

LAW OF COMMERCE

1334

Book One - General Regulations **Chapter One – Introduction**

Article 1: The provisions of the Commerce Laws are applicable to all commercial transactions.

Article 2: Commercial disputes are to be settled in accordance with legally binding agreements and in their absence disputes are to be determined and settled by reference to the meaning and implication of existing commercial laws. In the absence of a law, local and special customs (those that are commonly recognized, consented to, and used) are applied. Local customs and practice are preferred to general custom. In the absence of any other of the above – mentioned methods any other laws which might apply to the dispute are used.

Remark: The preference of local and special custom and practice to general custom and practice is given because the custom of and practice of locality are the out come of business transactions of the area. If a clear-cut custom relating to a dispute in one particular locality does not exist, the custom of the nearest locality to this dispute is applied.

Article 3: In the absence of any other explicit laws, the contents of Article 2 are applied.

Chapter 2- Commerce and Commercial Capacity

Article 4. Every individual having reached the age of eighteen is permitted to engage in commercial activities provided he is not legally debarred of his legal rights.

Article 5. When a business has passed to a minor, the legal authorities shall consider if the continuation of such a trade by his legal agent is beneficial to the interest of the minor. In case the executor or the legal agent should not have the legal commercial capacity, he is not permitted to carry on until a new agent or guardian has appointed.

Article 6. The rulings of Article 5 are applicable to other individuals lacking commercial capacity.

Article 7: All persons who under law of promotion and retirement of civil servants are counted as employees of services of the state are barred from engaging in direct commercial activities.

Article 8: Everyone, whether as an individual or a member of a corporation, who possesses legal commercial capacity and who in his own name has engaged in one or

Part III – Acceptance

Article 490: A negotiable note can be presented for acceptance before the specified time at the residence of the addressee by the bearer or any person having it.

Article 491: the writer can specify in the note, for the acceptance of the addressee, the due date, or the writer can write the obligation of the bearer for acceptance without specifying the date. The writer can also make the condition that a note can not be accepted for payment before a specific date. Unless the writer writes the statement “unacceptable” , every endorser can , with or without specification of the passage of a period of time, make the note due.

Article 492: Notes whose presentations are subject to a specific period of time should be presented within six months after the time the note has been written. The writer can either increase or decrease this period, but the endorser can only decrease it.

Article 493: The bearer who presents a note for acceptance does not have to turn it over to the acceptor prior to payment. The bearer, in due course, can present the note the day after it has been first presented. If the bearer protests against additional delay, interested parties are not permitted to withstand the second claim.

Article 494: Acceptance is denoted by the statement “Has been accepted” , or by an equivalent statement , and this should be signed by the addressee. The signature of the addressee alone on the note also denotes acceptance. In case payment of a note is to be made during or after a specific period, should be bearer not ask for the registration of the presentation date, any date on which acceptance has taken place should be registered. If the addressee, while accepting the note, should not register the date, then it is necessary that the bearer, for the sake of his own rights against the endorser and the writers, should prepare a note of protest to prove the negligence of the addressee.

Article 495: The acceptance must be unconditional. However, the second person may refuse to pay a small part of the amount involved. During the period of the acceptance, other conditions modifying the contents of the negotiable note are not acceptable. In spite of this, the acceptant is responsible under the terms he has accepted.

Article 496: If the note is made in such a way as to be paid in a place other than the residence of the addressee, and if the name of the person to whom it should be paid is not explicitly mentioned, it is understood that the acceptant has promised to pay the amount of the note personally in the prescribed place.

Article 497: A person accepting a note is responsible for its payment. In case of refusal, if the bearer should be the writer as well, according to Article 518 and 519, he can bring a suit to claim all the pertinent rights.

Article 498: If the acceptance should have written his acceptance on the note and before delivery of the note to the bearer he crosses out his writing, it is understood that he has

refused to pay, but if the addressee has informed the bearer or one of the signatories of the note of his acceptance in writing , and after that happened he crosses out his writing, he is responsible within the limitations of his acceptance.

Part IV – Guaranty

Article 499: The payment of a negotiable note, in part or in full, could be executed through guaranty. The guaranty will probably be made by a third person or by one of the signatories.

Article 500: The endorsement should be registered on the note or on paper attached to the note. “Guaranty” or words saying it is guaranteed, or some similar expressions are added and signed by the guarantor. The signature of persons other than the issuer and addressee on the draft will convey guarantee. It must be specified on the guaranty whose account is guaranteed . If it is not specified , it will be accounted in the account of the issuer.

Article 501: The guarantor is as much responsible as the person who has been guaranteed. If the note is not prepared in accordance with the law, the guarantor is not responsible for his promise. If the guarantor does pay the amount of the note, he is entitled to refer to the person guaranteed for or to those who are responsible for the person guaranteed for.

Article 502: A negotiable note is paid under the following conditions:

1. During the period specified after the presentation.
2. During the specified period after the date of the note.
3. At the specified date due.

Remark: Notes whose payments are subject to presentation should be paid when presented, and notes whose payments are to be made during a specified period after presentation must be presented during the period specified for acceptance.

Article 503: Notes whose payments are subject to presentation should be paid when presented, and notes whose payments are to be made during a specified period after presentation must be presented during the period specified for acceptance.

Article 504: Payment dates for notes payments dates are during a specified period after presentation are determined by the date of their acceptance or date of protest. As far as the accepting party is concerned , where no protest is involved concerning notes whose acceptance date is not known, the last day of the period specified for the presentation is considered the time of acceptance.

Article 505: For notes whose payment should be made after one or more months of the date of issue, or after presentation, their payment date is the one on which the payment has been made in that month. If there should not be a specified day of the month, the last day of the month is considered the due date. If payment should be made in a few months

and a half, all the completed months should be accounted first. If the payment date should be the first or the end of the month, these expressions imply the first 15 days and the last 15 days of the month. When eight or fifteen days are mentioned, it does not mean one week or two weeks, but it means eight or fifteen real days. Half of the month is interpreted as 15 days.

Article 506: As far as payment is concerned, if the calendar of the place at which the note has been issued should differ from the calendar of the place where it is payable, the calendar of the place where it should be paid is honored. If the due date should correspond with a holiday, the payment should be made the day after the holiday. This rule will also apply in the case of other commercial papers.

Part VI – Payment

Article 507: The bearer must refer to the addressee on the date the note is payable or, at the most, after two working days.

Article 508: When the addressee pays the amount of the note, he requests the bearer to sign it as evidence of payment, and then he should keep the note. Partial payment of a note is not rejected, but the addressee can request to have the signature for the part paid as evidence of payment.

Article 509: The bearer of a negotiable note does not have to receive the amount before the due date. The addressee paying the note before the date due is himself responsible for any loss caused by this act. The person paying the note close to the date due has no responsibility provided this should have taken place through no fault or bad intention of his. The person paying the note is responsible for investigation of the arrangement and continuation of the endorsement but he is not responsible for investigating the accuracy of the signatures of endorsers.

Article 510: If the note should specify currency not used in the payment place, and if the writer should not require the payment in that currency, then the payee may pay it in accordance with the exchange rate of the payment date, in the currency used in that place, but if the currency should be such that the person indebted is unable to pay in kind, then the bearer can request that the payment should be made in the local currency at the prevailing rate on the due date.

Article 511: The rates used in the payment place determine the basis for the value of the foreign currency. The writer or one of the endorsers can exchange the money to be paid and record it on the note. In case currency used in the issuing country and the paying country should have the same name but different values, the currency of the payment country is assumed.

Article 512: In case the note is not presented for payment during the period mentioned in Article 507, each of the debtors can, at the expense of the bearer, transfer the amount of the note to an authorized agency.

Part VII

The right to act in case of nonpayment and non-acceptance

Article 513: The bearer has the right to recourse from the endorser and the maker and other responsible persons in the following cases:

1. If during the specified time the note has not been paid.
2. If the payment of all or a part thereof should have been refused.
3. In case of the bankruptcy of the addressee, regardless of whether the note had been accepted or not; or in case of delay in the payment by the addressee regardless of the order of the Court; or in case the bearer has appealed to the Court and has asked for control of the property of the addressee equivalent to the amount of the note without any actual result.
4. In case of the bankruptcy of the issuer of the note which was not acceptable by him.

Article 514: Refusal to accept or to pay should be proved with a formal paper called "Protest of Non-acceptance or Nonpayment". The Protest of Non-payment should be made on the date of the payment or during the subsequent two working days, and the protest of Non-acceptance should be made during the period specified for the presentation of the note for acceptance. As far as the second paragraph of Article 493 is concerned, if the first presentation of the note should have taken place on the last day of the pay period, the Protest could also be made on the following day. The Non-acceptance Protest invalidates the default and absence of presentation. In cases mentioned in Item 3 of Article 513, the bearer, without presenting the note to the addressee, or the protest, can use his right to refer against the responsible parties; as far as Item 4 of the above-mentioned Article is concerned, the bearer having as reason the bankruptcy of the issuer can apply.

Article 515: the bearer must, within four working days after the date of the protest, or, if the return is conditioned without expense on the note, during the period of four working days after the day of presentation, announce the matter of non-acceptance or default to the endorser and the issuer. Any endorser informed must relay the news received by him, together with the name and address of those sending him the news, during the period of two working days, to those having endorsed to him. This process should continue until the matter has reached the issuer. The periods mentioned start from the date of the arrival of information.

If an endorser has not written his address or has written it illegibly, the only the information sent by him to the endorser before him is sufficient. The person who has to make the information must execute this through the format office. The person not relaying the during the prescribed period is not invalidation his rights, and if there should be any loss caused by his negligence, this loss is directed towards himself. The amount of this loss can no exceed that of the note.

Article 516: If the issuer or the endorser or the guarantor has written the statements “Return without expense” or “Without Protest” or other statements implying this idea, the bearer of this kind of a note is not subject to these restrictions in his application, but the bearer of the negotiable note has to relay the information during the prescribed period to the endorsers and the issuer. The proof of the absence of application of the period regulation is to be made by the person who will be against the bearer. The condition put by the issuer is applicable to all those signing the note. If such a condition should be put by an endorser or a guarantor, it is only applicable to the endorser or the guarantor. If, in spite of the conditions of the issuer, the bearer should protest, the expenses are to be assumed by him.

1. In case the legally specified periods of the note payable on presentation or those payable after a period on presentation have passed.
2. In case the Protest regarding non-acceptance or a default has been made after the legally specified period.
3. If a note having the condition “without expense” has been presented after the specified period, or if in the note the writer specifies that it be presented for acceptance during a specific period. These conditions can be discharged that the issuer considers himself somewhat responsible.

If an endorser has specified a period in his endorsement for presentation, only he can take advantage of this period.

Article 517: Persons writing, accepting, or guaranteeing a note, are individually and collectively responsible to the bearer. The bearer of the note, without having followed the steps, has the right to bring suit against each and all of them. Exactly the same right is held by any signer who has paid the amount of the note. The bringing of suit in the first place against one of these can not prevent the bringing of suit by the bearer against other.

Article 518: The bearer may claim the following from the person against whom he has preferred charges:

1. The amount of the negotiable note which has not been accepted., or which has been accepted but not paid, together with its interest, if subject to interest.
2. Six per cent interest on the amount of the balance due from the due date.
3. The expenses of the Project and also those of information relayed by the bearer to the endorsers and the writer, together with other expenses that might have been suffered in this matter. If the right to complain has been used before the due date, the negotiable note is discounted. The discount to be applied is that of the official rate of the day (bank rate) or the rate of the free market area of the bearer.

Remark: The six per cent interest mentioned in Item 2 is applicable to all matters over which no agreements are reached.

Article 519: The person paying amount of the note can make the following claims against those responsible to him:

1. The total amount he has paid.

2. The interest on the amount paid from the date of payment.
3. Any expense that he might have suffered in this matter.

Article 520: Any responsible person against whom claims have been made can, after payment of the amount of the note, request that he be given a receipt for the note on the paper of Protest. Any endorser who pays the amount of the note can cross out his endorsement or those of his subsequent endorsers.

Article 521: In case of charges preferred after the partial acceptance, the person who pays the rejected part of the amount of the note can request that this payment be recorded on the note and the receipt for it given to him. The bearer should give him one true copy of the note together with the Protest, so that subsequent use of the Protest will not be possible.

Article 522: A person having the right to complain unless otherwise provided in the note, may with a new negotiable note called the Return Note receive the amount of the note from one of the persons responsible to him. It is necessary that the Return Note should be payable at the place of residence of the receiver on presentation. The Return Note, in addition to amounts claimed in Articles 518 and 519, must also contain the amounts for brokerage, stamps, and transfer expenses.

Article 523: The right to prefer charges of the bearer against the writer, endorsers, and other persons responsible for the note except the referring right against the acceptant are invalid in the following cases:

Article 524: If during the periods legally specified, the presentation of the Note and the Protest is not possible, due to reasons beyond control, the mentioned periods shall be prolonged. The bearer of the note must, without delay, inform his endorser of the reason. This information should be entered on the note or on an accompanying paper, which must be dated and signed. After the uncontrollable reason has been eliminated, the bearer should, without delay, present the note for acceptance or payment, and, if necessary, issue the Protest. If the uncontrollable reason should last for more than 30 days after the due date, without any need for presentation of the note and the writing of the Protest, the right to prefer charges can be used. Concerning notes payable on presentation, or during a period after the presentation, the period of 30 days is counted from the date the bearer has informed his endorser of the uncontrollable reason, even if this date occurred before the end of the presentation period. In cases where a protest should depend only on the bearer or on the person obliged to present the note, this shall not be considered an uncontrollable reason.

Part VIII – Intermediate

Article 525: The writer or the endorser may introduce another person so that the addressee could, in case of default, refer to him for acceptance or payment. The third person and the addressee, or anyone who might have responsibility due to signing the note (excepting those who accept the note) may act as intermediary. A person mediating for anyone of the signatories must so inform the person for whom he is mediating within the period of two working days.

Accepting Through Mediation

Article 526: In case the due date of the note has arrived and the bearer has authority to prefer charges, acceptance through mediation may take place. The bearer is free to accept or reject mediation, but if the bearer accepts the offer of mediation, he loses the right to prefer charges against the responsible parties before the due date.

Article 527: The acceptance of mediation shall be written on the note and signed by the intermediary. The person in whose name the acceptance through mediation has taken place shall be explicitly stated. In the absence of such an explicit statement, it is considered to have taken place for the account of the issuer.

Article 528: The acceptant through mediation has responsibility to the bearer and , if this acceptance through mediation should happen to be in behalf of the addressee, he is responsible to the subsequent endorsers just as the addressee, he is responsible to the subsequent endorsers just as the addressee. In spite of the acceptance through mediation, the person for whom the mediation has taken place, or this legal counsel can, according to Article 518, pay the amount and claim the note or , if necessary, the Protest paper.

Payment through Mediation

Article 529: In all cases where the bearer is entitled to prefer charges, whether during the due date or before that, payment through mediation is possible. Payment through mediation must include all the sum payable. It must be executed at the very latest on the day following the last day specified for the protest of default.

Article 530: If a negotiable note has been accepted through mediation but not paid , the bearer shall write the Protest of default the next day after the last date specified for the Protest. In case the Protest is not made within the mentioned period, the person in whose account the note is accepted and also the subsequent endorsers are without responsibility.

Article 531: The bearer not accepting payment through mediation according to Article 518 loses his right to prefer charges against those who are responsible for the payment of the note.

Article 532: Payment through mediation for whomever it may be is evidenced by explicitly writing and signing on the note. If the name of the person to whom the payment

is to be made is to be made is not clearly written on the not, it is understood that the note is for the writer. The note and the Protest form, in case same has been executed, are given to the person who has made the payment through mediation.

Article 533: On payment through mediation, to whomever it is made, the rights of the bearer and all those responsible to him are transferred to the payee, but that person can not re-endorse the negotiable note. Payment through mediation (from whomever it might be) is a sign of the release of subsequent endorsers. In case there should be many intermediaries for the payment through mediation, the mediation of any one of them who acquits the most persons is preferred.

Part IX – Number of Copies of the Negotiable Note

Article 534: A Note may be issued in many copies, not different from each other, The text of the copies should have serial numbers. Any copy of the note not having a serial number is considered a separate note. If the text of the note should not have the expression “Only one copy”, the bearer can, by agreeing to pay the expense, request many copies. If the note should be in one copy and the endorsement is made on it, and later the bearer gets many copies, he must refer to his previous endorser and this endorser must refer to the endorser before him in favor of the bearer, and the endorsement should go in this way. The endorser must make their endorsements on the new copies.

Article 535: If payment should be made against one copy of a note which has many copies, the other copies are without effect. In spite of this, the addressee is responsible for any copy not returned. The endorser submitting many copies to many persons and the subsequent endorsers are responsible for all the copies not rejected and bearing their signatures.

Part X – Forgery & Alteration

Article 536: The forgery of a signature in a Note, whether it be of the issuer or of the acceptance, does not affect other signatures on the note.

Article 537: If an alteration is made in the text of a negotiable note, the persons signing it after the alteration has taken place are responsible for the amount after alteration, and those who have signed it before the alteration are responsible for the original text of the note.

Part XI – Passage of Time

Article 538: All cases brought against the acceptant because of the note are without effect three years after the due date. The cases brought by the bearer against the endorsers and the issuer are without effect after one from the date of the Protest made during the specific period thereof (or, if the note should contain the condition of “return without expense”, from the due date). Cases brought by endorsers against each other or against

the writer lose their effect after six months of the date of the payment by the endorser, or of the date the cases against them were brought.

Article 539: Transaction requiring termination at a specified time are valid only in case of those persons who will take advantage of them.

Part XII –General Regulation

Article 540: If the due date of a negotiable note falls on a holiday, payment is made on the following working day, and also all transactions relating to the note, especially the matter of its presentation for acceptance and the writing of Protest, should take place on a working day. In case one of the above-mentioned transactions should fall due in a period the last day of which is a legal holiday, the period is prolonged until the first working day after the holiday. Holidays occurring in the period are counted

Article 541: The first day of the time specified legally according to a contract is not counted in the above-mentioned period.

Article 542: The responsibility of persons in a negotiable undertaking is according to the laws of the nationality of the persons involved.

Article 543: All promises concerning a negotiable note are subject to the laws of the country in which the promises are made.

Article 544: The Protest or any action taking place to protest the rights initiating from a negotiable note or the uses thereof are subject to the laws of the country in which the actions take place.

Subchapter 8 – Promissory Notes

Article 545: A commercial promissory note has the following points:

1. The expression “Promissory Note” on the document in whatever language is written.
2. The unconditional payment of the specified amount.
3. The due date of the payment.
4. The place for the payment.
5. The name of the person is whose behalf or on whose order the payment is to be made.
6. The place and date of the writing of the promissory note.
7. The signature of the person issuing the promissory note.

Article 546: A document not having any one of the above-mentioned points is not considered to be a promissory note except in the following cases:

A promissory note not containing the due date is payable on presentation, and if a promissory note should not contain the place of payment, the place at which it was issued, or the place at which the writer resides, is considered the payment place.

If the place at which the promissory note was issued is not mentioned in the text of the note, the address written beside the signature of the writer is considered its issuing place.

Article 547: The following regulations governing negotiable notes are also applicable to the promissory note:

Endorsement, Articles 480-510
Guaranty , Articles 499-501
Due Dates, Articles 502-506
Payment 507-512

Right to Prefer Charges, in case of Default, Article 513,520,522 and 523.
Intermediary of the payment through mediation, Articles 525,529, and 523
Forgery and Alteration, Articles 536-537
Passage of Time, Articles 538-539
Method of Calculating Official Days, Articles 540-541
Payment in the Place of the Resident of other person, Articles 474 and 496
Agreement on the Interest, Article 475
Difference in Statements Dealing with Payable Amount, Article 476
Result s of Signature of Qualified Persons, Article 477
Action on the Signature of a person who is not an Attorney or who violates Terms Established for the Executor, Article 478

Article 548: The person signing a promissory note bears the same responsibility as a person accepting any negotiable note. When the note is signed, after a period from the date of presentation (provided the expression “approved” is written on it by the signer) it is presentable within the specified period of Article 492. If the signer refuses to put the expression “Approved” and record the date, then according to Article 494 the refusal should be proved through a Protest paper. The date of this Protest paper is considered to be the first of the payment period after the presentation of the document.

Subchapter C – Checks

Part I – Checks

Article 549: A check should have the following features:

1. The word “check” in the next of the document.
2. The order of effect the unconditional payment of the sum
3. The name of the payee.
4. The place of payment
5. The record of the place and date of issue of the check.

6. The signature of the person issuing the check.

Article 550: A document not containing any one of the criteria of Article 549 is not considered a check except in the following cases:

If the payment is not mentioned in the check, the address written beside the name of the addressee is considered the payment as well as the living place of the addressee.

If the place at which the check has been issued is not mentioned, the place beside the name of the person issuing the check is considered the place of issue.

Article 551: A check is considered when the person issuing it has funds with the addressee and the addressee is obliged to pay it through an agreement explicit or understood.

Article 552: A check is considered payable in the following manner:

1. To a specified person or by his order.
2. To the bearer.

If the payee of the check is not indicated, the check shall be regarded as a “bearer” check.

Article 543: The person who issues the check can do so in his own name.

Article 544: If the check should be issued with interest as a term, such a term is not recognized.

Article 555: In case there should be a different between the numbered amount and the written amount of check, the latter amount is valid.

Article 556: In case a check should have the signature of those not authorized to sing the check, or forged signatures, or the signature of those not real , in addition to the signature of the authorized person, the commitment of the qualified person who has singed the check is recognized.

Article 557: Persons issuing checks in the name or account of a person for whom they are not executor are responsible the consequences.

Article 558: The person who issues the check is a guarantor for this payment. Where conditions are imposed by one who demands guarantees other than this, the person issuing the check in such case is released from the guarantee after payment of the amount.

Part II – Endorsement

Article 559: Any check except the one for the bearer is transferable with endorsement. If the writer should use the expression “Not transferable or anything to imply this idea, the

check can not be transferred by endorsement. A check may be endorsed to the addressee, to the writer, or to any other person. These persons may in turn re-endorse the check to others. With endorsement, all rights resulting from the check are transferred.

Article 560: The endorsement should be unconditional. Otherwise the specification of the condition and the endorsement is not recognized. Endorsement of part of the amount of the check is not recognized. Endorsement by the addressee is not acceptable. Endorsement in the name of the addressee assumes receipt.

Article 561: Endorsement may be on the check or on accompanying paper. The endorsement should be signed by the endorser. If the endorser should be satisfied with only signing it, without reference to the name of the bearer, the endorsement is acceptable. The regulations for blank endorsement in Article 483 through 488 are applicable to checks as well.

Part III – Guaranty

Article 62: The regulations of Article 499 through 501 concerning the guaranty of negotiable note are applicable to the guaranty of check as well.

Part IV – Presentation and Payment

Article 563: A check is payable when presented. Any condition contrary to this is not accepted.

Article 564: If the is paid in the same place it was written, the owner must claim payment of it within 15 days of the date of its issue. If it should be issued from one part of the country to another, its payment should be claimed with two months of the date of issuance. Concerning checks issued abroad which should be paid in Afghanistan, the regulations regarding checks can claim payment is four months from the date of issuance of the check.

Article 565: If the place of issuance of the check and that of payment of the check should have different calendars, that date which coincides with the date of the calendar of the place of payment is taken.

Article 566: If the owner of the check does not claim the amount of the check during the legal period, his case against the endorser is not heard. If the amount of the check, due to a reason related to the addressee, should not exist, the bringing of the case of the owner against the writer is not acceptable either, but the addressee can pay the amount even after the expiration date of the check.

Article 567: If the writer of the check should die after he has issued the check, or should be deprived of authority and qualification, this fact does not affect the check.

Article 568: The person receiving the amount of the check must endorse it. The owner of the check is entitled to accepted part of the amount mentioned and in such a case he must endorse only for the amount received.

Article 569: If the check payable should be written in currency different from the currency of the paying country, the payable amount could be (with the request of the bearer) exchanged according to the rate of the day of payment. If payment is not made at the time of presentation, the owner of the check may, of his own will, request that payment be made in the currency of that country on the basis of the rate on the date of presentation. The value of the foreign currency could be determined on the basis of local custom. However, the writer can specify that payment be made on the basis of the rate mentioned in the check.

Part V – Cancelled Checks and Checks Transferable to Accounts.

Article 570. the writer or owner of a check can cancel it. Cancellation is effected by placing two parallel lines of the check. It is either public or private, depending on whether either a blank or the word banker or equivalent appears between the lines or the name of the banker is written between the two lines. Public cancellation is changeable to private but vice versa through the erasure of the line and the word banker or the name of the banker is not allowed.

Article 571. In case of check cancelled privately, the addressee can transfer it only to the banker whose name has been written or if the banker himself be the addressee it could only be transferred to his customer. The banker whose name has been mentioned can refer the check for payment to other banker. The banker cannot treat the cancelled check in an account other than that of his own customers or other banker. The addressee of the banker not following the above-mentioned regulations is responsible for any loss resulting to the amount mentioned in the check.

Article 572. The writer or the owner can prevent the payment of a check in cash through writing of the check the expression non-negotiable and adding is payable in the account to the check is not permitted.

PART VI- Action in Cases of Nonpayment

Article 573. In case of refusal of payment the owner of the check can refer to the endorsers' writer and all those responsible. The owner can present any one of the following reasons for refusal to pay:

1. Protest by a formal paper
2. Endorsement of the check by the addressee together with the date .
3. The certification of the commercial code to the effect of presentation of the check with the recorded date.

Article 574. The protest should be made before the end of the period specified for the presentation. If the check is to be presented on the last day of the specified period the protest may be made the next working day.

Article 575. On refusal to pay after protest the owner of the check may inform his endorser or the writer during the period of four working days after the submission of the protest. Within four working days after he has received the information every endorser must inform his previous endorser and with such information relay the names and addresses of all those who have relayed previous information.

This should be followed until it has reached the writer if the check has been guaranteed the guarantor must also be informed during the same period the information may take place by return of the check or by a registered check through the post office.

The date of arrival of the mail has no bearing on the determination of the period of information. A person not informing during a specified period does not lose his rights but, because of his negligence if any loss should result he is responsible for compensation. However his responsibility does not exceed the amount written on the check.

Article 576. the bearer of the check can bring cases against all those having responsibility in the check individually or collectively and in doing so he is not responsible to honor the arrangement for the endorsement and this right is also reserved for any paying person. Bringing suit against one responsible party does not prevent suing others.

Article 577: The bearer or the payee of the check can claim the following from responsible parties.

1. The unpaid amount of check
2. The interest
3. Any expense of the protest etc that might have been paid by him.

Article 578: Any responsible person confronted with suit can, on payment of the check, request the Protest and the receipt. The endorser having received the check and paid for it can cancel his own endorsement and those of his subsequent endorsers.

Part VII – The Number of Copies of the Check

Article 579: It is possible to issue a check in many copies. In such case every copy must bear the same number and it should be mentioned thereon how many copies of the check there are , and should be paid on account of the first.

Article 580: When payment has been made on the first copy, other copies lose their effect.

Part VIII – Fraud and Alteration

Article 581: The contents of Articles 536 and 537 concerning fraud and alteration are applicable to checks as well.

Part IX – Passage of Time

Article 582: Suits brought by the bearer against the endorsers and the writer are cancelled six months after the end of the period of presentation, and also the suit of each of the responsible parties is cancelled six months after date of payment. The contents of Article 539 are applicable to checks as well.

Article 583: The provisions of Articles 540 and 541 dealing with negotiable notes and promissory notes are also applicable to checks.

Subchapter D – Loss of Commercial Documents

Article 584: If the bearer of a commercial document should prove his ownership by discontinued endorsements, he does not have to return the amount he has received unless it is proved that he had received this through illegal means.

Article 585: The bearer who loses a commercial document may have the document invalidated in a Court which hears commercial cases. The document and circumstances relating to ownership in the loss should be explained as well as possible by the claimant. If the Court considers the reasons of the claimant sufficient, the Court, in writing, can order non-payment to the acceptant if the document was an accepted negotiable note; or if it was an unacceptable negotiable note or a check the Court can in writing order nonpayment by the writer and the addressee; if the document is in the name of the bearer, the Court can, in writing, order nonpayment by the addressee. The contents of the document and the need for its presentation within two months should be advertised in official and unofficial papers three times, At the end of this period, necessary action towards invalidation of the document is taken.

This period is in effect from the date of advertisement in the official paper about the document whose due period is completed; and from the date of completion of its due period about the documents whose due periods are completed after the third advertisement; and from the last day of the presentation period about the document whose payment is subject to presentation, and whose presentation period has not been completed by the date of the third advertisement.

Article 586: A person requesting invalidation of a document may prepare a statement as to the real content of the document, and send it to the addressee within the period and at the place legally specified. This same statement is considered as a protest to the payment, and the absence of the payment and presentation.

Article 587: If the document is not presented by the end of the period specified, the Court can – on request of plaintiff – rule as to the validity of the document, and inform the person as provided in Article 585. In case of a ruling of invalidity, the plaintiff can claim his rights from the acceptor of the negotiable note, or if the document should be an unacceptable negotiable note or promissory note or a check, from the writer, as if he

owned the original of the lost document. The defendant has the Court and contest the ruling.

Article 588: If the statement is presented to the related Court before the end of the period of advertisement, the Court execute the directives of Article 585 concerning the relaying of information and should hear the case in accordance with law, and render a decisions.

Chapter IV – Commercial Agreements

Subchapter A – General Regulations

Article 590: If two or more persons should have, collectively, a commitment to third person during a business transaction, whether of commercial nature to one or all of them, unless otherwise stated in the contract they are collectively responsible. This same order is applicable to persons guaranteeing a debt.

Article 590: If, because of some commercial contract, an amount is due in foreign currency not legally used in Afghanistan, the amount may, at the end of the due period, be changed into Afghanis. But if, during the contract, the payment should explicitly be provided to be paid in the foreign currency, or there should be a statement to this effect, the payment in the same currency must be recognized.

Article 591: A person not fulfilling his commercial commitment through importer delivery or delay, after being warned officially or by registered letter, must compensate for the loss in profit suffered by the person to whom he is committed. Uncontrollable reasons are exceptions to this order.

Article 592: If the person has committed himself should break his commitment, or should not fulfill the commitment that is to be executed at a particular time or during a particular period, or if the subject of the commitment should not execute an act and he executes same, suit to recover the loss may be filed without notice.

Article 593: If the amount mentioned in the contract as “Compensation for Loss” exceeds the amount of the profit that would have been received by the person to whom the commitment was made, the Court can not reduce that amount. Unless otherwise stated explicitly in the contract, the person specified in the name of compensation for loss for the execution of the commitment. If the loss to be paid by the person to whom the commitment had been made should exceed the amount specified as compensation for loss, unless otherwise specified explicitly in the contract.

Article 594: If the commitment is not executed because of reasons which could not be anticipated, or because of shortcomings of the creditor, or there is a waiver condition accepted by the person to whom the commitment has been made, the person who has made the commitment is in no way responsible for any kind of payment as compensation for the loss.

Article 595: The down payment is considered valid evidence that the contract has been made. In case of both parties executing their commitments , the down payment is taken into accounts. If a contract should be broken with consent of both parties, or for a reason that doesn't involve compensation for the loss. The down payment is returned to its owner.

Article 596: Unless otherwise stated in the contract, or used in the commercial custom, the party who through his own shortcomings doesn't fulfill the commitment is not entitled to claim down payment paid by him.

Article 597: If one of the contracting parties in absence of payment or promise of payment should , through agreement, reserve the right to initiate a conditional sum for himself, the party can not execute the initiated right until the agreement of acceptance has been fulfilled.

Article 598: Interest on commercial debts is calculated after the specified period, or , of the date should be specified , from the date indicated.

Article 599: A person having the authorization of a merchant who has made a transaction for a merchant or non-merchant that was necessary for his business or beneficial to him has the right to ask for a return due to the transaction he has made.

He moreover entitled to request the amount he has given in advance for fulfilling an action or receiving profit, and the expenses he has incurred, with interest, starting from the date of the expense.

Article 600: Interest in commercial transactions may be determined on the basis of the consent of both parties.

Article 601: A commercial contract is to be executed in the place mentioned in the contract. If it should not be mentioned in the contract, it should be executed in a place that may be determined on the basis the nature and purpose of the business. If the execution place is not mentioned in the contract, and also can not be inferred, the person who has made the commitment must execute his commitment where his place of business is located, or , if he does not have a place of business, it may be executed at the place where he lives.

Article 602: Settlement of the amount involved in the contract, unless otherwise explicitly or by inference stated in the laws, should take place where the place of business of the creditor is located, or if he does not have a place of business it should take place in his private residence. Debtors are not entitled to claim expenses and losses incurred through settlement.

Article 603: The request for execution of a promise whose time of execution is not specified in the contract is possible at any time , but if the execution of the promise should subject to the passage of a period according to local custom, the person who has

made commitments can not be made to execute the promise before the end of the mentioned period.

Article 604: If it should be a condition that the promise be realized during a period explicitly or implicitly specified , in the end of that period should correspond to a public holiday, it should be executed at least one day before. If the debtor has permission to make payment before. If the debtor has permission to make payment before the date due, provided custom should not be against it , he can not reduce or discount the debt without the permission of the creditor.

Article 605: If there is nothing explicit concerning the kind and quality of goods whose receipt has been promised, the person who has made the promise can give goods of average kind and quality but as he does not have to give the best quality , in the same way he is not allowed to give the worst.

Article 606: In case a promise binds both parties it is not necessary for one particular party to execute his part before the other has , but if one party is given priority in executing his duty explicitly by the contract, or by the nature of the business, or by current custom, he must execute his part even though the other has not.

Article 607: In case one of the parties executes his part and the other do not, the person who has executed can send a note to the one who has not to the effect that if he does not fulfill his responsibilities during a specified period the contract will be invalidated. After that , he can refer to the Court and request invalidation of the contract. The party who has referred to the Court to validate the contract can not request the fulfillment of the contract. Just as after the request of validation the Court can not give time to the defendant to execute his responsibilities, in the same way the Court can not accept the proposition set forth by the defendant regarding the execution of the promise. If the invalidation of the contract depends on a condition, or if for its taking place a period is determined explicitly or inferentially, after the realization of the condition or the passage of the period, no party is required to agree to execute the promise requested by the other party.

Subchapter B – Commercial Contracts

Part I – Contract Procedure

Article 608: In order for a commercial contract to take place, the consent of both parties is sufficient. Preparation of a contract or other ceremonies is not necessary.

Article 609: If it is required by the law that the contract be written on a special form , or if both parties delay the contract for certain ceremonies, the contract can not take place without that form or before those ceremonies. If both parties have agreed on the preparation of the contract, it is understood that the execution of the contract has been delayed for preparation of the contract. If the contract is not prepared but it is proved that

both parties have agreed to make the contract, absence of the prepared contract is not an excuse for not executing the contract.

Article 610: If it has been necessary to specify a period for acceptance, acceptance can not take place before the end of that period, even if both parties agree. If an agreement should be necessary, without specifying a period of acceptance the validity of acceptance is conditional to the immediate acceptance and presence of the parties concerned. A contract made by communication means, such as telephone, is as if it had taken place in the presence of the parties concerned. A contract made by communication means, such as telephone, is as if it had taken place in the presence of the parties concerned.

Article 611: When the act of acceptance takes place in writing, if the period is not determined, the contract initiator can not disregard the act of acceptance before the termination of the time necessary for thinking and positively answering by the acceptor.

Article 612: The acceptance answer should be sent during a specified period that should reach the contract initiator. If the answer comes after this period, the contract does not take place unless it is found that the acceptance answer has been given during the specified required period. The contract initiator must at once inform the other party about the delay in receiving the answer being responsible for the contract not taking place. Otherwise, the contract is valid.

Article 613: Lack of response by the other party does not imply acceptance. In case two members have permanent commercial relations, or if one of them requests the other to execute certain transaction in his name, the decision made by the person referred to should at once be made known to the opposite party, or else the lack of response is considered as acceptance. The party rejecting the initiated proposition has to take special steps about the goods sent to him when the proposition was made, as mentioned in Articles 762 and 763.

Article 614: If the acceptance's answer is not in agreement with the proposition, the contract does not take place. In such case, the acceptance necessitates another proposition.

Article 615: In order for a telegram concerning the proposition or the acceptance to be acceptable, it is necessary that it be proved that it contains the signature of the sender or has been sent with his consent.

Article 616: In case the proposition is made in writing, the contract takes place from the date of arrival of the acceptant's answer to the proposal; but if the proposer should be informed before the arrival of the answer or during this time of the rejection by the acceptant, the proposition is without effect.

Article 617: A contract taking place by communication is valid from the date the acceptance answer has been sent. Just as mentioned in Article 613, in case it is not

necessary that acceptance be explicit, the contract is in effect from the date the proposition has reached the addressee.

Article 618: The death or disqualification of merchant does not necessitate the invalidity of his proposition in acceptance concerning his commercial transactions unless otherwise explicitly mentioned or understood from the nature of that transaction.

Part II – Interpretation of Commercial Contracts

Article 619: If the meaning of the statement of a commercial contract should be explicit and logical, the apparent meaning is assumed. Otherwise the real purpose is honored. If the content of the statement is inconsistent with that of the contract, the interpretation of purpose is held applicable.

Article 620: In case a statement has many interpretation , the common purpose is determined from the contents of other contracts, to custom, or the transactions and circumstances prevailing at the time of the preparation of the contract, or according to previous applications.

Article 621: In case the statement should have unusual and common meanings, it is interpreted as according to which meaning it is closer to.

Article 622: In case the statement of the contract should be interpreted with many meanings , and according to Article 620 the real purpose of both parties should not be determined , the contract is interpreter against the person promising and for person to whom the promise has been made.

Article 623: Recognition is given to commercial custom as well as to legal orders in commercial transaction unless otherwise explicitly agreed to by both parties.

Part III – Means of Proving Commercial Contracts

Article 624: The Court rules as to the proof of the contract on the basis of commercial documents and commercial contracts. Unless otherwise stated in this law, witnesses and evidence are used to the benefit of the Court and the statement of plaintiff has no bearing.

Article 625: The return of the document to the debtor, unless proved otherwise, is considered as the reason for payment.

Article 626: When documents or commercial transactions, the validity of witnesses, may issue an order.

Article 627: Confession or admission is not qualified. Therefore, it is necessary that the statement made by the defendant be either all rejected or all accepted.

Article 628: if a written statement does not exist, and a person has either explicitly or inferentially accepted a bill or a note, it is understood that he has accepted the contents therein also. If a person takes a bill , and if he did not then protest its contents, it is understood that he has accepted the contents therein.

Subchapter C – Commercial Price

Part I – General Regulations

Article 629: The consent of both parties regarding the property and the price is considered to be acceptance of the price. To send the current price and the catalog or the offer to sell without specifying the nature, quantity, and price of the goods is not considered to be a proposition.

Article 630: If a seller sells the property of others, the buyer can not be their owner, but the seller has to either buy the goods and turn them over to the buyer or , if additional loss had been suffered, he has to compensate for the loss incurred.

Article 631: If a merchant should sell or receive the movable properties of another person, in case the buyer does not have the facts the buyer is the owner of the property sold, but if it is proved that the property sold was from a theft or was lost, the ownership of the buyer is cancelled.

Article 632: The price of commercial goods which was unknown at the time of contract and which was established at the time of delivery is considered applicable.

Article 633: If, during a contract, the destruction and loss of goods concerned should be anticipated by both parties, its price can be determined but in case of realization of the anticipated event the buyer is not entitled to return of his payment.

Article 634: All expenses concerning the receiving of contracted property, such as weighing and measuring, related to the seller, and all the expenses concerning the delivery such as expense of transportation relate to buyer, unless otherwise expected by the contract or commercial custom.

Article 635: If it should be necessary that articles sold be sent from another place to the buyer, and there is no condition made by the buyer concerning the delivery, in such case the seller takes steps towards the selection of transportation means for the properties and their protection as the buyer would.

Article 636: To send an article of goods sold to the residence of the buyer by the seller , or to send it to another place mentioned in the contract, is understood as a delivery, but if the seller should send the sold property with a person and advise him that the seller must pay the price and other necessary provisions, or else he is not to be given the goods, in this case the sending of the goods is not considered as delivery.

Article 637: To send a sold article or , with the consent of the seller, to place the mark of the buyer on the articles sold, provided the property is transported across land, ocean, or river, is considered as delivery

Article 638: The buyer who has purchased the property the quantity of which is determined from the wholesale point of view, can not be made to receive part of it. But if the buyer should have accepted partial shipment, he can make the seller deliver the balance due, or for not having received the balance suffered by him through this deed.

Article 639: The buyer may request the invoice for the property sold, or if it has been paid for, its recording on the invoice.

Article 640: After the completion of the contract, the loss suffered through the property sold, even if it should be accidental, is the responsibility of the buyer, but the loss resulting from the shortcoming or fault of the seller or the defect of property sold relates to the seller.

Article 641: After the completion of the contract, the loss suffered through the property sold relates to the seller in the following cases:

1. If the property sold is not specified and there are not distinguishing marks to differentiate it from other properties of the same kind.
2. If the property sold, whose weighing and measuring is necessary for the transfer, is changed or destroyed (but if the buyer in spite of warning to be present either himself or through a representative for weighing and measuring does not do so, the loss suffered relates to him).
3. If the transfer of a property sold should be conditioned for future delivery.
4. In case the buyer is ready to receive the goods sold but the seller, in spite of the notice does not take action to deliver the item.

Article 642: The loss suffered through mishandling of articles by the transportation agent or commission agent after the property has been given to them relates to the buyer.

If the transportation of goods should be subject to special conditions, the seller must follow these conditions. Otherwise he will be responsible for the loss suffered by the buyer. If the place where the property is sent should be considered by both parties as the delivery place, in such case the loss suffered to the property while in transit relates to the seller. If the seller only undertakes to pay the expenses for transportation, the place where the goods are sent is not considered the giving place.

Article 643: The price should be specified, or there should be a way to this end. In case the price is not specified, and the goods have not been given either, the current price at the place and time of the contract is taken as base. If the current rate at the place and time of contract be varied, the buyer has to pay the average rate.

Article 644: The right to determine the price by third person is allowed by contract. If the third person for any reason did not settle the price, the buyer must pay the current rate, or if there should be a varied he must pay the average current rate. If there is not a current rate, the price is set by the Court.

Article 645: If the buyer has not made payment, or he goes bankrupt during the period between the date of contract and delivery, even if the seller should have deferred the time of payment but has not received reliable guarantees, the seller has the right not to make delivery, the seller has the right not to make delivery.

Article 646: If settling the price is conditioned to weighing the property sold, the weight of the container is subtracted unless otherwise stated in the contract or used by the customer. If the weight of the container should be determined on the basis of real weight of the property sold, or on the basis of some other standard, or part of the weight of the property sold is reduced as the weight of the container, or if the price of the destroyed and useless part of the property sold which is given is reduced, this is possible through the contract, or, if a contract does not exist, through the current local custom.

Article 647: Prior to the full payment of the goods, the condition of non-transference of ownership to the purchaser by the seller is valid. When the goods are delivered, the cost is payable by the purchaser from the date of delivery.

Article 648: _____
rate of the market or stock exchange, unless otherwise specified in the contract the average rate of the place and times of the contract existing in the market or the stock exchange is taken as standard. If this arrangement is not possible, the average rate of the sales of these same kinds of property at the time and place of contract is accepted.

Article 649: The interest on the price of the property sold in the name of compensation for loss is calculated from the date the property has been given, but if the buyer has refused to receive the goods the interest is calculated after the date the information has been sent to effect the receiving by the buyers.

Article 650: If the execution of the commitment is divisible in many ways depending on the nature of the contract, or the purpose of both parties, or the property sold, and if one the parties should not have fulfilled his commitment, the other can invalidate the contract.

Article 651: If a false takes place on the basis of a sample, it is the duty of the seller to prove that has provided identical goods, but if the sample should be destroyed while in the hands of the buyers, then to the sample.

Article 652: It is permissible for a buyer for examination and experimentation, and approval of the goods.

Article 653: If property is given to the buyer for examination and experimentation, they buyer must, on the basis of the contract, or in the absence of same, during a period specified by custom, express his acceptance or rejection of the property sold. If there is no period specified in the contract or by custom, the seller specifies a reasonable period and invites the buyer to either reject or accept the property sold during that period. If the buyer does not announce his decision during the prescribed period, it is understood that he has accepted the property sold. If the buyer des not state his rights in

the matter explicitly, and if he has paid the price of the goods in full or in part, or if he has received the property sold in a manner different from the receiving necessary for experimentation, the sales is complete.

Article 654: In a sale taking place according to Article 652 , if the buyer has not expressed his decision of acceptance or rejection or during a prescribed period by contract or custom, the sale is not considered to have taken place. If no period is specified in the contract or through custom, the seller specifies a reasonable period and invites the buyer to use this authorized period. If a buyer is silent during this period, the sale is considered not to have taken place.

Article 655: If the sale is in accordance with conditions laid by contract and the law, the buyer must receive the property sold during the period set forth in the contract or by custom. If the buyer does not fulfill this obligation and has paid the price, the seller can, after warning the buyer about the matter, request the Court to appoint a responsible person to guard the property sold. On such request, the Court at once appoints a responsible person without sending for the buyers.

If the appointment of a caretaker or if the delay in receiving goods should cause a loss, it should be compensated by the buyer. If the nature of the property is such that it can not be trusted to other persons, or if in order to guard the property the expense is more than the price of the property , or if it is necessary to rent a storage place , the seller can, after relaying this information to the buyer, on the basis of Court permission , sell the goods openly (Auction). The money received from such sale by the seller, after deduction of the sales expenses, should be put in a bank in the name of the buyer. If there is no bank , he can deposit this money with Court permission in another safe place. After the property or price thereof is deposited in a safe place, the information in at once relayed to the buyer by the seller.

Article 656: In case the buyer does not pay the price during a specified period set forth in the contract or by custom, just as the seller is entitled to claim the price so also he is entitled to inform the buyer through registered letter to fulfill his commitments within the specified period set forth by the seller. If the buyer does not pay the price during this period , the seller can , according to Article 655 , sell the goods, and if the property sold has a current rate in the stock exchange or in the market , the seller can, without having to sell the goods committed for selling, ask the difference between the sales price and the price existing at the end of the period in the stock exchange or the market from the buyer.

Article 657: In case the seller does not give the goods to the buyer during the period set forth in the contract or by custom, the buyer shall invite the seller, through registered letter or otherwise, to have the goods ready for delivery. If at the end of this period the seller does not deliver the goods , the buyer can appeal to the Court and request invalidation of the contract together with the loss suffered and the profit which he has been deprived of. If a buyer wishes, he can buy the necessary goods either directly or through a Court from a third person, and if the price paid by him should exceed that which would have been paid for the goods committed for sale before, this additional

price can be claimed from the first seller. In case the property committed for sale should have a current rate in the market or in the stock exchange, the buyer can, without buying the goods, ask for the difference of the rates between the price of the goods committed for sale and that used currently. In this case, as well as in the case where he buys from a third person, the buyer is entitled to protect his rights concerning the loss he has suffered according to Article 591.

Article 658: If in the sale according to the specifications, or because of the kind and nature of the properties committed for sale and the purpose of the purchase, the buyer and the seller must necessarily execute their commitments during a specified period, and if, at the end of this period, they have not executed their commitments, the other party can, because of the commitment not having been executed without informing, according to Articles 656 and 657, claim the invalidity of the contract and compensation for the property loss, but the party authorized to invalidate the contract, who may want the commitment to be executed exactly, must, before the end of the period, request the execution of the promise.

Article 659: In commercial sales, if there should appear a deficiency or defect in the property sold, or disagreement to the terms of the contract, or the sample or the law, the buyer must, within four days, relay this information to the seller, or else after having received the goods he or his agent must examine the goods during a period of two weeks after receipt. If a deficiency in the goods or a disagreement to the terms of the contract rights, must during the period of two weeks, or immediately if the deficiency is discovered at once, inform the seller of the matter or else it is assumed that he has accepted the goods as is.

Article 660: The buyer has the right to sue the seller because of defects in the goods sold or disagreement with the contents of the contract, or law, or disagreement with the sample. This right holds for six months from the date delivery has been made. To increase or decrease this period in the contract is not permissible.

Article 661: If the non-conformance of the property sold with conditions set forth in the law or the contract or with sample should be understood to be a result of misrepresentation on the part of the seller, the contents of Articles 559 and 560 are not applied to it.

Article 662: In case the buyer according to Article 659 should find defects in the property sold, or if he should not find the property sold to be in accordance with the terms mentioned by the contract or law, or the sample, he can first refer to the seller and invite him for examination. If the seller does not appear during a reasonable period, the buyer can appeal to the Local Commercial Court shall on this basis make the necessary ruling.

Article 663: In case property sold has been sent to the buyer from another place, even if the buyer has referred to the seller according to Article 659, the seller must store the property sold at the expense of the seller or delegate it for safekeeping according to

Article 655 to a trusty person. If property committed for sale is not of the kind to be stored, or if it is easily perishable, or if the fee for safekeeping is higher than the price of the goods, or it is related to the payment of the storage fee, the buyer can sell the goods according to Article 655.

Article 664: In case goods sold are not in accordance with terms mentioned in the contract or the law, the buyer is free to choose between the invalidity of the contract or request from the Court that the difference of price and loss be adjusted.

Part II – Certain Special Commercial Sales

C.I.F Sales

Article 665: If a sale has taken place on the basis of arrival of a ship on which goods are to be transported, the finality of the sales contract depends on the condition that the above-mentioned ship reaches the prescribed arrival place. If a seller has not specified the period of shipment through the contract or commercial custom, the buyer can request the specification of the shipment period for loss. If no provision or tradition in the contract or in custom exists, the buyer can refer to the Court to request determination of this period, and the Court must act as soon as possible.

If the shipment is not made after the specified period or if the shipment does not reach the arrival point at the specified time, the buyer can claim invalidation of the contract and bring suit. The buyer can prolong the duration of arrival twice or many times more than that specified.

Article 666: If goods while in transit should, due to uncontrollable reasons, be transshipped, the contract is not invalidated, the second ship is accepted for the first one.

Article 667: In case fulfillment of the contract depends on the arrival of the goods, and if the goods while in transit should suffer such damages as to make the anticipated profits impossible, the contract is invalid.

Otherwise, the buyer must accept the property sold at the time of arrival as is. The loss suffered through this, with a certified statement from a qualified person, could be compensated far from the price.

Article 668: Merchandized purchased on the bases of delivery of goods to the ship, in addition to cost, insurance, and freight, is called as CIF purchase. Expenses of transporting the goods until delivered to the harbor cranes included in the cost of merchandized transported.

From the time goods are loaded on the ship, damage to merchandize, based on CIF, on sustained by the purchaser.

Article 669: The article sold as CIF must be transported to the ship by the seller either on the bases of the terms of the contract or, in the absence of same, on the bases of current custom. In case the seller is allowed to fulfill his promises part by part, each part which has been fulfilled is considered to have been sold separately.

Article 670: If seller, during the prescribe period, without unavoidable reason, fails to transport the property he has sold, according to custom, the buyer can invalidate the contract. In such case, the buyer must at once inform the seller of his intentions.

Article 671: The seller may prove through a consignment paper which he prepares for each part of the goods sold, bearing the expression “has been transported,” that each part of the goods has been transported according to the prescribed terms. If the consignment paper contains the expression “has been transported to be received by ship” the buyer can claim that transportation of the property has not taken place on the date mentioned in the consignment paper unless the captain of the ship transporting the goods certified on the consignment paper to the effect that the goods were delivered to his ship on the date specified.

Article 672: If goods sold CIF must be transported from an internal city or from a port with one consignment paper, the date at which the first transportation of goods has taken place is considered as the date of transport.

Article 673: The entry of the usual consignment transportation agreements about whether a ship can stop at certain parts or can change course, or the property aboard can be transshipped, should be recognized by the buyer also. In case above mentioned changes are necessary for the transportation of goods, the loss suffered through such change relates to the buyer, but if the loss should result from the short comings on the part of the seller, the buyer can invalidate the same and claim the loss suffer. If goods are sent by consignment according to Article 672, the consignment must be prepared in such a way as to contain the method of transportation.

Article 674: The seller of CIF merchandize must insure the transported goods, according to ordinary terms whose entry in the contract is usual, against rest that might result from an ocean voyage.

The cost of insurance must be equal to the cost of goods sold at the place where goods are shipped. If goods are sent part by part, each part must be separately insured. The seller can not personally act as insurer against the buyer.

Article 675: If an ordinary insurance certificate does not have special conditions of insurance, and if its conditions do not agree with one of the sample insurance policies, it can not be used as an insurance policy.

Article 676: Unless otherwise stated explicitly in the contract, the risks covered by insurance are ordinary risks. The risks of war are exceptions. Terms concerning dispensation and the procedure to pay for insurance are subject to current local custom, transportation, kind, and the nature of the goods.

If the person who sells the merchandize as CIF as insured goods with a recognized well known company, and this company later should be unable to pay the claims, the seller has no responsibility to the buyer.

Article 677: If in a CIF sale both parties examine the quality and weight of the goods transported to the ship, and a defect is discovered, the buyer may appeal to the court and request appointment and certification of qualified persons to appraise the defect.

Article 678: After goods are transported, the seller must endorse the consignment and sell it to the buyer together with the insurance policy and sales bill and, if necessary, the certification concerning the quality and weight, and the check.

If a ship transporting goods reaches port and related papers have not yet arrived or are incomplete, and if the buyer informs the seller of this, the seller must prepare and send reliable documents for the purpose of receiving the goods. Expenses resulting from the delay of papers relate to the seller.

Article 679: The seller must relay immediately the confirmation concerning date of shipment of goods, marks, and name of ship transporting the goods to the buyer.

Article 680: Documents sent to the buyer should be complete and in order. In case the contents of documents should not be in agreement with the conditions of the contract, the buyer can invalidate the contract and claim the loss.

Article 681: The buyer must, within four working days after the date he receives the papers according to Article 618, either accept or reject them.

In case of rejection, if it is proved that rejection is unreasonable, the buyer must compensate the seller for loss and, vice versa, the buyer has the right to invalidate the contract and claim loss. The buyer who has accepted the papers can not invalidate the contract until such time as the misrepresentation of the seller has been proved, or the disagreement of contents of the documents with the goods sold has been established. If the buyer for some reason has rejected or conditionally accepted the papers, he can not have other objection excepting the reasons specified.

Article 682: The person who buys of a CIF basis must, after receipt and acceptance of papers as mentioned in Article 672, at once return the papers sent to him about the price of goods sold, unless otherwise stated in the contract.

Article 683: When a ship arrives it should be unloaded according to the terms consignment and contract, and if there is nothing explicit in the contract, according to local custom. The buyer must examine the agreement of the goods with that of the number and counter marks and conditions of packing as mentioned in the papers. If because of a mistake on the part of the seller it should not be possible to determine and specify the goods, the buyer can invalidate the contract.

Article 684: If there is more than the usual amount of this difference between goods sent and those specified in the contract, the buyer must accept the goods but he can ask for the reduction of an amount from the price, on the basis of the opinion of a qualified person. The amount that has to be reduced, unless otherwise stated by custom, is to be determined at the unloading port.

Article 685: To set conditions to the effect that the price of goods should be paid according to weight at the time of debarkation is permissible. In such cases according to the contents of the contract, a temporary bill is also prepared which is sent to the buyer after the transportation of the goods. The price of the goods shown on the papers sent to the buyer is anticipated from 75 to 90 percent of the real price of the goods. After goods have been weighed in the presence of both parties or their representatives, a second final bill is prepared. The difference between these two bills should be paid within 8 days of the acceptance of goods by the buyer, or it should be returned by the seller (in case of over payment).

Article 686: If the term “approximate” is in the contract, when all goods are consigned to the ship ten percent is payable, and when partially consigned, 5 percent more or less is payable. In case of specification of definite quantity, the buyer has the right to request all of the amount mentioned in the contract, but the seller is not responsible for natural or ocean losses that might result to goods while in transit. The price of the lesser or greater quantity custom at point of debarkation. In case it is not possible to determine the real weight of goods due to the sinking of a part of the goods in the ocean or due to goods having become wet, a temporary bill is given consideration.

Article 687: If conditions are anticipated in the contract relating to losses suffered by the seller after transportation, or (if conditions specified) delay in completion of the contract until goods have reached their destination in perfect condition, or if (conditions of contract) free the buyer to reject or accept a sample at the time of contract, in such cases the nature of the contract of CIF has changed and the matter takes the form of a sale subject to delivery of the goods at place of debarkation.

Subchapter D – Commercial Loans

Article 688: In order for a loan to be considered commercial, it must be made for the purpose of being spent in commercial matters.

Article 689: To borrow “in kind” is as acceptable as borrowing cash as far as commercial loans are concerned.

Article 690: The borrower must return the thing he borrows at the specified time with the same kind and quality.

Article 691: In case a person must make payment to another person for other than a loan, he can settle this debt with a creditor in the form a commercial loan.

Article 692: A commercial loan is always subject to interest unless otherwise decided by both parties.

Article 693: If the amount of interest has not been determined in the contract, it is understood that both parties have agreed to payment of the legal rate of interest.

Article 694: If the duration of the loan is less than one year, the interest is paid on the date the loan is returned but if the duration is more than one year, the interest should be paid at the end of the year, unless otherwise decided by both parties.

Article 695: If the date of return has been determined, the creditor can not force the debtor to pay before the due date.

Article 696: The quantity and price an item borrowed for commercial purposes are determined by the provision of Article 609 of this law.

Subchapter E – Commercial Mortgage

Article 697: In order for a mortgage to be considered commercial it must be made for commercial purposes.

Article 698: Contracting parties can unanimously decide the mortgaged property be deposited with the third person.

Article 699: A commercial mortgage is carried out according to Article 624 of this law. If the mortgage loan exceeds Afs.500, it should be registered and certified by the commercial Registration Office.

Article 700: To mortgage negotiable notes, promissory notes, and other commercial documents is permissible. The mortgaging of documents bearing names should be registered and kept in the books of the related company.

Article 701: The creditor has priority in receiving his rights from the mortgaged property over other creditors. The priority right of the creditor is the mortgage property is only recognized when the mortgaged property is in the hands of the creditor or, with unanimous agreement of both parties, in the hands of a third person.

In case the mortgaged property is in the place of business of the creditor or in the place of business of a commission's agent, or in the storage rooms of the customhouse, it is understood that it is under control of the creditor. Also, if before arrival of the mortgage property it should be mentioned on a consignment paper which is given to the creditor or in a contract of the transportation, that it has been given against a guaranty, the mortgaged property is considered to be under the control of the creditor.

Article 702: The creditor must make preparation for the safe keeping of the mortgaged property. The creditor must, when due date approaches, take legal steps towards settling his rights. The debtor must pay, in addition to his debt, all expense incurred by the creditor for safe keeping of the mortgaged property, and also the creditor must give to the debtor statement of all expenses he has incurred.

Article 703: Unless otherwise specified, the creditor must protect all rights that the debtor has, or the mortgaged property, bonds, and loan documents.

2. If a passenger should desire to wait , he is to pay the specified fare , but if the fare includes food as will , the traveler , during the period of delay , must personally bear the expense for his food.

Article 861 . A traveler must pay transportation charges for his personal luggage separately unless there exist provision to the contrary . A transporter is responsible for loss of and damages suffered by a traveler's property according to Articles 838-843 . A transporter is not responsible for the loss of goods personally carried by a traveler.

Article 862 . A transporter is entitled to withhold the luggage of a traveler pending payment for fare and food.

Article 863 . A transporter is not responsible for accidents involving a traveler while in transit unless it is proved that the accident was caused by the neglect of the transporter or his personnel.

Article 864 . If a traveler should die while in transit , a transporter , for the protection of the traveler's heirs, must safeguard the traveler's luggage and other related properties until such time that they may be turned over to authorized persons.

If one of the relative of the deceased should be present , he is entitled to intercede in the supervision of this affair , and he can request a statement from the transporter concerning the properties left by the deceased .

Article 865 . Regulation of the interior of the conveyance is the duty of the transporter . It is the duty of the transporter to see that passengers do not carry with them items which might cause trouble and damage to themselves and other travelers . Losses suffered by such means by the travelers are payable by the transporter.

Subchapter 13 Insurance

Part 1 – General Insurance Laws

Article 866 . Insurance is a contract by which an insurance company promises to compensate for loss and damage suffered by persons from certain specified accidents and uncontrollable circumstances for a specific amount of money .

Article 867 . In case of insurance disputes , regulations of this law are applied unless otherwise explicitly covered in the insurance contract.

Part II- Property Insurance

Article 868 . Properties may be insured by owners, creditors, mortgagors, tenants, and all persons benefiting from property. The insurance may be provided by their executors and agents unless otherwise specified.

Article 869. A person may make an insurance contract in the name and account of another person, but if the person who makes the contract should not be authorized by the one in whose name and count the insurance contract is made

should have accepted it before the grounds for a claim arise, he can take advantage of the insurance.

Article 970. If insurance made through an agent who has executed the contract is accepted by a person it is understood that the agent has acted in accordance with the terms of the business of his agency. If a person for whom an insurance contract is made should not have given directions concerning the terms of the insurance, the agent must execute the contract of the insurance in accordance with local costume. If it should not be understood from the contract that the insurance has been made in the name and account of another person, it is understood that the contract has been executed in the name and account of the executor.

Article 971. A creditor can insure his debt against the inability of a debtor to pay. In such case (unless otherwise stated in the contract), the insurance company can claim that the creditor should in the first instance refer to the properties of the debtor to settle his debt.

Article 872. A creditor who has in his control or in mortgage the real and personal property of a debtor, or who has a prior claim on these properties, is considered compensated by the insurance on the insured property for the destroyed property under control of the creditors.

Article 873. If the priority of a creditor in an insured property is inadequate to pay the claims of a creditor having later priority, he can not again insure the property.

Article 874. Losses suffered through illegal activities or activities not in accordance with general morality and good conduct can not be insured.

Article 875. An insurance agreement is not considered applicable if those who are insured or persons who conditionally receives benefit from insurance are aware of the occurrence of a previous accident. In such event, the insurance company may return the premium.

Article 876. The insurance company must compensate exactly for the damages actually suffered by the insured persons. Therefore, if compensation for an insured property should exceed the real price of the property, the person who has insured the property can not take advantage of the excessive price. If the insurance payment should be less than the price of the property, the insurance premium is also reduced and that part of the premium which has been collected in excess should be returned. If the insurance price is established by the report of experts selected by the consent of the parties and accepted, the insurance company can not object to the ruling.

Article 877. The insurance company can, at any time, examine the insured property to establish its price.

Article 878. If a property has been insured for its total price by its owner, this same owner can not reinsure this property against the same risks. If it should not be established in the contract that the property has been insured for its total price, than the property could be insured once or many times for its remaining price. In such case, the insurance companies who have subsequently insured the property are responsible for the remaining price from the date the contract has been made.....contracts are considered to be effective on the date executed.

Article 879 . If a property is insured by many companies at the same for the same risks, the contracts made are recognized for the amount equal to the price of the property. In such case ,each of the insurance companies is responsible in proportion to the total amount insured .

Article 880 . If a property is insured for only a part of its price, in case the rest should be insured, unless otherwise stated , the insurance company is required to compensate the later part at the same rate as the part which previously has been insured .

Article 881 . Property insured for its total price could, in the following circumstances , be insured against the same risk :

1. In case the insurance companies should approve, in which case all the contracts are taken to have been executed at the same time . and in case of loss the compensation for the loss is made by the companies according to Article 879.
2. If the policy holder transfers all rights of the first insurance company to that of a second , the method of transferring must be indicated explicitly to the second company. Contrary to this , the contract is null and void .
3. If it should be a condition that the latter insurance company is responsible for the compensation that was not made by the previous company . In such case the matter should be entered in the contract of the latter in accordance with the contract of the former.

Article 882 . The insured person must. At the time of the contract , inform the insurance company of all details which might cause a greater award and in case of fraud the insurance contract is invalidated . If in three months' time from the date the insurance company has received the correct information it does not use its right to invalidate the contract, this right is without effect. If it is proven that the insuring person has unlawful intentions, the insurance company is entitled to return the premium. No responsibility is directed to the insuring party except for those promises and answer he has made on the insurance application filled in by him.

Article 883 .If the possibility of accident is removed prior to actual responsibility of the insurance company , without the interference of the policy holder or his beneficiaries, the insurance company cannot claim the premium.

Article 884 . The insurer can , before an accident , invalidate the insurance contract partly or wholly , in such case , the insurance company is entitled to half the fee.

Article 885 . Unless otherwise stipulated , the insurance company is responsible for compensating for losses suffered through unintentional acts of the insured to himself or his beneficiaries, or the person for whose acts the insurance company is legally responsible , but in no case is the company responsible to compensate for losses suffered through fraud on the part of the insurer or the beneficiaries . Also , unless otherwise specified, the insurance company is not responsible for compensating for defects occurring in the property.

Article 886 . The insurer has five days from the day of the occurrence of the risk against which the insurance has been made to inform the insurance company , In addition to this , the insurer must take proper steps to prevent loss or reduce damage therefrom. Conditions otherwise stated in the contract in favor of the insurer concerning this situation are not valid . If the expense for the proper steps proves ineffective, the insurance company pays it, but if the insurance should not be related to the total price of the goods , the expense should be paid in proportion to the part insured.

Article 887 . If through fraud or shortcoming the insurer should not fulfill his obligations as mentioned in Article 886 , he loses his rights resulting from the insurance .

Article 888 . If a property should be insured in different insurance companies according to Article 879, in case of occurrence of the risk the insurer must , within the specified period of Article 886, inform each of the companies of the loss as well as the agreements made concerning this .

Article 889 . Unless otherwise stated each insurance company is responsible to compensate for loss suffered by the insured properties, except in case of war and transgression .

Article 890 . In case risks for which , according to Article 889, the insurance company is responsible should be an exception in the contract, and if there is loss through this type of risk , the proof of the fact that the suffered loss has been caused by the excepted risk rests with the insurance company.

Article 891 . Unless otherwise stated , the insurance company is responsible for risks which occur after the date the insurance contract has been made . If the

duration for which this responsibility is in effect is not explicit in the contract , it is determined by the Court on the basis of local custom.

Article 892 .The insurance company is entitled to premium from the date its responsibility begins.

Article 893 . Payment to the insurance company may be made in either cash or instruments that are to be paid in cash , and in monthly or yearly installments. However , if contrary to this is not agreed , payment will be made in cash when the insurance responsibility starts.

Article 894 . If the insurance premium and the process for its payment should not be decided , it is determined by the Court on the basis of local custom and circumstances .

Article 895 . The insured value is determined on the basis of the price of the insured property . If the insured value of property should exceed its real value, the real value only is paid when the insured property has all been destroyed . In case of partial loss of property unless otherwise provided, insurance for the loss is paid in proportion to the total value .

Article 896 . If the value of the insured property is not mentioned in the contract , the insuring party must prove its value in event of loss . If the Court should so wish , for its own satisfaction , it can request a sworn statements of the value form the insuring party. If the insuring party claims that the price of the property has been declared less then its actual price, he must prove his claim, but if the price of the insured property has been determined by qualified persons appointed by both parties before the loss, and fraud by the insuring party has not been proved, the insurance company can not protest this value.

Article 897: After the insurance company makes payment to policy holder, the insurance company becomes the representative of the policy holder. Therefore, if the insuring party should have claims against third person for the loss, this right in proportion to the money the company has paid is transferred to the insuring company. If the policy holder is indemnified as stated in the above -mentioned Article, he is responsible to the insurance company.

Article 898: The insurance contract is established on the bases of insurance policy or another substitute contract. The contract should be prepared in two copies. It should, in addition to the date and signature of both parties, content the following items:

1. The name and the address of the insurance company.
2. The object insure
3. The compensation of the loss promised by the company with the dates of effect and determination
4. Insurance value

5. The amount, time and place for the payment of insurance fees

6. All circumstances and factors determining the nature of the insured risks

Remark : The insurance policy is made in the name or order of the insured party or in the name of the bearer.

Article 899: Unless otherwise stated, the insurance company must present the executed contract, made directly between the insuring party or his executor and the insurance company, to the insuring party within 24 hours of the date it is made; or if the contract should have been made of ten days after the date it was made, or else the insuring party can claim the suffer loss from the insurance company and the broker through whose mediation the contract has taken place.

Article 900: The insurance premium is payable at the address of the insuring party, but a condition in the contract as to the payment of the premium at the office of the company or at its agency is valid. However, contrary to the above condition, if the insurance premium is paid at the place of policy holder, the requirement for payment at the place of insurance company is not applicable.

Article 902: If the insurance premium has not been paid at the time of the contract, or it has been agreed it will be paid on the installment, the insurance company may send the insuring party a formal warning through registered letter if it is not at the end of the installment period. In case of non payment of the premium, the contract is invalidated after a period of one month. Any condition otherwise established in the contract against the insurer is not recognized.

Article 903: If, in an insurance agreement made for a number of years, the amount of insurance payment is augmented because of especial hazard, and the hazard later disappears, the policy holder may apply for a reduction for the related years.

Article 904 : If an insurance company goes bankrupt before the expiration of an insurance policy , or if the insured goes bankrupt or otherwise is unable to pay the insurance premium , the injured party may establish a claim against the total assets of the other party in order to settle the claims resulting from the contract . If settlement has been made during a period of three days from the date of the demand , the person who has made a claim against the assets of the other party may invalidate the contract.

Article 905 : If, during the period of contract , a person whose property has been insured for some reason transfers the property , all rights of the insurance are transferred to the new owner if not contrary to the conditions of the agreement .

Article 906 : If the insuring party, without the approval of the insurance company , should change the risk location or the condition of the property from that of the time of contract, the insurance company may invalidate the contract if these changes are of a nature that would cause invalidity of the contract, or would

require heavy commitment on the part of the insurance company . If the insured person making these changes should within eight inform the company of the matter , the insurance exists if the company has not used its invalidation right during the same eight days.

Article 907 : If the insurance premium is not paid for two years , it may be settled from the insured property. This claim has priority over other debts.

Part III-Fire Insurance

Article 908 : A fire insurance company is responsible for compensating for losses suffered by fire to insured personal and real properties . An insurance company is not responsible for compensating for losses caused from intentional fires in which the insuring party is primarily or secondarily involved.

Article 909 : The following expenses , unless otherwise stated, are considered to have been caused by the fire loss :

1. The expense of an means required for the purpose of putting out the fire, such as prevention of smoke damage or other steps taken to secure the insured property or such as moving the property from one place to another , or the partial or complete destruction of the insured building which may be necessary of the purpose of preventing the extension of the fire.
2. The losses resulting from fire, lightning , explosion , and the like, even if these should not have been the cause of the fire.

Article 910 . The contract which is made for the insurance of real and personal property against fire should , in addition to the specifications of Article 899, contain the following information :

1. Location and type of building and the purpose for which insured building is used .
2. If the subject of insurance is goods are located , its construction and use .

Article 911 . Partial damage suffered by an insured building through fire is established on the basis of comparison of the value of the building before and after the fire . Damage caused by fire in and insured building is paid so that the necessary repair or replacement can be made, and if rebuilding or repairing of a building destroyed partially or completely by fire has been provided for in the contract. It is executed during a period agreed upon by both parties . In case of disagreement between the parties , this period may be determined by the Court . If the expenses should be paid by the insurance company , the insuring person must build and repair , and the insurance company has the right to control and supervise the expenses for which payment it is responsible .

Article 912 : A person who , in the account of another person, is authorized to have control over a property . can insure this property partially or completely

against fire . Also a person who by whatever means controls a property for which he is legally responsible , can insure it against fire for his personal protection.

Article 913 : In analyzing Article 912 concerning the authority to obtain insurance compensation , the insurance company will compensation only those individuals and insurer to whom they are responsible. Creditors of the policyholder cannot take advantage of insurance compensation.

Article 914 : Unless otherwise stated , the insuring party has the right to leave the property having suffered damages to the insurance company and claim its replacement .

Party IV – Transportation Insurance

Article 915 . Unless otherwise stated , in the matter of transportation insurance the insurance company is responsible for any loss or damage suffered to properties being transported on land or on the water other than the ocean ,from the date it has been given to the transporter to the date it has been received by the addressee.

Article 916 . The cost of insurance in addition to the local of merchandise insured includes freight charges and other expenses until the goods are delivered to the final destination .When goods are delivered to the final destination just profit based on common custom is applicable provided it has been entered separately in the insurance contract .

Article 917 . The contract concerning insurance transportation must have the following items in addition to the specifications of Article 898 :

1. The transportation means and route followed
2. The name and commercial title of the transporter
3. The period of transportation , if determined by the transporter and the addressee
4. The place of receipt of goods by the addressee and the place of receipt of goods by the transporter

Article 918 . The insurance company is responsible for damages caused by fraud and irregularities by the transporter's employees.

Article 919 : If transportation company should be postponed or if the route and method of transportation should be changed, the insurance contract is not invalidated.

Part V – Life Insurance

Article 920 . The life of a person may be insured either by himself or by a third person , but in order for the contract to be valid the third person should have an interest in the life of the person he has insured . A contract concerning the health

insurance of a mentally incompetent or insane person is allowed but a contract conditioned to their death is not allowed .In either case, if death should occur , half of the fees collected until the date of death is returned to the insuring party.

Article 921 . An insurance company may insure a person for a definite period of time by indicating the probability and condition of life expectancy in the insurance policy .

Article 922 . In the life insurance contract , in addition to the specifications of Article 898 , the name , age business ,and health condition of the person whose life is insured is entered . This agreement can be made either to the "named " or "the order of " but it cannot be made to the bearer .

Article 923 . If the person whose life is insured should die while the contract is in process , the insurance is not recognized .

Article 924 . In case of default of the insurance premium , the provisions of Article 902 are recognized and the insurance and the insurance company does not have to bring a case concerning this matter .

If the policy holder refuses to pay what he has promised , he cannot ask for refund of the payment which he has paid to the company .

However , if the policy holder has paid the amount for more than three years he can, after deducting one per cent from the total , apply for two thirds of the remainder .

Article 925 . The suicide of a person who has insured his life against the risk of death invalidates payment for death by the insurance company , but if the suicide should occur under circumstances beyond the control and determination of the insured , it does not invalidate the insurance .

If a beneficiary of an insurance policy should be convicted to take advantage of the insurance , and the insurance benefits go to the heirs of the person murdered.

Article 926 . A person can insure his life for whatever sum he wishes , and can insure with more than one company .

Article 927 . The authority to claim and settle rights resulting from a life insurance contract between a company and a third person belongs directly to the third person . If in the contract there should be a stipulation concerning the inheritance of a third person, according to Paragraph 1 this person has direct rights against the insurance company . A husband and wife can , on the basis of this agreement , execute two policies on the life of each other.

Article 928 . Just as the insuring party can determine the benefactor at the time of the agreement , so he can determine him after the agreement . The insurer may change the beneficiary , but if he has stated in the contract that he does not have

the right to change the beneficiary and gives the contract to the beneficiary , then he cannot change the beneficiary .

Article 929 . In case of bankruptcy or liquidation of the insurance company , claims of those who are benefiting on the basis of recognized contracts are restricted to the return of the premiums without interest that have been paid for each contract until the date of the ruling of bankruptcy or liquidation .

Article 930 . The insured may , without previous notice , travel in Afghanistan or abroad on land , sea or in the air.

A life insurance contract in time of peace and in time of armed mobilization or during internal strife and civil wars is valid unless otherwise stated . The contract is cancelled only at the start of war with a foreign country . In such case , the premium received for anticipation of death is returnable without interest.

Article 931 . The insurance payments , based on the Tontines system , are payable on a fixed date to the beneficiaries as , for example , a life annuity which has fixed installments.

Part VI - Accident Insurance

Article 932 . Accident insurance is a contract on the basis of which the insurance company promises to pay , in return for a fee , a certain lump sum and / or income in case of sickness or injury which affects the normal income of the insured , or in case of the death of the insured person because of an accident the nature of which has been defined ,or because of temporary or permanent disability of the insured . This payment is made to the insured or to his heirs or other specified person or persons who legally replace him as far as his rights are concerned . The insurance contract can be made directly by the insuring party , or a person can the contract in favor of one or many persons. Accident insurance by a group or a society is also possible . In such case it is not necessary that the names of the insured parties be mentioned . The profession or occupation is sufficient.

Article 933 . The insurance contract may be made to protect the insured from damages caused to him because of an accident . These contracts may also be made to settle damages resulting from an accident that the insured party might have to settle.

Article 934 . In respect to accident insurance , the company is required to include the following provisions in the agreement:

1. In case the accident should result in death , whether at once or in the period of one year from the date of the accident .
2. In case the accident should cause permanent disability .
3. In case the accident should cause temporary disability to work , the insured party is compensated on a day –by – day basis as long as the disability lasts.

Article 935 . Unless otherwise stated , the insurance company must pay the medical expenses actually paid by the insured party in addition to compensations mentioned in the contract .

Article 936 . The receipt of an insurance award from the insurance company does not invalidate the right of the insurance receiver to make claim against a third person whose mistake and fault is involved. The third person must , regardless of the insurance , compensate the person who has lost . In other cases relating to accident insurance , the regulations of life insurance apply.

Part VII Agricultural Insurance

Article 937 . Any kind of crop , cut or uncut , can be insured at any time of the year.

Article 938 . Agricultural insurance is valid for the period it has been contracted . The insurance period may cover a second damage after compensation has been paid for a previous damage . The extent of damage is determined by a mediator appointed by both parties .

Article 939 . Continuation of the insurance period in agricultural insurance companies which are based on the confidence of both parties is as long as the company continues . However, both the company and the stockholders at the end of each year may cancel the agreement . Condition which are contrary to this are valid.

Article 940: It is permissible to insure agricultural and domestic animals against any kind of communicable disease.

Part VIII - Theft Insurance

Article 941 . In order to protect a person against theft or persons who suffer from the loss caused by theft , it is possible to make an insurance contract against theft.

Part IX - Passage of Time

Article 942 . Any case resulting from the contract of insurance loses its effect two years from the date of the dispute.

Article 943 . After the issuance of this law , the following laws are discarded and replaced by this law: (1) commercial books law: (2) brokerage law : (3) commercial law : and (4) commercial registration law

Article 944 This law is applicable 2 months after the date it is issued

Article 945 . The authority to execute and apply this law rests with the Ministry of commerce.

We order and ordain the enactment and execution of this law among other laws of the country. Dated 21 Qaus 1334