it is established that the bankrupt has paid all creditors who registered their debts in the bankruptcy or that the bankrupt has deposited with the receiver the sums required to pay the said debts in terms of principal and expenses.

Article 734

The Court may not enter judgement terminating the bankruptcy on grounds of cessation of the interest of the group of creditor's interest until it has reviewed the report of the bankruptcy judge where he establishes the realisation of either of the two conditions referred in the preceding Article.

Bankruptcy shall be terminated forthwith upon issuance of the judgement and the Bankrupt shall regain all his rights, with the exception of what is needed to rehabilitate him. However, all acts and dispositions carried out by the bankruptcy receiver against the debtor shall remain valid and in force.

Subchapter II: Judicial Composition

Article 735

The adjudicator shall order the court registry to invite creditors whose debts are finally or temporary accepted by registered letters to attend in the place and time determined by the adjudicator the deliberation on composition.

In the absence of any dispute in respect of the debts, such invitation shall be made within the seven days which follow preparation of the final list of debts stipulated in Article 710 herein.

Where a dispute arises, such invitation shall be sent within the fifteen days which follow expiry of the period allowed for appeal against the last decision of the adjudicator with regard to the admission or rejection of the debts..

The receiver shall, within the period prescribed by the preceding paragraph publish the invitation to attend the deliberation on composition in two local daily newspapers.

Article 736

The composition meeting shall be presided over by the adjudicator at the time and place which appointed thereby. Creditors shall attend the meeting in

person or through representatives. The representatives shall be authorised in writing. The bankrupt shall be invited by registered post recorded delivery to attend and may not delegate a third party to represent him save for serious reasons acceptable to the adjudicator.

Article 737

The receiver shall submit a report to the composition meeting explaining the state of the bankruptcy, the procedures taken, the proposals of the bankrupt for the composition and the opinion of the receiver in such proposals. The statements of the bankrupt shall be heard and the adjudicator shall draw up minutes of the proceedings of the meeting.

Article 738

The composition shall only be reached with the consent of the majority of creditors whose debts have been finally or temporary admitted, provided that they hold two thirds of such debts after subtraction of the debts of the creditors who do not take part in voting. Where neither of the said quorums is attained, deliberation shall be adjourned for ten days with no further respite.

Creditors who attend the first meeting or who have valid representation therein and who sign the minutes of composition shall not be obliged to attend the second meeting. The decisions and approvals which they have taken in the first meeting shall stand, save where they attend and modify the same or where the debtor, in the intervening period of the two meetings, amended his proposals regarding the composition.

Article 739

The minutes of composition in the session where voting on the composition takes place shall be signed, failing which renders the minutes invalid.

Article 740

A composition may not be concluded with a bankrupt who has been convicted of fraudulent bankruptcy. Where an investigation is instituted in respect of the bankrupt for fraudulent bankruptcy, the deliberations on compositions shall be suspended.

Article 741

Conviction of a bankrupt for negligent bankruptcy shall not preclude composition being concluded therewith. Where an investigation is instituted with the bankrupt in respect of such offence, the creditors may opt to continue with the deliberations on composition or postponing them.

Article 742

Neither the spouse of the bankrupt nor his relatives or relatives by marriage to the fourth degree may participate in the deliberations on composition or vote in respect of the conditions thereof. Where, after the adjudication of bankruptcy, any of the aforesaid creditors assigns his debts to a third party, the assignee may not participate in the deliberations on composition nor vote thereon.

Article 743

Creditors holding securities in kind over the bankrupt's properties shall not participate in, nor vote on the composition with regard to their debts secured as aforesaid, save where they forfeit the said securities beforehand. Such assignment may be restricted to a part of the securities provided that it is equivalent to no less than half of the debt. The forfeiture shall be recorded in the minutes of the session.

Where one of the creditors mentioned in the preceding paragraph participates in the voting on composition without declaring that he has assigned his security in whole or in part, such creditor shall be deemed to have assigned the entire security.

Where one of the creditors has two debts; normal debt and a debt in kind, his participation in the voting without declaring his security, he shall be deemed to have forfeited his entire security.

In all cases, assignment of the securities shall not be final save where composition is acknowledged and ratified by the court. Where the composition is invalidated, the security which comprised the assignment shall be returned.

Article 744

The composition may include provisions whereby the debtor is granted respites for payment of the debts. Similarly, it may comprise a release of the debtor from a part of his debt.

The composition may be concluded on condition that payment shall be made where the debtor becomes solvent within a period specified in the contract of composition provided that such period shall not exceed five (5) years as from the date of ratification of the composition

The debtor shall not be deemed to have become solvent save where the value of his assets exceeds his debts by at least twenty five per cent (25%).

Article 745

The creditors may require providing one or more guarantors to secure the performance of the terms of the composition.

Article 746

The receiver shall submit the composition to the court for ratification. Every party to the composition shall be entitled to apply for the ratification thereof.

The court shall ratify or reject the composition without having any authority to amend the terms thereof.

Article 747

Creditors entitled to participate in the composition may raise objections. The objection must be supported by reasoning, otherwise it shall be deemed null and void. Such objection shall be notified to the bankrupt and the receiver. They shall be summoned to appear before the Court to decide on the objection. Any objection shall be raised within ten days from the date of signing the minutes of the composition.

Article 748

Where the objection to the composition is rejected, the court may order the objecting party to pay a fine not less than one thousand (QR 1000) Riyals and not exceeding five thousand (QR 5000) Riyals, where it is established that the objector has deliberately delayed the composition by such objection.

Article 749

Ratification of the composition must be refused if the provisions stipulated in the preceding Articles are not observed, or where reasons relating to the public interest or that of creditors' justifying refusal of the composition emerge.

Article 750

Upon ratification, the court shall appoint one or more supervisors from among the creditors to monitor the implementation of the terms of the composition.

Article 751

Ratification of the composition shall render it effective in respect of all creditors comprising the group of creditors, including those who have not participated in the proceedings of the composition nor agreed thereof and even if their debts are not verified.

Guarantors or those jointly liable with the debtor before adjudication of bankruptcy shall not benefit from the composition. Composition shall not apply to creditors who have priority rights and liens if they do not assign such rights, nor in the right of ordinary creditors whose debts originated during the bankruptcy duration.

Article 752

The Judgement in respect of ratification of the composition shall be declared in the same manner of declaring bankruptcy.

The registration of the summary in the competent department of the Real Estate Registration and Documentation shall entail the establishment of a mortgage on the real estate of the bankrupt whereby to guarantee the rights of the creditors to whom the composition applies unless the contract of composition stipulates otherwise. Registration in the Commercial Register shall entail the establishment of a mortgage on the business of the bankrupt whereby to guarantee the rights of the said creditors unless otherwise agreed.

The receiver shall delete both mortgages once the terms of the composition are implemented.

Article 753

Notwithstanding the provisions stipulated in Article 626 herein, all effects of bankruptcy shall be eliminated upon the judgement of ratification of the composition.

The receiver shall submit to the bankrupt a closing account and the discussion on such account shall take place in the presence of the adjudicator.

The duties of the bankruptcy receiver shall cease and the bankrupt shall receive his property, books and documents from the receiver against a receipt. Where the bankrupt fails to take delivery of such items within two years from the date of approving the final account, the receiver shall not be responsible therefor.

The adjudicator shall draw up minutes of all of the foregoing and shall refer any dispute to the court for a decision.

Article 754

The composition shall be invalidated where after ratification the bankrupt is convicted of a fraudulent bankruptcy offence. The composition shall likewise be invalidated where after ratification a deception arises as a result of the bankrupt having concealed assets, exaggerated his debts or alleged false debts. In this case, an application for the composition to be invalidated must be made within six month of the date upon which the deception emerged.

In all cases, an application for the composition to be invalidated shall lapse after three years from the date of ratification of the composition.

The annulment of the composition shall have the effect of discharging the guarantor who guarantees the implementation of the terms of composition.

Article 755

Where an Investigation is instituted in respect of the bankrupt for the offence of fraudulent bankruptcy after ratification of the composition, or where a penal action is brought against the bankrupt in this respect after such ratification. The court, which ratified the composition may, at the request of the Public Prosecution or by any concerned party, order such measures as it deems necessary to safeguard the assets of the debtor.
Such measures shall cease by law where it is decided that the criminal case is groundless or where the bankrupt is acquitted.

Article 756

Where the bankrupt fails to implement the terms of the composition, application for rescission thereof, based on the application of creditors, may be made.
Rescission of the composition shall not entail the release of the guarantor who guarantees implementation of the terms of the composition. Such guarantor shall be summoned to attend the session in which the application for rescission of the composition is examined.

Article 757

In the judgement invalidating or rescinding the composition, the court shall appoint an adjudicator and receiver and shall order seals to be affixed to the property of the bankrupt.
The receiver shall within seven days from the date of the judgement invalidating or rescinding the composition publish a summary of the judgement in two daily local newspapers.
The receiver shall, in the presence of the adjudicator or the person appointed thereby, carry out an additional inventory taking of the bankrupt's property and prepare a list and an additional balance sheet.

Article 758

The bankruptcy receiver shall invite new creditors to submit their debt instruments in accordance with the procedures for verification of debts.
The new debts shall be promptly verified. Debts previously admitted shall not be re-verified provided that such debts are excluded or reduced by the extent to which they have been paid.

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The new debts shall be promptly verified. Debts previously admitted shall not be re-verified provided that such debts are excluded or reduced by the extent to which they have been paid.

Article 759

Disposals made by the debtor after ratification of the composition and before invalidation

or rescission of the same shall be effective in respect of the creditors. Creditors may not plead non-enforceability of such disposals except on the basis of the provisions relating to the claim of non-enforceability of the debtors acts. Such action shall lapse one year as from the date of the invalidation or rescission of the composition.

Article 760

After the composition is invalidated or rescinded, the full debts of the creditors shall revert to them in respect of the bankrupt only.

Such creditors shall join the group of creditors for their entire original debts, if they had not received any part from the amount allotted to them in the composition; otherwise their debts shall be proportionately reduced to the amount received by them.

The provisions stated in the two foregoing paragraphs shall apply in the event of the debtor being declared bankrupt before the terms of the composition are implemented.

Subchapter III: Composition by Surrender of Assets

Article 761

Composition may be concluded, provided that the debtor forfeits all or some of his assets at the time of discussing the composition.

The provisions pertaining to judicial composition in respect of the terms, effects, invalidation and rescission of such composition shall be complied with.

The property forfeited by the debtor shall be sold in the manner stated in Article 771 herein

Article 762

Where the proceeds from the sale of the assets surrendered by the debtor are in excess of the debts claimed from the debtor, the excess amount may be returned thereto.

Subchapter IV: Creditors Union

Article 763

Creditors shall be deemed to be in a state of union by virtue of the law in the following cases:

1. Where the debtor refrains from applying for composition;
2. Where the debtor requests composition but his request is rejected by the creditors;
3. Where the debtor obtains composition, which is later invalidated or rescinded.

Article 764

Where any of the cases mentioned in the preceding Article is achieved, and a state of union is being established, the adjudicator shall summon the creditors for deliberation on the affairs of the bankruptcy and for consideration as to whether the receiver shall remain or be changed. Creditors who own securities in kind may participate in such deliberations and vote forfeiture of their securities as a result of such voting.

Article 765

Where a majority of the creditors attending decide to change the receiver, the adjudicator shall appoint another receiver forthwith. The previous receiver shall submit an account of his administration to the trustee of the union of creditors on the date specified

by the adjudicator and in his presence. The debtor shall be notified by registered post recorded delivery of the date upon which the account is to be submitted.

If the majority of the creditors present decide to change the Bankruptcy trustee, the bankruptcy judge shall immediately replace him with another. The new trustee shall be called the Union of Creditors trustee.

The replaced trustee shall submit to the Union of Creditors trustee, within the period specified by and in the presence of the Bankruptcy judge, an account of his management. The debtor shall also be notified of the date of the submission of the account.

Article 766

The opinion of the creditor shall be taken into consideration, at the meeting provided for in Article 764, in determining the financial assistance to the bankrupt or his dependents.

Creditors in attendance stipulated in shall decide by an absolute majority on the matter of the maintenance which has been granted or is to be granted to the debtor and his dependents and the amount thereof.

The bankruptcy judge after consulting the creditors present in the meeting stipulated for in of this law, and the alliance manager, shall issue decision determining assistance to the debtor and his dependents.

This alliance manager alone may object such decision.

In such case, the assistance shall be paid to whom it is decided until deciding on the objection.

Article 767

The receiver of the union may not continue the business of the debtor, even where previously authorised to do so, until having obtained a special mandate accordingly from a majority representing three quarters of the creditors in terms of number and value and after approval by the adjudicator.

Such mandate shall specify the duration thereof, the authority of the trustee and the sums which he may retain in his possession for the purpose of operating the business.

The alliance manager may not continue with the debtor, even if authorised to do so before, only after obtaining special authorisation from majority representing three quarters of the number of creditors, and after approval from the bankruptcy judge. He shall specify in the authorization its period, manager authority and amounts which may be left under his hand for operating the trade.

Debts arising from continuity in the debtor trade shall be considered debts on the bankruptcy, to be paid with the priority in payment before making any distributions.

Article 768

Where the continuation of the business results in obligations which exceed the assets of the union, the creditors who agreed to such continuation shall be personally although not Jointly liable for such excess provided that the same arises from activities which are included within the limits of the mandate which they issued. The liability of each debtor shall be in proportion to his debt.

If continuity in the trade resulting in liabilities exceeded the alliance of the assets, the creditor who agreed for continuity in the trade shall be responsible in their own monies and without the joint liability between them and for the increase provided that it is resulting from works within the limits of the authorisation issued by them.

The responsibility of each creditor shall be according to the percentage of his debt.

Article 769

Without prejudice to the provisions of Article 771, the trustee of the union may sell the moveable assets, real estate and business of the bankrupt and recover such rights

as are due to him without having to seek his opinion or the permission of the adjudicator.

Having sought the permission of the adjudicator, he may compromise and agree to arbitration in respect of all rights of the bankrupt.

Without violation to the provision of Article 771 of this law, the alliance manager may sell the bankrupt's movables and business and collect his money from the entitlements, without need to take his opinion or ask permission of the bankrupt judge.

Article 770

Where the levying in execution on the goods of the debtor fails to commence before the state of union is established, the trustee of the union shall have the exclusive right to levy execution thereupon. He shall commence the same within the ten days which follow establishment of the state of union save where the adjudicator orders a postponement of execution.

The execution of the debtor's asset has not started before the formation of the alliance status, the alliance manager alone has the right of execution on them.

This shall start within the ten days following the formation of the alliance status, unless the bankruptcy judge ordered to postpone the execution.

Article 771

The sale of the moveable assets and real estate of the bankrupt shall be carried out by the method determined by the adjudicator.

The receiver of the union may not sell the assets of the bankruptcy in one lot for a lump sum without first seeking permission from the adjudicator, who shall only give permission for such after seeking the opinion of the supervisor.

The bankrupt movables shall be sold in the manner decided by the bankruptcy judge.

Selling of real estate shall be by public bid under supervision of the bankruptcy judge and according to the procedures established for selling the debtor real estates in the civil and commercial procedures law. The bankruptcy judge, after consulting the controller, may permit the alliance manager to sell the real estate's with bidding.

In such case registration of this selling shall result in effects of registration by virtue of the bid result.

The alliance manager may not sell the bankruptcy assets in one group against total amount, only after permission of the bankruptcy judge.

The judge shall not give the permission, only after taking the opinion of the majority creditors, in number and amount.

Every concerned may contest the decision of the bankruptcy judge concerning deciding the manner of selling the bankrupt movables, or permit selling of his real estate by bid method, or permit selling his assets one group against total amount. The contest shall result in stopping the implementation of the decision.

Article 772

The trustee of the union shall deposit the sums arising from the sale of the assets of the bankrupt with the court treasury or a bank specified by the Adjudicator on the day following receipt thereof.

The trustee shall present to the adjudicator a monthly statement of the state of the liquidation and the quantity of the sums deposited and may not withdraw the deposited sums save by an order from the adjudicator or a cheque signed by the adjudicator and the trustee of the union.

The alliance manager shall deposit the amounts resulting from selling the bankrupt assets, in the court treasury or a bank determined by the bankruptcy judge, on the day following collection.

The manager shall submit to the bankruptcy judge monthly statement about the liquidation status and deposited amounts.

The deposited amounts may not be drawn, only with order of the bankruptcy judge or with a cheque signed by the judge and the alliance manager.

Article 773

The fees and costs of administering the bankruptcy, the alimony granted to the bankrupt and his dependents and sums due to preferential creditors shall be deducted from the proceeds of the sale of the assets of the bankrupt.

The remainder shall be distributed amongst creditors in proportion to their verified debts.

The share of disputed debts shall be kept in special account with banks until a final judgement admitting the same is delivered.

Article 774

The adjudicator shall order distributions to be made amongst the creditors and shall determine the amount to be distributed. The trustee of the Union shall notify the creditors accordingly by registered post.

The bankruptcy judge, when necessary shall order advertising the distribution decision in two daily newspapers.

Article 775

The trustee of the union may not pay the share of the creditor in the distributions save on production of the debt instrument endorsed as having been verified and admitted. Such instrument shall likewise be endorsed with the amounts paid.

Where the creditor proves unable to present the debt instrument, the adjudicator may authorise payment of his debt after having ascertained that it has been admitted. In all instances, the creditor must be given an acquaintance on the distribution list.

The alliance manager may not pay the share of the creditor in the distributions, only if the creditors submitted debts deed marked by realization and acceptance, and marked on the debt deed the paid amounts.

If not possible to submit the debt deed for acceptable reason, the bankruptcy judge may permit payment of his shares from the distributions after confirming acceptance of the debt. In all cases, the creditor must be given acquaintance on the distribution list.

Article 776

Where six months lapse as from the date of the establishment of the state of union without liquidation being completed, the trustee of the union shall submit to the adjudicator a report on the state of the liquidation and the reasons for the delay in completion. The adjudicator shall dispatch such report to the creditors together with an invitation to attend a meeting to discuss the same. Such procedure shall likewise be followed for every six months which lapse without the trustee of the union having completed liquidation.

Article 777

After the liquidation procedures are complete, the trustee of the union shall submit a final account to the adjudicator who shall dispatch the same forthwith to the creditors together with an invitation for them to attend a meeting for discussion thereof. The bankrupt shall be sent an invitation by registered post to attend such meeting.

Article 778

The Union of Creditors shall be wound up and the bankruptcy shall be deemed to have been terminated by operation of the law after the approval of the account referred to in the preceding Article, unless the bankrupt or one of the creditors protest such account, in which case it shall be brought before the court within fifteen days, during such period, the union shall not be dissolved unless by a final judgement.

The trustee shall be responsible for a period of three years as from the date of the termination of bankruptcy for the ledgers, documents and papers surrendered to him.

Article 779

Following termination of the bankruptcy, each creditor shall have the right to take individual measures to obtain the remainder of his debt.

Verification of the debt in the bankruptcy shall be deemed final verdict to levy execution on the assets of the debtor.

Rehabilitation of the Bankrupt

Article 780

Save as in the case of conviction of an offence of fraudulent or negligent bankruptcy,

all the rights of which the bankrupt has been deprived shall be restored upon the lapse of two years from the date of termination of the bankruptcy.

A bankrupt shall be rehabilitated and all his rights restored even though the period prescribed by the preceding paragraph has not expired if he repays all his debts including the principal and expenses.

Where a bankrupt is a joint partner in a company which is declared bankrupt, such bankrupt shall only be rehabilitated after all debts of the company in terms of principal and expenses have been settled.

Article 781

Except for the cases of fraudulent and negligent bankruptcy, a bankrupt may be reinstated even though the period prescribed by the preceding Article has not expired in the following two events:

1. Where he obtains a composition with his creditors and implements the conditions thereof. Such provision shall apply to joint liability partners in a company which is declared bankrupt where the said partner obtains special composition and implements the conditions thereof.
2. Where the debtor proves that the creditors have fully released him from all debts.

Article 782

A bankrupt who has been convicted for an offence of fraudulent bankruptcy may be reinstated only upon the lapse of three years from the date of execution of the sentence, pardon or the extinction thereof by the lapse of its term.

A bankrupt who has been convicted of an offence of negligent bankruptcy may only be reinstated after execution of the penalty inflicted against him or pardon or upon the lapse of its term in which execution is stayed by the judgement or the lapse of its term.

In all cases, the bankrupt shall pay all the debts due from him prior to the adjudication of bankruptcy or that creditors have released him from all debts.

Article 783

Where one of the creditor refrains from collecting his debt or is unavailable or where his domicile is unknown, the debt may be deposited with the Court Treasury. The certificate of deposit shall take the place of a release.

Article 784

The application for rehabilitation shall be submitted together with the documents in support thereof to the Court which made the adjudication of bankruptcy.

The court registry shall dispatch forthwith a copy of the application to the Public Prosecution and the competent authority at the Commercial Register for publication in the *Official Gazette* and two local daily newspapers. The court registry shall likewise assume responsibility for notifying creditors whose debts are admitted in the bankruptcy of the application for rehabilitation.

The summary of the application which is published in the *Official Gazette* shall contain the name of the bankrupt, the date of the adjudication of bankruptcy, the method whereby bankruptcy was terminated and a notice to creditors to submit their objections, if any.

Article 785

The Public Prosecution shall, within thirty days from the date of receiving a copy of the application for rehabilitation, submit to the court a report on information about the type of bankruptcy, judgements passed against the bankrupt on bankruptcy offences, trials or investigations conducted in this regard.

and the opinion of the Public Prosecution on the acceptance or rejection of the application for rehabilitation, provided that such opinion shall be supported by reasons.

Article 786

Any creditor who fails to recover his dues may submit an objection to the application for rehabilitation within 30 days of the date of publication of the summary of the application in the *Official Gazette*. Such objection shall be in the form of a written report submitted to the registry of the court and appended with the documents in support thereof.

Article 787

The court registry shall upon the lapse of the period prescribed by the preceding Article, notify the creditors who submitted objections to the application for rehabilitation of the date of the session for the hearing of examining the application. Such notice shall be sent by a registered letter.

Article 788

The court shall decide on the application for rehabilitation by a judgement which shall be appealable.

Where the court decides to reject the application, it may not be re-submitted for the same reason except after the lapse of six month from the date of the final judgement.

Article 789

Where prior to the application for rehabilitation being decided, investigations are instituted in respect of the bankrupt for a bankruptcy offence or a penal action is brought against him for such, the Public Prosecution shall immediately notify the court.

The court shall suspend decision on the application for rehabilitation pending the completion of the investigations or final judgement on the penal action.

Article 790

Where the debtor is convicted of a bankruptcy offence after a judgement in favour of his rehabilitation has been passed, such rehabilitation shall be deemed null and void and the debtor may not avail himself of the same save under the conditions stipulated in Article 782 herein.

Article 791

A bankrupt shall be rehabilitated after his death at the request of one of his heirs or any concerned party in accordance with the provisions stipulated in the preceding Articles. Dates shall be calculated as of the date of demise.

Chapter Five

Preventive Composition

Subchapter I: Judgement for Opening of Composition Proceedings

Article 792

A trader whose financial difficulties are in such a manner as to lead to suspension of payment, may apply within twenty days of such situation, for preventive composition, provided that such situation is not the result of an act of fraud or gross default and that he has continuously practiced trade during the year prior to the submission of the application.

A trader who suspends payment of his debts may, even if he has applied for adjudication of bankruptcy, apply for preventive composition when he satisfies the conditions referred to in the preceding Article.

Article 793

The persons to whom a business have devolved by way of inheritance or legacy may apply for preventive composition if they decide to continue carrying on the business, and provided that the trader would have been able, prior to his death to obtain a preventive composition.

The heirs and legatees shall apply for composition within three months of the date of the death of the trader. Where they fail to agree unanimously to the application for composition, the court shall hear the statements of the objecting parties and shall decide on the application according to the interests of those concerned.

Article 794

With the exception of joint venture companies, preventive composition may be granted to any commercial company which fulfils the conditions stipulated in the preceding Article herein. However, composition may not be granted to a company which is in the process of liquidation. The chairperson or director of the company may not apply for composition without obtaining the approval of a majority of partners in the case of joint partnerships and straightforward limited partnerships and of the **ordinary** general assembly.

Article 795

A de facto company may be granted preventive composition.

Article 796

A debtor may not apply for another petition for preventive composition, while executing one.

Article 797

The application for preventive composition shall be submitted by way of a petition to the court in which the applicant states the reasons for his financial difficulties and his proposals for composition. The proposed settlement shall not be less than 50% of the debt. The petition for composition shall be accompanied by the following documents:

1. Documents supporting the particulars stated therein.

A certificate from the Commercial Register confirming that the applicant has complied with the provisions pertaining to the said Register during the year preceding the application for composition

3. A certificate from Qatar Chamber of Commerce and Industry stating that the trade was continuously practised during the two years preceding the application for composition.
4. The principal commercial books.
5. A copy of the last balance sheet and profit and loss account.
6. A total statement of the personal expenses for the year preceding the application for the composition.
7. A detailed statement of the moveable and real estate assets of the applicant and their approximate value at the time of the application for the

composition.

8. A list of the names of creditors and debtors, their addresses, value of their rights or debts and securities held for such debts.
9. A declaration by the debtor stating that he has not previously been convicted of any of the offences provided for in Article 802 (2) herein, and that he has not concluded a preventive composition which is currently being executed.

Article 798

Where the application is made by a company, such application shall, in addition to the documents mentioned in the preceding Article be accompanied by copies of the company's memorandum and articles of association duly attested by the Commercial Register, the identification documents for the capacity of the of the applicant, a copy of the resolution of the partners or the general assembly requesting the composition, and a list of the names of the jointly liable partners and their addresses and nationalities.

Article 799

The said documents and information referred to in the two preceding Articles shall be dated and signed by the applicant for the composition. The court registry shall prepare minutes acknowledging receipt of the said documents. Where it is not possible to provide some of these documents or complete the required particulars therein, the reasons therefore shall be stated in the petition.

Article 800

The applicant for a composition shall within such period to be fixed by the president of the court deposit an amount determining by the president in the court treasury to cover the proceedings expenses, otherwise the application for a composition shall be null and void.

Article 801

The court considering the composition may order that the necessary measures be taken to safeguard the property of the debtor pending decision on the application for the composition.

Under the supervision of the Public Prosecution, the court may appoint one expert, to investigate the debtor's financial affairs, reasons for disorganisation thereof and submit a report thereon. The court shall urgently decide on the application by a final judgement.

Article 802

The court shall reject the application in the following situations:

1. Where the applicant for compositions fails to provide the documents and information stipulated in Articles 797 and 798 herein, or supplies the same incomplete without legitimate justification or where such documents and information are invalid.
2. Where the trader has previously been convicted of fraudulent bankruptcy, forgery, theft, fraud, breach of trust or embezzlement of public funds, issuing a cheque without sufficient funds, unless he has been rehabilitated.
3. Where he retires from commerce, closes his business or flees.

Where the requisite conditions are available, the court may, *ex proprio motu* declare the trader bankrupt.

Article 803

Where the court decides to reject the application for the preventive composition, the court may impose a fine on the trader not less than one thousand (QR

1000) and no more than five thousands (QR 5000), if it is established to the court that the trader has deliberately given the impression of disorganisation of his financial business or has caused such disorganization

Article 804

Where the court deems fit to accept the application, the court shall order commencement of the proceeding for the composition. The said order shall state the following:

1. Appointment of one of its member judges to supervise the proceedings of the preventive composition;
1. Appointment of one or more directors to carry out the proceedings. The director may not be a spouse of the debtor or a relative or a relative by marriage to the fourth degree, nor may be a partner or employee or accountant or representative thereof during the previous three years prior to the application for composition.
1. Appointment of a date for the meeting of creditors to verify debts and discuss the proposals for composition. Such meeting shall convene within the thirty days subsequent to the order of opening of proceedings.

Article 805

Save as otherwise stipulated by law, or where the decisions are beyond jurisdiction of the judge, decisions issued by the adjudicator on the composition may not be appealed. The appeal shall be subject to the provisions provided for in Article 689 herein.

Article 806

The passing of the order commencing the proceedings of the composition shall not accelerate maturation of payment of the debtor's debts
The order declaring the proceedings for preventive composition open, shall not invoke maturity of payment of the debtor's debts.

Article 807

As soon as the order commencing the proceedings of the composition is passed, all judicial suits brought and executions against the debtor shall cease. Debtors jointly liable with and the guarantors of the debtor shall not benefit of the order; however all judicial suits and executions raised by the debtor shall remain valid and the supervisor of the composition shall be involved therein.

Upon passing of the order commencing the proceedings of the composition, all execution procedures against the debtor shall cease. Jointly liable debtors and debt guarantors may not benefit from such order. Nevertheless suits filed by creditors and execution procedures shall be valid and the receiver shall be part therein.

Subchapter II: Judgement in Ratification of Composition

Article 808

The commissioner for preventive composition shall, within twenty-four hours of the order declaring the proceedings open, proceed to close the books of the debtor and to place his signature thereon.

Special transactions registered prior to closing the records shall be registered under the supervision of the composition Judge.

Article 809

The court registry shall notify the supervisor of the composition of the issued order appointing him in the following day thereafter.

yThe supervisor shall, within twenty four hours from the date of the notification of the appointment, conduct the inventory in the presence of the debtor and the person delegated by the court for such purpose.

Article 810

Within five days of the date of notification of appointment, the supervisor of the composition shall enter the order declaring the composition proceedings open in the Commercial Register and publish a summary thereof in the *Official Gazette* together with an invitation to creditors to attend the meeting. On the said date, the supervisor shall dispatch by registered post the invitation to the meeting accompanied by the proposals for composition to the creditors whose addresses are known.

Article 811

At least five days before the date specified for the meeting of creditors, the supervisor shall lodge a report with the court registry in respect of the financial position of the debtor, the reasons for the financial difficulties thereof, his opinion on the proposals for composition and the names of the creditors who have the right to participate in the composition proceedings and the amount of debt of each one of them.

Any concerned party may seek permission from the commissioner for preventive composition to examine the report of the supervisor.

Article 812

Where prior or after the submission of the application for composition, the debtor conceals part of his assets or lost or causes damage thereto or makes disposals harmful to creditors or in breach of the provisions of Article 818, the Court may, *ex proprio motu* or at the request of the Public Prosecution or the trustee repeal the composition proceedings.

Article 813

The creditors shall meet under the presidency of the commissioner for preventive composition on the day specified therefore. Each creditor may appoint an attorney on his behalf to attend the meeting. The debtor shall attend the meeting in person and shall not delegate a third party save for serious reasons, which are accepted by the commissioner.

Article 814

The report of the composition supervisor and the final proposals of the debtor in respect of the composition shall be read out in the meeting referred to in the preceding Article. Each creditor shall specify the amount of his debt supported by documentation. The debtor and each creditor may dispute such debts.

The commissioner for preventive composition shall, after hearing the statements of those concerned and examining documents thereof, provisionally specify each debt and the nature thereof. The parties concerned shall have right to submit an objection to the competent court. A judgement in respect of the objection shall not affect the majority whereby the composition is concluded. Once verification of the debts is complete, discussion shall commence on the proposals for composition following which a vote thereon shall be taken. Where such proceedings are not completed within one day, the session shall be deemed to be continuous until such time as proceedings are complete.

Article 815

Every ordinary creditor, whose debt has arisen before the court order on the commencement of the proceeding for the composition, shall have the right to vote in respect of the composition according to the full amount of his specified debt, even where the creditor receives thereafter part of his debt from a person who is obligated with, or the guarantor of, the debtor.

Article 816

Subject to the provisions stated in Article 743 herein, creditors holding securities in kind on the debtor's property shall participate in the voting on the composition and the prohibition stated in Article 742 herein shall be applicable to the preventive composition.

Article 817

The composition shall only be concluded with the consent of the majority of the creditors or present or represented in the meeting, provided that such majority holds two thirds of the debts pursuant to Article 814 herein. In the calculation of these two majorities, the creditors who have not participated in the voting shall not be included nor shall their debts be calculated. Where either of the two quorums provided for in the preceding paragraph fails to attain majorities, the judge shall adjourn the meeting for ten days without any further extensions. In such case, the provisions stated in Article 738 herein shall apply.

Article 818

Article: 818:

After issuing the court's verdict of starting the reconciliation procedures, the debtor keeps the management of his money under the supervision of the magistrate director, and has the right to perform all of his daily commercial activity.

However, protests by the creditors after the partial payments have been made by the debtor after the mentioned verdict is issued are not allowed.

The debtor, after the verdict is issued, cannot borrow, hold reconciliation, arbitration, or mortgage, compromise some of his rights, or make an ownership transfer as part of his commercial activity before obtaining a preventive permission from the Reconciliation Judge ., any act in contrary to this, is not taken as evidence against the creditors.

Article 819

The composition may provide for allowing the debtor periods of respite for repayment of the debts. The composition may also provide for discharging the debtor of part of the debt; however the debtor shall remain liable for this discharged part as a natural debt.

Article 820

A composition may be concluded on the condition of full payment should the debtor becomes solvent within a period determined in the composition contract, provided that such period shall not exceed five years from the date of approving the composition. The debtor shall only be deemed to have become solvent when the value of his assets exceeds the value of his debts by at least 25% of the value of the debts.

Article 821

The creditors may require that one or more guarantors be provided to guarantee the performance of the terms of the composition.

Article 822

Minutes shall be prepared of the proceedings of the composition meeting and shall be signed by the commissioner, the supervisor, the debtor and those creditors who are present otherwise the minutes shall be deemed null and void. The commissioner shall, within seven days of signing the minutes of composition dispatch the same to the court for ratification.

Article 823

Any creditor who does not approve the composition may attend the session for the ratification of the composition and record his objection thereto.

After hearing the statements of the debtor and creditors in attendance, the court shall decide either to ratify or reject the composition as a matter of urgency.

However, where the objection is related to the periods of respite for repayment of debts or the amounts from which the debtor shall be discharged, the court may order the amendment of the composition conditions where necessary.

Article 824

Where the court approves the composition, it shall either retain the supervisor or appoint from amongst the creditors one or more supervisors to supervise the execution of the terms of the composition and report to the court any violations to these terms. The supervisor shall not receive any remuneration for his work.

Article 825

The court shall reject the composition where the proceedings provided for in the preceding Articles are not complied with, or where grounds are revealed relating to the public interest or the creditors' interest justifying rejection of the approval of the composition.

The Court may not decide on any petition for the adjudication of the debtor's bankruptcy except after deciding to reject the composition.

Article 826

The judgement approving the composition shall be declared in accordance with the provisions applicable for the adjudication of bankruptcy.

Save as otherwise provided for in the composition contract, the registration of the ratification summary of the issued judgement in the competent department at the **Real Estate Registration** and **Documentation** shall have the effect of creating a mortgage over the aforesaid real properties for securing the rights of creditors under the composition.

Subsequent to the performance of the terms of the composition, the supervisor shall in the two cases cancel the mortgage.

Article 827

No appeal may be made against judgements issued in respect of ratification.

The debtor may seek a review of a judgement which rejects ratification of the composition within twenty days of the judgement.

Article 828

Ratification of composition shall render it effective in respect of all ordinary creditors, even where they fail to agree thereto or did not participate therein.

Article 829

Neither debtors who are jointly liable with the debtor nor his guarantors for the debt shall

benefit from the composition. However, where composition is concluded with a company, partners who are liable to the extent of all their property for the debts of the company shall benefit from the terms thereof.

Composition shall not apply to debts of alimony or to the debts arising after the judgement declaring the composition procedures open is issued.

Article 830

The court which ratifies the composition may grant the debtor at his request and after

hearing the statements of the creditors periods of respite for repayment of the debts to which the composition is not applicable and which may have arisen prior to issue of the

judgement declaring the composition proceedings open, provided that the periods so granted do not exceed the period stipulated in the contract of the composition. Such provision shall not apply to debts of alimony.

Ratification of composition shall not entail precluding the debtor from periods of respite, which are of a longer period than that stipulated in the contract of composition.

Article 831

The composition shall be null and void where it is revealed after the approval thereof, that the debtor is convicted of one of the offences provided for in Article 843 herein. Any concealment of funds, exaggeration of debts or fabrication thereof shall be deemed an act of fraud. In such cases, an application for annulment of the composition shall be submitted within six month from the date on which the act of fraud is revealed; otherwise the application shall not be accepted. In all cases an application for annulment of a composition shall not be accepted when submitted after three years from the date of passing the judgement for the composition ratification. The annulment of the composition shall discharge the guarantor who guaranteed the execution of the terms thereof.

Article 832

Upon application by each creditor, the court may order recession of the composition in the following cases:

1. Where the debtor fails to perform the terms of the composition as agreed;
2. Where, after the composition ratification, the debtor performs an act to transfer the ownership of his business without acceptable justification;
3. Where the debtor dies and it becomes evident that it is impossible to perform the terms of the composition.

The creditors shall not be obliged to refund the parts of the debts they have received prior to passing of the judgement for the annulment of the composition. The recession of the composition shall not discharge the guarantor who guaranteed the performance of the terms thereof. The guarantor shall be summoned to appear before the court at the session fixed for consideration of the application for recession.

Article 833

The supervisor of the composition shall, within thirty days of the date of completing the execution of the composition proceedings, seek a judgement from the court which ratified the same declaring the proceedings closed. Such request shall be declared in the manner that declares the proceedings open as

stipulated in Article 810 herein.

The judgement that declares the proceedings closed shall be issued within thirty days of the aforesaid date.

Chapter Six

Bankruptcy Offences and the Preventive Composition

Article 834

Where a final judgement has declared a trader bankrupt, such trader shall be deemed a fraudulent bankrupt and shall be punished with imprisonment for a term of no less than one year and not exceeding five years if he committed one of the following actions:

1. conceals, destroys or alters his books, papers, and other records;
2. conceals or disposes of property with intent to defraud creditors;
3. knowingly contributes to or increases his insolvency by making false representations, whether in his books, balance sheet or by way of oral admission, or by failing to deliver up books or explanations;
4. obtains a composition by means of fraud.

Article 835

Where a final judgement declares a company bankrupt, and without prejudice to any more severe penalty provided for in the Penal Code or in any other law, members of the board of directors, managers or directors or those responsible of the company liquidation, shall be punished with imprisonment for a term of no less than one year and no more than five years if they commit one of the following actions:

1. conceal, destroy or alter the company books, papers, and other records;
2. embezzle, conceal or dispose of part of the company property with intent to defraud creditors;
3. knowingly contributes to or increases his insolvency by making false representations, whether in his books, balance sheet or by way of oral admission, or by failing to deliver up books or explanations;
4. obtain a special composition for the company by means of fraud.
5. disclosing untrue information on the subscribed or paid up capital, or distributing fictitious dividends or by fraudulently receiving for themselves bonuses in excess of the amount provided for by the law or by the company's memorandum of incorporation or articles of association.

The penalty provided for in this Article shall not apply to any member of the board of directors or a manager who takes no part in the act constituting the crime or who takes exception to the decision issued in respect thereof.

Article 836

Where a final judgement declares a trader bankrupt, such trader shall be deemed bankrupt by negligence and shall be punished with imprisonment for a term of no less than six months and not exceeding three years if he committed one of the following actions:

1. spends huge amounts on his personal or his household expenses;
2. fails to keep the adequate commercial books which reflect the reality of his financial position;
3. fails to provide the data required by the bankruptcy adjudicator or receiver, or intentionally gives false information;
4. where, after suspension of payment, pays or grants a special advantage to any of the creditors for the detriment of the remaining creditors or in order to obtain acceptance of the composition;
5. disposes goods at a value less than its usual price, with the intention of delaying suspension of his payment or declaration of bankruptcy or dissolution of the composition, or in order to achieve such purpose; he resorts to unlawful means to obtain money;
6. spends large amounts in speculations on matters not required by his commercial activities.

Article 837

Where a final judgement declares a company bankrupt, and without prejudice to any more severe penalty provided for in the Penal Code or in any other law, members of the board of directors, managers or directors or liquidators, shall be punished with imprisonment for a term of no less than six months and no more than three years if they commit one of the following actions:

1. fail to keep the adequate commercial books which reflect the reality of his financial position;
2. fail to provide the data required by the bankruptcy adjudicator or receiver, or intentionally give false information;
3. where, after suspension of payment, pay or grant a special advantage to any of the creditors, in order to obtain acceptance of the composition;
4. dispose the company goods at a value less than its usual price, with the intention of delaying suspension of the company payment or declaration of bankruptcy or dissolution of the composition, or in order to achieve such purpose; they resorts to unlawful means to obtain money;
5. spends large amounts in speculations on matters not required by the company commercial activities;
6. participate in actions violating the law or the company's memorandum or articles of association.

The penalty provided for in this Article shall not apply to any member of the board of directors or a manager who takes no part in the act constituting the crime or who takes exception to the decision issued in respect thereof.

Article 838

Where a criminal case is instituted for fraudulent or default bankruptcy against a bankrupt, or a member of the board of directors, director or liquidator of a bankrupt company, or where such person receives a judgement in connection therewith according to the provisions of the preceding Articles; the civil or commercial claims shall remain independent from the criminal case, and the proceedings related to the bankruptcy activities shall remain as organized by the law and shall not be referred to the criminal court, nor shall the court be entitled to deal therewith, unless the law provides otherwise.

Article 839

Any receiver who, during his administration embezzles funds shall be punished with imprisonment for a term of no less than one year and not exceeding three years. A prison term of no less than six months and no more than three years shall be received by the receiver who deliberately gives incorrect information on the position of bankruptcy.

Article 840

Whoever steals or conceals funds of a bankruptcy, shall be punished with imprisonment for a term of no less than six month and not exceeding three years, even if such person is a spouse of the bankrupt or from his ascendants or descendants.

The court shall, *ex proprio motu*, decide to return the funds even if a judgement of acquittal has been issued on the crime, and the court shall, at the request of the concerned parties award compensation when necessary.

Article 841

Whoever introduces into the bankruptcy by way of deception fictitious debts in his name or in the name of a third party shall be punished with imprisonment for a term of no less than six month and not exceeding three years.

Article 842

The bankruptcy receiver or trustee of the preventive composition shall submit *mutatis mutandis* to the Public Prosecution all the documents, papers, information and clarifications that it may request. In the course of the investigation, the documents and papers shall be kept with the court registry and shall be perused therein, unless the court orders otherwise. After the completion of the investigation, the documents and papers shall be returned to the receiver or the trustee of the preventive composition against a receipt.

Article 843

The debtor shall be punished with imprisonment for a term of no less than one year and no more than five years where:

1. The debtor deliberately conceals all or some of his property or exaggerates the evaluation thereof with intent to obtain preventive composition;
2. The debtor deliberately enables a fictitious creditor or a creditor who is forbidden to participate in the composition or who exaggerates his debt to participate in deliberations and voting or deliberately leaves him to participate therein;
3. The debtor deliberately omits to mention a creditor in the list of creditors.

Article 844

The creditor shall be punished with imprisonment for a term of no less than six month and no more than three years where the creditor:

1. deliberately overestimates his debts;
2. participates in the deliberations on composition or in voting whilst being aware that he is legally precluded from doing so;
3. stipulates for himself, vis-à-vis the bankrupt or a third party special benefits for voting in favor of the bankrupt at the deliberations of the bankruptcy or the composition;
4. knowingly concludes with the bankrupt, after suspension of payment, a clandestine agreement that confers upon him special benefits with prejudice to other creditors
5. knowingly concludes with the debtor a clandestine agreement that confers upon him special advantages and which prejudices the interests of the other creditors.

The court shall *ex-officio*, adjudge the said agreements null and void, with regard to the bankrupt and any other person, and shall force the creditor to return what he has taken under the void agreement, even if a judgement of acquittal has been issued. The court may, at the request of the parties concerned, award compensation, when necessary.

Article 845

A prison term of no less than six months and no more than three years shall be received

by:

1. Any person who is not a creditor and who in such knowledge participates in the deliberations of voting and composition.
2. Any supervisor who deliberately gives incorrect information on the position of the debtor or who confirms such information.

Article 846

All criminal provisions issued in relation to the bankruptcy crimes shall be published in the *Official Gazette*.