

Amended by:

- Legislative Decree No. (15) of 1991;
- Legislative Decree No. (4) of 1992;
- Legislative Decree No. (13) of 1993;
- Legislative Decree No. (11) of 1998; and
- Legislative Decree No. (51) of 2018.

As per Legislative Decree no. (51) of 2018:

**Minister of Commerce and Agriculture has been replaced by the expression the Competent Minister for commerce affairs; and
Ministry of Commerce and Agriculture has been replaced by the expression the Competent Ministry for commerce affairs.**

LEGISLATIVE DECREE NO. (7) OF 1987 PROMULGATING THE LAW OF COMMERCE

We, Isa bin Salman Al Khalifa, Amir of the State of Bahrain,

- having reviewed the Constitution,
- and Amiri Order No. (4) of 1975,
- and upon the submission of the Competent Minister for commerce affairs,
- and with the consent of the Council of Ministers,

HAVE HEREBY ENACTED THE FOLLOWING LAW:

Article 1

The Law of Commerce, which is attached to this Legislative Decree, shall come into force; and any provisions inconsistent with the provisions hereof shall be repealed.

Article 2

The Ministers, each in his respective capacity, shall implement the provisions of this Law, which shall come into force as of the beginning of the month following the lapse of two months from the date of its publication in the Official Gazette.

**Isa Bin Salman Al Khalifa
Amir of the State of Bahrain**

Issued at Rifa' a Palace
22 Rajab 1407 hijra
22 March, 1987

THE LAW OF COMMERCE

PART ONE

COMMERCE IN GENERAL

General Provisions

Article 1

The provisions of this Law shall apply to traders and to all commercial activities undertaken by any person despite the fact that he may not be a trader.

Article 2

1. Commercial transactions shall be subject to the terms mutually agreed by the contracting parties provided that their agreement does not contradict mandatory legal provisions.
2. The absence of specific agreement, the principles of commercial custom shall apply to matters which are not specifically provided for in this Law or in any other legislation pertaining to commercial practice. Special or local custom shall prevail over general custom and usage.
3. In the absence of commercial custom, relevant provisions of civil law shall apply and in the absence of such provisions the judge shall base his ruling on the principles of Islamic Shari'a, and secondly on the principles of natural law and rules of equity.

CHAPTER 1

COMMERCIAL ACTIVITIES

Article 3

Commercial activities are such activities which are carried on by any person, even though he is not a trader, with the intent of speculation. The following activities shall, in particular, be deemed as commercial activities

1. Purchase of movables of any kind with the intention of selling or leasing them out in their original form or after conversion in any other state with the intention of making profit.
2. Sale or lease of any movable property previously purchased in the manner set forth in the preceding Paragraph.
3. Taking movables on lease basis with the intention of hiring them out or subleasing them to third parties.
4. All transactions relating to bills of exchange, promissory notes and cheques regardless of the capacity of the persons involved and the nature of the transactions for which they are issued.
5. Incorporation of commercial companies.

Article 4

All activities relating to navigation, including sea or air transport, shall be deemed to be commercial activities, and in particular:

1. Construction, repair or maintenance of ships or aircraft.
2. Purchase, sale, charter or taking on charter of ships and aircraft with the intention of utilization.
3. Purchase of equipment or provisions for ships or aircraft.
4. Sea or air transport.
5. Loading and unloading operations.
6. Contracts relating to the employment of ship captains, pilots, engineers, navigators and such other employees.
7. Lending and borrowing.

Article 5

The following shall be deemed commercial activities so long as they are undertaken as an occupation:

1. Import, export and distribution of goods.
2. Industry.
3. Road transport.
4. Commercial agencies, business of commission agency and commercial representation.
5. Auction of whatever kind.
6. Insurance business of various kinds.
7. Banking operations, foreign exchange and stock exchange.
8. Warehousing of goods, crops and other materials.
9. Printing, publication, photography, radio or television broadcasting, press, transmission of news, pictures or advertisement.
10. Extraction of natural resources such as mines, quarries, oil sources, stone cutting and such other activities.
11. Contracts of public works, construction, alterations, repair and demolition and contracts of cleaning and maintenance where the contractor undertakes to provide the required materials or workforce.
12. Purchase of properties and real estate rights with the intention of selling them and the sale thereof after having purchased them with the aforesaid intent.
13. Customs clearing, manpower agencies and sale by public auction.
14. Tourism agencies, hotels, restaurants, cinema houses, playgrounds and recreation activities.
15. Leasing or letting of houses, apartments and rooms whether furnished or unfurnished with the intent to sub-let them.
16. Distribution of water, gas or electricity and communication services.

Article 6

All activities associated with the activities referred to in the preceding Articles, as well as all activities which have, by analogy, the same characteristics and objects as the activities referred to in the preceding Articles, shall also be deemed to be commercial activities.

Article 7

1. Activities undertaken by a trader in connection with certain mailers relating to his trade shall be deemed as commercial activities.
2. Every activity carried on by a trader shall be deemed relevant to his business unless proved otherwise.

Article 8

1. An artwork made by an artist by himself or by using workers and the sale thereof, shall not be deemed as a commercial activity.
2. Similarly, the printing of a book by its author and the sale thereof shall not be deemed as a commercial activity.
3. The sale by a fanner of the products of the land cultivated by him, regardless of whether he is the owner or a mere user of such land, shall not be deemed as a commercial activity.
4. However, if a farmer transforms the products of the land cultivated by him and uses for this purpose machines with large power capacity, or a small number of workers or sets up a permanent store or factory for the sale of his products in its original state or subsequent to any processing, the sale in such case shall be deemed as a commercial activity.

CHAPTER 2 TRADERS

Article 9

Each of the following is deemed to be a trader:

1. Any legally competent person carrying on any commercial business in his own name and for his own account.
2. Any company incorporated in one of the forms prescribed by the provisions of the Commercial Companies Law for any object.

Article 10

Every Bahraini who is 18 years of age with no legal restrictions imposed against him personally or against the type of commercial business he is undertaking, shall have the capacity to undertake commercial business.

Article 11

1. If a minor or an incompetent person owns funds in a commercial business, the Court may order the liquidation of his share and withdrawal of his funds from such business or the Court may alternatively, allow his continuation in the business, whichever is beneficial.
2. Where the Court orders continuation in the business, it may grant the person acting on behalf of the minor a general or restricted authorization to perform all required acts.

3. A minor or an incompetent person shall be only liable to the extent of his funds which are invested in such business. He may be declared bankrupt. However, bankruptcy shall not include funds which are not invested in the business nor shall it have any effect with regard to the person of such minor or incompetent person.

Article 12

Where serious causes have arisen giving grounds for fearing mismanagement by the person in charge of the management of the funds of a minor or incompetent person, the Court may withdraw the authorisation provided for in the preceding Article or limit such authorisation, without prejudice to the rights acquired by third parties in good faith.

Article 13

Every order issued by the Court to continue with the business undertaken by the minor or incompetent person, to withdraw the authorisation, to continue carrying on the business or to restrict such authorisation, shall be entered in the Commercial Registry and shall be published in the Official Gazette.

Article 14

1. The legal capacity of a married foreign woman to conduct commercial business shall be regulated by the law of the country of her nationality.
2. A foreign woman who undertakes a commercial business as an occupation shall be presumed to be undertaking such business with the permission of her husband. Where the applicable law grants the husband the right to object to his KJ wife carrying on business, or if the husband withdraws his previous permission, his objection or withdrawal of the permission shall be entered in the Commercial Registry and shall be published in a local newspaper.
3. The objection or withdrawal shall have effect from the date of the completion of such publication.
4. Objection or withdrawal of the permission shall not affect rights acquired by bona fide third parties.

Article 15

1. It shall be assumed that a foreign wife is presumed to be married on separation of property basis, unless the financial agreement between the spouses provides otherwise.
2. A financial agreement between the spouses shall only be valid towards third parties after the advertisement thereof by entry in the Commercial Registry and the publication of a summary thereof in the Official Gazette.
3. Failure to carry out the advertisement formalities set forth in the preceding paragraph shall entitle a third party to establish that the marriage has taken place on the basis of financial arrangements which is more beneficial to him other than the separation of property basis.

4. A judgment passed by a foreign court ordering the separation of the spouses shall only be valid towards third parties from the date of entering such judgment in the Commercial Registry and publication of the summary thereof in the Official Gazette.

Article 16

1. Without prejudice to the provisions of the Commercial Companies Law, a non-Bahraini shall not carry on commercial business in Bahrain unless he has a Bahraini partner holding at least 51% of the capital.
2. Non-Bahraini traders whose names are registered in the Commercial Registry on the date of coming into force of this Law shall be granted a two-year period for adjusting their affairs in compliance with the provisions of the first Paragraph of this Article, otherwise their names shall be struck off the Commercial Registry. The provisions of the preceding Paragraph shall not apply to GCC nationals engaged in trade on the date of coming into force of this Law, and they shall be entitled to carry on trade without the requirement of engaging a Bahraini partner.

Article 17

1. The provisions of this Law shall not apply to small craftsmen.
2. Small craftsman include every person who is engaged in an occupation that requires modest overheads and uses his manual power or machines with low mechanical power or a small number of workers to acquire an amount of income which would secure his daily living expenses. Such small crafts shall be determined by an order of the Competent Minister for commerce affairs.

Article 18

1. A person shall be assumed to be a trader if he makes an announcement in the newspapers, circulars, papers or such other media. This presumption may be rebutted by establishing that such person has not actually undertaken any trading activity.
2. The definition of a trader shall apply to any person who undertakes commercial business under a different name or by acting through another person. The definition shall also apply to the disclosed person.
3. If a person, prohibited from carrying on commercial business in accordance with certain laws, regulations or systems, undertakes any commercial activities he shall be deemed to be a trader and the provisions of this Law shall apply to him.

Article 19

1. Government ministries, the Municipality, societies and clubs shall not be deemed to be traders. However, commercial transactions concluded by such organizations shall be subject to the provisions of the Law of Commerce.
2. The definition of a trader shall apply to companies established or acquired by the State, public corporations that undertake mainly commercial business and institutions held by foreign countries which carry on commercial business in Bahrain. All these organizations shall be subject to the provisions applicable to traders, unless the Law provides otherwise.

CHAPTER 3 COMMERCIAL BOOKS

Article 20

"As amended by Legislative Decree No. (51) of 2018"

1. Every merchant, whether an individual or a company shall maintain such commercial books that the nature and significance of his business of its business may require, in a manner that establishes its financial position and its rights and obligations that are related to his business.

Such books shall be regular. The merchant, manager of the enterprise or the liquidator - as the case may be - shall be responsible for the accuracy and integrity of the information in the commercial books, bookkeeping and its submission upon request to the same to the Ministry concerned with commercial affairs.

2. In all cases, a Merchant shall maintain at least the following two books:
 1. Original journal.
 2. General ledger.
3. Subject to the approval of the Council of Ministers, the Competent Minister for commerce affairs may issue a resolution prescribing a transitional period commencing from the date of coming into force of this Law during which merchants shall not be obliged to maintain commercial books. The Competent Minister for commerce affairs may extend such period and may determine the capital for the merchant who shall be exempted from maintaining commercial books.
4. The Competent Minister for commerce affairs may, subject to the approval of the Council of Ministers, exempt by a resolution to be issued by him such companies, firms and banks as specified, which use computers for maintaining their accounts, from the requirement to maintain commercial books. The order issued in this respect shall prescribe the rules and procedures which ensure the accuracy and correctness of the information entered in the computer.

Article 21

1. In the journal shall be entered all commercial transactions undertaken by the merchant as well as the merchant's personal withdrawals. Such entries shall be made on a daily basis and in detail, except for personal withdrawals which may be recorded in total every month.
2. A merchant may use subsidiary journals to assist him in recording details of various commercial transactions. In such cases, it shall be sufficient to record the totals of these transactions in the main journal book on regular intervals as extracted from the subsidiary journals. If this procedure is not followed, every subsidiary journal shall be treated as a main journal.

Article 22

1. In the general ledger shall be entered all the accounting operations extracted from the journal book based on the supporting documents, and in particular the accounts relating to the cash and bank, partners, creditors, debtors, incomes, expenses and withdrawals.

2. A merchant shall, at the end of regular intervals, record the accounts referred to in the preceding paragraph for the purpose of preparing a trial balance, making the necessary stock-adjustments and drawing up the final accounts for the balance sheet.

Article 23

1. A merchant shall keep true copies of all the incoming and the outgoing correspondence, telegrams and other documents relating to his trade.
2. Maintenance shall be made in an organized manner for easy reference.

Article 24

1. Commercial books shall be free from any blanks, deletions, erasures, writing of the margins or between the lines.
2. Before using the two books referred to in Article 20(2), each page of the books shall be numbered and each page shall be signed by the person designated for this purpose by an order of the Competent Minister for commerce affairs, and the stamp of the concerned directorate shall be affixed therefore after stating the number of pages of the book.
3. Should the pages of either of the two books have been filled up, the merchant shall present the book to the Competent Ministry for commerce affairs to make an entry thereon to that effect prior to using a new book. The merchant shall also present the said book at the end of every financial year to the Competent Ministry for commerce affairs for certifying the number of pages used during the year.
4. In the event of the cessation of the commercial activity the merchant or his heirs shall present the aforesaid books to the Competent Ministry for commerce affairs to make an entry thereon to this effect.
5. The signature and the entries in the aforementioned cases shall be free of any fees. Subject to the approval of the Council of Ministers, the Competent Minister for commerce affairs may issue an order to stop the implementation of Clauses (2) and (3) for a certain period or for successive fixed periods, as required.

Article 25

1. A merchant or his heirs must keep the commercial books and the documents supporting the entries made therein for a period of ten years commencing from the date of their closure.
2. They must also keep the correspondence and telegrams for a period of five years commencing from the date of dispatch or receipt thereof.
3. Banks and companies specified by a resolution of the Competent Minister for commerce affairs must keep, for the period prescribed in the preceding two Paragraphs, microfilms of the documents instead of keeping the original documents provided that the original copies of the documents are kept for a period of two years at least. Such microfilm copies shall be deemed admissible evidence.

Article 26

1. Entries made in the commercial books by the authorized employees of the merchant shall be deemed effective as the entries by the merchant personally.

2. All entries affected in the merchants book, shall be presumed to have been made with his knowledge and consent until the contrary is proved.

Article 27

On hearing a suit, the Court may, on request of one of the parties or upon of its own initiative, order the production of the books to decide on the issues before the Court. The Court may undertake the examination of the books by itself or with the assistance of an expert to be appointed for this purpose.

Article 28

1. The Court may not, in the course of order to the merchant to deliver his relating to the dispute to the other disputes relating to estates, companies owned property.
2. In bankruptcy or composition claims, books shall be delivered to the Court, the trustee or composition officer.

Article 29

The Court may, on hearing the suit order the search of the merchant's place of business to find out whether he keeps commercial books.

Article 30

The Court may consider the refusal of the merchant to produce his books for personal as evidence of the facts required to be proved by the books and to ask his opponent to take the supplementary oath.

Article 31

1. Failure to maintain the books provided for in Article 20 or to comply with the provisions relating to the organisation thereof the hearing, issue an books and documents party except for the and division of jointly shall be punishable by a fine of not less than BD 100 and not exceeding BD 1,000.
2. Officers authorized by the resolution of the Competent Minister for commerce affairs shall have the power to enter to ascertain whether the commercial books referred to in Article 20 of this Law are maintained and whether the regulation for the organisation thereof are followed and, in the event of any violation, they shall have the power to draw up the required statement.

CHAPTER 4

PLACE OF BUSINESS, TRADE NAME UNFAIR COMPETITION AND COMMERCIAL STATEMENTS

Section 1 **Place of Business**

Article 32

1. The place of business is the merchant's premises and the rights attached thereto.
2. The place of business comprises a collection of tangible and intangible elements, which vary according to the circumstances; they include in particular: the goods, business furniture, industrial machinery, contacts with customers, goodwill, trade name, lease right, trademarks and statements, patents, licenses, drawings and designs.

Article 33

if a contracting party fails to state the elements comprising the place of business subject to the contract, it shall comprise, in addition to contacts with customers and goodwill, all other tangible or intangible element required for the utilisation thereof in the manner intended by the parties.

Article 34

A disposal of the premises shall not include the immovable property where the place of business is situated, and any condition to the contrary shall be deemed null and void.

Article 35

Any disposal executed for the transfer of the ownership of the place of business or the creation of any real right associated therewith shall be made by a written contract before the notary public. Any transaction executed for the transfer of the ownership of the place of business or the creation of a real right without being authenticated before the notary public shall not be valid between the parties nor towards third parties.

Article 36

1. Any disposal of the place of business shall be recorded in a special register to be maintained at the Commercial Registry. Such register shall be organized in accordance with the provisions of a resolution of the Competent Minister for commerce affairs.
2. The disposer shall, upon applying for registration, submit a formal copy of the contract of disposal accompanied by two copies of a statement of the particulars of the contract, including the following:
 1. Name of the disposer, his title, nationality, occupation and domicile.
 2. Name of the dispose, his title, nationality, occupation and domicile.
 3. Location of the place of business, its objects, its branches if any and the parts of which it is made up which are affected by the disposal.

4. Where the disposal constitutes sale, the contract shall state the sale price fixed for the equipment, goods and the tangible elements and the price fixed for the intangible elements of the place and statement of whether the seller has maintained for himself the reserved the sellers privilege and the right to rescind the contract of sale or cancels the sale.
5. The name of the lessor, lease term, annual rental and dates on which the rent is payable.

Name of the company with which insurance is taken against fire and other risks.

3. In addition, a summary of the disposal shall be published in one of the local newspapers containing the following particulars:
 1. Names and addresses of the contacting parties.
 2. Date of the disposal, its nature and rights and obligations arising there from.
 3. Type of the place of business and the elements agreed by the two parties to be included with disposal.
 4. Price of the business if the disposal is a sale and the mode of payment of the balance of the price.
4. Transfer of ownership of the place of business shall only be effective, towards the contracting parties or third parties from the date of entering the disposal in the special register kept for this purpose and publication of a summary thereof in one of the local newspapers.

Article 37

If the disposal of the place of business includes elements subject to special rules of advertisement or registration, such as trade marks and similar items, the registration of the disposal and publication in accordance with Article 36 of this Law shall not substitute registration and publication in respect of such elements according to the law governing them.

Article 38

1. A disposal of the premises shall include all the rights and obligations relating thereto unless agreed otherwise, in which event the dispose shall be jointly liable with dispose with regard to such obligations.
2. The dispose may fix a date for the former creditors prior to the date of publishing the summary of the disposal to submit theft claims for settlement. Advertisement shall be in one of the local newspapers and not be less than 60 days from the date of publication.
3. The dispose shall be discharged of liability for debts owed to persons who fall to notify of such debts by registered mail within the period prescribed by the preceding paragraph and the disposer shall be solely liable for such debts.

Article 39

1. Entry in the Register shall secure the seller's privilege for a period of two years from the date of entry. Such entry shall be deemed cancelled if not renewed during the aforesaid period.
2. In the event of moving the premises, entry shall be made in the margin of the Register showing the new address of the premises.

Article 40

Notwithstanding the provisions relating to bankruptcy, a seller of a place of business who has not received the full price may claim against the creditors in the purchaser's bankruptcy proceedings and his right to rescind the sale contract recover the place of business, subject to the sale contract, or his right to the seller's privilege, provided that he has previously maintained his right to rescind, or the seller's privilege and provided that the sale contract has been executed in accordance with the provisions of Article 35 and 36 of this Law. A rescission or privilege shall only apply to the elements included therein.

Article 41

1. Any seller claiming rescission shall serve notice on creditors with recorded debts against the business at their elected domiciles shown in the entries.
2. Where the seller stipulates, at the time of the sale, that the sale should be rescinded by the operation of the law if the price is not paid in full at the fixed time, or where both the seller and buyer agree to rescind the sale, the vendor shall register creditors at their elected domiciles, of the rescission or the agreement thereon.

Article 42

1. The seller's privilege shall be deleted in the event of agreement by the parties to that effect or if the buyer pays the balance of the price and other related amounts.
2. Deletion shall be effected by making an entry in the Registry margin.

Article 43

A place of business may be mortgaged and if the mortgaged element is not accurately indicated the mortgage shall only apply to the trade name, lease right, contacts with customers and goodwill.

Article 44

1. A mortgage shall only be concluded by a formal instrument in writing executed before the Notary Public, otherwise it shall be null and void.
2. The mortgage deed must contain a statement by the debtor to whether the seller has a lien over the place of business, as well as the name of the company which insured the place of business against fire, if any.

Article 45

1. The mortgage contract is completed by entry in the Commercial Registry.
2. The entry in the Registry shall preserve the right for a period of five years from the date of entry. Such entry shall be deemed cancelled if not renewed within the aforesaid period.

3. The entry shall be deleted by mutual agreement of the parties concerned or pursuant to a final court judgement.

Article 46

A mortgage shall be responsible for maintaining the mortgaged place of business in good condition.

Article 47

The provisions of the Civil and Commercial Procedures Act shall apply in the event of non-payment of the balance of the price.

Article 48

The seller and the mortgagee, shall have the same rights over the sums resulting from the insurance on items sold and insured provided that such sums become payable.

Article 49

The lessor of the place wherein the mortgaged furniture and equipment used in operating the business are kept may not exercise his right for more than two years.

Section 2 Trade Name

Article 50

Without prejudice to the provisions of the Commercial Registry Law issued by the Amid Decree No. (1) Finance 1961, as amended, a trade name shall be subject to the provisions contained in the following Articles.

Article 51

1. A trade name is composed of the merchants name and title. It must be clearly different from names registered previously.
2. A trade name may contain particulars of the persons mentioned therein concerning the type of trade for which it is meant. It may include an invented name. In all cases, a trade name should be consistent with the actual business conducted and should not be misleading or affecting public interest.

Article 52

1. The trade name shall be registered in the Commercial Registry in accordance with the provisions of the Commercial Registry Law issued by Amiri Decree (1) Finance of 1961, as amended.
2. Subsequent to the registration of the trade name, no other merchant is entitled to use that name for the type of trade carried on by him.
3. Should the name and title of the merchant be similar to a trade name previously registered in the Registry, he shall be required to amend his name with such particulars to distinguish it from the trade name previously registered.

Article 53

The merchant shall conduct his business transactions and sign the related documents with his trade name. He shall display the said trade name at the entrance of his place of business.

Article 54

The trade name may not be disposed of independently of the place of business; however in the event of disposal of the place of business by the owner such disposal does not include the trade name, unless it is, expressly or impliedly provided.

Article 55

1. The transferee of a place of business shall not be entitled to use the trade name of his predecessor, unless he acquires such name or the predecessor authorize him to use it. In any case, the transferee shall be required to add to the said trade name a statement indicating the transfer of ownership.
2. If the predecessor agrees to the use of the original trade name without any additions, he shall be liable for the obligations of the successor contracted under the said name in the event of failure of the successor to performing such obligations.

Article 56

1. The person who acquires a trade name belonging to a place of business shall succeed his predecessor in all obligations incurred and rights accrued under the said trade name. Any agreement to the contrary shall not be effective towards third parties unless entered in the Commercial Registry or unless it has been brought to the knowledge of the parties concerned.
2. Liability for the predecessor's obligations shall cease after five years from the date of transfer of the ownership of the place of business.

Article 57

The transferee of a business without the trade name shall not be liable for his predecessor's obligations, unless an agreement to the contrary is entered in the Commercial Registry.

Article 58

1. The trade names of companies shall be in accordance with the provisions of the relevant legislation.
2. A company may keep its original trade name unaltered if a CD new partner joins the company or if a partner, whose name was included the company name, leaves a company, provided that such partner or his heirs have agree to retention of the name in the trade name.

Section 3 **Unfair Competition**

Article 59

1. If a trade name is used by a person other than its owner, or if the owner uses it in contravention to the Law, interested parties shall be entitled to apply for the discontinuation of its use and may claim also to delete of the name from the Commercial Registry and may claim damages if such claim is admissible.
2. These provisions shall apply to the use of trademarks and descriptions in the manner provided for in this Law.

Article 60

A merchant may not conunit acts of fraud and cheating in the course of marketing his goods, nor may he disseminate false statement that is likely to have a detrimental effect on the interests of one of his competitors merchants. Otherwise, he shall be liable for damages.

Article 61

A merchant may not disseminate false statements regarding the origin or description of his goods or relating to the importance of his trade, nor may he falsely declare that he holds a rank, certificate or award nor may he resort to any other misleading methods with the intent of attracting the customers of a competitor merchant. Otherwise, he shall be liable for damages.

Article 62

A merchant shall not induce the workers or employees of another merchant to assist him in attracting the customers of that merchant or to leave such merchant's service to work with him and to disclose the trade secrets of the competitor. The foregoing acts are deemed to be unfair competition liable to damages.

Article 63

Should a merchant issue a false certificate of good conduct to a former employee or a worker which subsequently led to misleading another bona fida merchant who sustains damage as a

result of such act, the latter may, as the case may be, claim reasonable damages from the first merchant recourse against the former for fair damages.

Article 64

Any person, engaged in the business of supplying information to commercial houses about the conditions of commerce, who intentionally or as a result of gross negligence furnishes false statements about a merchant's conduct or his financial position, shall be liable for compensation for the damage sustained as a result of his wrongful act.

Section 4 Commercial Statements

Article 65

Any explanation connected directly or indirectly with the following is deemed to be a commercial statement:

1. The number, quantity, measurements, size, weight or capacity of the goods.
2. The place or country where the goods have been manufactured or produced.
3. The method of manufacture or production.
4. The ingredients used in the manufacture of goods.
5. The name or description of the producer or manufacture.
6. The existence of patents or such other rights of industrial intellectual property, or any franchise awards or commercial or industrial privileges.
7. The name or form by which the goods are known or assessed.

Article 66

A commercial statement must reflect the factual situation in all aspects regardless of whether it is displayed on the products, premises, stores or their names or on the wrapping, invoices, letters, advertising materials or such other items that are used for offering the goods to the public.

Article 67

1. The name or trade name of the seller may not be put on products imported from a country other than that where the sale is carried out, unless it is accompanied by an accurate statement written in conspicuous characters indicating the country or place where they are manufactured or produced.
2. Persons resident of region renounced for the production or manufacture of certain products, who trade in similar products imported from other regions, may not put their marks on these products if this might mislead the public as to the origin the origin of

such products, even if the marks do not contain the names or addresses of such persons, unless measures are taken in or order to avoid confusion.

Article 68

A manufacturer may not use the name of the region where he has a principal factory on products manufactured for him in a different region unless such name is accompanied by a statement indicating the name of the latter region in a manner which prevents any confusion.

Article 69

1. Prizes, medals, diplomas or honorary degrees of any kind whatsoever may not be mentioned except in connection with the products to which they apply and to persons and trade names to whom they are awarded, or to whom the rights have devolved provided an accurate statement is given regarding the date, kinds and fairs or contests where they are granted.
2. Any person who participates with others in exhibiting products in fairs may not use, on his own products, the awards granted to the common products on show, unless he shows clearly the origin and kind of such awards.

Article 70

1. Where the quantity, measurements, weight, volume, size, origin or the ingredients used in its composition, are of the nature which affect the valuation of the product, the Competent Minister for commerce affairs may issue a resolution prohibiting the import, sale or offering for sale of such products unless they carry one or more the foregoing particulars.
2. A resolution of the Competent Minister for commerce affairs shall prescribe the mode of displaying the particulars on the products, and the alternative procedure to be followed in case of inability to perform the foregoing, provided that such particulars shall be written in Arabic.

Article 71

Any person who, intentionally, contravenes any of the provisions of Articles 65-70 relating to commercial statement shall be liable to imprisonment and a fine not exceeding five hundred Dinars or either of them.

CHAPTER 5 COMMERCIAL OBLIGATIONS

General Provisions

Article 72

If a contract is of a commercial nature with respect to one of the contracting parties, the provisions of the Law of Commerce shall apply to all the parties concerned unless the Law otherwise provides.

Article 73

1. Persons collectively obliged in respect of a commercial debt shall be jointly liable for such obligation, unless otherwise provided by the Law or agreement of the parties.
2. This provision applies to collective guarantors of a commercial debt.

Article 74

1. A guarantee shall be deemed a commercial guarantee where a person guarantees a debt which is deemed a commercial debt with regard to the debtor.
2. A guarantee shall be established in the manner whereby the original obligation is established.
3. The guarantor in a commercial guarantee may not, even if he is not jointly liable, claim prior resort to the debtor unless otherwise agreed upon.

Article 75

Where a merchant conducts transactions or renders services, associated with his commercial activities, for third parties he shall be deemed to have done so for consideration, unless the contrary is proved. Such consideration shall be determined in accordance with the prevailing custom and, in the absence of such custom, consideration shall be determined by the Court.

Article 76

1. Any loan contracted by the merchant for transactions associated with his activities shall be deemed to be a commercial loan.
2. It shall be presumed that the contracting parties have agreed that the loan be interest bearing unless different intention is proved.
3. Where the business of a merchant requires granting loans for his being a merchant customers, or others, or payment of amounts or expenses for their account, he shall be entitled to claim interest from the date of payment unless otherwise agreed.
4. Interest shall be calculated at the legally applicable rate unless a different rate is agreed upon, provided it shall not exceed the legally prescribed limits.
5. The Bahrain Monetary Agency shall, by a notice issued from time to time, determine the legal rate and the maximum rate of interest provided for in the preceding paragraph.
6. The interest amount shall be payable at the end of each year if the debt is granted for more than one year and on maturity date if the debt is for one year or less unless otherwise agreed.

Article 77

1. Claims and authorizations issued by a merchant in connection with his business affairs shall not lapse upon his death.
2. However, his heirs may revoke them should they decide to discontinue the trade, and the heirs, shall not, in such event, be liable for payment of damages to any party or contract with the deceased provided he was notified of the revocation within reasonable time.

Article 78

If a date is fixed for the performance of a contract and if performance is not effected on such date by the debtor, then the creditor may not be compelled to accept performance.

Article 79

If a contracting party reserves the right to rescind the contract, his performance of his obligations under the contract or his acceptance of performance by the other party of his obligations shall deprive him of the right to rescind such contract.

Article 80

A warning or a notification connected with commercial matters shall be by a registered mail or by registered mail with a delivery note. For urgency purposes, a warning or a notification may be sent by a telegram or a similar device.

Article 81

"As amended by Legislative Decree No. (4) of 1992"

1. Interest for delay of payment of commercial debts shall accrue upon maturity of such debts, unless the law or the agreement provides otherwise.
2. Total interest charged by the creditor shall not exceed the principal amount on the basis of which interest is calculated. This provision applies to debts with a repayment period not exceeding seven years. Any contradicting stipulation shall be null and void.
3. The provisions of paragraph (2) shall not apply to interest on debts on transaction contracted in foregoing currencies.
4. The creditor shall be entitled to claim complementary damages to be added to the delay interest and shall not be required to prove that the damage exceeding such interest has been caused by the debtor's fraud or gross negligence.

Article 82

Repayment of a commercial debt by a person in possession of a promissory note showing a discharge signed by the creditor, or by a person in possession a valid discharge issued by a creditor or his agent, discharges the debtor from liability, unless the creditor proves that the

debtor has not conducted the usual investigations to ascertain the validity of repayment. (1) As amended by Amiri Decree 15/1991 and 4/1992.

Article 83

1. Every instrument for the payment of a certain sum of money or delivery of goods may be transferred by way of endorsement if it is issued to the order of the creditor or by way of delivery if it is issued to bearer.
2. Endorsement or delivery shall transfer all the rights emanating from the instrument to the new holder.
3. The endorser guarantees fulfillment of the right established by the instrument on maturity date unless it is mutually agreed to restrict the guarantee to the existence of the right at the time of endorsement.
4. If an instrument is issued in connection with a commercial transaction, the signatories thereto shall be jointly liable unless it is otherwise agreed.
5. In all cases, a debtor may not raise against the holder of the instrument based on his personal relationship with the issuer of the instrument or the former holders thereof, unless it is the intention of the holder at the time of acquiring the instrument to cause damage to the debtor or if the defense relates to the debtor's lack of capacity.
6. A debtor is entitled to refuse to pay the value of the instrument unless it is delivered to him marked as paid.

Article 84

Possession by the debtor of the debt instrument constitutes a presumption of discharge of his liability unless the contrary is established.

Article 85

The rules applicable to the loss of commercial papers shall apply to the loss of debt instrument unless it is otherwise provided by the Law.

Article 86

1. Commercial obligations regardless of their value may be established by all means of evidence unless otherwise provided.
2. With the exception of the cases where the Law requires production of documentary evidence with respect to commercial matters, it is admissible to rebut the contents of a document or to avoid such item of evidence by resorting to all other means of evidence.

Article 87

1. Obligations of merchants incurred in connection with their commercial activities towards each other shall be statute barred upon the lapse of ten years from the due date of performance unless a shorter period is prescribed by Law.
2. Final judgments issued in law-suits raised by merchants against each other and in connection with their commercial activities shall become statute barred after a period of ten years.

Article 88

Simple documents are admissible in evidence against third parties in commercial matters on the date thereof despite the fact that such date may not be established unless it is legally required to establish the date. The date of a simple document shall be presumed correct until the contrary is proved.

Article 89

Commercial books may be admitted in evidence in Law suits raised by or against merchants provided that such books relate to their commercial activities in accordance with the following rules

Entries made in the books may, despite the fact that such books may not be regular, be admitted in evidence against the owner of the books. However, it is not permissible for a person intending to use these books in evidence for his case to separate entries recorded therein.

Entries made in the regularly maintained books in accordance with the provisions of this Law shall be admissible in evidence for the benefit of the merchant who maintains them against any other merchant party to the dispute, unless they are rebutted by the other party by the entries in his regularly maintained books or, if he is able to establish their inaccuracy, by rebutting evidence.

If the comparison of the regularly maintained books of the two parties in accordance with the provisions of the Law results in establishing a contradiction in the items of evidence produced, the Court may require further evidence.

If the particulars contained in the books of the two parties in a situation where the books of one party were regular and books of the other are not, the regular book shall be admissible unless the other party produces evidence to the contrary.

Article 90

If the Court decides to admit the contents of commercial books, it shall require the party who maintains the book to establish, under oath, the accuracy of the particulars to be admitted in evidence and the existence of the obligation on the debtor.

Article 91

The Competent Minister for commerce affairs may, subject to the approval of the Council of Ministers, issue a resolution exempting financial institutions from the application of any of the rules contained in this Part.

PART TWO DEFINED COMMERCIAL CONTRACTS

CHAPTER 1 COMMERCIAL SALES

Section 1 General Provisions

Article 92

The provisions of this Chapter shall only apply to the sales contracted by merchants with respect to transactions associated with commerce unless it is otherwise provided.

Article 93

A sale is a contract whereby a seller undertakes to transfer the ownership of a property in consideration for a cash price. Should the consideration be in cash and in kind, it shall be imperative for the contract to be a sale that the cash consideration be greater than that in kind.

Article 94

1. The buyer shall be adequately aware of the sold property, and such awareness shall be deemed sufficient where the contract contains particulars of the sold property and its basic characteristics to the extent of making it easily identifiable.
2. If it is stated in the sale contract that the buyer is aware of the sold property, he shall not be entitled to claim rescission of the sale by alleging lack of knowledge unless fraud is established on the part of the seller.

Article 95

1. If it is agreed that the buyer may prescribe the form, size or other characteristic of the sold property, the buyer shall be obliged do so within on the agreed time or within a

reasonable period in the absence of such agreement, otherwise the seller shall be entitled to claim rescission and compensation.

2. The vendor may determine, after the lapse of the aforementioned time limit, the characteristic of the sold property and such determination shall be final, provided the buyer does not object to it within a period of fifteen days from the date of notification thereof.

Article 96

1. Where the sale is by sample, the sold property should correspond to the bulk.
2. If the sample is perished or destroyed while in the possession of one of the contracting parties, regardless of absence of negligence the party shall be obliged to establish that the sample corresponds to the bulk.

Article 97

1. In a sale on trial basis, the buyer is entitled to either accept or reject the sold item, and the seller is obliged to enable him to try the product. If the buyer rejects the sold item, he should notify his rejection within the agreed period and, if no such period is agreed by the parties, rejection should be notified within a reasonable period to be determined by the seller. If such period expires with the buyer remaining silent despite the fact of being able to try the sold item, his silence shall be deemed to be an acceptance.
2. A sale on a trial basis shall be deemed to be conditional upon the acceptance of the sold item, unless it is established the agreement of the parties or the circumstances thereof that the sale is conditional on rescission term.

Article 98

Where a sale is on tasting basis the buyer shall be entitled to accept the sold item on his discretion, however buyer should notify his acceptance within the period prescribed by the agreement of the parties or by usage. A sale shall be deemed to have been concluded from the time of notification.

Article 99

1. The assessment of the price may be limited to stating the basis which is to be used for determining price in the future.
2. If it is agreed that the sale shall be at the market value, the price shall be determined on the basis of such price at the time and place wherein the contract has been concluded unless it is otherwise provided by the agreement of the parties or by usage.

Article 100

If no price is fixed by the parties, the sale shall be made at the price of previous dealings between them and where no previous dealings exist between the parties, the sale shall be made at the market price, unless it is established from circumstances or commercial usage that a different price should be applied.

Article 101

A third party may be authorised to determine the price, and if the price is not determined by such party on the fixed date or within a reasonable period of time, the current market price shall apply at the time and place wherein the contract has been concluded. If it is not possible to ascertain the market price, it shall be determined by the Council.

Article 102

1. If the price is assessed on the basis of weight, it shall be determined on the net weight, unless it is otherwise provided by the agreement of the parties or by the prevailing usage.
2. Any shortfall which is deemed to be tolerable by custom shall not be considered.

Article 103

1. If no date is fixed for delivery, it shall be made upon the conclusion of the contract, unless it is imperative by the nature of the sold item, in accordance with the prevailing usage, to fix another date for delivery.
2. If it is agreed by the parties that the buyer should fix the date of delivery, the seller shall be obliged to deliver fixed by the buyer, subject to the prevailing usage and the requirement of the nature of the sold item.

Article 104

1. If the seller fails to deliver on the fixed date, the contract shall be deemed to have been rescinded without any notice, unless the buyer notifies the seller within three days from the fixed date of his adherence to the terms of the contract.
2. The buyer is entitled to claim from the seller, by way of compensation, the difference between the agreed price and the amount paid by him in good faith to acquire a similar item.
3. If the sold item has an ascertained market price, the buyer may, regardless of whether he has actually bought a similar item, claim from the seller the difference between the prices agreed and the market price on the date fixed for delivery.

Article 105

If partial delivery of merchandise is agreed, the purchaser may claim rescission of the contract if the seller fails to deliver any of the installments on its due date. Rescission shall not apply to the goods delivered prior to that date unless partial delivery of the sold goods results in serious damage to the buyer.

Article 106

1. If the seller, at the request of the buyer, sends the sold goods to a destination other than the destination specified for delivery the risk of destruction of the sold good shall be borne by the buyer from the date of delivery of the goods to the carrier.

2. In the event of noncompliance by the seller with the instructions issued by the buyer in connection with the means of transport, the seller shall, unless such noncompliance was done for necessity, be liable for any damage to the sold goods resulting from noncompliance.
3. Expenses incurred as a result of delivery to a destination other than destination agreed upon shall be borne by the buyer unless otherwise agreed.

Article 107

If the merchandise is destroyed prior to delivery to the buyer for any reason beyond the seller's control, the sale contract shall be rescinded and the buyer shall recover the sale price, unless the destruction took place after notification to the buyer to take delivery of the merchandise.

Article 108

1. If the price is not paid on the agreed date, the seller shall be entitled, upon notification to the buyer, to resell the goods. If the goods are sold in good faith at a price lower than the agreed price, the seller shall be entitled to claim from the buyer the difference between the two prices.
2. Where the goods sold have an ascertained market price, the seller may claim payment of the difference in market price by the buyer.

Article 109

1. If the buyer refuses to take delivery of the sold item, the seller may keep it with a trustee and sell it by public auction after a reasonable time as determined by the seller with immediate notification to the buyer. Perishable goods may be sold by public auction without notification.
2. Where the sold item has an ascertained market price, it may be sold at such price.
3. The seller shall deposit the proceeds of sale at the Court safe, pending the settlement of the dispute between him and the buyer without prejudice to his right to deduct the price and the expenses of warehousing and sale.

Article 110

If it is revealed after delivery that the quantity of the goods is less than what has been agreed, the goods are defective or not corresponding to the terms of contract or sample, the buyer shall not be entitled to claim rescission unless the shortfall, defect or discrepancy results in rendering the goods not fit for the purpose intended by the buyer if it becomes difficult for the buyer to dispose of the goods unless it is otherwise agreed or provided by usage.

Article 111

1. In the cases referred to in the preceding Article, the buyer must notify the seller of the existence of the shortfall, defect or discrepancy within fifteen days from the date of

actual delivery of the goods and he must, also raise the rescission suit within one year from the date of delivery, otherwise he shall not be entitled to raise such action.

2. The parties may agree to extend or shorten the period prescribed by the preceding paragraph or exempt the buyer from complying therewith.

Article 112

If it is revealed after delivery that the quantity of the goods exceeds the agreed amount the seller should not be entitled to receive the corresponding price balance unless the buyer refuses to pay such balance after notification thereof.

The seller's claim for payment of the balance price shall be statute barred upon the lapse of one year from the date of actual or constructive delivery.

Article 113

The buyer who pays the full price is entitled to require the seller to furnish him with an invoice for the goods indicating the price paid therefor.

Article 114

1. If the goods are protected by a trade mark the parties may agree to commit the buyer to a minimum price in the event of resale.
2. Such condition shall be void where the buyer is a non-profit making organization or the sold commodity is a necessity.
3. The successors of the buyer shall not be bound by this condition unless they are aware of its existence or if they were able to be aware thereof.

Section 2 Particular Commercial Sales

1- Hire Purchase

Article 115

Where payment of the price is by installments and the purchaser fails to pay one of the installments of the agreed price, rescission shall not be decreed if it is established that the buyer part of his obligations.

Article 116

1. Where the seller retains property of the sold goods where payment is to be made on installments property shall pass to the buyer on payment of the last installment. However, the buyer shall bear the risk of the goods from the time of delivery.

2. A purchaser may not dispose of the sold goods prior to the payment of all installments, without the written consent of the buyer. Any disposal by the buyer to the third party in violation of this provision shall be void towards the seller if it is established that such third party is aware at the time of disposal that payment of the price has not been fully effected.
3. Without prejudice to the provisions governing bankruptcy, the condition relating to the retention of ownership shall not be valid towards third parties unless it is written in a document indicating its specific date which should be prior to such third party's right or to the execution proceedings carried out by the creditor's disconnection with the sold goods.
4. Where the buyer disposes of the goods prior to completion of payment of all installments and without the consent of the seller, the seller may claim payment of all the remaining installments at once.

2- F.O.B.Sales

Article 117

An FOB is one by which the goods are delivered at the port of shipping on board the vessel designated by the buyer for theft carriage.

Article 118

The buyer shall execute the carriage contract of the goods, pay freight and notify the seller within a reasonable time of the name of the vessel chosen for the carriage as well as the place and date or time limit set for shipping.

Article 119

1. The seller shall pack and ship the goods on board the vessel designated by the buyer, on the date or within the time limit set for shipping.
2. The seller shall bear the costs of packing, examination, measuring, weighing or counting required for shipping of the goods.
3. The seller shall immediately notify the buyer of the shipping of the goods and shall send him the relevant documents, in which case the buyer shall bear the costs of notification and dispatch of the documents.

Article 120

If the buyers require the production of a certificate of origin for the goods, the seller shall be obliged to obtain and produce such certificate to the buyer.

Article 121

The seller shall provide all the assistance which is needed to enable the buyer to obtain the bill of lading and such other documents required to be obtained from the country of shipping to

facilitate the import or passage of the goods through another state. The buyer shall bear the costs required for obtaining such documents.

Article 122

The seller shall bear all payable expenses incurred in connection with the goods, including export fees and shipping expenses of the vessel. The seller shall also be liable for any damage to the goods up to that moment. Any costs incurred in connection with the goods thereafter and any other damage sustained shall be borne by the buyer.

Article 123

Where the arrival of the ship is delayed beyond the prescribed period for shipping or where the vessel leaves the port before the expiry of such period or if the vessel is unable to ship the goods, the buyer shall be liable for the additional expenses incurred as a result of any of these occurrences and shall bear the consequences of any damage to the goods from the date of expiry of the period prescribed for shipping, provided that the sold goods are ascertained on that date.

Article 124

If the buyer fails to provide the name of the vessel to the seller within a reasonable time or if he reserves the right to determine the delivery date within a certain period and fails to do so, he shall be liable for the resulting additional cost and shall bear any damage to the goods from the date of expiry of the notification period or the period agreed for determining the delivery date, provided that the goods are ascertained on that date.

3- C.I.F.Sale

Article 125

A CIF sale is the sale of goods whereby the seller undertakes to procure a contract of affreightment of the goods from the port of shipment to the port of destination, arrange for insurance, ship the goods and pay the required costs and expenses, and add them to the price which the buyer undertakes to pay. Where the seller undertakes to pay the expenses and procure the contract of affreightment without procuring an insurance contract excluding the insurance contract, the sale shall be deemed as C and F.

Article 126

1. The seller shall procure the carriage contract on usual terms and shall select a vessel suitable for the carriage of the type of sold goods.

2. He shall be responsible for payment of the cost of freight and other charges which the carrier impose the port of shipment.

Article 127

1. The seller shall procure an insurance contract with a reputed 0 insurer covering the risks of the voyage and shall pay the required costs and expenses and the event of partial shipment he shall insure each consignment separately provided the seller shall not contract as an insurer to the buyer.
2. The insurance shall be executed by a negotiable policy in accordance with the terms of the prevailing practice at the time and port of shipment and for similar types of goods provided the insured value shall not be less than the price stated in the contract of sale plus ten percent of such price.
3. The seller shall be bound only to insure against the normal risks of carriage, and shall not be required to insure against such risks as are peculiar to a certain trade unless otherwise agreed with the buyer. Furthermore, the seller shall not be required to insure goods against war risks, unless otherwise agreed.

Article 128

1. The seller shall be bound to pack, and ship the goods on board the vessel within the period fixed for shipping as may be prescribed by mercantile practice.
2. The seller shall bear the export fees, packing and stacking costs, inspection, measurement or weighing costs or the costs of counting required for the shipping purpose until the goods are shipped on board the vessel.
3. He shall immediately notify the buyer of the name of the vessel and of shipment.
4. The buyer shall bear the import fees, other expenses consequent to the shipment and customs duties.

Article 129

The seller shall bear the risk for any damage to the goods up to the time when it passes through the vessel and, thereafter, the risk passes to the buyer.

Article 130

1. The seller shall send, without delay to the buyer a clean transferable bill of lading addressed to the specified port of destination. The bill of lading shall be accompanied by a list of the goods, the value thereof, the insurance policy or certificate replacing it and other documents as may be required by the buyer. If the bill of lading refers to certain mailers in the ship's charter party, a copy of such charter party shall also be attached. The bill of lading shall be made specifically for the sold goods and shall contain evidence that the goods have been shipped on board the vessel on the date or within the prescribed period for shipment, and shall authorize the buyer or his representative to take delivery of the goods by endorsing it to his favor or by transferring such right to him in a proper legal manner. Where the bill of lading is for shipping, it shall bear an indication by the carrier on the date of shipping to the effect that the goods have been shipment on board the vessel.

2. A bill of lading is deemed to be clean if it does not contain any express additional conditions confirming the existence of defects in the goods or in the method of packing. Such additional conditions do not include a reference in the bill of lading to the prior use of the containers or wrappings or to any disclaimers to damage that may occur due to the nature of the goods or to the carrier's ignorance of the contents or weight of the packages.
3. The certificate substituting the original insurance policy shall be issued by the insurer and shall contain the main conditions stipulated in the original policy in a manner which confers on the holder thereof the rights granted by the original policy.

Article 131

The buyer will not be bound to accept any documents sent by the seller, if such documents are not in compliance with the conditions contained in the contract of sale. The buyer shall be deemed to have accepted such documents if he does not raise any objection within seven days from the date of receipt. Objection shall be effected by notifying the seller to send documents conforming to the conditions within a reasonable period of time. The buyer may, upon the lapse of such period, claim the rescission of the sale and payment of justifiable damages. Where the buyer returns the documents for certain specified reasons or accepts them subject to certain restrictions, he may not thereafter state any objections other than the reasons and restrictions originally stated. C If the buyer returns the documents without a justifiable cause, he shall be liable to compensate the seller for any consequent damage.

Article 132

If the vessel carrying the goods sold arrives before the arrival of the documents or if the documents received are incomplete, the seller shall immediately after receiving notification to that effect perform all the required actions to enable the buyer to obtain a copy of the documents which did not arrive or to complete the missing documents. The seller shall bear the related expenses and shall be liable for damages.

Article 133

if the buyer retains the right to fix a period for taking delivery of the goods or to determine the port of shipment but fails to issue the required instruction during this period, he shall be liable for the resulting additional expenses and shall be responsible for any subsequent damage to the goods from the date of expiry of the agreed period for delivery, provided that the goods have been ascertained. The subject matter of C.I.F. sale shall be governed by the provisions of Articles 120 and 121. 4- Conditional sales

Article 134

A contract which contains conditions holding the seller liable for the perishing of the goods after shipment, or suspending the performance of the contract on the safe arrival of the vessel, or which grants the buyer the option to accept the goods at his discretion or in accordance with the sample delivered to him, is neither be a CIF nor an FOB sale, and is deemed to be conditional upon delivery at destination. 5- Other commercial sales

Article 135

A special law to be promulgated in this respect shall govern the provisions with regard to the following commercial sales:

1. Sale of second-hand movables by a public auction.
2. Sale by a public auction.
3. Discount sales.

CHAPTER 2 COMMERCIAL MORTGAGE

Article 136

A mortgage is deemed to be commercial for all the parties concerned where it is created over movable property as security for a debt which is deemed commercial for the debtor.

Article 137

1. A mortgage shall not be effective towards a third party unless possession of the mortgaged property is transferred to the mortgagee or to a trustee appointed by the two contracting parties and remains in the possession of the person receiving it until the release of the mortgage.
2. The mortgagee or trustee shall be deemed a processor of the mortgaged property:
 1. if it is placed at his disposal in such manner as will lead others to believe that the property is brought under custody.
 2. if he receives an instrument which represents the mortgaged property and confers on its holder, to the exclusion of other, the right to take delivery of such property.
3. Possession of rights shall pass upon the delivery of instruments establishing such rights. Where the instrument is deposited with a third party the delivery of the instrument receipt shall be deemed as the delivery of the document itself, provided that the instrument is specified in the receipt and provided that the depositary accepts possession thereof for the account of the mortgagee. In this event, the depositary shall be deemed as having relinquished every right of lien with regard to this instrument for an account resulting from prior to the mortgage unless he has maintained this right upon accepting the possession of the deed for the account of the mortgagee.

Article 138

1. The mortgage of fixed rights established by nominal instruments is affected by an assignment indicating that it is by the way of mortgage entry in the books of the institution which issued the document and on the document itself. ED
2. The mortgage of fixed fights established by an instrument to order shall be affected by an endorsement stating that it is by way of mortgage or any other statement to this effect.
3. The mortgage of other fights which are not established by nominal instruments or instruments to order shall be affected by following the procedures and terms relevant to the assignment of rights.
4. The mortgage referred to in the preceding paragraph shall be valid towards the debtor regardless of notification to the mortgagor of his consent thereto.

Article 139

Subject to the provisions of the preceding Article, it is not required for a valid commercial mortgage to be in writing on that the document establishing the mortgage to be dated. A commercial mortgage may established between the parties and towards third parties by all items of admissible evidence in matters of commercial law, regardless of the value of the second debt.

Article 140

A mortgagee shall, if requested by the mortgagor, give the latter a receipt showing the nature, quantity, weight and other distinctive characteristics of the mortgaged property.

Article 141

1. Where a mortgage is made on an appropriated property, the mortgage shall remain valid even when the mortgaged property has been replaced by property of the same kind.
2. If the mortgaged property is ascertained, the mortgagor may replace it by other property provided that such replacement has been agreed in the contract of mortgage and provided that the creditor accepts the substitute, without prejudice to the rights of a bona fide third party.

Article 142

The mortgagee shall perform all the necessary acts to preserve the mortgaged property and shall exercise on behalf of the mortgagor all the rights associated with the mortgaged property, and shall receive its value, profits, interest and other amounts earned thereon. He shall deduct from the sums received firstly the expenses incurred, secondly the interest and principal amount of the loan secured by the mortgage unless it is otherwise provided by the law or agreed by the parties.

Article 143

If the nominal value of instruments deposited by way of mortgage is not paid in full, the mortgagor shall pay, on demand, the unpaid balance at least two days prior to the lapse of the

prescribed period. Otherwise the mortgagee shall be entitled to sell the instruments in accordance with the provisions of the Following Article.

Article 144

1. If the debt secured by the mortgage is not paid on the date of maturity, the mortgagee may, after the lapse of five days from the date of notifying on the debtor to pay, submit a petition to the President of the High Civil Court or the designated Officer of the Court requesting the issue of an order to sell all or part of the mortgaged property.
2. An order issued by the President of the High Civil Court or any designated Officer of the Court to sell the mortgaged property may not be executed before the lapse of five days from the date of notification to the debtor or to the surety, if any, indicating the place and date of the sale, provided that no appeal is submitted by the person against whom the order is issued within the said period.
3. The person against whom the order is issued may appeal against it within five days from the date of notice thereof. The ruling made on such appeal shall be unappealable.
4. The sale shall take place at the time and place determined by the president of the High Civil Court or the designated officer of the Court and shall be effected by a public auction in accordance with the procedures to be defined by the Judge issuing the order.
5. The mortgagee shall have the priority to recover his debt including the principal, interest and expenses incurred, from the proceeds of sale.

Article 145

If mortgage is made on several properties, the mortgagee shall be entitled to determine the property which shall be sold unless it is otherwise agreed. In all cases, the sale shall only be effected to the extent of satisfying the creditor's right.

Article 146

If the mortgaged property is perishable, liable to damage, or expensive to maintain and the debtor is unwilling to provide a substitute, the creditor or the debtor is entitled to request the President of the High Court or the Officer of the Court designated by him, to permit him to sell it immediately by the method prescribed by the President of the High Court or the Officer of the Court designated by him. The mortgage shall shift to the proceeds of sale.

Article 147[1]

"As amended by Legislative Decree No. (11) of 1998"

Every agreement concluded at the time of or subsequent to the establishment of a mortgage conferring on the mortgagee the right, in the event of nonpayment of the debt on maturity, to acquire the mortgaged property or the sale thereof without complying with the procedures prescribed by in Article 144, shall be deemed null and void.

Securities mortgaged to banks or financial institutions adhering to Bahrain Monetary Agency shall be exempted from the provision of the preceding paragraph.

CHAPTER 3 **DEPOSIT IN PUBLIC WAREHOUSES**

Article 148

1. Depositing in public warehouses is a contract whereby the warehouseman undertakes to receive and keep goods for the account of the depositor or any person to whom property or possession thereof devolves pursuant to the documents which represent them.
2. A public warehouse shall not be established or operated with the right to issue negotiable instruments representing the deposited goods except by a license from the Competent Minister for commerce affairs in accordance with the terms and conditions contained in a resolution issued by him.

Article 149

1. Any person operating a public warehouse shall be obliged to insure it with cover against fire risks with an insurance company, and such insurance shall cover the goods kept in the warehouse for the account of third parties.
2. However, the insurance provided for in the preceding paragraph shall not cover the goods deposited in a public warehouse located in a sea port if such goods are already covered by marine insurance against fire risks. If the accident occurs during the validity period of the marine insurance, the operator of the warehouse shall not be liable towards the depositor, the insurance company or the holder of the documents representing the goods. After the expiry of the marine insurance term, the goods shall be covered by the insurance on the warehouse.

Article 150

1. The warehouseman may not carry on in any capacity, either for his own account or for third parties account, any commercial activity with respect to goods of the same kind as the goods which he is licensed to maintain in his warehouse and issue documents representing them.
2. The foregoing provision shall apply where the operator of the warehouse is a company where one of its partners holding at least ten percent of its capital carries on a commercial activity covered by the prohibition provided for in the preceding paragraph.

Article 151

The depositor shall submit to the public warehouse account statements with regard to the nature, type and value of the goods.

Article 152

1. The warehouseman shall be responsible for preserving and maintaining the goods deposited for an amount not exceeding its value as estimated by the depositor.
2. The warehouseman shall not be liable for any damage or shortfall to the goods where such damage or shortfall is caused by the nature of the goods, the mode of its preparation or by a force majeure situation.

Article 153

1. The depositor shall receive one or more warehouse receipts stating his name, occupation, domicile, and nature and quantity of the goods and such other particulars as are required for the identification of the goods and for determining its value, the warehouse where it is deposited, the insurance company with whom the goods are insured and whether the relevant charge have been paid.
2. The public warehouse shall keep a true and original copy of the warehouse receipt.

Article 154

Where the goods deposited against receipt of the warehouse receipt are appropriated goods, they may be replaced by goods of the same nature, type and description provided a statement to that effect is included in the warehouse receipt. All the rights of the receipt holder shall shift, in such case, to the new goods.

Article 155

1. The warehouse receipt may be issued in the name or to the order of the depositor.
2. Where the warehouse receipt is issued to the order of the depositor, he may assign it together or separately by endorsement.
3. The endorsee of the warehouse receipt may require the entry of the endorsement as well as his domicile on the copy maintained by the warehouse.

Article 156

1. The endorsement of the warehouse receipt shall be dated.
2. An endorsement of the warehouse receipt shall pass the property in the goods to the endorsee.

Article 157

Should any accident happen to the goods, the holder of the warehouse receipt shall have right over the insurance value which becomes due upon the occurrence of such accident analogous to those he had over the goods.

Article 158

A warehouse receipt holder who loses the warehouse receipt is entitled to request the Court to issue an order to provide him with a copy of the lost receipt, provided he establishes his ownership thereto and provides a surety.

Article 159

The surety provided in case of the loss of the warehouse receipt shall be discharged of liability upon the lapse of five years if no claims of recovery of the goods has been submitted to the warehouse.

Article 160

1. If the depositor does not recover his goods on the expiry of the deposit contract term, the warehouse man may apply for the sale of the goods in accordance with the procedures prescribed by Article 144. The warehouse man shall recover the amount due to him from the proceeds of sale and shall deliver the balance to the depositor or deposit it with the Court treasury.
2. The provisions of the preceding paragraph shall apply where the deposit contract is indefinite and the depositor fails within one year to apply for the recovery of the goods or to express his desire to carry on with the deposit contract.

Article 161

1. A person who establishes or operates a public warehouse in contravention to the provisions of Article 148 shall be punishable by imprisonment for a period not exceeding six months or payment of a fine not exceeding BD 500, or by both.
2. The Court may order the publication of the conviction judgment or a summary thereof in the newspapers designated by the Court and affixing of it on the doors of the warehouse or on any other place at the expense of the convicted person.
3. The Court may also, in the event of conviction, order the liquidation of the warehouse and the appointment of a liquidator and determine his power.

Article 162

Any operator of a public warehouse and any manager, employee or C) worker therein who discloses trade secrets relating to the warehouse goods shall be punishable by punishment provided for in the first paragraph of the preceding Article.

Article 163

1. The Competent Minister for commerce affairs shall issue a resolution to organize operation of public warehouses.
2. Every public warehouse shall lay down rules to organize its operation in compliance with the type of business carried on the nature of the warehoused goods, the location

wherein it operates and such rules shall include, in particular, the manner of determining the warehousing charges.

CHAPTER 4 COMMERCIAL AGENCY

1- Commercial Agency in General

Article 164

In addition to the provisions of this Chapter, the provisions of the Commercial Agencies Law issued under the Legislative Decree No. (23) of 1975 shall apply to the commercial agency.

Article 165

For the purpose of implementation of the provisions of this Law, a commercial agency shall mean:

1. Representation of the principal with regard to the distribution of goods and products or offering them for sale or trading, provided that a commercial agent shall be granted an exclusive right to distribute the goods in consideration of a profit or commission.
2. Land, sea or air transport agencies and travel and tourism agencies.
3. Agencies of business, services, insurance, printing, publications, press, publicity and advertising.

Article 166

An agency contract shall contain the following particulars:

1. The name and nationality of the agent and principal.
2. The properties, goods and services included in the agency, rights and obligations of the agent and principal and the amount of profit or commission to which the agent is entitled in consideration of acting as an agent.
3. The territory within which the agent operates.
4. Term of the agency where such period is limited.
5. Head office of the agent and principal.
6. The brand name of the goods.
7. An obligation by the agent to provide spare parts and required maintenance for the repair of vehicles, engines, equipments or electrical and electronic appliances the commercial agency.
8. Any other terms agreed by the principal and the agent provided that such terms shall not contradict with the provisions of this Law.

Article 167

A commercial agent shall conduct his agency's business and organise his normal commercial activities in an independent manner.

Article 168

The principal shall not engage the services of more than one agent in a certain territory for the same commercial activities included in the agency.

Article 169

A commercial agency contract is deemed to be executed for the mutual benefit of the contracting parties.

Article 170

An agent shall be entitled to receive a profit or commission for any transactions performed by the principal or by any other person within the territory designated for the agent's operations, notwithstanding the fact that such transactions may not have been procured by the efforts of the agent, unless it is otherwise agreed.

Article 171

Where the agency contract is for an indefinite period, it may not be terminated by either party, unless an act of default, which justifies termination is committed by one of the parties

Article 172

If the agency is untimely terminated for a reason beyond the agent's control, the agent shall be entitled to claim from the principal compensation equivalent in value to the damages sustained and loss of profit. The agent shall also be entitled in the event of termination of the agency upon the lapse of the agency term and despite any agreement to the contrary to claim a compensation to be estimated by the Court if his efforts has led to an obvious success in the promotion of the principal's products or increasing the number of his customers but has been deprived from realising the profit from such success by the principal's refusal to renew the agency contract.

Article 173

An agent may not terminate the agency untimely or for an unacceptable cause. Otherwise he shall be liable to compensate the principal for the damages sustained as a result of the termination of the agency.

Article 174

The principal shall refund any expenses incurred by the agent in performing agency business in accordance with the provisions of the agreement, regardless of the degree of success achieved by the agents in performing his functions. If it becomes imperative that the principal provides certain amounts of money to carry on the agency's business, the principal shall be obliged to provide such amount whenever required to do so by the agent. The principal shall discharge the agent from liability for any obligations entered into the agent's name for the purpose of conducting the commercial agency's business.

2- Commission Agency

Article 175

1. A commission agency is a contract whereby an agent undertakes to perform in his own name a legal act for the account of the principal in consideration for a fee.
2. The fee payable to the commission agent may not be estimated by the judge's discretion.

Article 176

1. A commission agent shall exercise the due diligence of an ordinary merchant in conducting the business of the agency.
2. He shall inform the principal of all matters relating to the transaction and shall promptly notify him of the conclusion of the deal.
3. He shall also carry out the instructions of the principal. In the event of noncompliance, the principal shall be entitled to reject the transaction; however, the principal may not reject the transaction if the agent agrees to pay the difference in the price.

Article 177

If a commission agent sells at a price lower than, or buys at a price higher than, that specified by the principal, the principal shall communicate his rejection of the transaction as soon as possible from the time of receipt of the notification of completion of the transaction. Otherwise he shall be deemed to have accepted the price.

Article 178

Where a commission agent concludes an agreement with terms better than those stipulated by the principal, the agent shall submit a statement to that effect to the principal.

Article 179

1. If the commission agent agrees without the consent of the principal to grant the buyer a period for the payment of the price or agrees to payment by installments, the principal

shall be entitled to claim immediate payment of the total price by the agent. The agent shall be entitled, in such event, to retain the balance where the transaction has been concluded for a higher price.

2. However, a commission agent shall be entitled to accept deferred payment of the price or payment by installments without the consent of the principal, where such terms are imposed by usage applicable at the place of contracting unless he is obliged the instructions of the principal to sell for immediate payment.

Article 180

Where the agent is instructed by the principal to sell for deferred payment, and the commission agent sells for immediate payment, the commission agent shall be bound to pay the price on the basis of sale on deferred payment.

Article 181

1. A commission agent shall be liable for the damage or loss of the goods in his possession for the account of the principal unless such damage or loss arises from a force majeure or a latent defect in the goods.
2. A commission agent shall not be obliged to insure the goods in his possession for the account of the principal unless this is required by the principal or if such insurance is required by custom or necessitated by the nature of the goods.

Article 182

1. A commission agent shall not disclose the name of his principal unless such disclosure is permitted by the principal.
2. A commission agent is not obliged to reveal the name of the third parties with whom he contracts to the principal unless the transaction is a term contract, in which case the principal may consider it an immediately terminable contract if the agent refrains from disclosing the name of the other party.

Article 183

A commission agent may not include himself as a second party to the transaction unless authorised by the principal and in such case the commission agent shall not be entitled to a fee.

Article 184

1. The commission agent is directly liable to third parties with whom he contracts and such third parties are directly liable to the commission agent.
2. Third parties have no right of recourse against the principal and the principal has no right of recourse against the third parties, unless otherwise provided by the Law.

Article 185

1. If a commission agent is adjudged bankrupt before receipt of the proceeds from the buyer, the principal may claim direct payment of the amount to himself.
2. If a commission agent is adjudged bankrupt before taking delivery of the subject matter, the principal may claim direct delivery to himself.

Article 186

1. A commission agent may not guarantee performance by other parties with whom he contracts unless he expressly guarantee such performance or if such guarantee is required by custom and in his territory of activity.
2. A guarantor commission agent shall be entitled to a special fee to be determined by the court in the absence of a relevant agreement or usage.

Article 187

1. A commission agent shall only be entitled to the commission fee after concluding the transaction assigned to him or if he established that it was impossible to conclude such transaction for reasons attributable to the principal.
2. In situations other than the two provided for in the preceding paragraph, a commission agent shall only be entitled to compensation for the efforts exerted by him according to the prevailing custom.
3. If the principal agrees with the commission agent on the fee payable for acting as an agent, such fee shall not be subject to the judge's estimation.

Article 188

1. The principal shall refund to the commission agent expenses and other costs incurred in performing the agency agreement.
2. Save for the case of the commission agent's mistake, a principal may not refrain from payment of the expenses provided for in the preceding paragraph even though the transaction has not been concluded, unless it is otherwise agreed.
3. The principal shall pay interest for the amounts and costs incurred by the commission agent with effect from the date of payment thereof by the agent.
4. If the commission agent incurs any loss due to the performance of the agency agreement, he shall be entitled to claim compensation unless such is the result of the commission agent's mistake.

Article 189

1. A commission agent, whether he is instructed to buy or sell, shall in addition to his right of lien have a charge over the documents and goods dispatched, bailed or delivery to him for custody as of the time of consignment, bailment or delivery of such documents or goods.
2. Such charge shall secure the agent's commission and all the amounts due to him by reason of the agency and the benefits attached thereto, whether these amounts were paid before delivering the documents or goods or while they were in his possession.
3. The charge shall exist regardless of whether the debt has been created from business relating to the documents or goods that are still in the agent's possession or to other

documents or goods that were previously dispatched, bailed or delivered to him for custody.

4. If the documents or goods are sold for the account of the principal and delivered to the buyer, the commission agent's charge over the fee amount shall pass to the price thereof.

Article 190

A commission agent shall not have a lien over the goods sent, bailed or delivered to him for custody unless they remain in his possession.

Goods shall be deemed to be in the commission agent's possession:

1. if they are kept at his disposal at the customs, in a public warehouse, in his own warehouse or if he transports the goods by his own means.
2. if they are in his possession prior to their arrival by virtue of a bill of lading or any other document of carriage of goods.
3. if he exports them and remains, in spite of this fact, in possession thereof by virtue of the bill of lading or any other document.

Article 191

A commission agent may not delegate another person to perform any business assigned to him without the principal's permission. Should he delegate another commission agent to carry out the transaction, the person so appointed shall not have the rights of lien or charge provided for in Articles 189 and 190, except to the extent of the debt owed to the original commission agent.

Article 192

A commission agent's charge shall have priority over all the other charges except for the legal fees and charges and other rights of any kind whatsoever in accordance with the terms and conditions prescribed by law, taxes and payable to the Government.

Article 193

1. For executions relating to documents and goods in the possession of the commission agent for the purpose recovering his dues, the execution procedures applicable to commercially mortgaged property mortgage shall be followed.
2. However, if the commission agent is instructed to sell the documents or the goods in his possession, he may execute thereupon for recovering his dues by way of selling them without the need for following the procedures prescribed by the preceding Article, unless it becomes impossible for him to carry out the principal's instructions in their sale.
3. Commercial Representation.

Article 194

Any person appointed by a merchant, by a contract of employment to carry on any of his business activities by moving from a place to the other, at his place of business or in any other place, shall be deemed as a commercial representative.

Article 195

1. The merchant shall be liable for all transaction and contracts concluded by his representative within the limits of the authorisation granted by the merchant.
2. If the representative has been delegated by several merchant, they shall be jointly liable.
3. Where the representative has been delegated by a company, it shall be liable for his acts and the liability of the partners shall be according to the type of the company.

Article 196

1. If delegation granted the commercial representative does not specify any limits, it shall be deemed to be general and inclusive of covering all transactions relating to the type of business which the representative has been authorized to carry on.
2. A merchant may not plead against a third party that the delegation was limited unless it is established that such third party was aware of such limitation.

Article 197

A commercial representative shall carry on in the name of the merchant such commercial business which he has been authorised to carry on and on signing he shall state the full name of the merchant next to his full name and an indicate that he is a commercial representative. Otherwise he shall be personally liable for the acts carried out. Nevertheless, a third party may have direct recourse against the merchant with regard to transaction carried out by the representative which relates to the type of trade which he is authorised to perform.

Article 198

A commercial representative shall be jointly liable with the merchant in compliance with the legal requirements relating to the business entrusted to him.

Article 199

A commercial representative may not without the express approval of the merchant who has appointed him, carry on for his own account or for the account of any other person the business activity entrusted to him or an activity which is similar to such activity.

Article 200

A commercial representative may not carry out any commercial transaction for his own account or that of a third party without the express consent of the merchant who employed him.

Article 201

A roving commercial representative may not receive the proceeds nor reduce or defer payment of any part of the prices of goods which he did not sell. However, he may accept in the name of his principal the orders of other persons and shall take the necessary arrangements which safeguard the rights of the person whom he represents.

Article 202

A merchant may authorise certain of his employees to sell in his store by retail or wholesale. Such employees may, where a cashier has not been designated to receive the proceeds of sale within the store, receive proceeds of sale of Articles which they sell upon delivery to the customer. The receipts issued in the name of the merchant shall be in consideration for the items sold. The said employees may not require payment of the price outside the store unless they have been authorised in writing by the merchant to do so.

Article 203

A commercial representative may institute legal actions against third parties, in the name of the merchant who has delegated him, in respect of the business transactions for which he has been authorised. Further, third parties as well as the trader himself may bring legal actions against the said representatives.

CHAPTER 5 BROKERAGE AND STOCK EXCHANGE

Brokerage

Article 204

Brokerage is a contract whereby a broker undertakes to another person to seek a second party and mediate in the conclusion a certain contract for a fee.

Article 205

Where the broker's fee is not determined by law or by the agreement of the parties it shall be determined according to custom and in the absence of such custom it shall be assessed by the

Court on the basis of the efforts exerted and the time spent by the broker in carrying out the work assigned to him.

Article 206

1. A broker shall not be entitled to his fee unless his mediation leads to the conclusion of the contract.
2. The broker's fee shall immediately accrue on the conclusion of the contract, even where such contract is not performed in whole or in part.
3. Where the contract is conditional upon a condition precedent the broker shall only be entitled to his fee upon the realization of such condition.

Article 207

1. Where the broker is delegated by both parties of the contract, he shall be entitled to a fee from each one of them.
2. Each of the contracting parties is severally liable to the broker for payment of the fee due from him even if they agree that one of them shall bear all the brokerage cost.

Article 208

Unless otherwise agreed, a broker may not recover any costs incurred by him in the performance of the work assigned. In such case costs shall be payable even where the contract is not concluded.

Article 209

A broker shall not be entitled to claim any fee or refund of expenses incurred by him if he causes any detriment to the interests of one of the contracting parties or where he obtains from one of the parties, in violation of the principles of good faith, a promise of benefit to himself.

Article 210

A broker may not institute himself as a second party to the contract of which he is mediating, unless authorised by the contracting party to do so. In such case, the broker shall not be entitled to any fee.

Article 211

The court may reduce the broker's fee if it is not commensurate with the services performed provided by him, unless the amount of the fee has been determined or the agreed amount has been paid after the conclusion of the contract for which the broker has mediated.

Article 212

1. A broker should enter in his book all transactions concluded through his mediation, together with the related documents CD and shall deliver to any of the contracting parties, at his request copies of such documents. The provisions applicable to commercial books shall apply to these books. The said books shall be regulated by the same provisions which regulate commercial books.
2. In a sale by sample, a broker shall keep the sample until the goods are accepted by the buyer without any reservation or until all related disputes are settled.

Article 213

1. If a broker appoints another person to perform the work assigned to him where he is not authorized to do so, he shall be liable for the acts of the delegated person as though he himself had performed such acts. The broker and the delegated person shall be jointly liable.
2. If the broker has the authority to appoint a person to act on his behalf without designating such person, the broker shall only be liable for his mistakes in the selection of such person or in the instructions given to him.
3. In all cases the person contracting with the broker, as well as the person acting on his behalf, may each claim directly against the other.

Article 214

A broker shall be liable for the faults committed by him in the carrying out the work assigned to him.

Article 215

Where several brokers are appointed for the same contract, they shall be jointly liable for the work assigned to them, unless they are permitted to act individually.

Article 216

If several persons appoint one broker in a joint transaction, they shall be jointly liable to him for the execution of such delegation, unless otherwise agreed.

Article 217

The provisions of Article 204 to 212 shall not apply to real estate brokerage, which will be subject to the provisions of Legislative Decree No. 21 of 1976 Regulating Real Estate Brokerage. Relevant regulatory provisions and orders shall apply to the Stock Exchange Securities Market (Stock Exchange) .

Article 218

The Stock Exchange is deemed to be a corporate body which has the capacity to dispose of and manage its property and right to sue and be sued.

Article 219

1. A Stock Exchange may only be opened by the approval of the Competent Minister for commerce affairs.
2. Any Stock Exchange opened without such approval shall be closed by an administrative action.

Article 220

The activities of the Stock Exchange shall be regulated and such regulation shall include in particular the following

1. Administration and conduct of business in the Stock Exchange.
2. Formation of the Board of Directors of the Stock Exchange and determination of its authority.
3. Terms for the listing of stockbrokers and their assistants in the Stock Exchange.
4. Arbitration panels.
5. Disciplinary penalties and disciplinary boards. The Competent Minister for commerce affairs shall issue by a resolution to be issued by him, the internal regulations of the Stock Exchange.

Article 221

One or more representatives of the Government shall be present at the Stock Exchange to supervise the implementation of the relevant regulations.

Article 222

Business transacted for a term in the Stock Exchange in compliance with the regulations, shall be deemed legal and valid even if it is the parties intention that such transactions only lead to the payment of the difference.

Article 223

Transactions of the Stock Exchange shall not be valid unless concluded by the stockbrokers whose names are entered in a list drawn up by the Board of Directors of the Stock Exchange.

CHAPTER 6 CARRIAGE

Article 224

1. A carriage contract is a contract by which the carrier undertakes to carry a person or a thing to a certain destination in consideration of an ascertained fee.
2. A carriage contract is made as soon as agreement is reached, unless the parties expressly or implicitly agree to defer it to the time of delivery.
3. The contract may be established by any of the legally acceptable items of evidence.

Article 225

Save for carriage by sea and air transport, the provisions of this Chapter shall apply to all types of carriage whatever may be the capacity of the carrier unless the law or international agreements in force provide otherwise.

1- Carriage of Items

Article 226

1. A bill of lading shall be drawn up in duplicate.
2. A bill of lading shall contain, in particular, the following details:
 1. The date of execution of the bill of lading.
 2. The names and domiciles of the consignor, the consignee, the carrier, and the carriage commission agent, if any.
 3. Place of departure and destination.
 4. Kind, weight, size and method of packing of the consignment, number of parcels and all other details as may be necessary to identify the consignment and assess its value.
 5. Fixed time for the carriage.
 6. Freight amount and the party responsible for its payment.
 7. Special agreements associated with the means and route of carriage and compensation in the event of destruction, damage or delay in the arrival of the consignment.
3. The consignor shall sign one of the two copies of the bill of lading and deliver it to the carrier, and the carrier shall sign the other copy and deliver it to the consignor.
4. A bill of lading may be drawn in the name or to the order of a certain person or to bearer. Bill of lading shall be transferable in accordance with the provisions applicable to the transfer of civil rights if it is nominal and by endorsement if it is drawn to the order of a person and by delivery if it is drawn to bearer.

Article 227

Any allegations, contrary to the contents of a bill of lading may be established by all acceptable means of evidence.

Article 228

1. If a bill of lading is not drawn up, the carrier shall, upon the request of the consignor, deliver to him a receipt signed by the carrier acknowledging the receipt of the consignment.

2. Such receipt shall be dated and shall contain sufficient details for ascertainment of the consignment and amount of the freight.

Article 229

1. The consignor shall deliver the consignment carried to the carrier.
2. Where the carriage requires the carrier to make special preparations, the consignor shall notify him accordingly within sufficient time before delivery.
3. The delivery shall be made at the carrier's domicile unless otherwise agreed.
4. The carrier may require the opening of parcels before taking them over, in order to verify the correctness of the particulars stated by the consignor.

Article 230

1. Where the nature of the consignment requires that special preparations be made for carriage, the consignor shall have it packed in such a manner as to protect it from destruction or damage and not expose the persons or other properties carried with which it will be carried to damage.
2. The consignor shall be liable for any damage resulting from defective packing. However, the carrier shall be liable for any such damage if he accepts the carriage despite his knowledge of the packing defects. Knowledge by the carrier shall be presumed if defects are obvious or if such defects are obvious to the ordinary carrier.
3. The carrier may not deny his liability for the damage or destruction of a consignment which he has undertaken to carry by establishing that the damage is due to a defect in the packing of another item. Any agreement to the contrary shall be deemed null and void.

Article 231

The consignee shall not be liable for the obligations arising from the carriage contract unless he expressly or impliedly accepts them. It shall be deemed an implied acceptance where the consignee claims delivery of the consignment to the bill of lading or where after receipt of the bill of lading he issues instructions regarding the consignment.

Article 232

1. The consignor shall pay to the carrier the freight together with expenses to which he is entitled, unless it is agreed that such expense be borne by the consignee, and in this case, the consignor and consignee shall be jointly liable for the payment of freight and expenses.
2. The carrier shall not be entitled to any freight in respect of a consignment destroyed by a force majeure.

Article 233

The owner of the consignment may dispose thereof by sale or otherwise while it is in possession of the carrier in accordance with the bill of lading bearing the carrier's signature.

Article 234

1. While the consignment is in possession of the carrier, the consignor may instruct him to return it to him or to direct it to a person other than the original consignee, provided that the consignor shall pay the freight for any carriage performed and compensate the carrier for expenses and resulting damage.
2. However, such right not be available to the consignor, if:
 1. The fails to produce the bill of lading or the receipt of carriage.
 2. The consignment has arrived and the consignee has been notified to take delivery thereof or has claimed the delivery of the consignment to him.
3. Such right shall be transferred to the consignee from the time of receiving the bill of lading.

Article 235

1. The carrier shall load and stack the consignment in the means of carriage unless it is otherwise agreed.
2. If it is agreed that the consignor shall load or stack the cargo, the carrier may refuse the carriage where the loading or stacking is defective in a manner apparent to the ordinary carrier.

Article 236

1. The carrier shall follow the route agreed upon and in the absence of an agreement on a certain route, the carrier shall take the shortest route.
2. However, a carrier may, for necessity; change the route agreed upon or may not be obliged to follow the shortest route.

Article 237

1. The carrier shall guarantee the safety of the consignment during the performance of the carriage contract.
2. He shall carry out the instructions in respect of the consignment provided that such instructions are issued by the persons entitled to issue these instructions in accordance with Article 234.
3. The carrier shall be liable from the time of receiving the consignment for its total or partial destruction, damage or delay in delivery.
4. Destruction shall be deemed to have taken place upon the lapse of a reasonable period after the time prescribed by custom for the arrival of the consignment.

Article 238

The carrier shall unload the consignment upon arrival, unless otherwise agreed.

Article 239

1. Where it is not obligatory to affect delivery at the consignee's premises, the carrier shall notify him of the arrival of the consignment and the date on which he can take delivery.

2. The consignee must take delivery of the consignment on the date fixed by the carrier; otherwise he shall be liable for payment of the demurrage fees. The carrier may, upon the expiry of the time fixed for delivery, move the consignment to the consignee's premises against payment of an extra fee.

Article 240

1. If the commencement of the carriage is hindered by a certain obstruction or if the carriage is stopped during the performance of the contract, or if the consignee does not come to take delivery of the consignment on the date fixed by the carrier, or if he comes but refuses to take delivery of the consignment or refuses to pay the freight and expenses, the carrier shall notify the consignor of this and request his instructions.
2. If the consignor delays the notification of his instructions to the carrier within a reasonable time, the carrier may apply to the Court to appoint an expert or more report the condition of the consignment and permit him to deposit it with a trustee at the expense and responsibility of the consignor.
3. If the consignment is perishable or liable to damage or loss in value or if its maintenance requires considerable expenses, the Judge shall order the sale thereof in the manner determined by him and the deposit of the proceeds in the treasury of the Court for the account of the persons concerned. The Judge may, if necessary, order the sale of all or part of the consignment to the extent which would satisfy the entitlements of the carrier and in the manner determined by the Judge.

Article 241

1. The carrier may retain the consignment pending the settlement of the freight, expenses and other amount to which he is entitled by reason of the carriage.
2. The carrier shall have a lien over the proceeds of sale of the consignment for the payment of the amounts due to him by reason of the carriage.

Article 242

1. The carrier shall not be responsible for any loss in weight or size which may normally occur due to the nature of the consignment while it is being carried, unless it is established that the loss is due to other causes.
2. If the bill of lading comprises several consignments divided into parcels or bunches, the permitted loss shall be determined on the basis of each parcel or bunch provided the weight is stated in the bill of lading or it is possible to establish it by other means.

Article 243

If the consignment is carried under the custody of the consignor or consignee, the carrier shall not be responsible for its destruction or damage, unless the consignor or consignee establishes that the commission of mistake on the part of the carrier or his employees.

Article 244

The carrier may not deny his liability for the damage or destruction of the consignment or delay in delivery unless he can establish that it is due to force majeure, latent defect in the consignment or the fault of the consignor or consignee.

Article 245

The carrier shall be liable for the acts of the persons employed by him to perform the obligations prescribed by the contract of carriage.

Article 246

1. Every condition exempting the carrier from liability for the total or partial destruction or damage of the consignment shall be deemed null and void.
2. Every condition exempting the carrier from liability resulting from the acts of his employees shall be deemed null and void.

Article 247

1. Save for intentional and gross default committed by the carrier or his employees, the carrier may:
 1. Limit his liability for the destruction or damage, provided that the agreed compensation shall not be reduced to a nominal value.
 2. Stipulate his exemption from liability for delay.
2. The exemption or restriction of liability clause must be in writing.

Article 248

1. If the consignment is lost or damaged without its value being stated in the bill of lading, the compensation shall be estimated on the bases of the actual value of the consignment at the destinations of the fixed for arrival, according to the prevailing market price. In the absence of a certain fixed price for the consignment, its value shall be determined by an expert to be appointed by the court.
2. Where the value of the item is stated in the bill of lading, the carrier may dispute such value and may establish the actual value of the consignment by all means of evidence.
3. The carrier shall not be responsible for loss of any cash money, securities, jewelry or other valuable items which were entrusted into his care for carriage, except to the extent of the written particulars supplied by the consignor in respect thereof.

Article 249

If, as a result of the damage sustained by the consignment or the delay in its arrival, the consignment became unfit for the purpose for which it is intended, and the liability is established, the party claiming for compensation may surrender the consignment to the carrier in consideration for full compensation.

Article 250

1. If the consignor takes the consignment without reserve, he forfeits the right of recourse to the carrier for damage or partial destruction, unless the consignee establishes the condition of the goods and institutes legal action against the carrier within thirty days from the date of delivery.
2. The carrier may not reject the claim raised in accordance with the preceding paragraph:
 1. if it is established that the damage or destruction was caused an act of fraud or gross negligence of the carrier or his employees.
 2. if it is established that the carrier or his employees intentionally concealed the damage or destruction.

Article 251

1. If several carriers perform, in succession, one carriage contract, the first carrier shall be responsible to both the consignor and consignee for the whole carriage. Any condition to the contrary is null and void.
2. Each of the carriers subsequent to the first shall be liable to the first carrier, to the consignor or consignee only for the damage sustained during the performance of their respective parts of the carriage. If it is impossible to ascertain the part of the carriage during which the damage occurred, the compensation shall be distributed among the carriers in proportion to their respective entitlement to the freight. If one of the carriers becomes insolvent, his share shall be distributed among other carriers in the same proportion.

2- Carriage of People

Article 252

1. A passenger shall pay the carriage fee on the agreed date or as stated in the carriage regulations or as prescribing by custom.
2. He shall comply with the carrier's instructions with respect to the carriage.

Article 253

The carrier shall carry the passenger and his luggage which he may keep until arriving in the destination at the agreed time, the time stated in the carriage regulations or the time determined by custom.

Article 254

1. The carrier shall guarantee the safety of the passenger during the performance of the carriage contract and shall be liable for any physical injury or material damage sustained by the passenger as well as for the delay in arrival. He may only deny liability by establishing force majeure or the passenger's fault.
2. The heirs of the passenger shall be entitled to claim compensation from the carrier for any damage sustained by the deceased, whether the death occurred immediately after the accident or after the lapse of a period of time.

Article 255

The carrier shall be liable for the acts of persons employed by him to perform the obligations imposed by the contract for carriage of persons.

Article 256

Any condition exempting the carrier, in full or in part, from liability for bodily injury sustained by the passenger is null and void.

Article 257

1. Save for deliberate default and gross negligence by the carriers or his servants, the carrier may stipulate total or partial exemption from liability for delay and damage other than bodily injuries sustained by the passenger.
2. The exemption clause must be in writing and should be notified by the carrier to the passenger.

Article 258

1. The carrier shall not be responsible for the loss or damage to the luggage kept by the passenger unless the passenger establishes default of the carrier or his employees.
2. Carriage of registered luggage shall be subject to the provisions applicable to the carriage of consignments.

Article 259

1. If a passenger dies during performance of the carriage contract, the carrier shall take the necessary steps for the safe keeping of his luggage until it is delivered to the persons concerned.
2. If one of these persons concerned is present at the place of death, he may supervise the steps taken and may require the carrier to deliver to him an admission that the deceased's luggage is in his possession.

Article 260

1. The carrier may retain the passenger's luggage as a security for the payment of the fare and the price of food or anything else provided to him during the performance of the carriage contract.
2. The carrier shall have a priority to the proceeds of sale of the luggage for the payment of any amounts to which he is entitled by reason of the carriage.

3- Commission Agency for Carriage

Article 261

1. Commission agency for carriage is a contract whereby the agent undertakes the contract in his name or in the name of his principal with a carrier for the carriage of persons or goods to a certain destination, and if necessary to carry out the operations associated with such carriage.
2. If the commission agent undertakes the carriage using his own means, the provisions applicable to the contract of carriage shall apply to him, unless otherwise agreed.

Article 262

Save for the provisions said down in the following Articles, the provisions applicable to the contract of commission agency shall apply to the commission agent for carriage.

Article 263

1. The commission agent for carriage is obliged to safeguard the interests of his principal and carry out his instructions and in particular those instructions relating to the selection of the carrier.
2. The agent may not charge his principal's account with a carriage fee which exceeds the charge agreed with the carrier.

Article 264

A commission agent for carriage shall guarantee the safety of the passenger or the consignment.

Article 265

1. The commission agent for carriage shall be liable, from the time of receipt of the consignment for the total or partial destruction thereof or for delay in delivery and shall not be entitled to deny liability unless he can establish force majeure, latent defect of the consignment, fault on the part of the principal or consignee.
2. In the carriage of persons, the commission agent for carriage shall be liable for delay in arrival and for any detriment sustained by the passenger, whether physical or material by the passenger in the course of performing the carriage contract. The agent shall not be entitled to deny liability unless he can establish force majeure or fault of the passenger.
3. However, the agent is entitled to have recourse against the carrier where applicable.

Article 266

Any condition exempting the commission agent for carriage from total or partial liability for physical injury sustained by the passenger, is null and void.

Article 267

1. Save for intentional default and gross negligence on the part of the commission agent for carriage or any of his employees or by the carrier or by one of his employees, the commission agent for carriage may stipulate:

1. that he be exempted wholly or partially from liability for the destruction, damage or delay in delivery of the consignment.
2. that he be exempted wholly or partially from liability for the delay in the arrival of the passenger or physical injury sustained by him.
2. The exemption clause shall be in writing and must be notified to the principal or the passenger.

Article 268

1. The principal or passenger may have direct recourse against the carrier to claim compensation for any damage resulting from non-performance of the carriage contract or for any performance or delay. In this case, the commission agent for carriage shall be joined to the suit.
2. The carrier may have direct recourse against the principal in default or the passenger to claim compensation for any damage sustained by him while performing the carriage contract.
3. The consignee shall have direct recourse against the carrier and the commission agent with respect to the rights arising from the carriage contract.

Article 269

If the commission agent pays the freight to the carrier, he shall subrogate him in all his rights.

4- Prescription

Article 270

1. Every claim arising from a contract for carriage of goods or a commission agency contract for carriage of goods shall be statute barred after the lapse of one year.
2. Such prescription shall apply with respect to claims for liability resulting from total destruction from the date fixed for delivery was due to take place and for the delay, damage or partial destruction from the date of delivery or from the date on which the consignee was notified of putting the item at his disposal.

Article 271

Any legal action based on a contract for carriage of persons or a contract of commission agency for carriage of persons shall be statute barred after three years.

Article 272

The statutory limitation provided for in the preceding two Articles shall not be available by any person who has committed an intentional default or gross negligence.

Article 273

Every agreement made in contradiction with the provisions of preceding three Articles is null and void.

PART 3 BANKING AND COMMERCIAL OPERATIONS

Article 274

The provisions of this Part shall apply to transactions contracted by banks with their customers whether they are traders or non-traders whatever may be the nature of such transactions.

CHAPTER 1 MONEY DEPOSIT

Article 275

A money deposit is a contract which grants the bank the right to possess the deposited money and to dispose thereof in its ordinary course of business with an obligation to return an equal amount thereof to the depositor. Repayment of the deposit shall be in the same currency of the original deposit. The contract of deposit may stipulate payment of interest and in this case the provisions of Article 76(4), (5) and (6) shall apply.

Article 276

1. The bank shall open an account for the depositor wherein shall be entered all the transactions carried out between the bank and the depositor or between the bank and third parties for the account of the depositor.
2. Transactions which the parties agree not to be entered in the account shall not be entered therein.

Article 277

1. A deposit of money contract shall not grant the depositor the right to thaw any amount of money from the bank unless he has a credit balance.
2. However, if the bank carries out transactions for the (depositor's account which result in a credit balance in favour of the bank, the bank shall advise the depositor to settle such position.

Article 278

1. Unless otherwise agreed, the money deposit shall be payable on demand and the depositor shall, at all times, be entitled to dispose of the balance or any part thereto.
2. Such right may be conditional upon prior notice or upon the lapse of a certain period of time.

Article 279

The bank shall send a statement of account at least once every three months except where custom or agreement of the parties provides that a statement of account shall be sent more than once during such period. The statement shall include a copy of the account and the balance after the last movement in the account.

Article 280

Unless otherwise agreed, deposits and withdrawals shall be carried out at the bank's head office or the branch of the bank.

Article 281

Unless otherwise agreed, if the depositor maintains several accounts with a bank or with the branches of such bank, each of the accounts shall be separate from of the other accounts

Article 282

Where the bank issues a passbook, it shall be in the name of the person in whose favour it has been issued. Payments and withdrawals shall be entered therein. The particulars entered in the said passbook signed by a bank a bank official shall constitute acceptable evidence for establishing the said particulars as regards the relationship between the bank and the person in whose favour the passbook has been issued. Any agreement to the contrary shall be null and void.

Article 283

Unless otherwise agreed, a bank may open an equally joint account for two or more persons equally subject to the following provisions:

1. A joint account shall be opened by all its owners or by a person holding a power of attorney granted by the owners of the account and duly attested by competent authority. Withdrawals from the account shall be subject to the agreement of the owners of the account.
2. Where the balance of a co-owner of a joint account is attached, attachment shall apply to the share of the attached party from the date of notification to the bank of the attachment. The bank shall in such event stop withdrawal from the joint account to an amount equivalent to the attached share and shall notify the co-owners or their representative of the attachment within a period of time not exceeding five days.
3. The bank may not, when effecting a set-off between separate accounts of one of the co-owners of the joint account, include such joint account in the set-off except with the written consent of the other co-owners.

4. In the event of death of a co-owner of a joint account or loss of legal capacity, the remaining co-owners shall notify the bank theft wish to continue or close the account, within a period not exceeding ten days from the date of the death or loss of capacity. The bank shall henceforth stop withdrawals from the joint account until a successor is legally appointed.

CHAPTER 2 DEPOSIT OF SECURITIES

Article 284

Unless otherwise agreed, a bank may only use or exercise any of the rights attached to securities deposited for the benefit of the depositor.

Article 285

1. The bank shall exercise such care as expected from a paid depository in keeping the securities deposited with it. Any agreement exempting the bank from exercising such care shall be null and void.
2. The bank shall not relinquish possession of these securities except for an imperative reason.
3. The depositor shall pay the agreed charge or that which is determined by custom, in addition to the necessary expenses.

Article 286

1. Unless otherwise agreed the bank shall receive interest, dividends or value of the security, on maturity or redemption, and all other amounts associated with the security.
2. Such amounts shall be placed at the depositor's disposal and shall be credited to his account.
3. The bank shall carry out the any transaction required for safeguarding the rights associated with to the securities.

Article 287

Cheques and other commercial papers deposited with the bank, whether or not they are drawn on the bank or payable by the bank, shall only be subject to drawing after payment or collection. The bank shall collect these cheques and commercial papers in the name of the account holder and for his benefit. The bank shall be entitled to delete any previous entry unless paid or collected.

Article 288

1. The bank shall inform the depositor of all matters relating to the security requiring his approval. In case of urgency or fear of a loss of an established right in the security, such notification may be made by a telegram, and if the instructions of the owner of the

security are not received at the appropriate time, the bank shall dispose of the right for the account of the owner.

2. The depositor shall bear the expenses of the transactions carried out by the bank at the request of the depositor in addition to any commission.

Article 289

1. The bank shall, at any time return the securities deposited at the request of the depositor with due regard for the time needed for the preparation of the papers for such return, except in the following cases:
 1. If the bank has the right of lien over the securities pending recovery of its entitlements from the depositor.
 2. If it is entitled to a lien over movable property with respect thereof.
 3. If it exercises attachment proceeding under its possession.
 4. If the bank attaches the securities under its possession or objected to the delivery thereof by a third party to the depositor in pursuant to its right thereupon.
 5. If the deposit contract is replaced by a new one.
 6. If the depositor has been declared bankrupt following the deposit.
2. Return of the securities shall be at the same place where the deposit was made. Unless otherwise agreed or prescribed by law the bank shall return the same securities which had been deposited.

Article 290

The bank shall be entitled a lien as security for the recovery its rights arising from the safekeeping and the expenses of the subsequent transactions conducted for preservation of the rights represented by the securities deposited therewith.

Article 291

A security shall be returned to the depositor, his successors or any person appointed by them not withstanding any statement to the effect that such security owned by third parties.

Article 292

If a person alleges the maturity of the deposit securities, the bank shall notify the depositor and shall refrain from returning the securities to him the dispute is settled.

CHAPTER 3 RENTAL SAFE DEPOSIT BOXES

Article 293

Rental of safe deposit boxes is a contract whereby the bank undertakes to place a certain specified safe deposit box at the disposals of the lessee to be used for a certain period inconsideration for payment of a certain charge.

Article 294

1. The safe deposit box shall have two locks with different keys, one of which is delivered by the bank to the lessee and the other is kept by the bank. Apart from the bank and the lessee, the safe deposit box key may not be delivered to any person.
2. The key delivered to the lessee shall remain the property of the bank and shall be returned by the lessee to the bank on termination of the lease.
3. The bank may use other devices such as an automatic control system or plastic cards for this purpose.

Article 295

The bank may not permit any person other than the lessee or his agent to use the safe deposit box.

Article 296

Unless otherwise agreed, a lessee may not sublet the safe deposit box or part thereof nor may he assign the lease to a third party.

Article 297

1. Unless otherwise agreed, if a safe deposit box is leased to several lessees, each of them shall be entitled to use it separately.
2. If the lessee or one of the lessees dies the bank may not, after becoming aware of the death, permit the opening of the safe deposit box except with the approval of all parties concerned or pursuant to the order of the President of the High Civil Court or one of the Court Officers authorized by him for this purpose.

Article 298

The bank shall maintain the safe deposit box to ensure the preservation and safety thereof, and shall maintain a register where it shall be entered the dates and times of opening the safe deposit box by the lessee.

Article 299

1. The lessee of a safe deposit box may not keep therein items which may cause hazards to the safety to the bank or other safe deposit boxes.
2. If it is established that the safe deposit box is in danger or that it contains dangerous items, the bank shall give an immediate notice to the lessee in order to appear and to empty it of the dangerous items. If the lessee fails to be present on the fixed date, the bank may request the President of the High Civil Court or Puisne Justice designated for this purpose to give it a permission to open the safe deposit box and empty it or withdraw the dangerous items contained therein in the presence of the person nominated by the President of the High Civil Court or the Puisne Justice designated for the purpose. A

statement of the occurrence shall be prepared and shall be signed by the bank's representative who has opened the safe deposit box and the person nominated by the President of the High Civil Court or the designated Puisne Justice of the Court in order to attend the opening of the safe deposit box. The contents of the safe deposit box shall be mentioned in the said statement. Where the threat does not allow any delay, the bank may open the safe deposit box at its own risk and shall empty the contents thereof or withdraw the dangerous items therefrom without notifying its lessee or obtaining the Court's permission.

Article 300

Where the lessee fails to pay the rent of the safe deposit box on due dates of payment, the bank may after the expiry of three months of giving notice thereto for payment by virtue of a registered letter with an acknowledgement slip consider the contract to have been terminated by the force of law without the need for filing legal action.

Where the term of the contract expires or where it has been deemed to be terminated according to the preceding Paragraph, the bank shall recover the safe deposit box after giving notice to the lessee requiring him to report to the bank to empty its contents on the date and at the time stated in the notice.

Where the lessee fails to report to the bank on the date set in the notice or where he reports to the bank but refuses to empty the contents of the safe deposit box, the bank may request the President of the High Civil Court or the Puisne Justice of the Court designated for this purpose to grant it permission and empty the contents thereof in the presence of the person nominated for this purpose. A statement of the occurrence shall be prepared and be signed by the representative of the bank who has opened the safe deposit box and by the person designated by the President of the High Civil Court or by the designated Puisne Justice appointed for this purpose to attend the opening thereof, and the Contents of the said safe deposit box shall be mentioned in the statement.

The President of the High Civil Court or the Puisne Justice designated for this purpose, shall be empowered to order the deposit of the contents of the safe deposit box with the bank or in the Court Treasury.

Article 301

The bank shall have a lien over the amount kept in the leased safe deposit box or over the Price resulting from the selling of the contents thereof for the settlement of the fees and charged owed thereto.

Article 302

1. A precautionary attachment or execution attachment may be placed on the safe deposit box.
2. The attachment shall be placed by notifying the bank of the contents of the instrument whereby the attachment is to take place while instructing it to state whether it leases a safe deposit box for the distrainer. Should the bank declare that this is the case, it shall immediately upon receiving a copy of the attachment statement bar the lessee from using the safe deposit box. The bank shall be left with a copy of the attachment statement and the lessee of the safe deposit box shall be given another copy.
3. If the attachment is of a precautionary nature, the lessee may apply to the Court seeking the lifting of the attachment or authorize him to take some of the contents of the safe deposit box.
4. Where the attachment is of an excretory nature, the execution officer shall after giving notice to the lessee of the date set for opening the safe deposit box. Where the lessee fails to report to the bank on time, the execution officer shall forcibly open the safe deposit box after deposit by the distrainer of the fees for the opening thereof and restoration to its original state. Then, he shall empty the contents thereof and make an inventory thereof in the presence of the bank's representative and distrainer, if present. The contents of the safe deposit box shall be sold in conformity with the provisions laid down in the Civil and Commercial Procedures Act, as amended.
5. Where the safe deposit box contains papers or documents that are not included in the compulsory sale, they shall be delivered to the lessee if he is present at the time of opening the safe deposit box, otherwise the execution officer shall deliver them to the bank after placing them in a safe place under the seal of the said officer and that of the bank's representative for delivery to the persons entitled thereto.
6. The distrainer shall pay to the bank a sufficient sum to ensure the settlement of the rent of the safe deposit box during the period of attachment.

Article 303

Except for the cases provided for in the Law, the bank may not open the safe deposit box nor empty the contents thereof except with the permission of the lessee and in his presence or in pursuance of a verdict issued in this respect by the President of the High Civil Court or any Puisne Justice designated for this purpose.

CHAPTER 4 BANK TRANSFERS (ACCOUNT TRANSFERS)

Article 304

1. A bank transfer is an operation whereby the bank debits the account of the person who has ordered the transfer in writing and credits another account accordingly.
2. This operation may be used to effect the following:
 1. transfer of a certain amount of money between two persons each of whom has an account with the same bank or with two different banks.
 2. transfer of a certain amount of money from one account to another both of which are opened in the name of the person giving the instruction of transfer with the

same bank or with two different banks. This operation shall include the set-off and the transfer.

3. The agreement between the bank and the person giving the instruction of transfer shall regulate the conditions of issuing the instructions provided that instruction of the transfer order may not be issue to bearer nor to the order of an ascertained person.
4. Where the beneficiary of the transfer instruction is authorized to transfer the value to the credit side of another person's account, the name of such other person must be stated in the transfer order.

Article 305

If the banicing transfer is carried out between two or more branches of the same bank or between two different banks, any objection made by a third party regarding the value thereof shall be presented to the branch or the bank with which the beneficiary's account is maintained.

Article 306

The transfer instruction may be issued for amounts actually entered or which shall be entered in the account of the person ordering the transfer within a periods to be agreed in advance between the person instructing the transfer and the bank

Article 307

An agreement may be made to the effect that the beneficiary may submit the transfer instruction to the bank instead of communication thereof by person instructing the transfer.

Article 308

1. Ownership in the value of the amount transferred shall pass to the beneficiary upon entry thereof on the debit side of the account of the person instructing the transfer. The transfer instruction may be revoked until such time when the entry is made.
2. However, if it is agreed that the beneficiary shall present the transfer order by himself to the bank, the person instructing the transfer may not revoke the transfer instruction subject to the provisions of Article 313.

Article 309

An agreement may be concluded for deferring the execution of transfer instruction issued by the instructing person or directly presented by the beneficiary to the end of the working day for the execution thereof together with similar orders issued on the same day.

Article 310

1. If the fund available for payment is insufficient and if the transfer instruction is made directly by the person instructing the transfer, the bank may refuse to execute the order, provided that it immediately notifies person giving such instruction.
2. If the transfer instruction is presented by the beneficiary the bank will credit the portion available to his account unless this is rejected by the beneficiary, and the bank shall enter on the transfer order the partial satisfaction or the rejection made by the beneficiary.
3. The person making the transfer order shall be entitled to dispose the available fund if the bank refuses to execute the transfer order or if the beneficiary rejects to partial satisfaction in accordance with the preceding two Paragraphs.

Article 311

1. If the bank does not execute the transfer order on the first business day following presentation, the order shall be deemed to the extent of the amount that is not executed as null and void and shall be returned to the person who has presented it against the issue of a receipt.
2. If a longer period is agreed, the transfer order shall be added to the orders which are presented in the following days during such period.

Article 312

The debt for the repayment of which the transfer order has been issued, shall remain outstanding together with its securities and attachments until the value is actually credited to the beneficiary's account

Article 313

1. If the beneficiary is adjudged bankrupt the person making the order may stop the execution of the transfer order even where the order has been delivered to the beneficiary.
2. The declaration of the bankruptcy of the person making the transfer order shall not stay the execution of the transfer orders if been presented to the bank prior to the judgment declaring bankruptcy unless the Court decrees otherwise.
3. In the event of death of the person making the transfer order, the bank shall refrain from executing the transfer orders issued by the deceased before his death from the date of its knowledge of the death.
4. In the event of death of the beneficiary, the bank shall continue to execute the transfer orders to his heirs.

CHAPTER 5 OPENING OF CREDITS

Article 314

1. The opening of a credit is a contract whereby the bank places at the disposal of the beneficiary, whether directly or indirectly, a credit instrument within the limits of a certain amount of money.

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

Article 315

1. Where a credit is opened for an indefinite term, the bank may at any time revoke it provided it notifies the beneficiary at least 15 days prior to the date fixed for the revocation.
2. Any agreement to grant the bank the right to revoke an indefinite term credit without prior notice or a shorter notice than that prescribing the preceding paragraph shall be null and void.

Article 316

The bank may not revoke the credit before expiry of the agreed term except in the event of death of the beneficiary or an attachment is placed upon his property or if he ceases pay his debts without adjudicating bankrupt or his commission of a gross error in utilising the credit opened in his favour.

CHAPTER 6 DOCUMENTARY CREDITS

Article 317

1. A documentary credit is a contract whereby a bank undertakes to open a credit upon an application from one of its customers, who is called the applicant, in favor of another person, called the beneficiary, secured by the documents representing the goods transported or intended for transport.
2. A documentary credit contract is deemed to be independent of the underlying contract which constitutes the cause for opening the credit and the bank shall continue to be a stranger to this contract.

Article 318

A bank which opens a credit shall undertake to perform the conditions of payment, acceptance and discount agreed upon in the contract for opening the credit the documents conform to the conditions and particulars stated provided in the contract.

Article 319

1. A documentary credit may be revocable or irrevocable.
2. A documentary credit shall be revocable unless expressly agreed that it shall be irrevocable.
3. A documentary credit may be divisible, transferable, indivisible or non-transferable.

Article 320

A revocable documentary credit shall not create any obligation on the bank towards the beneficiary. The bank may at any time amend or cancel it of its own initiative or at the request of the person who ordered the opening of the credit without the need for notifying the beneficiary, provided that the amendment or cancellation is made in good faith and at an opportune time.

Article 321

1. Where the documentary credit is irrevocable the obligation of the bank shall be absolute and direct towards the beneficiary and to any bona fide holder of the document drawn in performance of the contract which caused the opening of the credit.
2. An irrevocable documentary credit shall not be cancelled nor amended except with the agreement of all the interested parties.
3. Except for the public holidays, the validity of the credit shall not extend beyond other than bank holidays even when the expiry of the validity coincides with the date of the cessation of business of the bank due to a force majeure unless there is an express authorization to that effect from the person ordering the opening of the credit.

Article 322

1. An irrevocable documentary credit may be confirmed by one bank to another which shall, in turn, be under obligation directly towards the beneficiary.
2. A notice for the opening of an irrevocable documentary credit sent to the beneficiary through another bank shall not be deemed as a confirmation by this bank of the documentary credit.

Article 323

1. Precise details shall be indicated in the papers of the application for the opening of the documentary credit, its confirmation or notification the documents against which the transactions of payment, acceptance or discounting shall be conducted.
2. The bank shall ascertain that the documents are in conformity with the instructions of the person who ordered the opening of the credit as contained in the letter of credit sent to the beneficiary.
3. Where the bank rejects the documents it shall immediately send notice of rejection to the person who ordered the opening of the credit, indicating the discrepancy noticed.

Article 324

1. The bank shall not be liable if the documents presented appear to conform to the instructions received from the person who ordered the opening of the credit.
2. The bank shall not bear any liability with regard to specifying the goods for which the credit has been opened nor in respect of their quantity, weight, external condition, wrapping or value nor shall it be held liable with regard to performance by the consignors or insurers of their obligation.

Article 325

1. The bank may not divide the execution of the documentary credit unless so authorized by the person who opened the credit.
2. The beneficiary shall not assign all or part of the documentary credit to another person or other persons unless he is authorized to do so by the bank and is expressly provided for in the letter of credit.
3. In addition, the transfer shall only be made once unless the contrary is provided for in the contract for opening the documentary credit.
4. The transfer shall be affected by endorsing the letter of credit if it is conditional or by delivery thereof if it is for the bearer. However, if it is nominal, the procedures governing bill of exchange shall be applicable.

Article 326

Where the person who ordered the opening of the credit falls to pay to the bank value of the shipping documents conforming to the conditions of the opening of the credit within three months from the date of being notified of the date of arrival of the said documents, the bank may sell the goods by adopting the method of execution on Articles which are the subject to a commercial mortgage.

CHAPTER 7 DISCOUNTS

Article 327

1. A discount is a contract whereby a bank pays to the beneficiary of a commercial paper the value stated therein consideration for transferring the ownership of the commercial paper to the bank.
2. The bank shall deduct from the amount paid to the beneficiary on the discount interest on the amount of the commercial paper in addition to commission. It may be agreed to carry out the discount in consideration for a lump sum amount.

Article 328

1. Interest is calculated on the basis of the time which extending to the maturity date of the commercial paper or any shorter period in mortgage transactions or other transactions involving an undertaking by the beneficiary of the discount to repay the amount he has received before the maturity date of the commercial paper.
2. Commission shall be estimated on the basis of the value of the document.
3. A minimum rate of interest and commission may be prescribed.

Article 329

The beneficiary of the discount shall repay to the bank the nominal value of any unpaid commercial paper.

Article 330

1. The bank shall have all the rights which arise from the instrument against the original debtor, the beneficiary of the discount and the other obligors.
2. The bank shall have in addition a separate right against the beneficiary of the discount to recover the amount of money which is has placed at his disposal to recover interest and commission due to it. Without prejudice to the provisions relating to the current account, the bank shall exercise this right within the limits of the unpaid papers regardless of the reason non-payment of the discounted papers.

CHAPTER 8 LETTER OF GUARANTEE

Article 331

a letter of guarantee is an undertaking issued by a bank at the request of one of its customers (called the “applicant”) to pay a certain a certain amount or an ascertainable amount of money to the beneficiary on demand within the fixed period of the letter. The letter of guarantee shall state the purpose for which it has been issued.

Article 332

The bank may require the provision of a counter security against the issue of a letter of guarantee. The security may be in cash form, financial or commercial instruments, goods or an assignment of the applicant’s entitlements from the beneficiary issued by the applicant in favour of the bank.

Article 333

The beneficiary may not assign his right under the letter of guarantee to a third party without the consent of the bank.

Article 334

The bank may not refuse payment to the beneficiary on grounds relating to the bank’s relationship with the applicant or to the relationship between the applicant with the beneficiary.

Article 335

The bank shall be discharged of liability towards the beneficiary if no demand of payment is received from the beneficiary during the validity period of the letter of guarantee is received from the beneficiary, unless it is expressly agreed to renew the term thereof.

The bank shall, upon the expiry of the term of the letter of guarantee, return the deposit provided by the applicant for obtaining of the letter of guarantee.

Article 336

If the bank pay to the beneficiary the amount agreed in the letter of guarantee, it shall subrogate him for recourse against the applicant to the extent of the amount paid.

CHAPTER 9 CURRENT ACCOUNT

Article 337

A current account is a contract whereby two persons agree to enter in an account through mutual and combined payments the debts arising from operations performed between them such as the delivery of monies, property or negotiable instruments and others; and to carry out a final settlement of these debts which result in showing the balance of the account when chosen, instead of settling each debt separately.

Article 338

All debts which arise from the business transaction carried out between the parties to the account shall, by law, be entered in the current account, unless such debts are secured by legally or contractual charges or if it has been agreed to exclude the debt from the account.

However, if it is expressly agreed by the parties concerned debts secured by contractual charges, whether provided by the debtor or a third party may be entered in the current account. The security in this case shall cover the future debit balance to an extent not exceeding the secured right.

If the law stipulates compliance with certain procedures for affecting the security or for admissibility in evidence against third parties, it shall only be transferred to the balance and may only be admitted in evidence from the date of completion of such procedures.

Article 339

If the items of the account include cash debts denominated in different currencies or various items, the parties may agree to enter them in the account, provided that they shall be entered in separate sections taking into account the similarity of the payments included and that the two Parties allow the account to remain unified despite the variety of its sections.

The balances of the sections referred to in the preceding Paragraph shall be transferable to enable the two parties at the time determined by them or no later than the date of closing the account to carry out set-off between the accounts to produce the one balance.

Article 340

If a term is fixed for the account, it shall be closed on the expiry of such term and it may be closed before expiry of the period by agreement of both parties.

If the current account is opened for an indefinite term it may be closed at any time at the discretion of either party provided the party complies with the notice period prescribed by the agreement or by custom.

In all cases, the account shall be closed on the death of either party, his insolvency or bankruptcy or incompetence.

The balance shall be calculated upon closing of the account and the debit balance shall become immediately payable unless the two parties have agreed otherwise or unless certain transactions that should have been entered have been conducted and the entry thereof would result in altering the amount of the balance.

Article 341

Unless otherwise agreed either party to the account may dispose at any time of his credit balance which appears in the account.

Article 342

No set off shall be made between an entry in the current account and another entry in the same account.

Article 343

If the payment made results from a right that does not exist, or the value thereof has been reduced for a subsequent reason to making the entry in the account, the entry must be cancelled or reduced and the account shall be amended accordingly.

Article 344

Debts which are entered into a current account shall not be subject to the rules of statutory limitation and payment of interest applicable thereto prior to their entry into the account.

Interest on the debit balances shall be calculated at the rate agreed between the bank and the account holder, If a specific rate is not agreed upon, interest shall be calculated as prescribed by the Bahrain Monetary Agency or in accordance with banking practices.

Unless otherwise agreed interest shall be calculated from the date of entry thereof in the current account while it is in operation taking into consideration the periods of time prescribed by custom for the entry thereof in the current account.

Article 345

The general provision of limitation shall apply to the limitation of the debit balance and interest charged thereon.

Unless otherwise agreed statutory interest shall apply to the debit balance from the date of closing the account.

Article 346

The current account is indivisible before closure of the account or extraction of the final balance. The closure of the account shall alone give rise to the comprehensive set-off of items of the account.

However, the creditor of either party to the account may attach during the operation of the account on the credit balance of his debtor at the time of attachment.

In this even, the person with whom the account is opened shall prepare a provisional balance of the account to reveal the position of the attached party at the time of attachment.

If it is agreed to that the attached party may not dispose of his credit balance during the operation of the account, attachment shall only be effected on the final balance which appears in his favour on the closure of the account.

Article 347

If one of the parties to the account is declared bankrupt, any mortgage executed on his properties to secure any potential debit balance to the extent of such balance after the date determined by the Court for suspension of payments, shall not be admissible in evidence.

Mortgage may be admissible in evidence against the group of creditors with respect to difference, if any, between the amount of the debit balance existing at the time of the mortgage and the amount of the debit balance at the time of closing the account, unless it is proved that the contracting party was aware at the time of agreement on the mortgage that the debtor ceased to make payment.

Article 348

If the proceeds of a discounted commercial paper are entered in the current account and the value thereof is not paid maturity the person discounting the bill may cancel the entry by a reverse entry, even though the presenter has been declared bankrupt.

A reverse entry means entry of an amount equal value to the value of commercial paper in addition to statutory interest from the date of maturity and expenses into the debit side of the current account.

No reverse entry may be made except for commercial papers that are not paid on maturity date, and any agreement otherwise shall be null and void.

Article 349

Any legal action pertaining to the correction of the account because of errors, omissions, repetitions of entry or other corrections shall be accepted after the lapse of one year from the date of receiving the statement of account relating to the liquidation, which shall be sent by registered mail accompanied by the delivery note.

In all cases any court suit relating to a current account shall be statute barred after the lapse of five years from the date of closure of the account.

PART 4 COMMERCIAL PAPERS

CHAPTER 1 BILLS OF EXCHANGE

Section 1 Issue of Bills of Exchange

Article 350

A bill of exchange shall contain the following particulars:

1. The term bill of exchange written in the text of the instrument in the language in which it is written.
2. An unconditional order to pay a sum certain in money.
3. The name of the drawee.
4. The name of the person to whom or to whose order payment shall be made (the beneficiary).
5. The place of payment.
6. Date of maturity.
7. Date and place of the bill of exchange.
8. Signature of the drawer.

Article 351

An instrument which does not contain any one of the particulars detailed in the preceding Article is not a bill of exchange, except in the following cases:

1. If the date of maturity is not stated therein, the bill of exchange shall be deemed to be payable at sight.
2. If the place of payment or the domicile of the drawee is not stated therein, the place stated next to the drawee's name shall be deemed as the place where it is payable and domicile of the drawee. Unless a different place is specified, a bill of exchange shall be payable at the drawee's domicile.
3. If the place where the bill is drawn is not indicated the bill of exchange shall be deemed to have been made at the place stated next to the name of the drawer.

Article 352

1. A bill of exchange may be drawn payable to the order of the drawer.
2. It may be drawn on the drawer.
3. It may be drawn for the account of a third party.

Article 353

1. A drawer of a bill of exchange payable at sight or after a fixed period after sight may stipulate payment of interest on the amount of the bill.
2. Any condition for payment of interest in other types of bills of exchange shall be null and void.
3. The rate of interest shall be specified in the bill of exchange. If the rate of interest is not specified, the condition shall be deemed null and void.
4. Unless the instrument otherwise provides interest runs from the date of the bill.

Article 354

1. Where the sum payable is expressed in words as well as in figures, and there is a discrepancy between the two, the sum denoted by the words is the amount payable.

2. Where the sum payable is expressed more than once in words or more than once in figures and there is a discrepancy, the lesser sum shall be the sum payable.

Article 355

The liability of persons having reduced capacity who are not traders and of persons having no capacity arising from signing a bill of exchange as drawers, endorsers, acceptors, sureties or in any other capacity shall be null and void with regard to themselves only and they may adhere to such nullity against any holder of the bill of exchange.

Article 356

Where a signature on a bill of exchange is placed thereon by a person having no capacity to incur liability as a party thereto or where the signatures are forged, or are signatures of fictitious persons or are signatures which are not binding on the persons making them for any other reasons or on the persons on whose names; however the liability of any other signatures thereto shall remain valid.

Article 357

1. The capacity of a person to incur liability as a party to a bill of exchange is determined by the law of domicile. If such law refers the matter to the law of another state, the law of the latter state shall be the applicable law.
2. If a person liable under the bill is deemed a person of reduced capacity under the law referred to in the preceding paragraph, he shall remain liable if his signature was placed in a jurisdiction which deems him as having the required capacity.

Article 358

1. A person who signs a bill on behalf of a person without the authority such person shall be personally liable thereunder. If he discharges the attached liability, the rights which would have devolved to the person on whose behalf he purported to have acted shall devolve to him.
2. The foregoing provision shall also apply to a person who acts beyond limits of his authority.

Article 359

1. A drawer of a bill of exchange shall guarantee the acceptance and payment thereof.
2. The drawer may stipulate that he be exempted of guaranteeing acceptance; however, any condition purporting to exempt him of guaranteeing payment shall be null and void.

Section 2 Endorsement

Article 360

1. A bill of exchange, if it does not contain an express statement that it is drawn “to order”, is negotiable by endorsement.
2. A bill of exchange is not negotiable where the drawer adds a statement to the effect that it is not “to order” or any other statement expressing the same meaning, except by complying with the provisions governing assignment of rights and the resulting effects from assignment.
3. A bill of exchange may be endorsed to the drawee regardless of whether or not he accepted it. A bill may also be endorsed to the drawer or to any other obligor. All these persons may re-endorse the bill.

Article 361

1. Without prejudice to the provisions of Article 364, endorsement may not be conditional, and every condition applicable to the endorsement shall be disregarded.
2. Partial endorsements void.
3. An endorsement to bearer is deemed to be endorsement in blank.

Article 362

An endorsement shall be written on the bill of exchange itself or on an allonge attached thereto and be signed by the endorser. The name of the beneficiary may not be indicated in the endorsement and in this latter case endorsement must be made on the back of the bill of exchange.

Article 363

1. Endorsement transfers all the rights arising from a bill of exchange.
2. In case of blank endorsement, the holder may:
 1. Fill in the blank by writing his name or some other person’s name.
 2. Re-endorse the bill of exchange in blank or to some other person.
 3. Deliver the bill of exchange to some other person without filling in the blanks and without endorsing it.

Article 364

Unless otherwise stipulated, the endorser guarantees the acceptance and payment of a bill of exchange.

The endorser may prohibit subsequent endorsement and in this case he shall not be liable to any subsequent holder of the bill of exchange who holds it by subsequent endorsement.

Article 365

1. The holder of a bill of exchange shall be deemed to be a holder in due course if he establishes that he is entitled thereto by successive endorsements, even if the last “endorsement in blank “. A “crossed endorsement” shall be null and void in this regard.

If the blank endorsement is followed by another endorsement, the signatory on this last endorsement shall be deemed to be the person to whom the right to the bill of exchange has passed by the endorsement in blank.

2. If a person in possession of a bill of exchange the holder shall not be obliged to surrender it if he is able to establish his right thereto in accordance with the preceding Paragraph unless he has acquired it in bad faith or by commission a gross default.

Article 366

Without prejudice to the provisions of Article 355, the defendant sued for a bill of exchange may not raise any defence against the holder based on his personal relationship with the drawer or prior holders unless the holder's intention at the time of acquiring the bill of exchange was to cause damage to the debtor.

Article 367

1. Where the endorsement stipulates "value for collection", "value for receipt", "by procurement" or any similar expression indicating agency, the holder may exercise all the rights arising from the bill of exchange but may not endorse it except as an agent.
2. In this case, the only defenses available to the obligors are the defenses that may be raised against the endorser.
3. The agency implied in the endorsement by procurement shall not be terminated except by the death of the principal or adjudication of his incompetence.

Article 368

1. Where the endorsement contains the expression "value as security, "value as pledge" or any similar expression indicating pledge, the holder of a bill of exchange may exercise all the rights arising from it and if he endorses it, the endorsement shall be deemed made by procurement.
2. The obligors under the bill of exchange may not bring raise the holder defenses based on their personal relationship with the endorser, except where at the time of acquiring the bill the holder intended to cause damage to the debtor.

Article 369

1. Endorsement after the maturity of the bill shall have the same effects of an endorsement effected before maturity. However, endorsement after protest for non-payment or occurring after the expiry of the legally prescribed period for the protest shall only have the effects of assignment of rights.
2. Unless otherwise proved an undated endorsement shall be deemed to have been effected before the expiry of the time prescribed for protesting.

Article 370

Endorsement may not be predated. A predated endorsement is deemed to be a forgery.

Section 3 **Consideration for Payment**

Article 371

The drawer of a bill of exchange or the person for whose account a bill of exchange is drawn shall provide the drawee funds for payment thereof. However, a drawer of the account of another person shall not be exempted from liability towards the endorsees and holders of the bill of exchange to the exclusion of others.

Article 372

Consideration is presumed where, at the maturity date of the bill of exchange, the drawee is indebted to the drawer or to the person who ordered the drawing of the bill of exchange in a certain sum of money which is due for payment and which is at least equal in value to the amount of the bill of exchange.

Article 373

1. The acceptance of a bill of exchange constitutes evidence of the existence of other part of the acceptor. Such evidence is irrefutable in the relationship between the drawee and the holder.
2. In the event of denial the onus of proof lies, regardless of whether or not the bill of exchange has been accepted, solely on the drawer to prove that consideration has moved to the drawee at the time of maturity of the bill of exchange. If he fails to establish, he shall be liable for payment, even after the lapse of the period prescribed for protest. If the drawer proves that the continuous existence of consideration until the time fixed for the protest, he shall be discharged of liability to the extent of such consideration, unless it has been used for his benefit.

Article 374

1. The right to the consideration passes by operation of the law to the successive holders of the bill of exchange.
2. If the consideration is less than the value of the bill of exchange, the holder shall be entitled to all the rights with attached to the entire consideration. This rule applies where the consideration is a disputed, unrealized or a premature debt on the date of maturity of the bill of exchange.

Article 375

The drawer shall, even where the bill is protested after the prescribed period of time, deliver to the holder of the documents which enable him to obtain the required consideration. If the drawer is declared bankrupt, the trustee to bankruptcy should do and all related expenses shall be borne by the holder of the bill of exchange in all cases.

Article 376

If the drawer is adjudicated bankrupt, even before the maturity date of the bill of exchange, the holder shall, to the exclusion of the other creditors of the drawer, be entitled to receive his share in the consideration which was duly maintained by the drawer.

Article 377

1. If the drawee is adjudicated bankrupt while consideration is a debt due from him, it shall be included in the assets of the bankruptcy.
2. Where the drawee has in his possession goods, commercial and financial papers or such other properties which may be recovered in accordance with the provisions of the bankruptcy law which belong to the drawer, and if such assets were expressly or impliedly maintained for payment of the bill of exchange, the holder shall have priority in receiving his entitlement from its value.

Article 378

1. Where several bills of exchange have been drawn against a consideration insufficient to satisfy all of them, the order of the dates in which each bill has been drawn shall be taken into consideration in determining the holder's right to payment of their debts out of the available funds. The holder of a bill of an earlier date shall have priority in payment.
2. Where the bills of exchange are drawn on the same date, the bill accepted by the drawee shall have priority.
3. Where none of the bills is accepted by the drawee the bill which the consideration was provided shall have priority.
4. Bills of exchange containing non-acceptance term shall rank last in the order of priority.

Section 4 Acceptance

Article 379

The holder or any possessor of a bill of exchange may, up to the date of its maturity, present it to the drawee at his domicile for acceptance.

Article 380

1. The drawer of a bill of exchange may stipulate the presentment thereof for acceptance at a certain date or without fixing any date.
2. He may stipulate that it shall not be presented for acceptance. However, such condition may not be stipulated if the bill of exchange is payable by a person other than the drawee or at a place than the domicile of the drawee or if the bill of exchange is payable at a fixed period after sight.
3. He may also stipulate that it shall not be presented for payment before a certain date.
4. Every endorser may stipulate of a bill for acceptance on a certain date or without fixing any date, unless the drawer has stipulated that it should not be presented for acceptance.

Article 381

1. A bill of exchange which is payable on a fixed date after sight must be presented for acceptance within one year from its date.
2. The drawer and every endorser may shorten or extend this period.

Article 382

1. A drawee may request the bill of exchange for acceptance on the day following the first presentment. Any allegation by persons concerned that such request was rejected shall not be admissible unless such request is stated in the protest.
2. The holder of a bill of exchange presented for acceptance may not be obliged to surrender it to the drawee.

Article 383

1. The acceptance shall be written on the bill of exchange in the form of the word “accepted” or any other expression signifying the same meaning and shall be signed by the drawee. The mere signature of the drawee on the face of the bill of exchange shall be deemed an acceptance.
2. If, in accordance with a special condition, the bill of exchange is due for payment after a fixed period from sight or must be presented for acceptance according to a specific condition within a certain period, the date of acceptance shall be stated on the same day of effecting it unless the holder stipulates that the date of acceptance should be shown on the day of presentment of the bill. When the date of acceptance is not stated, the holder may, in order to reserve his right of recourse against the endorsers and the drawer, establish the omission of the date by a protest carried out within the prescribed period.

Article 384

1. The acceptance shall be unconditional. However, the drawee may restrict acceptance to part of the amount of the bill of exchange.
2. Any modification to the particulars of the bill of exchange contained in the statement of acceptance shall be deemed as rejection of the acceptance. However, the acceptor remains bound by the terms of his acceptance.

Article 385

1. If the drawee specified on the bill of exchange a place of payment other than the drawee's domicile without naming the person to whom payment should be made, the drawee may at the time of acceptance specify the address of payment. When he fails to do so the acceptor shall be bound to pay in the stipulated place of payment.
2. If the bill of exchange is due for payment at the drawee's domicile, he may specify in the statement of acceptance an address in the place of payment.

Article 386

1. If the drawee accepts the bill of exchange he shall be bound to pay its value on maturity.

2. In the event of default in payment, the holder, even though he is the drawer, may claim, by instituting a direct suit based on the bill of exchange from the accepting drawee, all entitlements which may be claimed in accordance with the provisions of Articles 415 and 416.

Article 387

1. When the drawee deletes the acceptance stated on the bill of exchange before returning it, such deletion shall be deemed as non-acceptance. Unless the contrary is proved, the deletion shall be deemed to have taken place before returning the bill of exchange.
2. However, if the drawee communicates, in writing, his acceptance to the holder or any other signatory he shall be bound, towards them, by such acceptance.

Section 5 Standby Guarantee

Article 388

1. Payment of a bill of exchange may be guaranteed in whole or in part by a standby guarantor.
2. The guarantee may be made by any person even though he is one of the signatories to the bill of exchange.

Article 389

1. The standby guarantee shall be indicated on the bill of exchange itself or on an allonge.
2. Such guarantee may be signified by the expression “Accepted as a Standby Guarantor” or any other words and signed by the guarantor.
3. Mere signature of the guarantor on the face of the bill of exchange shall indicate the guarantee unless it is the drawee’s or drawer’s or the drawer’s signature.
4. The name of the guaranteed person shall be stated in the bill of exchange, otherwise the guarantee shall be deemed to have given in favor of the drawer.

Article 390

1. A standby guarantor shall be bound in the same manner whereby the guaranteed person is bound.
2. The obligation of the standby guarantor shall be valid even though the obligation which he guarantees is void for any other reason than a defect in form.
3. If a standby guarantor pays the amount of the bill of exchange, he shall be entitled to the rights emanating therefrom against the guaranteed person and against all the obligors of the guaranteed person under the bill of exchange.

Article 391

1. The standby guarantee may be issued on an allonge indicating the place where it has been affected.
2. The standby guarantor who grants the guarantee on an allonge shall only be liable towards the person to whom the guarantee has been granted.

Section 6 Maturity

Article 392

1. A bill of exchange may be made payable in any of the following forms:
 1. At sight.
 2. Following a certain specified period after sight.
 3. After the elapse of certain specified period from the date of making the bill of exchange.
 4. On certain specified date.
2. A bill of exchange which stipulates other or successive dates of maturity shall be null and void.

Article 393

1. A bill of exchange which is payable at sight must be paid on presentment and should be presented for payment within one year of the date of drawing. The drawer may shorten or extend this period, while the endorsers may shorten it only.
2. The drawer may stipulate that a bill of exchange payable at sight shall not be presented before the certain date and in this case the time for presentment is calculated from such date begins to run.

Article 394

1. The maturity of a bill of exchange payable at a fixed period after sight shall commence from the date of acceptance or protest
2. If not protested, the undated acceptance shall be deemed to have taken place against the acceptor on the last date prescribed for acceptance in accordance with Article 381 hereof.

Article 395

1. If a bill of exchange is drawn for one or more months after date or after sight, it shall be payable on the corresponding date of the month during which it matures. In the absence of a corresponding date in the month of maturity, it shall be payable on the last day of such month.
2. Where a bill of exchange is drawn for payment after one or more months and a half month from the date of the drawing or from the date of sight, the calculation shall be carried out on the basis of complete months.
3. Where the bill of exchange is payable on the beginning, middle or end of the month, it shall mean the first, fifteenth or last day of such month respectively.
4. The expression "eight days" or "fifteen days" does not mean one or two weeks respectively, but shall actually mean eight or fifteen days.
5. The expression "half a month" means fifteen days.

Article 396

1. If a bill of exchange is payable on a certain date in a place which adopts a different calendar from that of the place of drawing, the date of maturity is deemed to be the date determined in accordance with to the calendar of the place.
2. If a bill of exchange is drawn between two places with different calendars and is payable at a fixed period after date, the date of issue shall be adjusted to the corresponding date of the calendar of the place of payment and the date of maturity shall be determined accordingly.
3. The date of presentment of the bill of exchange shall be determined in accordance with the provisions of the preceding paragraph.
4. These provisions shall not apply where the term, or particulars of the bill of exchange that disclose the intention of the parties to apply different rules

Section 7 **Payment**

Article 397

1. The holder of a bill of exchange payable on a certain date and at a fixed period after date or sight, shall present it for payment on the date of maturity.
2. Presentment of a bill of exchange to any of the legally recognized clearing houses is deemed to be presentment for payment.

Article 398

1. If the drawee pays the bill of exchange, he shall be entitled to recover it signed as duly paid.
2. The holder may not reject partial payment.
3. Where payment is partial, the drawee may require that such payment to be evidenced on the bill itself and that a receipt to that effect be delivered to him.
4. The drawer, endorsers and other obligors under a bill of exchange shall be discharged of liability to the extent of the amount actually from the original value thereof. The holder shall protest in respect of the unpaid balance.

Article 399

1. A holder of a bill of exchange shall not be obliged to receive its value before maturity.
2. If the drawee pays the value of a bill of exchange before maturity, he shall bear the resulting consequences.
3. A person who pays a bill of exchange on maturity without a valid objection shall be discharged of liability thereon, unless he has committed an act of fraud or gross negligence. He should verify the validity of the sequence of endorsements but is not bound to verify the authenticity of the signatures of the enforcers.

Article 400

1. Where payment is stipulated in Bahrain in a currency which is not in circulation therein, it shall be paid in the currency not in circulation at the rate of exchange prevailing on the date of maturity. If payment is not made on the date of maturity, the holder shall have the option to claim the amount of the bill converted into the currency in circulation

in Bahrain, at the rate of exchange prevailing on the date of maturity or on the date of payment.

2. The applicable rate in the conversion of foreign currencies, there shall be the rate of exchange fixed by the Bahrain Monetary Agency or the prevailing market rate if it is not fixed by the Bahrain Monetary Agency. However, the drawer may determine on the bill of exchange the applicable rate of exchange to for calculation of the amount payable.
3. Where the amount of the bill of exchange is denominated in a currency carrying the same name with different value in the country of issue and that of payment, it will be presumed to mean the currency of the country of payment.

Article 401

1. If the bill of exchange is not presented for payment on maturity, every debtor there under may deposit the amount of the bill with the Court Treasury and the deposit shall be at the expense of the holder and at his risk.
2. The Court Clerks Department shall deliver to the depositor a document stating the deposit of the amount, value thereof, date of the bill of exchange, date of maturity and the name of the original beneficiary.
3. Should the holder claim payment, the debtor shall deliver to him the deposit document against receipt of the bill of exchange with acknowledgement of payment in accordance with the deposit document delivered to him. Such acknowledgement shall be signed by the holder. The holder shall be entitled to receive the amount from the Court Clerks Department by virtue of this document. If the debtor fails to deliver the deposit document to the holder, he shall be obliged to pay him the value of the bill of the exchange thereto.

Article 402

The payment of a bill of exchange may not be rejected unless it is lost, or the holder is adjudged bankrupt.

Article 403

Where a non-accepted bill of exchange which is drawn in a set is lost, the person entitled to its value may claim payment on the strength of one of its other parts.

Article 404

In case of loss of the part bearing the acceptance of a bill of exchange drawn in a set, payment of the value thereof may not be claimed pursuant to any of its other parts save according to an order of the President of the High Civil Court or one of the puisne Justices designated for this purpose, provided that he shall prove the ownership thereof and provide a guarantee.

Article 405

A person who has lost an accepted or unaccepted bill of exchange but has not been able to produce one of the other copies thereof, may seek the issue of an order from the President of the High Civil Court or a Puisne Justice designated for this purpose for payment thereof provided that he shall prove the ownership thereof and provide a guarantee.

Article 406

1. In case of refusal to pay the value of a lost bill of exchange after claiming payment in conformity with the preceding two Articles, the owner shall, in order to safeguard his rights, prove the refusal to pay by making a protest document on the day following the date of maturity and shall serve it upon the drawer and endorsers in the manner and on the dates specified in Article 412.
2. The making and service of the protest is essential within the time limit specified in the preceding paragraph even though it is not feasible to seek the issue of an order of the President of the Court or the Puisne Justice designated for this purpose by the said Court President at the appropriate time.

Article 407

1. The owner of a lost bill of exchange may obtain a copy thereof by referring to his preceding enforcer, who shall be bound to assist him and allow him to use his name in referring the previous endorser and so on up to the drawer.
2. Every endorser shall write his endorsement on the copy of the bill of exchange delivered by the drawer after noting that it is a replacement instead of the lost one.
3. Claiming payment on the strength of such copy may only be made pursuant to an order of the President of the High Civil Court or the Puisne Justice designated for this purpose, provided that a guarantee shall be provided.
4. All expenses shall be borne by the owner of the lost bill of exchange.

Article 408

Payment on the date of maturity pursuant to an order from the President of the High Civil Court or a Puisne Justice designated for this purpose in the events referred to in the preceding Articles shall discharge the debtor of liability.

Article 409

The liability of the person who presents the bill of exchange provided for in Article 404, 405 and 406 shall lapse after three years if no claim or demand has been filed.

Section 8 Recourse

Article 410

1. A holder of the bill of exchange shall upon the payment of its value on maturity be entitled to recourse against the endorsers, the drawer and any other obligor thereof.
2. The holder of a bill of exchange may have recourse before maturity in the following events:
 1. Total or partial non-acceptance.
 2. Bankruptcy of the drawee regardless of whether he has accepted the bill or not, or when he insolvency of the debtor even if such insolvency is not established by a Court judgment or futile attachment of his properties.
 3. Bankruptcy of the drawer of the bill of exchange. Where recourse is exercised against the sureties in accordance with paragraphs (b and c) above, they may within three days from the date of the recourse apply to the President of the High Civil Court or the court officer appointed for this purpose to grant them a grace period for payment. If the Judge finds that there are grounds for the application he shall determine in his order the period of grace and such order shall be unappeasable.

Article 411

1. Refusal of acceptance or payment of the bill of exchange shall be proved by protest for non-acceptance or protest for non-payment.
2. Protest for non-acceptance shall be made within the period prescribed for presentment of the bill of exchange for acceptance. If the first presentment for acceptance made in accordance with Article 381(1) takes place on the last day of the prescribed period protest may be made on the following day.
3. The protest for non-payment of the bill of exchange payable on a certain date or at a fixed period from date or from sight by drawn up on one of the two business days following the date of maturity. If the bill of exchange is payable at sight protest for non-payment shall be made in accordance with the conditions stated in the preceding Article applicable to protest for non-acceptance.
4. Presentment for payment and protest for non-payment are dispensed with after protest for non-acceptance is drawn up.
5. In the event of bankruptcy of the drawee regardless of whether he has accepted the bill of exchange or not or futile attachment is of his properties, the holder of the bill of exchange may only exercise his right of recourse against the sureties after presentment of the bill of exchange to the drawee for payment and after drawing up protest for non-payment.
6. In the event of bankruptcy of the drawee regardless of whether he has accepted the bill of exchange or not or the bankruptcy of the drawer of a bill of exchange which stipulate non-presentment for acceptance, production of the bankruptcy judgment shall constitute sufficient ground for the holder to exercise his right of recourse against the sureties.

Article 412

1. The holder of a bill of exchange shall notify the endorser and the drawer of the non-acceptance or non-payment within the following four business days after the protest or the date of presentment for acceptance or payment if it contains condition of "return free of charges". Each endorser shall, within the two business days following the

receipt of the notice, notify his endorser of his receipt of such notice, stating the names and addresses of the previous notifies from one endorser to the other up to the drawer. The prescribed notification period shall start to run from the date of his receipt of the notice.

2. If a signatory of the bill of exchange is notified in accordance with the preceding paragraph, his reserve guarantor shall be notified within the same period.
3. Where any of the signatories of the bill of exchange fails to indicate his address or where such address is written in an illegible manner it shall be sufficient to notify the preceding endorser.
4. Any person required to notify shall perform such notification in any manner including return of the bill itself.
5. He must establish that he has performed notification within the prescribed period. The said time limit is deemed to be observed when the notice is sent during the said period.
6. The rights of party who is required to notify shall not be forfeited by his failure to do so within the prescribed period.

However, he shall, where necessary, compensate the other party resulting from his negligence, provided the amount of such compensation shall not exceed the amount of the bill of exchange.

Article 413

1. The drawer, any endorser or reserve surety to a bill of exchange may exempt the holder of the bill of exchange from protest non-acceptance or for non-payment when exercising his right to recourse, if he has written on the bill of exchange under his signature the condition of "return free of charges" or without protest or any other expression to that effect.
2. Such condition shall not exempt the holder from presenting the bill of exchange on the prescribed dates nor from performing the required notification, and any person who insisting on non-compliance with these prescribed dates, towards the holder shall be required to establish this.
3. If the drawer writes this condition it shall be binding on all the signatories but where such condition is stipulated by an endorser or a reserve surety, it shall be binding on him alone.
4. Where such condition is imposed by the drawer and where the holder protests despite this fact, he shall bear alone the expenses, but where the condition is imposed by an endorser or reserve surety right of recourse may be exercised against all the signatories with respect to the expenses of protest if carried out.

Article 414

1. The drawer, acceptor, endorser and reserve surety of a bill of exchange are all jointly liable to the holder and are, accordingly severally and jointly liable without being required to observe any order.
2. Such right is available for any signatory to the bill of exchange or the value thereof.
3. The suit raised against any of obligor shall not bar action against the others, even where their liability is subsequent to the obligor against whom the suit is initially raised.

Article 415

1. The holder of a bill or exchange may claim the following from any person against whom he has a right of recourse:
 1. The principal value of a non-accepted or non-paid bill of exchange, in addition to any stipulated interest.
 2. Interest calculated at the legally prescribed rate from the date of maturity.
2. Expenses incurred because of protest and notification in addition to other expenses.
3. Where recourse is made before maturity an amount equivalent to the rate of discount applicable on the date of recourse and at the holder's domicile shall be deducted from the value of the bill.

Article 416

A person who pays the value of a bill of exchange shall be entitled to claim from his sureties

1. The amount paid by him.
2. Interest on the amount paid calculated from the date of payment at the legally prescribed rate.
3. Expenses incurred by him.

Article 417

1. Any party liable under a bill of exchange by way of recourse if called upon or is likely to be called upon to pay such shall be entitled to demand delivery thereof if he pays it, together with the protest and a receipt for the amount paid.
2. An endorser who pays the bill of exchange may delete his endorsement and any subsequent endorsement.

Article 418

Where recourse is made after a partial acceptance, the party who pays the unaccepted part of the amount of the bill of exchange shall be entitled to require the holder thereof to enter such payment on the bill of exchange and to deliver to him a receipt. Furthermore, the holder shall deliver to him a copy of the bill certified by the holder as original together with the protest to enable him to exercise his right of recourse against the other parties for the amount paid by him.

Article 419

1. The rights of the holder shall be forfeited against the endorsers and other obligors, except the acceptor, upon the lapse of the period prescribed for performing the following:
 1. Presentment of the bill of exchange due for payment at sight or at a fixed period from sight.
 2. Performing protest for non-acceptance or for non-payment.
 3. Presentment of the bill of exchange for payment which contain a "recourse free of charges" term.

2. The drawer shall not benefit from such forfeiture of rights unless he is able to establish that he has provided the consideration for payment on maturity, in which case the holder shall recourse against the drawee alone.
3. If the bill of exchange is not presented for acceptance on the date fixed by the drawer, the holder's right of recourse to protest for non-acceptance or for non-payment shall be forfeited on the ground of non-acceptance and non-payment, unless it is evident from the condition stated that the drawer only intended to relieve himself of guaranteeing acceptance.
4. If the endorser prescribes in the endorsement a date for presentment of the bill for acceptance, he shall solely avail from such condition.

Article 420

1. Where due to a force majeure a bill of exchange is not presented or protested within the prescribed period, such period shall be extended.
2. The holder of a bill of exchange shall immediately notify the endorser of the occurrence of a force majeure event. Such notification shall be dated and signed by him on the bill of exchange or on an allonge. Notification shall be carried out by each of the endorsers in a series until it reaches the drawer in accordance with Article 422.
3. After the expiry the cessation of the force majeure event the holder of the bill of exchange shall immediately present it for acceptance or payment and, if required, protest it.
4. If the event force majeure continues for more than thirty days calculated from the date of maturity, recourse may be exercised against the obligors without the presentment or protest.
5. If bill of exchange is payable at sight or at a fixed period after sight, the thirty day limit shall start to run from the date on which the holder serves notice of the event of force majeure on his endorser, even if such date falls before the expiry of the period fixed for presentment of the bill of exchange. The sight period shall be added to the thirty day time limit where the bill is payable at a fixed period after sight.
6. Personal affairs of the holder of or the person who authorizes him to present the bill of exchange shall not be deemed an event of a force majeure.

Article 421

The holder of a bill of exchange which has been protest for non-payment may, without providing any surety, place provisional attachment on the properties of the drawer, acceptor, endorser or reserve surety or such other obligors under the bill of exchange subject to the relevant provisions of the Civil and Commercial Procedures Act, as amended.

Article 422

1. Unless otherwise stipulated, any person having a right of recourse against other obligors under the bill of exchange may recover his dues by drawing a new bill of exchange on one of his guarantors which shall be payable at sight at the domicile of such guarantor.
2. The amount of the recourse bill of exchange shall include the amounts stated in Articles 415 and 416 in addition to any commissions and the legally prescribed fees.

3. If the drawer of the recourse bill of exchange is the holder, its amount shall be determined on the basis applied in determining the value of a bill payable at sight drawn in the place of maturity of the original bill of exchange and payable at the domicile of the surety.
4. If the drawer of a recourse bill of exchange is one of the endorsers, its amount shall be determined on the basis applied in determining the value of a bill at sight drawn at the recourse bill drawer's domicile on the domicile of the surety.
5. If several recourse bills are drawn claim against the drawer or any endorser of the original bill may only be made for the value of one recourse bill.

Section 9 Intervention

First: General Provisions

Article 423

1. The drawer, endorser and reserve surety of a bill of exchange, may designate a person to accept or pay the bill, when required.
2. A bill of exchange may be accepted or paid by a person who intervenes for the benefit of any party liable thereunder subject to the following provisions.
3. The person intervening may be a third party, the drawee who has not accepted the bill of exchange or any party liable thereunder. However, a drawee who has accepted the bill may not intervene.
4. The person who intervenes shall, within the following two business days after the intervention, notify the person for whose benefit he has intervened, otherwise he shall be held liable for compensation for any damage resulting from him, for negligence, provided that the value of compensation shall not exceed the amount of the bill of exchange.

Second: Acceptance by Intervention

Article 424

1. Acceptance by intervention shall take place in all cases where the holder of an acceptable bill of exchange has a right of recourse prior to the date of maturity.
2. If the person obliged to accept or pay the bill when due at the place of payment is appointed in the bill of exchange, the holder shall not, prior to maturity, be entitled to the right of recourse either against the party who made the appointment nor any of the subsequent signatories, unless he has presented the bill to the person appointed for its acceptance or payment, who has refused acceptance, in such refusal should be established by protest.
3. The holder may in other cases refuse acceptance by intervention. However if he accepts it, he shall forfeit his right of recourse prior to maturity against the person for whose benefit intervention has been effected and the subsequent signatories.

Article 425

Acceptance by intervention shall be entered on the bill of exchange, and shall be signed by the intervener and the name of the party for whose benefit the intervention is made shall also be stated thereon. If these particulars are not included in the, acceptance by intervention it shall be deemed to have been made in favour of the drawer.

Article 426

1. The acceptor by intervention shall have the same liability to the holder and the subsequent endorsers of the person for whose benefit the intervention is made as that of the latter.
2. The party for whose benefit the intervention is made and his sureties may in spite of the occurrence of acceptance by intervention claim consideration from the holder for payment of the amount stated in Article 415 to surrender the bill, the protest and the receipt.

Third: Payment by Intervention

Article 427

1. The bill of exchange may be paid by intervention in all cases where the holder is entitled on or before maturity to a right of recourse against those liable thereunder.
2. Such payment shall be made by payment of the total amount payable by the party for whose benefit the intervention is made.
3. Payment shall be made not later than the day following the last day on which protest for non-payment may be drawn-up.

Article 428

1. Where the acceptors by intervention or those appointed to pay the bill of exchange, when due, have a domicile at the place of payment, the holder shall present it to all of them for payment and, if necessary, protest for non-payment not later than the day following the last day of the prescribed period for protest.
2. Failure to protest within this prescribed period shall discharge from liability the party appointed for its payment when it is due or the person for whose benefit the bill was accepted by intervention and the subsequent endorsers.

Article 429

If the holder of a bill of exchange refuses to receive the payment by intervention, he shall forfeit his right of recourse against any party who would have been discharged by such payment.

Article 430

Payment by intervention shall be established by entering the settlement on the bill of exchange indicating the name of the party for whose benefit the payment is made. If the settlement does not include these particulars it shall be deemed to have been made for the

benefit of the drawer.

The bill of exchange and the protest, if made, shall be delivered to the payer paid by intervention.

Article 431

1. The payer by intervention acquires all rights arising from the bill of exchange against the party for whose benefit payment has been effected and against all parties liable to him under the bill of exchange. However, the payer by intervention may not re-endorse the bill.
2. The subsequent endorsers to the party for whose benefit payment is made shall be discharged of liability.
3. Where several people compete to payment of a bill of exchange by intervention, preference shall be granted to the person whose payment would discharge the maximum number of obligors under the bill. A person who knowingly intervenes in contravention to the provision of this rule shall forfeit his right of recourse against the parties who would have been discharged had this rule been complied with.

Section 10 Several Copies

Article 432

1. A bill of exchange may be drawn in a set of identical copies.
2. Each part of the set shall be numbered and, failing which, each part shall be deemed to be a separate bill.
3. A holder of a bill of exchange which does not state that such bill has drawn in one copy may, at his expense, demand more copies thereof. To achieve this he shall resort to his endorser who must assist him in dealing with the previous endorser and so on up to the drawer.
4. Every endorser shall enter his endorsement on the new copies.

Article 433

Where any one part of bill is discharged by payment the whole bill is discharged, even where it is not stipulated that such payment shall nullify the effect of other parts. However, the drawee shall remain liable to pay the amount of any part accepted by him without being recovered.

An endorser who endorses the bill of exchange to different persons and the subsequent endorsers are liable by virtue of all the counterparts bearing their signature which they do not recover.

Article 434

A person who sends any of the part of a bill of exchange for acceptance shall indicate on the other parts the name of the person who has possession of such part. This latter shall deliver it to the holder in due course of any other part.

If he refuses to deliver it, the holder shall not be entitled to the right of recourse unless he establishes by protest that:

1. The part sent for acceptance has not been delivered to him despite his claim of delivery thereof.
2. Acceptance or payment has not been affected by another part.

Section 11 **Photocopies**

Article 435

1. The holder of a bill of exchange may make copies thereof.
2. Each copy shall be a true copy of the original including all endorsements and any other particulars entered thereon. He shall indicate on the copy the limit at which copying for the original ceases.
3. The copy may be endorsed guaranteed on reserve basis in the manner applicable to the original. The copy shall be subject to the rules applicable to the original.

Article 436

1. The name of the possessor of the original bill of exchange shall be indicated in the copy who shall be obliged to deliver the original to the holder in due course of the copy.
2. Where the possessor of the original refuses to deliver it, the holder of the copy shall not have the right of recourse against the endorsers or the reserve sureties thereof, unless he is able to establish by protest that the original had not been delivered to him pursuant to his demand.
3. If subsequent to the last endorsement which takes place before the making of the copy an expression is entered on the original stating “as of now endorsement may only be made on the copy”, or any statement to that effect, any endorsement made thereafter on the original shall be null and void.

Section 12 **Alteration**

Article 437

If an alteration is made to the content of the bill of exchange, the parties who sign after such alteration shall be liable under the altered bill. However, the parties who signed prior to the alteration shall be liable under the original contents.

Section 13 Prescription

Article 438

1. Any civil suit based on a bill of exchange and raised against its acceptor shall be statute barred upon the lapse of the three years from the date of maturity.
2. Civil suits by the holder against the endorsers or the drawer shall be statute barred upon the lapse of one year from the date of protest drawn up within the prescribed period or from the date of maturity where the bill of exchange contains a term of return free of charges or without protest.
3. Suits by endorsers against each other or against the drawer shall be statute barred within six months from the date of payment by the endorser or from the date of institution of the suit against him.

Article 439

1. The limitation period prescribed in the preceding Article shall start to run, in the event of institution of a civil suit, from the date of the last action taken in the case.
2. The prescribed limitation periods shall not apply where the debt is decreed by a judgment or where the debtor admits liability on a separate document which establishes renewal of the debt.

Article 440

Interruption of the limitation periods shall only have effect against the person against whom the interruption action is taken.

Article 441

The defendants against whom a debt is claimed shall, if required and despite the lapse of the limitation period, establish under oath the discharge of their liability. Their heirs or theft successors shall give evidence under oath of their lack of knowledge of their legator's liability for the debt.

CHAPTER 2 PROMISSORY NOTES

Article 442

A promissory note shall contain the following particulars:

1. A stipulation of order or the expression "promissory note" written in the text of the note in the language in which it is made.
2. Unconditional undertaking to pay a sum certain in money.
3. Date of maturity.

4. Place of payment.
5. Name of the party to whom payment shall be made or to his order.
6. Date and place of making the promissory note.
7. Signature of the maker of the note.

Article 443

A note which does not contain any of the particulars detailed in the preceding Article shall not be deemed to be a promissory note except in the following cases

1. If the maturity date is not stated in the note, it shall be deemed to be payable at sight.
2. If the place of payment or domicile of the maker is not indicated in the note, the place of making shall be deemed to be the place of payment and the domicile of its maker.
3. If the place of making is not stated in the note, it shall be deemed to have been made at the place shown next to the issuer's name.

Article 444

1. The rules applicable to the bill of exchange shall apply to the promissory note with regard to legal capacity, endorsement, maturity, payment, recourse due to non-payment, refusal to grant a grace period for payment, provisional attachment, protest, calculation of fixed date, business days, recourse by drawing a recourse a bill of exchange, payment by intervention, copies alteration and limitation, in as far as they are not inconsistent with the nature thereof.
2. A promissory note shall also be subject to the rule applicable to a bill of exchange which is payable at the domicile of a third party or at a place other than the domicile of the drawee, the stipulation of interest, the discrepancies particulars relating to the amount payable, the consequences of signature in the situations detailed in Article 356 or the signature of an unauthorized person or a person who exceeds his authority.
3. A promissory note shall also be subject to the provisions applicable to reserve sureties (Articles from 388 to 391), provided that where the name of the guaranteed party is not mentioned in the promissory note the guarantee shall be deemed to have been made for the benefit of the maker of the promissory note.

Article 445

1. The maker of a promissory note shall be liable in the same way as the acceptor of a bill of exchange.
2. A promissory note payable at a fixed period after sight shall be presented to the maker at the time prescribed by Article 381 to enter that it has been sighted. Such entry shall be dated and signed by the maker.
3. The period of sight shall commence from the date of the aforesaid entry.
4. If the issuer refuses to make the said entry, his refusal shall be established by a protest and the date of protest shall be deemed the commencement date for the sight period.

CHAPTER 3 CHEQUES

Article 446

Save for the provisions of this Chapter, the rules applicable to bills of exchange shall apply to cheques in as far as they are not inconsistent with the nature thereof.

Article 447

A cheque shall contain the following particulars:

1. The word “cheque” written on the instrument in the language in which it is written.
2. An unconditional order to pay a sum certain in money.
3. The name of the person who should pay the drawee.
4. Place of payment.
5. The date and place of drawing the cheque.
6. Signature of the maker (drawer) of the cheque.
7. The name of the person to whom or to whose order payment shall be made in accordance with the provisions of Articles 452 and 453.

Article 448

An instrument which does not contain one of the particulars detailed in the preceding Article shall not be deemed to be a cheque except in the following cases:

1. If the place of payment is not indicated, the cheque shall be payable at the place shown next to the drawee’s name. If several places are indicated next to the drawee’s name, the cheque shall be deemed to be payable at the place first indicated. When these or any other particulars are not stated on the cheque, it shall be deemed to be payable at the head office of the drawee.
2. When the place of drawing the cheque is not indicated, it shall be deemed to have been drawn at the place shown next to the drawer’s name.

Article 449

Cheques issued and payable in Bahrain may only be drawn on a bank. Instruments drawn in the form cheques on other than a bank shall not be deemed as valid cheques.

Article 450

1. A cheque may not be issued unless the drawer has, at the time of drawing the cheque with the drawee, funds of which he can dispose of by cheque pursuant to an express or implied agreement.
2. A person who thaws a cheque or instruct another to thaw a cheque at his account shall be obliged to provide funds for the payment of such cheque. However, a party who thaws for the account of another shall be liable to the endorsers and the holder to the exclusion of others for providing the funds for payment.

3. In the event of denial, the drawer, to the exclusion of others, shall prove that the drawee of the cheque had at the time of its making enough funds to pay it, failing which he shall secure the payment of the cheque in spite of making a protest after the legally prescribed time limits.

Article 451

1. A cheque may not be accepted. Any statement of acceptance written on the cheque shall be deemed null and void.
2. However, the drawee may certify the cheque. Such certification shall confirm the availability of sufficient funds with the drawee to pay on the date of certification. The drawee's signature on the face of the cheque shall be deemed a certification.
3. The drawee may not refuse to certify the cheque if requested by the drawer or the holder and if he has sufficient funds to pay of the cheque.
4. The funds appropriated for the payment of the cheque shall remain frozen with the drawee and under his responsibility in favor of the holder until the lapse of the period prescribed presenting the cheque for payment.

Article 452

1. A cheque may be made payable to:
 1. A named person with an express provision "to order" or without it.
 2. A named person with the stipulation "not to order" or any other statement to this effect.
 3. The bearer of the cheque.
2. A cheque drawn to a named person with the provision of the expression stating "or to bearer" or any other expression to the same effect shall be deemed to be a cheque "to bearer". If the name of the beneficiary is not indicated, the cheque shall be deemed payable "to bearer".
3. A cheque payable in the State of Bahrain and containing the condition "not-negotiable" shall only be paid to the person who received it subject to this condition.

Article 453

1. A cheque may be drawn to the drawer's order.
2. A cheque may also be drawn for the account of another.
3. A cheque may not be drawn on the drawee except when drawn by one establishment on another both of which are owned by the drawer, provided the cheque is not issued payable "to bearer".

Article 454

Any provision for payment of interest stipulated on the cheque is null and void.

Article 455

It may be agreed that a cheque shall be paid in another bank in the domicile of the drawee bank or at any other place.

Article 456

The drawer warrants the payment of the cheque and any intention to exempt the drawer from such liability shall be deemed null and void.

Article 457

1. A cheque issued payable to a named person shall, regardless of whether it is expressly made to order or not, be negotiable by endorsement.
2. A cheque issued payable to a named person and marked “not to order” or any other expression to the same effect may not be negotiated except in compliance with the provisions relating to the assignment of a right with the subsequent effects of such assignment.
3. An endorsement may be made to the drawer or to any other obligor and each of them may re-endorse the cheque.
4. A cheque payable to the holder shall be negotiated by a delivery.

Article 458

An endorsement to the drawee shall be deemed a discharge of liability, unless the drawee owns several establishments and the endorsement has been made in favour of an establishment other than that on which the cheque has been drawn.

Article 459

1. Unless otherwise agreed, an endorser warrants the payment of the cheque.
2. The endorser may prohibit further endorsement of a cheque and in this case he shall not be obliged to warrant payment to all the holders of the cheque by subsequent endorsements.

Article 460

The possessor of a cheque which is negotiable by endorsement is deemed to be its lawful holder if he establishes that he has title thereto by consecutive endorsements, even though the last endorsement was in blank. Deleted endorsements shall be deemed to be void. If a blank endorsement is followed by another endorsement, the person signing the last endorsement shall be deemed to be the person to whom the right to the cheque has passed by virtue of the blank endorsement.

Article 461

If a person loses possession of a cheque, whether it is to bearer or endorsable, the person to whom the said cheque has passed shall not be required to abandon possession thereof if he is able to establish his right thereto in the manner explained in the preceding Article, unless he

has acquired possession thereof in bad faith or has committed a gross error in acquiring possession thereof.

Article 462

An endorsement written on a cheque to bearer renders the endorser liable in accordance with the provisions governing recourse. However, such endorsement shall not render the cheque an instrument issued to order.

Article 463

1. An endorsement made after protest or after the expiry of the prescribed period for presentment of the cheque shall produce only the effects of an assignment of a right.
2. An undated endorsement is deemed to have been made before the date of protest or before the expiry of the prescribed period for presentment of the cheque, unless it is otherwise established.
3. Endorsement may not be postdated. Postdating endorsements is deemed as to be a forgery.

Article 464

1. Payment of the value of the cheque may be guaranteed in whole or in part by a reserve guarantor.
2. Such guarantee may be provided by a third party other than the drawee and may also be provided by any of the signatories of the cheque.

Article 465

A cheque is payable on the date of its issue and any provision to the contrary shall be deemed null and void. A cheque may not be presented for payment before the date indicated thereon as the date of its issue.

Article 466

1. A cheque drawn in the State of Bahrain or abroad and payable therein shall be presented for payment within six months.
2. The period mentioned in the preceding paragraph shall commence from the date stated in the cheque as being the date of its issue.

Article 467

If a cheque is drawn between two places using different calendars, the date of issue shall be adjusted to the corresponding date of the calendar used in the place of payment.

Article 468

Presentment of the cheque to a legally recognised clearing house is deemed to be presentment for payment.

Article 469

1. The drawee shall pay the value of the cheque even after the expiry of the prescribed period for presentment.
2. Refusal to pay the cheque shall not be permissible except when it is lost or the holder is adjudged bankrupt.
3. Where in despite this restriction refusal of payment of the cheque takes place on other grounds, the Court shall upon an application from the holder order the disregard of the refusal even where an original suit has been raised.

Article 470

The death of the drawer, loss of legal competence or adjudication of or declaration of bankruptcy of after the issue of the cheque, shall not affect the consequences resulting therefrom.

Article 471

1. If several cheques are presented simultaneously for payment while the funds available are insufficient for payment thereof, they shall be paid in accordance with their dates of their issue.
2. Where all the cheques presented are drawn from the same cheque book and bear the same date, the cheque with the first serial number shall have preference, unless it is established otherwise.

Article 472

1. If it is stipulated that a cheque be paid in a certain country in a currency different than the currency circulated therein, its amount may be paid on the date of presentment in the currency circulated in Bahrain converted at the rate of exchange on the date of presentment. If payment is not made on the date of presentment, the holder shall have the option of claiming payment of the amount of the cheque converted into the currency circulated in Bahrain at the rate prevailing on the date of presentment or on the date of payment.
2. If the cheque is presented for the first time after the lapse of the prescribed period for presentment, the applicable rate of conversion shall be the rate prevailing on the last date of the prescribed period for presentment.
3. The applicable rate of conversion of a foreign currency shall be the rate fixed by the Bahrain Monetary Agency or the prevailing market rate if it is not fixed by the Bahrain Monetary Agency. Notwithstanding this provision, the drawer may determine in the cheque the rate which should in calculation of the amount payable by the cheque.

4. If the amount of the cheque is denominated in a currency having a common name but a different value in the country of issue from that in the country of payment, it shall be presumed that the currency intended is that of the country of payment.

Article 473

The liability of the surety provided when a cheque is lost shall be discharged by the lapse of six months if no claim or suit is filed during such period.

Article 474

1. If a bearer cheque is lost or destroyed the owner shall be entitled to submit an objection to payment of its value to the drawer. Such objection should include the cheque number, amount, name of its drawer and every other particular which may assist in identifying the cheque and the circumstances surrounding its loss or destruction. If it is not possible to provide some of these particulars, the reasons shall be stated. If the objecting party has no domicile in the State of Bahrain, he shall designate an elected domicile.
2. When the drawee receives the objection he shall refrain from payment of the value of the cheque to the possessor of the cheque and should set aside the value of the cheque, pending decision on the matter.
3. The drawee shall, if requested by the objecting party and at his expense, publish the number of the lost or destroyed cheque, its amount, name of drawer, name of the objecting party and his address in a daily newspaper. Any disposal of the cheque subsequent to the date of such publication shall be null and void.

Article 475

1. The possessor of the cheque referred to in the preceding Article shall be entitled to dispute the objection with the drawee. The drawee shall receive the cheque from him against a receipt, and shall thereafter notify the objecting party by a registered letter with an acknowledgement of receipt of the full name and address of the possessor of the cheque.
2. The possessor of the cheque shall notify the objecting party by a registered letter with an acknowledgement of receipt of the requirement to raise a suit for the title to the cheque within thirty days of the date of receipt of notification. Such notification shall include the reasons for the possession of the cheque and date thereof.
3. If the objector fails to raise the title suit within the period prescribed by the preceding paragraph, the Court shall upon an application submitted by the possessor of the cheque declare the invalidity of the objection in which case, the possessor of the cheque shall be deemed as its lawful owner towards the drawee.
4. If the objector raises a civil suit claiming title to the cheque, the drawee shall only pay the value thereof to the party who presents to him a final court judgement establishing his title to the cheque or an amicable settlement approved by the two parties establishing his title to the cheque.

Article 476

1. If the period of six months from the date of objection prescribed by Article 473 lapses without the possessor demanding payment of the cheque, the objections may apply to the Court requesting permission to receive the value of the cheque. The Court shall pass a judgment against the drawee after ascertaining the objector's title to the cheque.
2. If the objector fails to submit the application referred to in the preceding paragraph or if he submits the Court rejects it, the drawee shall be obliged re-enter the amount allocated for payment on the assets side of the drawer's account.

Article 477

1. The holder of a cheque may cross it and such crossing shall have the effects detailed in the following Article.
2. Crossing shall be made by drawing two parallel transverse lines across the face of the cheque.
3. A cheque may be crossed generally or specially.
4. Two parallel lines with or without the word "bank" or any other expression to this effect, the cheque is crossed generally. Where a cheque bears the name of a specific bank is added between the two lines, the cheque is crossed specially.
5. Where a cheque is crossed generally it may be crossed specially but where a cheque is crossed specially it may not be crossed generally, but a special crossing shall not be changed into a general crossing.
6. The deletion of the crossing or the deletion of the name of the bank written between the two parallel lines shall be null and void.

Article 478

1. A drawee may not pay a cheque generally crossed except to one of his customers or to a bank.
2. A drawee may only pay a cheque specially crossed to the bank whose name is written within the two lines. However, the bank whose name is written within the two lines may authorize another bank to receive the value of the cheque.
3. A bank may only acquire a crossed cheque from one of its customers or from another bank and only receive the value of the cheque on behalf of either of such parties.
4. Where the cheque is specially crossed to several persons, the drawee may only pay it when it has two crossings one of which is for collection through a clearing house.
5. Where the drawee fails to comply with the foregoing provisions, he shall be liable to compensate any resulting damage for any amount not exceeding the value of the cheque.
6. The word "customer" in this Article shall mean every person maintaining an account with the drawee and has obtained or is entitled to obtain cheque book from the drawee.

Article 479

"As amended by Legislative Decree No. (13) of 1993"

1. The drawer or holder of a cheque may require that it shall not be paid in cash by writing on the face thereof "to be credited to the account" or any other expression to this effect. In such case, the cheque shall not be negotiable and the drawee shall settle the value of the cheque by effecting book entries which include crediting the account, bank transfer or set-off. Such entries constitute payment.

2. Deletion of the expression “to be credited to the account” shall not be recognized.
3. Where the drawee fails to comply with the preceding provisions, he shall be liable to compensation of any resulting damage to an amount not exceeding the value of the cheque.

Article 480

1. The holder of a cheque has the right of recourse against the drawee, endorser and other obligors if he presents the cheque within the prescribed period and the amount thereof has not been paid, and provided that he establishes non-payment by drawing up a protest. As an alternative to drawing up a protest, non-payment may be established by:
 1. A statement made by from the drawee indicating that date of presenting the cheque.
 2. A statement issued by the clearing house stating that the cheque has been presented within the legally prescribed period but the value thereof has not been paid. Such statement shall be dated, written on the cheque and signed by the person making it.
2. Writing of the statement mentioned in the preceding Paragraph may not be refused if required by the holder, even though the cheque carries the condition of return free of charges. However, the drawee may request a grace period not exceeding four days for presenting the cheque even if it is presented on the last day of the prescribed period for presentment.

Article 481

The holder of a cheque reserves the right to have recourse against the drawer even when the holder fails to present it for payment to the drawee, to make a protest or to carry out any alternative action within the prescribed period, unless the drawer has provided the the required funds for payment thereof, and such funds remain with the drawee until the expiry of the prescribed period for presentment, after which the funds ceased to exist through an act not attributed to the drawer.

Article 482

Non-payment of a cheque should be established in the manner provided for in the first paragraph of Article 480 before the expiry of the prescribed peroid for presentment. If the cheque is presented on the last day of such period, non-payment the cheque may be establishment on the following business day.

Article 483

1. If, due to an event of force majeure, the cheque has not been presented and the protest or any alternative action has not been effected the period prescribed for carrying out these actions shall be extended.

2. The holder of a cheque shall immediately notify the endorser of any event of force majeure and enter such notification, dated and signed, on the cheque or an allonge. Notifications shall be arranged in a serial order in accordance with Article 412.
3. Immediately after the cessation of the event of force majeure the holder shall present the cheque for payment and where relevant shall protest or take any alternative action with regard to the cheque.
4. Where the event of force majeure continues for more than fifteen days calculated from the date of notification by holder of the cheque to the endorser of the event of the force majeure, even though such date falls immediately before the expiry of the period prescribed for the presentment of the cheque, recourse may be had against the obligors without the need for presenting the cheque, drawing up a protest or taking any alternative action.
5. Matters relating to the person of the holder of the cheque or to the person appointed by the holder to present it, protest or take alternative action shall not be deemed as events of a force majeure.

Article 484

The drawee shall be solely liable for any damage arising from payment of a cheque where the drawer's signature has been forged or the particulars contained in the text thereof have been altered, unless any of the faults committed is attributable to the drawer whose name appears on the face of the cheque. Any condition to the contrary shall be deemed as null and void. A drawer shall in particular, be at fault where he fails to exercise in preserving the cheque book delivered to him the care usually exercised by the ordinary person.

Article 485

1. Save for the cheque to bearer, a cheque may be drawn in identical copies if it is drawn in the State of Bahrain and is fl payable in a foreign country or vice versa.
2. Where several copies are made of a cheque, each copy shall bear a number written on its front, otherwise each copy shall be deemed as a separate cheque.

Article 486

1. Civil suits raised by a holder of a cheque against the drawee, drawer, endorsers and other obligors shall be statute barred after the lapse of six months from the date of expiry of the period prescribed for the presentment of the cheque.
2. Civil suits by other obligors against each other shall be statute barred after six months from the date on which the obligor has made payment or from the date of his filing a claim in court.
3. Notwithstanding the elapse of the limitation period prescribed by this Article, the defendants shall under oath confirm theft discharge of liability for the date if they are asked to take the oath. Theft heirs and other successors shall testify under oath to establish testator liability for the debt before his death.

Article 487

1. The time limit provided for in the preceding Article shall not be applicable in case of filing legal action except from the date of the most recent verdict in respect thereof.
2. The aforesaid time limit shall not be applicable if a judgment has been passed confirming the debt or if it is admitted by an independent instrument, so that such admission results in renewing the debt.

Article 488

The interruption of the limitation period shall only have any effect against the person against whom the action interrupting the limitation has been taken.

Article 489

The holder of a cheque and other obligors liable to pay the amount thereof may, despite of the lapse of the claim for the amount of the cheque, require the drawer who has not provided the funds required for payment or provided it and recovered part or all the C) amount, to return what he has obtained by wrongful act.

Article 490

Every bank shall deliver to its customer a book containing blank cheques to be used for payment through its treasury, and to print on every cheque the name and account number of the person who has received it. Drawing may be made by means of special written applications prepared by the bank or in a form acceptable to it. The signature on the cheque must correspond to the specimen signatures and approved signatures recorded with the bank. The holder of the account shall be responsible towards the bank whether the account contains a debit or a credit.

Article 491

In the event of conviction by the criminal court for any of the cheque offences provided for in the Penal Code, it shall be empowered to order the publication of a summary of the judgement at the expense of the convicted person in one of the local newspapers. Such publication shall include the name of the convicted person, his domicile, occupation and the punishment inflicted against him. In case of recurrence, the publication provided for in the preceding paragraph shall be imperative.

CHAPTER 4 MORTGAGE OF SECURITIES AND OTHER COMMERCIAL PAPERS

Article 492

The rules applicable to the commercial mortgage shall apply to the mortgage of securities and other commercial instrument subject to the following provisions.

Article 493

If the mortgagee is in possession of the mortgaged instruments for any other reason prior to the mortgage, he shall be deemed to be in possession thereof in his capacity as a mortgagee pursuant to the creation of the mortgage.

Article 494

If the mortgaged instruments are provided by a person other than the debtor, the owner thereof shall not be obliged to pay the debt secured by the mortgage except in his capacity as a surety.

Article 495

The rights of a creditor shall remain based on his priority among the contracting parties and towards third parties in respect of the (D) return of the mortgaged securities, interest, the securities replacing them and its value if it is paid before maturity.

CHAPTER 5 GENERAL PROVISIONS

Article 496

Protest for non-acceptance or for non-payment protest shall be drawn up in accordance with the provisions of the Civil and Commercial Procedures Act, as amended, applicable to the service of court summons, at the domicile of the party liable for payment of the value of the commercial paper or his last known domicile, and also at the domicile of the person who has specified the instrument for payment, if necessary, or at the domicile of the party who has accepted it by intervention.

Article 497

1. The protest shall include, in addition to the details required to be included in summons, a true copy of the commercial paper containing all particulars relating to the acceptance, endorsement, guarantee, payment of the value thereof if necessary and other particulars. The protest shall include a demand for payment of the value of the instrument, indicating the presence or absence of the person liable to accept or pay it, grounds for refusal to accept or pay it, failure or refusal to sign it and the amount paid of the value of the instrument in the event of partial payment.
2. An admission by the person against whom the protest is drawn up shall not be admissible as evidence against him unless he has signed the admission.

Article 498

No other document is acceptable in lieu of a protest unless otherwise provided by law.

Article 499

1. The officer in charge of drawing up protests shall deposit a copy thereof with the person against whom it has been drawn up.
2. The department to which the officer belongs shall record daily all protest documents provided that they shall arranged chronologically according to theft dates in a special register which shall be maintained in accordance with the provisions of a resolution to be issued by the Minister of Justice and Islamic Affairs.
3. The said department shall within the first ten days of every month send to the Commercial Registry a list of the protest for non-acceptance drawn up during the previous month for the accepted bills of exchange, promissory notes and cheques.
4. This list shall include the following particulars:
 1. Date of protest.
 2. Name of the maker of the promissory note or acceptor of the bill of exchange, his title, occupation, domicile, drawee bank and the person to whose order the cheque is crossed.
 3. Date of maturity.
 4. Amount of the bill of exchange, promissory note or cheque.
 5. A summary of the reasons for non-payment stated by the fl debtor upon drawing up the protest
5. The Commercial Registry shall maintain a register for recording such particulars and any person shall be entitled to peruse such register after payment of the prescribed fees.

Article 500

1. If the maturity of an instrument falls on a public holiday, demand of payment shall be made on the following business day.
2. In addition, no action shall be taken with regard to the instrument, in particular presentment for acceptance, thawing up of a protest or an alternative action except on a business day.
3. If a period is fixed for taking a certain action relating to the instrument, such fixed period shall, where the last day of the prescribed period falls on a public holiday, be extended to the following business day.
4. Public holidays falling with the prescribed period shall calculated as part thereof.

Article 501

The first day in a prescribed or contractually agreed period shall not be calculated as part thereof.

Article 502

Courts shall not be empowered to grant any extension for payment of an instrument save where such extension is provided for by law.

Article 503

1. Where the law provides that any person involved in an instrument shall sign thereon such signature may be effected by a stamp or by thumb print.
2. Two witnesses shall testify to the fact that the owner of the stamp or thumb print has signed in their presence and that he was aware of the content of the instrument.

[1] Article two from Legislative Decree No. (11) of 1998 provided that the provision of paragraph two of Article 147 with respect to mortgaged securities shall not apply to such securities mortgaged before 6th May 1998, which is the date this amendment came into force.