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Translation from Arabic

GREAT SOCIALIST PEOPLE'S LIBYAN AREA JAMAHIRIYA
General People's Congress

Law No. 23 for the Year 1378 PD 2010 Regarding
Commercial Activities

General People's Congress:

- In execution of Decision of the Basic People's Congresses in their annual session held for the year 1377 PD (2009), and
- Having seen the declaration of outbreak of the People's Authority, and
- The Grand Green Charter for Human Rights In the Era of Masses
- Law No. (20) for the year 1991 regarding enhancement of freedom, and
- Law No. (1) of 1375 PD (2007) regarding work system for People's Congresses and Committees.
- The Commercial Law, and its amendment.
- Law No. (58) for the year 1970 in respect of the work and its amendments, and
- The Libyan Commercial Law issued in 1953 and its amendments, and
- Law No. (40) for the year 1956 regarding trademarks and its amendment, and
- Law No. (73) for the year 1958 regarding scales, measures and standards, and
- Law No. (2) for the year 1962 regarding commercial data, and
- Law No. (38) for the year 1968 regarding export and import, and
- Law No. (65) of 1970 for specifying certain provisions for merchants, and trading companies and supervision thereof, and its amendments.
- Law No. (64) for the year 1971 regarding importation, and

- Law No. (110) for year 1975 regarding deciding some provisions related to public bodies, establishment and public sector companies, and
- Law No. (17) for year 1977 regarding organization of practicing commercial activities, and
- Law No. (8) for the year 1984 regarding rules of commercial dealings and its amendment, and
- Law No. (9) for the year 1985 regarding provisions in respect of partnerships (Tasharukiat) and its amendment, and
- Law No. (8) for the year 1988 regarding provisions related to economic activity, and
- Law No. (13) for the year 1989 regarding control over prices and its amendment, and.
- Law No. (9) for the year 1992 regarding practicing of economic activities, and
- Law No. (15) for year 1423 PB (1993) in respect of deciding some provisions related to joint-stock companies wholly or partially owned by the community, and
- Law No. (4) for the year 1425 PB (1995) on prevention of economy of speculation and its amendments, and
- Law No. (4) for the year 1426 PB (1996) regarding organization of importation and distribution of goods, and
- Law No. (21) for the year 1369 PD (2001) regarding certain provisions for practicing economic activities and its amendment, and
- Law No. (6) for the year 1372 D regarding organization of commercial agencies, and
- Law No. (3) for the year 1374 PD (2006) regarding public sector companies, and
- Law No. (2) for the year 1375 PD (2007) regarding organization of Inspection and People's Control, and

- Law No. 3 for the year 1375 PD 2007 regarding establishing and organizing Financial Audit Authority.
- Law No. (4) for the year 1372 PD (2004) regarding Chambers of Commerce, Industry and General Association of Chambers, and
- Law No. (9) for the year 1378 PD (2010) regarding investment promotion.

Formulated the following Law:

Book One **In Practicing Economic Activities**

Chapter One **General Provisions**

Article 1 **Scope of Implementation of this Law**

This Law includes the provisions related to economic activities to be performed by any individual whatsoever his legal capacity. It includes also the provisions organizing tools of practicing economic activity represented in the individual activity, family activity, partnerships, companies and other legal provisions relevant to the economic activity.

Article 2 **Application of Civil Law**

The provisions of the Civil Law shall be applied to the economic activities which are not provided for in this Law, provided that such provisions shall be applied in as much as their correspondence with General Principles in this Law.

Article 3 **Application of Precedents and Principles of Justice**

If there is no applicable legislative provisions, the judge shall have the right to be guided by the precedents, equity requirements and commercial integrity.

Article 4
Application of Tradition

On determination of the economic activity effects, the judge should apply the established tradition except if it is appeared that the contracting parties have intended to contradict the tradition provisions or the tradition was in conflict with ordered commercial legislative terms.

The special and local traditions are overweighting the general tradition.

Chapter Two
On Individuals

Article 5
Definition for Practicing Commercial Activity

Anyone who starts commercial works and takes thereof as his usual profession shall be considered as a commercial activity practitioner. As regards the family activity, the provisions of organizing a particular partnership shall be applied.

Article 6
An Exceptional Case

Anyone who declared in the press or circulars or any other means of the shop which he established and opened for engaging in Commercial transactions shall be considered as a probationer of commercial activity.

Article 7
Legal Age for Practicing Commercial Activity

Anyone who attained activity in full eighteen years of age may practice commercial activity unless another legislation requires higher qualification.

Article 8
Practicing Commercial Activity to Others Account

- 1- The guardian or the custodian or the curator may practice commerce to the minors or alike account under a permission of the court of the First Instance which the commercial activity falls under its jurisdiction.

- 2- In this case, the bankruptcy of the minor or alike may be declared, without applying against them the criminal consequences of the bankruptcy declaration.

Article 9
Practicing of Commercial Activity by Women

- 1- The women's qualification for practicing commercial activity shall be organized by their personal status law.
- 2- The foreign wife who engages in practicing economic activity in Jamahiriya is supposed to practice thereof under permission of the husband. If the personal status law of the couple allows the husband to protest against engagement of her wife in commerce or withdrawal of his previous permission, this must be written down in the Commercial Register and published as per legal methods.

Protestation or withdrawal of the permission shall not result in any effect except from the date of its publication. Protestation or withdrawal of the permission shall not affect the rights gained by the others.

- 3- The merchant foreign wife is supposed to have been married according to the system of separation of the funds unless she has been declared the financial agreement in her marriage contract.

Declaration shall be through entry in the Commercial Register which the commercial shop falls under its jurisdiction and shall be published according to legal methods.

In case of lack of the declaration shown in the previous paragraph, a third party may prove that the marriage was effected according to a financial system more appropriate to his favour.

The judgment issued outside Jamahiriya on separation of the couple funds shall not be a contest against the third party, except from the date of its registration in the Commercial Register Office. The commercial shop, in which the couple or one of them starts his trade, falls under its jurisdiction and shall be published as per legal method.

Article 10
Junior Merchants

Individuals who engage in small size commerce of small expenditures, so that they often depend on their physical endeavours to gain little profits to ensure

their living more than depending on their cash capital as a traveling salesman or day salesman shall neither be subject to duties of commercial books nor to rules of bankruptcy declaration nor to bankruptcy and protective reconciliation provided for in this Law.

Article 11
Public Establishments and Bodies

The estate, public administrative units, committees, clubs and legal personality societies which do not aim at gaining, even if they carried out commercial transactions, but their mentioned transactions shall be subject to provisions of this Law.

Chapter Three
Companies

Section One
Common Provisions

Branch One
General Provisions

Article 12
Companies Kinds

Companies which their purposes are performance of commercial activity according to one of the commercial companies kinds provided for in Article (13) of this Law shall be established. The Civil activities shall be practiced in a group according to civil companies provided for in Chapter Three of this Section.

Article 13
Commercial Companies

The Joint-Stock Companies, limited companies, companies limited by shares, joint-stock companies and limited liability companies are considered as commercial companies whatever the nature of their activity provided that the partnership companies are considered as commercial or civil by the nature of their activity.

Article 14
Company's Memorandum of Association

In other than partnership companies, the memorandum and articles of association of the company should be in a form of official entries. The memorandum and articles of association of the company should contain its legal form, name duration, office, headquarters, paid capital in cases required by law and its purposes, in consideration of the unity of purpose and specialization in a manner of form to be organized under a resolution to be issued by the General People's Committee.

In all the cases, the company activity shall be appropriate to its capital according to classification of the companies to be issued under a resolution of the General People's Committee.

Article 15
Capital

Unless the law provides otherwise, the founders of the companies shall fix the capital which they deem appropriate to achieve the company purpose.

Article 16
Data of Company Document

The company head office, the Commercial Register Office in which it is registered, registration number must be laid-down in documents and correspondence of the company. As regards Joint-Stock Companies, companies limited by shares and limited liability companies there should be laid-down, in addition to the above the subscribed capital and the actually paid thereof.

Article 17
Submission to Libyan Law

The Companies having their head offices in Jamahiriya shall be subject to the Libyan Law. The head office is considered to be in Jamahiriya if its main activity or actual management exists therein.

The companies to be established within the territory of the country shall be subject to provision of the Libyan Laws even if their purpose is performance of the activity abroad.

Article 18
External Auditor

Any company organized under provisions of this law should nominate an external auditor or more, as per the cases, if it exceeded its estimated capital to be fixed by a resolution of the concerned secretary. The external auditor also must be amongst the persons authorized to practice such profession. The report to be issued by the external auditor as well as the balance sheet and the final accounts audited by him shall be considered correct and a pretext before others unless the contrary is confirmed.

Article 19
Prohibition of Partner Dismissal

The partner may not be dismissed from the company unless in cases allowable by the law or in cases provided for in the memorandum or the

Articles of Association. The partner obligation also may not be emphasized unless with his consent.

Article 20
Management Errors

If it is appeared that the insufficiency of the company's assets and funds to pay its debts is due to gross errors in management. The manager or the manager's shall bear these debts wholly or partly as per percentage of contribution of their errors to occurrence of the same.

Article 21
Prescription of the Case of Responsibility

The case of civil responsibility against the partner, which depends on his capacity as a partner in the company shall be prescribed after lapse of five years from the date of striking out of the company from Commercial Register or from the date of registration of getting out of the company. The case of responsibility against the managers shall prescribe after five years from the date of striking out of the company from Commercial Register or from the date of registration of expiry of their function in the concerned Commercial Register.

Article 22
Public and Mixed Company

The provisions of this law shall apply to the companies to be established by the State or those which the ownership of their shares shall pass wholly or partly totally to it or to other public legal personalities as regards what is not provided for in laws organizing thereof in a particular manner.

Article 23
Forms of Memorandums and Articles of Association

The concerned secretary may issue a resolution on guided forms of memorandums and articles of associations of companies and partnerships.

Branch Two
Registration and Declaration of Companies

Article 24
Registration in Commercial Register

All the companies organized under this law, whatever the nature of their activity shall register in the concerned Commercial Register with exception of a particular partnership.

Registration shall be done by deposit of a copy of the memorandum and articles of association as well as other documents required by the Commercial Register.

Article 25
Body Corporate

The company shall get the benefit of the legal personality with effect from the date of its registration in the Commercial Register and shall end on striking out therefrom.

After registration in the Commercial Register, the company shall have the right to take a resolution on bearing the effects of the contracts and legal dispositions carried out by the founders for necessities of the foundation phase, so that the rights and obligations shall be directly under company protection.

Article 26
Company's Declaration

After completion of formalities of registration in the Commercial Register, the company must declare its establishment in legally defined manner, within ten days from the date of registration in the Commercial Register.

Article 27
Necessity of Changes Registration

The resolutions related to the following matters shall be subject to formalities of registration in the Commercial Register as well as formalities of declaration provided for in the previous articles within ten days from the date of their issuance:

- 1- Amendment of the articles association.

- 2- Nomination of manager, definition and termination of their functions.
- 3- Dissolution and liquidation of the company.
- 4- Merger or division or change of the legal form.
- 5- Declaration of finalization of accounts after dissolution or liquidation or merger or division of the company. The legal representative of the company shall assume, at his risk, performance of formalities of legally prescribed registration and declaration.

Article 28
Cancellation of Formalities

Non-observation of rules of registration and declaration referred to two previous articles shall result in cancellation of registration formalities.

Nevertheless, nor the legal representative of the company, neither the joining partners may not protest by this cancellation against the others.

Article 29
Actual Company

The cancellation judgment issued after registration in the Commercial Register shall neither affect the correctness of the executed acts and disposition of the company, nor release the partners from payment of their shares in full except after payment of the company debts.

Judgment on cancellation shall not be allowable if its cause is removed by an action registered in the Commercial Register.

Branch Three
Dissolution and Liquidation

Article 30
Types of Dissolution

The company dissolution shall be voluntarily or judicially. The company shall be dissolved voluntarily by a resolution to be taken by the partners according to terms and conditions provided for in the memorandum and articles of association and shall be dissolved judicially by a judgment to be issued by the

competent court in other cases not attributable to partners will. Each partner may resort also to the competent court to claim for dissolution of the company if the other partners breached their duties or due to continuous dispute between them or for serious reasons in which the partners have no role.

Article 31
Decrease in Company Assets

If the value of the company assets is decreased by less than half of its capital due to the losses confirmed in its financial statements, the manager or the manager must convene partners meeting for dissolving the company or continuing its activity after reinstating the capital to at least more than half.

Article 32
Expiry of Company Duration

The company shall be dissolved on expiry of its fixed duration unless the partners extended thereof as per terms of the memorandum or articles of association prior to expiry of that duration, unless the law states otherwise.

Article 33
Realization of the Purpose or Impossibility of its Realization

The Company shall be considered as dissolved whenever realized its purpose or whenever realization of the same became impossible.

Article 34
Transfer of Shares or Portions to One Person

If all the shares or portions are transferred to one person, then the person to whom the ownership of shares and portions is passed must take the initiative to sell what is exceeding the limits provided for in this Law within a period not exceeding one year, otherwise the company shall be considered as dissolved by operation of the Law.

Provisions of this article shall not apply in case the shares are transferred to a holding company.

Article 35
The Company which did not Practice its Activity

If the company did not start exercising of its activities or suspended thereof for six successive months, it should notify the concerned Commercial Register

Office thereof. If it did not exercise the activity or continued thereof during the six months following the notice, the concerned Commercial Register Office shall ask the competent Court of the First Instance to issue a resolution of dissolution and liquidation of the Company.

Article 36
Availability of One of the Cases of Company Dissolution

The company shall be in state of liquidation once one of the cases from which the Company dissolution follows is available. The directors should consider themselves on position of liquidators so that their functions shall be restricted to urgent matters. They shall not take up any new jobs, otherwise they shall be responsible therefore jointly and severally. Their assignment shall be finally ended once the liquidator is nominated.

The directors shall be responsible for keeping company's assets until delivery to the liquidator. The company name must be followed by the expression of (company under liquidation). Its legal personality shall continue inasmuch as necessary for liquidation until striking it off the Commercial Register. It may not be allowed to protest against a third party that the company is under liquidation, except after registration of the fact in the Commercial Register and publication thereof as per legally established methods.

Article 37
Rules Adopted in Liquidation

The liquidation of the company shall be carried out as per provisions of the articles of association inasmuch as not contradicting the provisions laid-down in this Law. If its articles of association is devoid of a special provision or when judged void and null, the provision applied in liquidation set out in this Law shall be followed.

Article 38
Nomination of Liquidators

The partner shall assume, according to the legal form of the company, nomination of a liquidator or liquidators as per the cases, inasmuch as not contradicting the conditions laid in the contract or articles of association. The liquidator may be amongst the partners or a third party. If the partners are not able to nominate a liquidator, the President of the competent Court of First Instance shall nominate him based on a request from anyone who has

interest therein. If the company is dissolved by a judicial judgment, the Court shall assume nomination of the liquidator or liquidators.

Liquidators must register the decision of their nomination in the concerned Commercial Register within ten days from the date of being informed thereof. The authority which nominated the liquidators shall fix their fees and take the resolution of their removal or replacement.

Article 39 **Multiplicity of Liquidators**

If the liquidators are multiple, it shall not be allowed to one of them to start his job alone unless he is expressly permitted to do so or if the work is pressing and required by maintenance of company's right.

Article 40 **Primary Duties of Liquidators**

The liquidator or liquidators may not start their functions except after registration of their nomination resolution in the Commercial Register accompanied by their written signatures specimens. The resolution of their nomination must be published also in the legally established manners during ten days from the date of registration of the resolution in the Commercial Register. Once starting his task, the liquidator along with the manager or managers shall take inventory of the company assets and liabilities. The minutes of the inventory shall be signed by all of them, and afterwards a notice shall be addressed to the company creditors and shall be published in two daily national newspapers to serve notice to the creditors that they should submit their claims against the company.

Article 41 **Some Prohibition on the Liquidator**

The liquidator may resort to arbitration if expressly prevented therefrom. The liquidator may not give guarantees or conduct a reconciliation unless after approval of the partners or the competent Court as per the cases.

Article 42 **Partners Meeting in the Beginning of Liquidation**

The liquidator must convene the partners meeting within the three months following commencement of his assignments to present to them a report on the company's financial position and liquidation measures which he intends to follow. If the liquidator did not do so, anyone who has interest may resort

to the President of the Court of First instance to issue an order for holding the meeting.

Article 43
Representation of the Company under Liquidation

The liquidator is considered as a legal representative of the company under liquidation. He shall continue execution of the current contracts as required by the liquidation necessities. He may sell the Company properties, either real estate or movable by auction or bidding unless the order of his nomination provided for restriction of this power and this restriction shall not be a pretext against the others. The liquidator shall remain responsible before the company, partners and third parties for mistakes to be committed by him during performance of his assignments at the same manner as managers. The case of responsibility shall be prescribed after lapse of five years with effect from the date of the company's striking out from the Commercial Register.

Article 44
Liquidation Duration

- 1- The liquidator must complete the liquidation tasks during one year from the date of commencement of his assignment. If this period is not sufficient, the liquidator must submit a report showing the delay reasons and the period necessary for completion the liquidation tasks.
- 2- The period for the same liquidator or liquidators may be extended for a period or periods not exceeding one year by the virtue of a resolution of partners or the Court as per the cases.

Article 45
Continuity of Assignment of Some Bodies of the Company

The assignments and powers of the Company's general assembly and the control body during the liquidation period inasmuch as not contradicting its procedures.

Article 46
Debts of the Company under Liquidation

All the debts of the Company when paid as registration of the company dissolution in the commercial register and from that date, the procedures of execution of the judgment against the company shall be arrested. The judgment amounts shall be considered as debts on the company which the

liquidator shall assume settlement thereof according to priorities and guarantees which he has. The dissolution of the company shall not result in termination of contracts of real estate's lease in which it exercise its activities.

Article 47
Payment of Debts

The liquidator shall pay the debts to the creditors according to their order and if are equal in one order and the result of the liquidation is not sufficient to pay all their dues in full. The distribution thereof shall be according to percentages of those dues. The liquidator shall keep away the amounts necessary for payment of dues of the delayed creditors whenever their dues are fixed and of limited amount.

If it appeared to the liquidator that the company funds are not sufficient to pay its due debts, he should invite the partners to take the necessary decisions including entry into protective reconciliation with creditors or recourse to the competent Court for bankruptcy declaration.

Article 48
Distribution of Liquidation Result

The result of liquidation shall be distributed after reimbursement of the financial shares to partners each according to his share in the profits. The partners may reimburse the movable and real estate properties which they have offered as shares in the company, if those properties are still maintaining their identity without modification or transformation and they shall have to pay the value difference if necessary.

Article 49
Meeting of Partners at the End of Liquidation

Before completion of his assignment, the liquidator must convene the partners meeting in order to agree on completion of liquidation, adoption of its final accounts and liquidator's acquaintance. The partners meeting shall be inform of an ordinary general assembly as per terms and conditions to be required by the legal form of the company. The liquidator shall have the right to discuss and vote if he is a partner.

If the meeting of partners is difficult or if the company interest requires getting along without this meeting a recourse may be made to the president of the competent Court of the First Instance to be a decision of approval on liquidation accounts and adoption of the completion.

Article 50
Striking the Company off the Commercial Register

The liquidator must strike the company off the Commercial Register and publish the same according to the Law.

Section Two
Commercial Companies

Branch One
Individual's Companies

First: Joint Liability Company

Article 51
Definition

All the partners in joint liability company are responsible jointly and severally for company obligation and any agreement contrary thereto shall not be applied against a third party. The partner's rights in the company shall be in from of shares.

Article 52
Company Name

The joint-liability company must have a trade name, so that the trade name shall include the partner's name of one of them with expression of (and co-partners). The expression of (joint liability company) must be added to the name which shall be selected.

Article 53
Rules Ought to be Applied to the Joint Liability Company

The provisions provided for in the following article shall be applied to the joint liability company, and in default of a provision, the provisions of the civil law regarding the limited companies shall be applied.

Article 54
Memorandum of Association

The memorandum of association of the company should contain the following data:

- 1- Name, surname of each partner, his father name, country, nationality, date of birth and identity number.
- 2- Company name.
- 3- Names of partners entrusted with the management and representation of the company.
- 4- Company's headquarters and main office.
- 5- Company purposes.
- 6- Share of each partner and its value.
- 7- Statement of what is to be abode by the partner who shall provide work instead of his shares.
- 8- Rules to be followed in distribution of profits and the amount of share of each partner in profits and losses.
- 9- Company duration.
- 10- Position to which the company shall pass in case of lack or shortage in partner's qualification or declaration of his bankruptcy.

Article 55
Company Registration

The managers shall lodge the company's memorandum and articles of association with the Commercial Register Office which the head Office of the Company falls under its jurisdiction within thirty days from the date of signing the memorandum of association.

If the directors delay in lodging the memorandum within the duration set out in the previous paragraph, each partner shall have the right to do so at the company expenses or to issue a judicial order obliging the directors to do so

and obliging also the notary public who put the memorandum of association on formal paper to lodge the same.

Article 56
Partners Dispositions

The provisions of the civil law regarding the limited partnerships shall organize the relations between the company and third parties, with maintenance of responsibility of all the partners jointly and severally until the same is registered in the Commercial Register. However, any partner disposed in the company name shall legally suppose to represent it even before the jurisdiction. The agreement that entitle one of the partners only to represent the company or which limit the power of representation of some of them shall not be considered effective in respect of a third party unless its approved that the third party has knowledge thereof.

Article 57
Company Representation

The manager who is entitled to represent the company shall have the right to perform what is included in its purposes, save what is excepted by the memorandum of association or the power of attorney granted to him. These exceptions should not be stuck to against the third party unless registered in the Commercial Register or unless proved that the third party has knowledge thereof.

The Directors who represent the company should lodge specimens of their written signatures with the Commercial Register Office within ten days from the date of their knowledge of the nomination.

Article 58
Removal of the Manager

If the company manager is a partner therein and nominated in the company's memorandum of association in this capacity, he may not be removed from its management except by consent of all the partners or by a decision of the Court. But if he is a partner therein but nominated in that capacity under special contract independent from company's memorandum, he may be removed from its management by a resolution to be issued by the majority of other partners, unless the company memorandum provides for otherwise.

Article 59
Cases of Dismissal of a Partner

The partners in joint liability company should not remove any of them from the company except by a resolution from the court based on request one of the partners if one of the cases provided for in company's memorandum of association or those in which the law allows for dismissal of the partner is ascertained against the partner.

Article 60
Company's Branches

A true copy of the company's memorandum of association should be lodged with Commercial Register Office of the authority in which the company shall establish branches, within ten days from establishing those branches.

In the copy the name of the Commercial Register office in which the company is registered and the date of registration should be laid down. Specimens of the written signature of the company representative approved for the branch should also be lodged in the Commercial Register Office in jurisdiction of which the branch is located.

The company shall advise the Commercial Register Office within the jurisdiction of which the company head office is located, if the establishment of the branch within the above-mentioned period.

Article 61
Registration of Variations

The directors should apply, within ten days, to the concerned Commercial Register Office for registration of emergent variation to the memorandum of association and other facts which should be registered.

If change of memorandum of association is due to a resolution taken by the partners a formal copy of the resolution should be lodged.

Variations to be introduced to the memorandum of association of the company shall not be effective against the third parties unless registered.

Article 62
Prohibition of Competition

The partner may not, without consent of the remaining partners, exercise to his creditor to the credit of another person an activity contrary to company

activity or to be jointly or severally a partner in other competitor company. It is supposed that approval must be obtained if the exercise of the activity or participation in competitor company antecedent to the company's memorandum of association and the partners were at knowledge thereof.

If the partner violated thereof, the company shall have the right to dismiss the partner and shall claim compensation for the damages.

Article 63 **Company Books**

The responsible of the company management shall be bound to keeps the legally prescribed commercial books.

Article 64 **Distribution of Profits**

Amounts of money should not be distributed to the partners unless the company has actually collected thereof. If a loss appeared in the capital, the profits should not be distributed before reinstating the capital or shall be reduced at the amount of the loss.

Article 65 **Responsibility of the Partner**

Subject to the following article the partner in Limited Liability Company shall be considered jointly and severally responsible with all his co-partner for the liabilities and obligation which were incumbent upon the company during his existence as a partner therein, this responsibility and guarantee shall pass to his successors after his death within his legacy.

Entrance of a new partner in the company shall make his responsible of its liabilities prior to his entrance and ongoing out of the partner from the company the responsibility of the partner for the liabilities of the partner's responsibility for liabilities following registration of his going out of company in the Commercial Register shall be stopped.

Nevertheless, the partner shall be responsible on the same condition of the liabilities prior to the fact of registration of his going out in the Commercial Register.

Anyone who impersonate the capacity of the partner in limited liability company whether in words or in writing or by disposal or allows a third party

knowledgeably to show thereof, shall be responsible also as a partner in that company towards every creditor believing of correctness of the undue assumption.

Article 66
Partner Guarantee

The creditor of the limited liability company shall not enforce against the partners own funds unless after warning the company and lapse of eight days without payment or provision of sufficient guarantees by the company. The competent court may extend such terms to a new term not exceeding other eight days. Every partner shall have the right to recourse to the partners of the percentage of the company liabilities which he paid for each of them.

Article 67
Personal Creditor of the Partner

The personal creditor of the partner may not claim for liquidation of his debtor share as long as the company is existing. However, the creditor may attach his debtor's share of the realized profits.

Article 68
Reduction of the Capital

The resolution in respect of the capital reduction resolution may not be implemented through reimbursing the shares which have been paid or exempt the partners from what is remained with them, provided that the company creditor who gets back his credit. Until prior to registration of the reduction resolution shall submit an objection there against within the said term. Nevertheless, the court may issue an order to implement the capital reduction resolution and entrusting the company to submit an appropriate guarantee to the objecting creditor.

Article 69
Extension of Company Term

The creditor of one of the partners may raise him objection before the competent court against extension of company term within three months from registration of the extension resolution in the Commercial Register.

If the objection is accepted the company should liquidate the share of the debting partner within three months from judgment notification.

If the company term is renewed implicitly every partner may withdraw therefrom if he expresses his desire therein by a prior notification of not less than three months duration. The creditor of the partner may claim for liquidation of his debtor's share.

Article 70 **Company Dissolution**

In addition to the general reasons for companies' dissolution, the company shall be dissolved for the following reasons:

- 1- Agreement of all the partners.
- 2- Declaration of its bankruptcy which shall result in bankruptcy of the partners therein.
- 3- Declaration of bankruptcy of one the partners, or prevent him from exercising a trade profession, or lack of or shortage of qualification unless the memorandum of association provides for its continuation or the remaining partners decide thereof unanimously.
- 4- For other reasons to be provided for in the company's memorandum of association.

Article 71 **Death of the Partner**

If one of the partners in a limited liability company died, the company shall remain existing and its existence shall continue. The successors of the dead partner shall be partners therein if the same is provided for in the company memorandum of association and therein no minor or one who devoides of legal qualification. The company shall be transformed legally into limited partnership in which the successors shall be silent partners therein.

If the limited liability company continues after death of any of the partners therein without an express provision, in its memorandum or in any other memorandum signed by all the partners prior to death of the partner, allowing for its continuation, then it shall be transformed legally into a limited partnership and the successors shall not be responsible for company liabilities except in the limit of succession funds.

Article 72
Continuity of the Company

If the company continued after declaration of bankruptcy of one of the partners or prevented from practicing his commercial profession or lost his qualification. The rights of the disqualified partner should be fixed on the basis of their value on the day of his disqualification by an expert to be nominated by the remaining partners or by a judge of Summary Proceedings.

Article 73
Nomination of the Liquidator

The liquidation of the company shall be carried out either by all the partners if necessary or by one liquidator or more to be nominated by the majority of the partners.

If the partners do not agree on nomination of the liquidator, the Court shall assume thereof upon request of one of the partners. In cases where the company is in operative, the court shall nominate the liquidator and determine the method of liquidation upon request of anyone who has interest therein.

Until nomination of the liquidator, the director or the directors shall be considered as liquidator towards the third party.

Article 74
Liquidator Obligations

The liquidators of the limited liability companies should start their works by preparation of statement including company properties and assets and shall strive to determine their rights with third parties and their obligations to others. They shall have no right to assign any of these properties, assets and rights unless by a prior consent of all the partners.

Article 75
Liquidation Balance Sheet

The liquidators should, having completed liquidation operations, prepare the final balance sheet and the statement proposed for distribution of liquidation proceeds.

The partners should be notified by registered mail with acknowledging receipt of the balance sheet signed by the liquidators and statement of assets proposed to be distributed.

Both the balance sheet and distribution project are considered as agreed upon if no contestation is presented in their respect within sixty days from the date of notification. If the correctness of the balance sheet and distribution project is contested, the liquidator may request consideration of the issues related to the balance sheet separately for those related to distribution.

The liquidators shall be acquitted from responsibility towards the partners with effect from getting the balance sheet approved.

Article 76 **Striking the Company Off**

Having approved the liquidation final balance sheet, the liquidators must request striking the company off the Commercial Register. From the date of striking out, the creditors of the company who have not paid their debts shall claim for payment thereof from the partners own properties. The personal creditors of the partner shall not complete with company creditors in the amounts to be received by the partners from liquidation proceeds.

If non-payment of the company creditors debts due to error of the liquidators they may claim the liquidators therefor.

The books of accounts and other documents which do not concern the partners severally should be lodged with the person who to be nominated by the majority. These papers and documents shall be kept for five years with effect from the date of striking the company off the Commercial Register.

Second: Limited Partnership

Article 77 **Definition**

The limited partnership is the company which shall be contracted between at least a working partner and at least a silent partner. The working partners shall be jointly and severally accountable for company obligations, while the silent partners shall be accountable in the limit of the shares which they have provided.

The silent partners should provide financial shares.

Article 78
Company's Name

The limited partnership must have a trade name, so that the trade name shall include the name of at least one of working partners with expression of (and co-partners). If the silent partner accepts that his name shall be appeared in the company name he shall be responsible for its obligations towards the third party jointly and severally with working partners.

The name must be followed by expression of (limited partnership).

Article 79
Rules Ought to be Applied to the Limited Partnership

The provisions of the Joint Liability Companies shall applied to the limited partnership inasmuch as not contradict the rules set out in the following articles.

Article 80
Memorandum of Association

The memorandum of association of the company should establish the limited partnership by a formal contract and shall show therein the names of the working partners and names of the silent partners.

Article 81
Non-Registration in the Register

The provisions of article (56) shall apply to the relations between partners and third parties until it shall be registered in the Commercial Register. However, the silent partners shall not be asked except in the limits of their shares, unless they have participated in company management.

Article 82
The Working Partners

The working partners shall have the same rights and the same duties as the partners in joint liability companies. The management of the company shall not be entrusted to silent partners.

Article 83
Correctness of Resolution

The working partners in limited partnership shall consider any conflict arising out in the company by unanimous resolution or by majority as per contract or articles of association provisions, provided that no change or modification may be introduced to the company activity and purpose except by consent of all the working partners.

Article 84
Nomination and Removal of Directors

For correctness of nomination and removal of management responsible, if they are not nominated in the articles of association itself they should obtain the consent of all the working partners and consent of a number of silent partners representing the majority of the subscribed capital unless the articles of association provided for a higher percentage.

Article 85
Silent Partners

The silent partners shall neither perform any management jobs nor conclude contract or commercial transactions in company name unless they have given special power to attorney for any contracting or certain transaction. The silent partner who violates this prohibition shall be jointly responsible towards the third parties for all the obligations of the company. He may be dismissed from it also, nevertheless, the silent partners shall contribute to company works under director's supervision. If the articles of association allow thereof they may grant powers and give instructions for certain works and shall carryout inspection and control works.

In any way, they shall have the right to be notified each year of the balance sheet and profits and losses account and they are entitled also to assure of their correctness and see the accounts books and documents of the company.

Article 86
Profits Receivable in Good Faith

The silent partners are not bound to repay the profits which they have received in good faith according to the balance sheet which was legally agreed upon.

Article 87
Transfer of the Silent Partner Share

The share of the silent partner shall be transferable by succession and legacy, without prejudice to provisions of the articles of association, the share may be transferred and its consequent effect towards the company if a number of partners representing capital majority agreed thereupon.

Article 88
Bankruptcy of the Silent Partner

The memorandum of association of the limited partnership shall not be cancelled by bankruptcy of the silent partner and the action of application for cancellation thereof shall not be accepted from him.

Article 89
Company Dissolution Reasons

In addition to the reasons laid down in the previous articles the company shall be dissolved if the working partners alone are remaining therein or the silent partners only, unless a decision is taken to compensate for the partner whose place became vacant or the remaining partners decide to transform the company into another legal form within six months. If the company became devoid of the working partners, the silent partners shall nominate, within the period mentioned in the previous paragraph, an interim director to perform the normal administrative jobs, the interim director shall not gain the capacity of the working partner.

Article 90
Rights of the Company Creditors after Liquidation

The company creditors who were not able to receive their rights from the company liquidation, may, in addition to claiming the working partners and the liquidators under provisions of article (76) stick to their rights before the silent partners in the limits of the share to be passed to them from liquidation without competition by the personal partners of the silent partners.

Third: Particular Partnership

Article 91 **Definition**

The Particular Partnership is a memorandum that does not subject to formal conditions imposed on the named commercial company. It is a partnership under which a person shares another person in a certain portion of profits of his activity or profits of a transaction or more against an agreed portion to be given by the particular partner within a certain period.

Article 92 **Multiplicity of Partnerships**

A person who already shared another person in a transaction or a certain activity shall not share other persons therein except by consent of the particular partners unless there is an agreement stipulates otherwise.

Article 93 **Rights and Obligations of the Third Parties**

The third parties shall neither gain rights nor bear obligations except towards the principal particular partnership owner.

Article 94 **Rights of the Principal Particular Partnership** **Owner and Particular Partners**

The principal owner of the particular partnership shall manage the activity or the transaction. The memorandum of association may include the extend of control of the particular partner and the method of its exercise.

In all the cases, the particular partner shall have the right to obtain an accounting statement of the transaction after its execution or an annual statement of the activity management if extends to more than one year.

Article 95 **Division of Profits and Losses**

The particular partner shall incur a portion of losses at the percentage of his profits provided that such portion shall not exceed his share in the partnership, unless otherwise agreed upon.

Article 96
Participation in Profits and Losses

The articles (92 & 93) shall apply to the contract of participation in profits of a certain activity without participation in losses, as well as on contract which entitles one of its parties to the right to participation in profits and losses without providing a certain financial share.

Article 97
Confirmation of the Company

The particular partnership may be confirmed between the partners by all the methods of confirmation regardless of the nature of activity of the company.

Branch Two
Funds Companies: Joint-Stock Company

Article 98
Definition

The joint stock company is the company in which the shareholders shall not be responsible for company debts and obligations except at the amount of their shares value.

First: Foundation of the Company

A- Special Subscription

Article 99
Definition of the Special Subscription

The joint-stock company shall be founded through special subscription as following:

- 1- By a resolution of the directors of the holding company.
- 2- By a contract between two shareholders or more.

- 3- By a contract signed by a number of natural or legal personalities or by both together, provided that the maximum contribution of each of them shall be fixed by a resolution of the General People's Committee.
- 4- By a resolution issued by a competent public authority as regards the public joint-stock companies.

Article 100
Company Name

The Joint-Stock Company shall have a certain trade name, such name should not be derived from a natural personality name, unless the aim of the company is to invest a legally registered patent in the name of such persons or the company is owned on or after its foundation by another trade company and taken its name.

The name of the company must be followed by expression of (Libyan Joint-Stock Company) or its initials (LSSCO).

Article 101
Memorandum of the Company

The Joint-Stock Company shall not be established unless by a formal memorandum of association. The memorandum of association should include the following data:

- 1- Name, surname and father's name of the shareholder, his country, domicile, nationality, date of birth, identity Card No. and the number of the subscribed shares.
- 2- Company name and head office.
- 3- Company purposes.
- 4- Amount of the subscribed capital shall not be less than the minimum which shall be fixed by a resolution of the General People's Committee, to be fully subscribed and indication of the paid amount thereof so as not to be less than (30%) of the subscribed cash capital.
- 5- Nominal value of shares, their number and class. The minimum and maximum value of one share shall be fixed by a resolution of the General People's Committee.

- 6- Value of the rights and funds submitted in kind.
- 7- Rules which should be followed for distribution of profits.
- 8- Members of the Board of Directors which should not be less than three and not more than eleven members including the Chairman. It is necessary to mention name and surname of each member, his father's name, country, domicile, nationality, date of birth and number of his identity card.
- 9- Number of members of the Control Board, with name and surname of each member, his father's name, country, domicile, nationality, date of birth and number of his identity card.
- 10- Company's duration.

The Articles of Association shall be considered as an integral part of the memorandum even if in separate document.

Article 102 **Responsibility for Works Prior to Registration**

Anyone who performed works in company name prior to its registration shall be jointly and unlimitedly responsible towards the other parties, unless the company decides to bear the obligations according to provision of Article (25) issuance and sale of shares prior to registration of the company in Commercial Register shall be deemed null and void.

Article 103 **Kinds of Shareholdings**

The share of the shareholder shall be in cash unless otherwise provided for in the memorandum of association. If the shareholder has undertaken to present his share on the basis of transfer of ownership of particularly a certain thing, then, the provisions of sale contract shall apply to what is related to share guarantee if lost or became due or if there is a defect or shortage therein.

If the partner has undertaken to present his share in form of debts with a third party, his obligation towards the company shall not be ended unless the percentage provided for in the memorandum of association is paid, provided that the same shall not be less than three tenth (3/10) of his share value. In addition, the partner shall be responsible of compensation for the damage if that percentage is not paid prior to registration of the company in

Commercial Register or if the share value is not paid on the date fixed for cash payment of the remaining shares.

Article 104
Rules for Estimation of the Share in Kind

Anyone who contributes to the company in kind should present a report from a sworn expert to be nominated by the President of the Court of the First Instance under jurisdiction of which the funds intended for estimation are falling, it shall contain statement of the advance payments in kind and the estimated value of each category, the bases on which the estimation is based and such report shall be attached to the memorandum of association.

The Board of Directors and the Control Board must ascertain the correctness of the estimation set out in the previous chapter within six months from the date of establishment of the company.

The Board of Directors and the Control Board shall have the right to request the competent Court to reconsider the estimation if it appeared that there are good reasons. In this case the shares shall remain lodged with the company and shall not be disposed off unless after completion of their estimation reconsideration.

If it is appeared that, the value of the funds presented in kind is less by more than one fifth of the founder's estimation, the company must reduce the capital by the percentage of the difference and the uncovered shares shall be cancelled, provided that the partner may who shall pay in kind shall replenish the shortage by cash payment of its amount or withdraw from the company.

Article 105
Non-Payment of Share Value

If the shareholder did not pay the value of his share after being notified by a registered letter and after lapse of thirty days from the date of publication of this notice as per legal methods, the Board of Directors may sell his share through one of the stock market agent or one of the banks or one of the specialized authorities, at his own expenses and risk.

If the sale is not effected due to lack of a buyer, the Board of Directors may decide the prescription of the shareholders right and maintaining the paid amounts in addition to claim for compensation when necessary.

Article 106
Additional Payment

The Company's memorandum of association may provide for obligating the shareholders to submit additional legal works other than money with statement of their kind, duration and methods of their performance, allocation therefore and the penalties to be imposed in case of non-performance thereof. The shares of these shareholders shall be nominal, which their ownership shall not be transferred unless by agreement of the Board of Directors.

The obligations set out in this article may not be changed except by consent of all the shareholders, unless the memorandum of association indicates otherwise.

B- Public Subscription

Article 107
Foundation of the Company through Public Subscription

The foundation of the company which its capital shall not be less than the amount which is to be fixed by the resolution of the General People's Committee through public subscription on the basis of a program showing its purposes, its capital and the main provisions set out in the memorandum of association and the share allocated to founders in the profits and the term within which the memorandum of association shall be concluded and the method of notification and announcements.

Before announcement of the program to the public, it shall be lodged with notary public office signed by the founders and the signatures are formally approved.

The subscription shall be put down in the formal instrument, in which the name, surname, father's name, nationality, country, work place, domicile, date of birth, number of identity card of the subscriber shall be indicated therein along with indication of the number of subscribed shares and the date of subscription.

Article 108
Invitation of Subscribers

After collection of subscriptions, the founders should inform to the subscriber by a registered letters or as per the method set out in the program a term not exceeding thirty days to deposit at least three tenths (3/10) of the value of the subscribed cash shares with one of the banks operating in Jamahiriya, provided that the shareholding of any person in company capital shall not be more than the percentage to be fixed by a resolution of the General People's Committee. If such term is ended without payment of the amount, the founders may either bring an action against the delayed subscribers or exempt them from the obligation. In the latter case the foundation of the company shall not be proceeded except after completion of the subscribed shares allocation which their holders delayed in payment.

The founders shall convoke the subscriber's assembly, composed of all the shareholders in the company capital, within twenty days following the term fixed to make the payment provided for in the previous paragraph unless the establishment program fixes another term by a registered letter in the manner set out in the program, to be sent to each subscriber before at least ten days prior the date fixed for holding the assembly. The issues intended for consideration shall be shown in the invitation and an advertisement thereon shall be published in one of the national daily newspapers.

Article 109
Subscriber's Assembly

The subscriber's assembly including the founders shall resolve the following matters:

- 1- Satisfaction of the conditions required for company establishment.
- 2- Contents of memorandum of association.
- 3- Allocation of profits maintained by founders for themselves.
- 4- Selection of members of the Board of Directors and Control Board.

The same provisions which apply to the extraordinary general assembly as to the quorum required for the validity of the meeting and taking a decision shall apply to subscriber's assembly.

Article 110
Memorandum of Association

Having implemented the measures required by the previous article, the attendance shall conclude a memorandum of association which should be lodged for registration in the Commercial Register within ten days from the date of its signature.

Article 111
Founders

The founders are the persons who signed the program of foundation on company establishment through public subscription or who gave rise to its establishment.

The subscribers should subscribe to not less than twenty percent (20%) of the shares and not more than fifty percent (50%) of the company capital, provided that the sharing of each natural person shall not be more than the percentage to be fixed by a resolution of the General People's Committee. The rest shall be put into public subscription through financial stock market.

Before declaration of the program they should pay at least three tenths of the subscribed cash shares unless the special laws provide for otherwise.

Article 112
Founders Obligations

The founder shall be jointly responsible before third parties for the obligations which they have undertaken to establish the company. The company shall exempt the founders from those obligations and repay the expenses which they have incurred within the limits to be required by company establishment or what is decided by subscriber's assembly. If the company is not established for whatsoever reason, then the founders shall have the right to recourse to the subscribers.

Article 113
Founders Responsibility

Founders are jointly responsible to the company and third parties for the following matter:

- 1- Subscription to the full capital and payment of the monthly installments required for company establishment.

- 2- Availability of the components in kind according to an expert report.
- 3- Validity of the data which they have revealed to the public for company establishment.

Those in whose names the founders dealt shall be considered responsible at the same degree towards the company and their parties.

Article 114
Shares of Founders in Profits

The founders may allocate for themselves according to the memorandum of association a part of the net profits in accordance with the annual balance sheet, not exceeding in total one tenth of those profits for maximum five years and they may not stipulate any other benefits.

Second: Shares

A- General Provisions

Article 115
Issue of Shares

The capital of the joint-stock company shall be divided into shares equal in their nominal value and subject to circulation. The share shall be indivisible. But successors or those who own a share or shares in common may nominate their representative to exercise their rights in the company. The they failed to do so within the period to be fixed by the Board of Directors, then the Board shall nominate one of them.

Article 116
Share's Core Data

The share should include the following Basic Data:

- 1- Company's name, head office and duration.
- 2- Date of memorandum of association, date and number of registration, commercial register office in which the company is register.

- 3- Share's nominal value, class and amount of company capital and number of the issued shares.
- 4- Value of the paid installments, if the share value has not been paid.
- 5- Special rights and duties.
- 6- Signature of the company's legal representative.

The automatic signature shall be valid if the original form is lodged with Commercial Register Office in which the company is registered. The signature may be informatics (electronic) as to be organized by law.

Article 117 **Provisional Certificate**

The company shall deliver to each shareholder within three months following registration of the company in Commercial Register a provisional certificate representing the shares which he owns.

The certificate shall include particularly the name of the shareholder, number of the subscribed shares and how to pay their value, the amount paid out of this value date of payment, the serial number of the provisional certificate and the numbers of the shares which it represents, company capital and its head office.

The company shall deliver the provisional certificate representing the shares from a coupons book; serial numbers shall be given to it and shall be signed by the Chairman of the Board of Directors and sealed by company seal. The provisional certificate can be also in the form of informatics documents (electronic) in the manner to be organized by law.

Article 118 **Classes of Shares**

The company shares shall be nominal. It shall not be allowed to issue a share by less than its nominal value. It may be provided in the memorandum of association for restriction of disposal of the share by special conditions.

Article 119
Enjoyment Shares

The company, if the articles of association allows, may issue enjoyment shares against the shares which their holders received their nominal value. The articles of association shall show the methods which should be followed.

The enjoyment shares replaced by the amortized shares shall not entitled their holders to the right of selection in the General Assembly, unless the memorandum of association provides otherwise, but entitled their holders to participation in distribution of net profits after payment of a profit equal to the legal interest for shares which their value is not reimbursed.

In case of liquidation, the enjoyment shares shall be given the right to participation in division of the remaining assets of the company after payment of other shares at their nominal value.

Article 120
Purchasing of Shares by the Company

The company may not purchase the shares pertaining to it unless by the ordinary General Assembly permission, provided that the price shall be paid from the net profits and their value shall be paid in full.

The right of selection arising out of the shares owned by the company shall be stopped. The Board of Directors should dispose thereof within one year from the date of its ownership, unless the Extraordinary General Assembly decides to cancel thereof and reduce the capital according to the value of such shares or replacing thereof by enjoyment shares.

Article 121
Registration of Purchasing of Companies Shares

The companies may not invest the capital even partially for purchasing shares of a company which they control or shares of other companies which are subject to their control.

The company is considered subject to control of another company when the controlling company has in its possession a number of shares enabling it to get the majority of opinions in the ordinary General Assembly or when the company becomes subject to control of another company according to certain restrictions in special memorandum of association.

Article 122
Prevention of Exchange of Subscription

The capital of the company shall neither be allowed to be established nor to be increased by exchange of subscription by shares between it and another company even by other persons.

Article 123
Participations

The company shall not be entitled to participate in works of other companies even if the same is allowed by the memorandum of association in general manner if the participation shall practically lead to essential change in company purpose provided for in the memorandum of association unless the same is intended for formation of a holding company.

However, the company may own shares in other company exercising an activity different from its activity, provided that the percentage of that shareholding shall not exceed ten (10) percent of the capital of the latter company. If the two companies exercise the same activity, the previous percentage may be exceeded.

Article 124
Giving the Shares in Pledge

In case giving the shares or the provisional certificates in pledge, the pledger creditor shall have the right to receive the profits and utilize the right to receive the profits and utilize the rights related to the share, including attendance of ordinarily General Assembly meetings and participation in their deliberations and the right of selection therein unless otherwise agreed in the pledging contract.

The share owner shall reserve the right of selection in extraordinary General assembly.

Article 125
One Shareholder

Without prejudice to the provisions governing the holding companies, if the company did not meet its obligations arising out during the period in which the shares were in the hand of one person, such person shall be unlimitedly responsible for those obligations.

B- Preferred Shares

Article 126 **Issue of Preferred Shares**

The shares give their owners equal financial and non-financial rights. However, it is allowable to issue shares entitling their owners with different rights either under the memorandum of association or according to amendments to be introduced thereto afterwards.

Article 127 **Preference is Distribution of Profits**

Some shares of the company may have preference in distribution of the profits by being entitled to a certain percentage of the profits on conditions and dates to be defined by the articles of association. They shall also have the right of priority in payment of their profits for any years in which the profits were not distributed in addition to the profit decided thereto in that fiscal year.

Article 128 **Limitation of Selection Right**

The preferred shares provided for in the previous article shall not enjoy the right to selection in the ordinary General Assembly unless the articles of association provides otherwise.

If the shareholder did not receive profits during three successive years. The right to selection shall return to such shares.

Article 129 **Percentage of the Preferred Shares**

The percentage of the preferred shares of limited selection shall not exceed half the capital of the company.

If the application of the shareholders for preferred shares exceeded the percentage provided for in the previous paragraph, the shareholder shall be granted preferred shares each according to his shareholding in the company.

Article 130
Transfer of Shares

The company articles of association may provide for transferability or replacement of any class of shares issued thereunder into another class by a request of the shareholder and company approval according to the percentages and the method defined in the articles of association.

Article 131
Special Assemblies

If there are different classes of shares, the owners of such shares collectively in their respective special assembly shall agree on the resolutions to be taken by the General Assembly if those resolutions prejudice their rights. In the respect of validity of holding of the special assemblies and their resolutions, the rules governing the extraordinary Assemblies shall be respected.

C- Shares Circulation

Article 132
Prohibition of Shares Circulation

The shares may not be circulated except after publication of the approved annual balance sheet, profits and losses accounts for a period not less than one year.

With exception of provision of the previous paragraph, the ownership of shares may be affected by transfer between the shareholders.

Article 133
Suspension of Registration of Transfer of Shares

The Board of Directors may suspend registration of transfer of shares during the period between the date of convening the General Assembly meeting and the date of its holding.

Article 134
Prevention of the Company from Granting Loans on its Shares

The company may neither pay in advance any guaranteed thing in its name nor lend funds to a third party if the purpose thereof is to purchase its shares thereby.

Article 135
Disposal over Nominal Shares

The company shares are transferable, however, the sale of the nominal shares or provisional certificates shall not be applicable to the company or third party's right unless if written down in special register.

Registration shall be in presence of the contracting parties or their representatives and company representative. The company may reject registration of the sale in the following cases:

- 1- If the shares are pledged or detained by court resolution.
- 2- If the shares or the provisional certificates are lost and no new certificates or shares are given in substitute.
- 3- If the sale or transfer of ownership is contrary to the Law or the memorandum of association or the articles of association of the company.
- 4- If the company has a debt on the shareholder, it shall have the right to suspend registration of sale of his shares, until full payment of his debt.

The share may also be circulated by informatics dealing (electronic) in the manner to be organized by the law.

Article 136
Responsibility for Disposal over Shares which their Value is Unpaid

Anyone who transferred shares which their value is not paid in full to others he shall be responsible with them for payment of the unpaid installment for three years with effect from the date of transfer.

The shareholder who disposed over the share may not be asked to pay the installments except if claiming of the possessor of shares is failed.

Article 137
Restrictions on Circulation of Shares

With exception of cases of succession, the transfer of shares to a third party may be subject to approval of the Board of Directors if the same is provided for by the memorandum or articles of association. In this case the application for approval must include the name of names of the assignees, number of shares intended for transfer and the price agreed upon.

Article 138
Approval of the Company

The Company approval shall be explicit or implicit after sixty days from the date of submission of application for approval to transfer the shares.

If the company did not approve transfer of the shares, the Board of Directors must find, within ninety days from the date of notification of rejection, another purchaser amongst the shareholders or a third party. The Board of Directors also may strive for purchasing of those shares by the company in order to reduce afterwards the capital by their value.

If agreement is not reached on the price, an expert to be nominated by the competent Court of the First Instance shall fix thereof. If the term indicated in this paragraph is ended without finding a purchaser by the company, it shall be considered as an approval for transfer of share.

Article 139
Lapse of Circulation Prohibition

The conditions related to preference or approval or other restrictions limiting circulation of shares shall be considered cancelled in case of enforcement on shares due to non-payment of their nominal value or insertion of shares in financial stock market.

Article 140
Approval for Giving Shares in Pledge

If the company agreed for giving shares in pledge, this shall be considered as a prior approval for transfer the shares given in pledge to their purchaser in case of enforcement thereof.

Second: Amendment of the Capital

A- Capital Increase

Article 141
Conditions for Capital Increase

By a resolution of the extraordinary General Assembly, the company capital may be increased. The capital may not be increased by cash allotments except after full payment of the subscribed capital by the shareholders.

The memorandum of association may provide for authorization of the Board of Directors with power to increase the company capital once or more by issuing ordinary shares in the limits of a certain amount, provided that the duration of such power shall not exceed one year from the date of registration of the company in Commercial Register. This authorization may be empowered to the Board of Directors by an amendment to be introduced to the memorandum of association during existence of the company and shall remain in force for one year from the date of the resolution adjudicating thereof.

The resolution of the Board of Directors in respect of company capital increase should be registered in the concerned Commercial Register within ten days from the date of the increase realization.

Article 142
Methods of Capital Increase

The capital shall be increased by one of the following methods:

- 1- Issue of new shares at the increase value and at the same nominal value.
- 2- Increase of nominal value of the original shares.
- 3- Transfer the transferable loan bills into shares.

Article 143
Coverage of the Value of Increase in Capital

The value of increase in the capital shall be covered by one of the following means:

- 1- Payment of additional amounts or allotments in kind by shareholders or others.
- 2- Transfer of the surplus of the legal reserves or other reserves or carried over profits to new shares to be distributed to shareholders free of charge at the proportion of the old shares possessed by each of them.
- 3- Transfer of debts due to the company to shares.

Article 144
Distribution of New Shares

The new shares shall be distributed to the shareholders at the proportion of shares which they own, provided that they shall not exceed the shares which they have requested.

The rest of the new shares shall be distributed to the shareholders who have applied for more than the proportion of the shares which they own according to provision of the previous paragraph.

The rest of the new shares shall be offered for public subscription and the provisions related to public subscription on company foundation shall be followed therein.

Article 145
Increase of Capital through Public Subscription

In case of offering new shares for public subscription, an announcement for subscription shall be written, including particularly the following data:

- 1- Reason for capital increase.
- 2- Resolution of the extraordinary General Assembly for capital increase.
- 3- Company capital on issue of new shares, amount of the proposed increase, number of the new shares and allowance of the issue.
- 4- Statement of the elements in kind provided as a portion of capital increase.
- 5- Statement of the average profits distributed by the company during the three years preceding the resolution of capital increase.
- 6- Declaration from Control Board on validity of the data set out in the circular and correspondence of legal conditions of the capital increase.

The announcement shall be signed by the chairman of the Board of Directors and Chief of the Control Board and shall be responsible jointly for the validity of the data set out therein.

Article 146
Issuance Allowance

The nominal value of the new shares shall be equal to the original shares. The extraordinary General Assembly may decide the issuance allowance, in addition to the nominal value of the shares. Its value shall be fixed and the net of this allowance shall be added to the legal reserves until it reaches to the amount fixed in the articles of associations.

Article 147
Right of the Shareholder Priority

The shareholders shall have subscription priority in new shares unless the extraordinary General Assembly decides otherwise for reasons required by the company interest.

Statement shall be published in one of the daily newspapers, including declaration of the shareholders priority in subscription, date of its opening, date of its closure and the rate of the new shares. In addition, the shareholders may be notified of registered letters or by others means of communication.

Each shareholder should express his desire in using his right in subscription priority in new shares or dispose over such right during thirty (30) days from the date of the declaration set out in the previous paragraph.

Article 148
Increase of the Capital by Shares in Kind

In evaluation of the shares in kind to be provided on capital increase, the provisions established in evaluation of the shares in kind on company foundation shall be followed.

Article 149
Cancellation of Capital Increase

If the subscription to increase of the capital is not complete, the subscription shall be cancelled unless the extraordinary General Assembly decides to content with subscribed amount.

Article 150
Registration of Capital Increase

The legal representative of the company shall register the capital increase in the concerned Commercial Register within ten days from the date of realization of the increase by submitting a certificate proving payment of the payable portion of the cash shares and the minutes of evaluation of the shares in kind.

The capital increase may not be mentioned in company documents and instruments except after finalization of registration.

B- Capital Reduction

Article 151
Conditions of Capital Reduction

If it is appeared that the company capital is more than the amount required by its purposes, the extraordinary General Assembly may reduce it through exemption of the shareholders from payment of their remaining installments or through reimbursement of a portion of the capital to them in the limits allowable by the Law.

The reduction resolution shall not be issued except after recital of report of the Control Board and external auditor, if any, on its imperative reasons, about company's obligations and on effect of the reduction on these obligations.

The reduction shall not be a pretext against the creditors, whose debts arose out prior to registration of the reduction resolution in the Commercial Register, who expressed their objections within sixty days from the date of registration, and submitted their documents to the competent Court on the said date, unless these creditors have received their current debts or obtained sufficient guarantees for payment of their term debts.

Article 152
Reduction Due to Losses

When it has been clear that the company capital was reduced by an amount more than one third of it due to losses, the Board of Directors shall convoke the extraordinary assembly expeditiously to take the appropriate arrangements.

Report on the company's financial position accompanied by statement containing comments of the Control Board must be presented to the General Assembly.

A copy of the Board of Directors report and Control Board statement shall be lodged with company head office for the eight days period preceding the date of holding the General Assembly so that the shareholders shall be able to peruse thereof.

During the second fiscal year, if it is appeared that the losses did not fall to less than one third, the assembly which considers the balance sheet of that year shall decide reduction of the capital by the portion of the realized losses, otherwise the Board of Directors and the Control Board shall issue an order from the Court in respect of reduction thereof by the amount of the losses mentioned in the balance sheet.

The Court shall have the right to issue an order for the required reduction of the capital upon a resolution to be issued following opinion of the public prosecution, and the Board of Directors shall register the resolution in the commercial registration.

This resolution may be complaint against to the Court of Appeal during thirty days from the date of registration.

Four: Company Bodies

A- General Assembly

1- General Provisions

Article 153 **Assembly Constitution**

The company's General Assembly shall be composed of all the shareholders. It shall be held by two bodies: Ordinary General Assembly and Extraordinary General Assembly.

The meetings of the General Assembly shall be in the place where the company head office is located, unless the articles of association provides for otherwise.

Article 154
Convocation of the General Assembly

The Board of Directors shall convoke the General Assembly for holding by an advertisement in one of the daily newspaper, in addition to any electronic or normal means of communications showing the day of the meeting, hour, place and agenda before at least fifteen (15) days from the date fixed for the meeting.

The agenda of the ordinary General Assemblies may include the item of (the jobs to come) in addition to any topics presented by shareholders representing then percent of the capital, provided that the same shall be submitted to the Board of Directors before five days from the date fixed for holding the General Assembly, then the assembly president must mention these agendas in the beginning of the assembly meeting and to be added to the items set out in advertisement provided agreement of the majority of the attendance.

If those formalities are not observed and the capital is represented in full in the meeting which is attended by the Board of Directors and Control Board, then this General Assembly is considered as validly held. However, any of the members representing the capital may protest against consideration of the issue which he have no sufficient information thereabout.

Article 155
Convocation of the General Assembly by a Minority of Shareholders

The Board of Directors shall convoke the General Assembly without delay, if the same is requested by a number of shareholders representing at least one tenth of the company capital and they showed in their request the issues intended for discussion. If the Board of Directors did not do so or the Control Board instead of it, the president of the Court of the First Instance shall, upon request of those shareholders, convene the General Assembly by an order to be issued by him, indicating therein the person who will preside over the meeting.

Article 156
Attendance of the Meeting

The General Assembly meeting may be attended by the shareholders whose names are written down in the company register before at least five (5) days to the meeting date, as well as for the shareholders who deposited, during the same period, their shares with main office of the company or one of the banks shown in the convocation.

Article 157
Assembly Presidency

The General Assembly shall be presided over by the person nominated in the memorandum or articles of association. If the memorandum or the articles of association does not provide for nomination of the president or absence of the nominated person. The attendance shall have the right to nominate the president in a preparatory meeting to be presided over by the Chairman of the Board of Directors.

The Assembly president shall assume nomination of the Secretary and two persons to Court votes.

Article 158
Deputation in Attending the Assembly Meeting

The shareholders may depute their representatives in the General Assembly unless the memorandum of association provides otherwise.

The deputation and its respective documents should be in writing and to be kept at the company head office. The members of the Board of Directors or the General Managers shall not represent the shareholders in the Assembly.

Article 159
Conflict of Shareholders Interest

A shareholder may not select over resolutions in which he has direct or indirect interest to himself or to the account of others whom he represents or deputates contrary to the company interest. In case of violation the issued resolution shall be contestable, if it is appeared that unless the voting of the shareholders who should have been refrained, the required majority would not have been realized and it was the nature of the resolution to inflict damage to the company.

The Board of Directors may not select over the resolutions related to responsibility of its members. The shares which do not entitle the right of selection under this article shall not be counted except for the purpose of getting the required quorum for validity of the meeting.

Article 160
Assembly Resolutions

The resolutions to be taken by the General Assembly according to the law, memorandum and articles of association shall be binding to all the

shareholders. The Board of Directors, the Control Board and absent and opponent shareholders may contest against the validity of the taken resolutions if involved violation of the law or company's memorandum and articles of association.

The effects of cancellation of the resolution shall apply to all the shareholders. The Board of Directors is considered bound to take the actions consequent upon cancellation in execution of this resolution the rights gained by the third parties in good faith shall not be prejudiced. In accordance with provisions of this law, the cancellation of the resolution shall not be valid if substituted by a resolution correcting the defects of the first resolution according to provisions of this law.

Article 161

Formalities of Contestation against Assembly Resolutions

The contestation shall be brought before the Court of the First Instance where the company main office is located in its jurisdiction. The Court president shall impose on the contestant by a resolution to be issued by him provision of suitable guarantee to face the possible damages which may occur and entail compensation. The contestation must be brought within sixty (60) days from the date of issue of the contested resolution or from the date of registration if the resolution is subject to registration in the Commercial Register. All the contestations related to the same resolution shall be considered all at once and resolved by one judgment.

The president of the Court or the examining magistrate shall arrest execution of the contested resolution by a causative decision if requested by the contestant and existence of important reasons imposing such decision after hearing the statements of the Board of Directors and Control Board, and the decision shall be notified to the Board of Directors.

Article 162

Second Convocation for Assembly Meeting

If the established quorum for validity of the meeting is not complete, the General Assembly must be convoked once again.

The date of the second meeting may be fixed in the first advertisement, provided that the two meetings shall not be on the same day. If the first advertisement did not mention the date of the second holding of the assembly, a new advertisement must be published within thirty (30) days from the date of the first meeting.

2- Ordinary General Meeting

Article 163 Powers of the Assembly

- 1- Presentation and discussion of the report of the Board of Directors, Control Board and the external auditor.
- 2- Approval of financial statements (balance sheet and profits and losses account).
- 3- Approval of profits distribution.
- 4- Selection of the Board of Directors, chairman and member of the Control Board and fixing their remuneration as well as nomination of the external auditor and fixation of his fees.
- 5- Consideration of issues to be presented by the Board of Directors, as well as affairs regarding responsibility of the Board of Directors and Control Board.
- 6- The General Assembly may not discuss other than the matters included on the agenda. However, it may discuss the dangerous facts which may be revealed during the meeting, which their presentation to the assembly shall be requested by a number of shareholders representing at least ten (10) percent of the capital.

The Ordinary General Assembly may hold a meeting at least once a year during the four months following the end of the company fiscal year.

If special circumstances require, the term may be extended, provided that it shall not exceed six months from the end of the previous fiscal year.

Article 164 Quorum of the Ordinary General Assembly in the First Meeting

The Ordinary General Assembly shall be considered validly held if attended by a number of members representing at least half the company capital, with exception of shares of limited voting right.

The assembly shall take its resolutions by the majority of the actual capital, unless the memorandum or the articles of association provides for higher majority.

Article 165

Quorum of the Ordinary General Assembly in the Second Meeting

The second meeting of the General Assembly shall be valid whatever the number of the attendance may be and whatever the value of the capital which they represent may amount to consideration may not be taken into other than what is contained in the agenda of the first meeting. Resolutions shall be taken by majority of the present capital.

Article 166

Minutes of Assembly Resolutions

The resolutions of the General Assembly should be written down in a minutes to be signed by the president of the session, secretary or a notary public. The summary of the shareholders statement should be written down in the minutes if they requested thereof.

Extraordinary General Assembly

Article 167

Powers of the Extraordinary General Assembly

The powers of the Extraordinary General Assembly shall be restricted to looking into amendment of the memorandum and articles of association, issue of loan securities, nomination of liquidators, definition of their powers according to law. The Extraordinary General Assembly shall be concerned also with agreement on resolutions of the Board of Directors related to disposal of more than half the company assets.

Article 168

Quorum of the Extraordinary General Assembly in the First Meeting

The Extraordinary General Assembly shall be considered validly held if attended by a number of shareholders representing more than two thirds of the company capital. The resolution of the Extraordinary General Assembly shall be taken by majority representing more than half the company capital, unless the memorandum or the articles of association provides for the necessity of getting higher majority.

The members of the Board of Directors, Control Board, absent shareholders and opponent may contest against the validity of the resolution taken contrary to the law or to the memorandum of association according to provisions of Article 160.

Article 169
Quorum of the Extraordinary General Assembly in the Second Meeting

If the quorum was not complete in the first meeting, the second meeting of the Extraordinary General Assembly shall be valid by attendance of a majority exceeding half the capital, unless the memorandum or the articles of association provides for the necessity of getting higher majority. The resolutions shall be taken by a majority exceeding one third of the company capital.

In all the cases, if the agenda of the Extraordinary General Assembly meeting includes modification of the company purposes or transfer thereof or dissolution prior to the decided term or removal of its head office abroad or issue of preferred shares, the validity of the resolutions to be taken in the second meeting should obtain the approval of more than half the company capital.

The resolution to be taken in the second meeting shall be subject to contestation according to provisions of Article 160.

Article 170
Unavailability of the Quorum

If the quorum necessary for the validity of taking resolutions in the second meeting is not complete, the Extraordinary General Assembly shall not be convened for discussing the same items unless after lapse of six months from the validity of the meeting holding and resolution taking the provisions of Article 168 of this Law shall be applied.

Article 171
Reduction of the Extraordinary General Assembly Minutes

A formal notary public shall assume execution of the minutes of meeting of the Extraordinary General Assembly. The resolutions taken in this meeting and a summary of the shareholders statements if they requested so shall be written down in the minutes.

B- Company Management

1- Board of Directors

Article 172 **Powers of the Board**

The company management shall be assumed by a Board of Directors from the shareholders or others. If the General Assembly did not nominate a Chairman of the Board of Directors, the members shall select him amongst themselves. The chairman of the Board should be a natural person.

The Board of Directors shall have the right to take all the resolutions and conclude all the disposals necessary for achieving the company purpose and activity. However, it should present the resolutions, which lead to disposal of more than half the company assets, to the Extraordinary General Assembly for approval.

The Board of Directors shall hold its sessions at the head office of the company, unless otherwise stated by the articles of association.

Article 173 **Board of Directors nomination**

The General Assembly shall be concerned with Board of Directors nomination if not nominated under the memorandum of association. The subscriber's assembly shall assume the first Board of Directors of the Company.

A member who is disqualified or lacking qualification or declared his bankruptcy unless rehabilitated or convicted for a crime or felony breaching the honour or fidelity may not be nominated in the Board of Directors. If anyone of those members is nominated, such nomination shall be null and void.

The public and private persons shall assume nomination of their representatives in the Board of Directors and their removal or replacement. These representatives are civilly and criminally responsible for performance of their tasks in the Board of Director. The legal persons which they represent are considered as their guarantors in performance of these tasks.

Article 174
Duration of the Board of Directors

The duration of the Board of Directors shall be three renewable years, unless the memorandum or the articles of association of the company states otherwise.

The General Assembly may remove the Board of Directors wholly or partly even if it has been nominated under memorandum of association. The removed members shall reserve his right to compensation if the removal is unjustified.

Article 175
Multiplication of Membership

No member is his personal capacity or in his capacity as representative to another without gathering between membership of a Board of Directors of more than three joint-stock companies. Any membership established contrary to provisions of this article shall be null and void and the invalidity shall apply to the recent membership.

Article 176
Registration of Nomination Resolution

The Board of Directors shall ask for registration of its nomination resolution with the concerned Commercial Register Office within ten days from the date of nomination, with statement of the name of each of them in triple, his surname / father's name, home country, place of work, domicile, date of his birth and his identification number.

Article 177
Job Assignment

The member of the Board of Directors who assigns his post should notify the Board of Directors and the Control Board Chief in writing. The assignment shall leave its effects immediately if the majority of the Board of Directors is existing, unless from the date of availability of such majority to the Board due to admission of the new member to such task.

Article 178
Vacancy of a Post

If a post of one or more members of the Board of Directors became vacant during the fiscal year, the remaining members must nominate one to replace him by consent of the Control Board. The members so nominated shall keep their posts until the first meeting of the General Assembly.

If the membership of majority of the Board became vacant, those who remain on office should convene the General Assembly to complete nomination of its member. The assignment of the members nominated by the assembly shall terminate with termination of the tenure of the members existing at the time of their nomination.

If the post of all the members of the Board is vacated, the provisions of the second paragraph of Article 203 member must be applied.

Article 179
Validity of Board Resolution

It is stipulated that the resolutions of the Board of Directors shall be valid by consent of absolute majority of its members, unless otherwise provided for in the memorandum or Articles of Association on higher majority.

The member of the Board of Directors shall not delegate another person on his behalf. Any vote to be given on behalf of any absent member shall be null and void.

Article 180
Legal Representative of the Company

The Chairman of the Board of Directors shall be considered as the company legal representative. He shall assume also the tasks of the General Manager if such function is not entrusted to another person. He must lodge the specimen of his signature with concerned Commercial Register Office.

Article 181
Conflict of Interests

The Chairman of members of the Board of Directors shall not be a party in any compensation contracts to be concluded with the company except with prior permission of the General Assembly. Any contract concluded contrary to that shall be null and void.

If the Chairman or a member of the Board of Directors has interest in an operation or a transaction for his own account or for the account of one of his relatives up to the fourth degree or for the account of the party which he represents or deputates contrary to the company interest, he should inform the Board of Directors and the Control Board thereof. He should refrain also from participation in deliberations in respect of that operation or transaction. If the member violates this prohibition he shall be responsible for the losses which the company may incur due to completion of the operation or the transaction.

The absent or the opponent members of the Board of Directors or the Control Board may challenge the Board resolution within three months from the date of the resolution, if in its nature to inflict damages to the company and it would have been difficult to get the necessary majority without the vote of the member who should have been refrained from voting.

The rights gained by a third party, in good faith, in implementation of this resolution shall not be prejudiced.

Article 182 **Board of Directors Responsibility**

The Chairman and member of the Board of Directors should improve the performance of duties legally imposed upon them according to the memorandum of association and in the manner requires by the law in the respect of the agency. They shall be jointly responsible to the company for the damages to be inflicted upon it due to non-performance of those duties.

In any case, the Chairman and members of the Board of Directors shall be jointly responsible for the lack of attendance to good progress of the company works in general and for not affording efforts to prevent occurrence or removal or mitigation of the burden of consequences of the harmful acts in spite of their knowledge thereof. The responsibility shall not be extended to a party who did not commit an error and confirmed, without delay, his objection in the minutes of the session and resolution of the Board and immediately advised the Chief of the Control Board thereof.

Article 183 **Obligations of the Board of Directors**

Prior to at least seven days to the holding of the General Assembly which will be convened for consideration of the Board of Directors report, the Board of

Directors shall put annually at the disposal of the shareholders, for their respective information, a detailed statement, signed by the Chairman of the Board of Directors, containing the following:

- 1- All the amounts received by the Chairman of the Board of Directors and each of the Board members during the fiscal year as to wages, salaries, and fees against attendance of the Board sessions, expenses, allowances as well as the amount received by each of them in form of a commission or otherwise in his capacity as a technical or administrative official or agent, any technical or administrative or advisory job performed for the company.
- 2- Advantages in kind which are enjoyed by the Chairman and members of the Board of Directors during the fiscal year as a car, houses or a like.
- 3- Remunerations, dividend allocations which the Board of Directors propose to distribute to each of its members, as well as the amounts allocated to each of the present and former members of Directors as a pension or indemnity for the end of services.
- 4- Donations with statement of details and good reasons for each donation.

The Control Board and the external auditor should ascertain of the availability of such statement and reference should be made thereto in their reports.

Article 184 **Company Right to Responsibility Lawsuit**

The lawsuit of responsibility of the Board of Directors shall be brought upon a resolution of the General Assembly even if the company was in stage of liquidation.

The resolution regarding responsibility of the Board may be taken during the balance sheet discussion even if it is not mentioned on agenda.

The resolution on institution of the responsibility lawsuit shall result in removal of the responsibility provided that the resolution should have been taken by a majority representing at least one fifth of the company capital. In this case, the assembly shall take the initiative to nominate their successors.

The company may assign the responsibility lawsuit as well as it may conclude a reconciliation in that respect, if the General Assembly decided expressly to assign or reconcile and there was no counter voting by a number of partners representing no less than one fifth of the capital.

Article 185
Responsibility towards Company Creditors

The Chairman and members of the Board of Directors shall be responsible towards company creditor for non-performance of duties related to maintenance of the company components and keeping them complete.

The creditors are entitled to bring a case when it shall be clear that the company properties are not sufficient to payment of their debts. In case of company bankruptcy, the receiver in bankruptcy shall be entrusted to bring the case.

The creditors shall reserve their right to bring the case even if the company assigned the case of the Board of Directors responsibility or concluded a reconciliation in this respect.

Article 186
Personal Case by Shareholders or Third Parties

The provisions of the previous articles shall not prejudice the rights of the shareholder or a third party with Board of Directors to claim compensation for the damages fallen directly upon him because of their acts due to an error or deception.

2- The Executive Committee

Article 187
Committee Formation

The Board of Directors may delegate some of its powers to the Executive Committee composed of some of its members or to one its members, provided that the Board shall determine the extent of such delegation in delegation resolution.

The delegation shall not be extended to what is related to preparation of the balance sheet and amendment of the capital.

Article 188
Responsibility of the Board for Committee Acts

Without prejudice to provision of Article (182) the Board of Directors shall remain responsible for its negligence in following up implementation of the delegation granted according to provisions of the previous Article.

3- General Managers

Article 189 **Nomination of the General Managers**

If the Articles of Association provides so, the Board of Directors shall nominate a General Manager from amongst its members or from outside the Board.

It shall also have the right to nominate Assistant General Manager and Managers of Departments as per the cases and according to rules to be shown by the Articles of Association.

Article 190 **Manager's Representative Authority**

The General Managers shall have the authority to represent the company as related to powers vested in them, without prejudice to third parties' rights in good faith.

Article 191

The provisions related to conflict of interest applicable in respect of members of the Board of Directors shall apply to the General Manager.

Article 192 **Responsibility of the Manager**

The General Managers shall be accountable for implementation of their tasks in the same manner of accountability of members of the Board of Directors in the limits of their powers.

Article 193 **Prohibitions on Managers**

The General Manager shall not be a Chairman or a member of a Board of Directors of another company without prior permission of the Board of Directors.

He shall not gather between memberships of Board of Directors of more than two companies. Any membership established contrary to provisions of this Article shall be considered null and void and the invalidity shall apply to the most recent membership.

Article 194
Attendance of Board Meetings

The General Manager should attend the meetings of the Board of Directors, they shall have right to participate in its deliberations without having the right to selection.

They should attend also the meetings of the Executive Committees if they asked to do so

Article 195
Definition of Tasks and Remunerations

The Board of Directors shall define the tasks and duties entrusted to General Managers. It shall fix also their remunerations and advantages. They shall have the right to claim compensation if they are removed without a reasonable cause.

C- Control Over the Company

1- Control Board

Article 196
Constitution of Control Board

The Control Board shall be composed of three acting members; one of them shall be a holder of a university degree in Accounting and another holding a university degree in Law.

Two reserve members should also be nominated to the Board, satisfying the conditions stated in previous paragraphs.

The member of the Control Board either a shareholder or not shall satisfy the conditions stipulated on members of the Board of Directors.

The General Assembly shall be concerned with nomination of the Control Board. It also assume fixation of the remuneration of its Chief and members.

In case of shareholding of one of the public or private legal persons, that authority shall assume nomination of its representative in the Control Board, provided that he shall satisfy the necessary conditions. Such representative shall be civilly and criminally responsible for performance of his tasks in the

Control Board. The legal person which he represents shall be his guarantor in performance of such task.

When the State nominates one controller of more, the Board Chief shall be selected from amongst those who are nominated by the State.

The Articles of Association of the Banks subject to supervision of the Central Bank of Libya shall not provide for nomination of the Control Board and to substitute if by other controlling methods.

Article 197 **Nomination Objections**

It shall not be right to nominate in the Control Board a person having a kinship or affinity to the fourth degree with the Chairman or one of the Board of Directors members, or the General Managers of the Company, as well as anyone who has relation with the same company or other companies which are subject to its supervision under a continuous relation of paid employment. If one of those persons is nominated contrary to provisions of this Article, his nomination shall be null and void.

Also, one who has been a Chairman or a member in Control Board of another company shall not be nominated in the Board of Directors of the company except after three years of expiry of his employment in Control Board.

Article 198 **Nomination of Controller and Termination of their Task**

The Chief and members of the Control Board for the First Party by the subscriber's assembly if they are not nominated in the memorandum of association of the company. Afterward, they shall be nominated by the shareholders Ordinary General Assembly; they shall be nominated for three renewable years and shall not be removed except for a reasonable reason.

The validity of resolution of their removal requires approval of the competent Court of the First Instances by a resolution to be issued after hearing the statements of the Chief or the member of the Control Board to be dismissed.

The Board of Directors shall register the resolution of nomination of the Control Board and termination of its task in the concerned Commercial Register within ten days from the date of the resolution.

Article 199
Replacement of Controllers

In case of death of one of the Control Board members or assigns his post or lapse of his membership, he shall be replaced by the eldest of the Board reserve members, with consideration of filling up the gap of the missed specialization in the Board. He shall remain in his office until holding of the first General Assembly which will nominate the acting and reserve controller's necessary for completion of the Control Board in the manner requires by Article 196. The task of the Controller so nominated shall expire with expiry of the tenure of the Acting Controllers.

Article 200
Duties and Powers of the Controllers

The Control Board must control the Company Management; ensure the legal progress of its works and the validity and legitimacy of the Memorandum of Association. It must ensure keeping of books and accounting documents of the company as per regularly and legally established rules. Also, to ensure conformity of the balance sheet, profits and losses account with results confirmed in records, accounting documents and books of the company. It shall verify observance of the provisions prescribed in evaluation of the company components as per Article (228).

The Control Board shall verify also at least every three months the availability of financial and securities values of the company, either owned or pledged with it or kept on the basis of guarantee or consignment or guardianship. The member of the Control Board, even individually, shall require from the Board of Directors or the General Managers information about progress of the company work or on certain operations. The verification and investigations shall be written down in register of the Control Board meetings and resolutions.

Article 201
Meetings and Resolutions of the Control Board

The Control Board shall meet at least once every three months. If a member is absent without acceptable reason from attendance of two meetings in the same financial session, he shall be considered as assigning his task.

The Committee shall execute a minutes of its meetings to be registered in its respective register and to be signed by the meeting attendance.

The Committee shall take its resolutions by absolute majority, and the opponent shall have the right to confirm the reasons of his opposition.

Article 202

Participation in Board of Directors and General Assembly Sessions

The Control Board must attend the Board of Directors and General Assembly sessions; it may also attend the Executive Committee sessions.

If the Chief or one of the Control Board members was absent, without acceptable reasons, from attendance of the General Assembly sessions or from attendance of two sessions of the Board of Directors during the fiscal year of the Company they shall be considered as assigning their task.

Article 203

Duties of the Controllers on Negligence of the Board of Directors

The Control board shall convene the General Assembly and shall publish the advertisements imposed by law whenever the Board of Directors neglects to do so.

It should convene also the General Assembly for nomination or completion of the Board of Directors if the number of its members decreases for any reason whatsoever from the quorum required for the validity of the meeting. In case of necessity it shall have the right to request the competent court to nominate a judicial administrator until nomination of the Board of Directors.

Article 204

Controllers Responsibility

The Control Board members should improve the performance of their duties in the manner required by the law in the respect of the agency. They are responsible for the validity of their witnesses. They should keep the secrecy of the works and documents which they see ex-officio. They are also jointly responsible with the Board of Directors for their acts or negligence, if it is appeared that the damage would not have been occurred if they have performed their required task diligently and carefully.

The action of responsibility of members of the Control Board shall be subject to the same provisions established in respect of the Board of Directors responsibility.

Article 205
Complaint to Control Board

Any shareholder may notify the Control Board of anything entails complaint. The Board must pay attention to the complaint and shall make reference thereto in its report to the General Assembly.

If the complaint is brought by a number of shareholders representing a portion of twenty fraction of the capital, the Control Board should immediately conduct investigation in the complaint subject matters and shall submit the result and proposal, it deems appropriate to the General Assembly. If it appeared that the complaint is serious and its handling requires immediate action it shall convene the General Assembly.

Article 206
Recourse to Jurisdiction

If it is appeared, according to conduct of the company affairs by the Board of Directors or Control Board any inspiration of suspicion and that they are negligent in performance of their duties, the partners who represent one tenth of the company capital may bring their complaint to the competent court of the First Instance.

The Court shall have the right to order for inspection of the company management at the expenses of the complaining parties, after hearing the statements of the members of the Board of Directors and control Board in consultation room and to impose submission of guarantee, if necessary, on the complaining parties. If the actual misconduct is confirmed to the court, it may order for precautionary measures as it deems appropriate and to convene the General Assembly for taking the appropriate resolutions.

The public prosecution shall follow the same measures provided for in the first paragraph of this article. In this case the company shall bear the inspection costs.

Article 207
Nomination of a Judicial Administrator

In very dangerous cases the Court may remove the Board of Directors and the Control Board and nominates a judicial administrator and defines his powers and duration of his task.

The judicial administrator may bring a responsibility action against the Board of Directors and the Control Board. The judicial administrator shall,

prior to expiry of his task, convene the General Assembly under his chairmanship for nomination of new Board of Directors and Control Board or to consider his proposal to put the company under liquidation if necessary.

2- External Auditor

Article 208 **Duties of the Extend Auditor**

With exception of provisions of the Article (18) of this law. An external auditor or more persons licensed to practice such trade shall check the financial statements of the company to be presented to the General Assembly in its ordinary annual holding session.

He shall be responsible for performance of his task at the same manner in which the Chief and members of the Control Board are accountable in the limits of that task.

Article 209 **External Auditor's Report**

The external auditor should submit a written report containing his opinion on accounting and financial matters of the company, particularly the following:

- 1- Soundness of company accounts, validity of the final financial data and conformity of these accounts with provisions of the law, related laws and company's articles of association.
- 2- Implementation of the approved accounting standards (effective) by the company, particularly those related to books keeping, inventory of company's assets and obligation and the method of presentation of the final financial data.

Article 210 **Necessity of Data Presentation**

The Company Management (Board of Directors and Managers) should present the final financial data to the external auditor for revision within sixty days to the end of the fiscal year.

The external auditor shall complete the accounts audit and present his report to the General Assembly of the company within no more than forty-five days from the date of receiving the financial data.

Article 211
Registration of Reports in the Commercial Register

A copy of the minutes of meeting of the General Assembly, Board of Directors report, Control Board report and report of the external auditor shall be sent to the concerned Commercial Register within ten days from the date of their approval by the General Assembly.

Five: Loan Securities

Article 212
Conditions of Securities Issuance

The company may issue nominal loan securities to their holder at amounts not exceeding the paid up capital according to the latest approved balance sheet.

The company may not issue loan securities except after full payment of the subscribed capital.

Article 213
Lodgment and Registration of the Resolution

The Ordinary General Assembly must agree on issuance of the loan securities unless resulting in variation of company capital. It should be registered in the concerned Commercial Register within ten days from the date of the agreement. The resolution of the General Assembly shall not be implemented except after its registration in the Commercial Register and shall be subject to complain against before the competent court by the former creditors within thirty days from the date of registration.

Article 214
Reduction of the Capital

The Company which issued loan security shall not decide to reduce its capital except to the extent of the depreciated securities. If it decided reduction of the capital due to losses, the evaluation of the legal reserve should be continuous on the basis of the existing capital at the time of securities issuance, until the

total of the company capital and the legal reserve become equal to the amount of the circulated securities.

Article 215
Contents of Loan Security

The loan securities should contain the following:

- 1- Company name, purposes, head office and the Commercial Register Office in which it is registered.
- 2- Company capital at the time of loan securities issuance.
- 3- Date of the assembly resolution and date of its registration in the register.
- 4- Total of the issued securities, the nominal value of each security, interest rate mode of payment and mode of depreciation.
- 5- Guarantees on which it depends.

Article 216
Transfer of Securities into Shares

The Company shall have the right to issue loan securities transferable into shares by a resolution of the Extraordinary General Assembly to be offered to subscription according to the rules of subscription to shares.

The securities shall be transferred to shares through redemption, cancellation of the securities and granting their holders shares against them and addition of their value to the capital.

Article 217
Securities Holders Assembly

The shareholders shall have their own assembly which shall assure consideration of the following issues:

- 1- Nomination and removal of their General Representative.
- 2- Amendments to loan conditions.
- 3- Proposal of protective reconciliation with company.

- 4- Formation of a financial balance to face the necessary expenses in order to protect their common interests and the mode of representation of its account.
- 5- Other issues related to their interests.

Article 218
Meetings of the Securities Holders Assembly

The Board of Directors or the representative of the holders of the loan securities shall convene the General Assembly of the Securities Holders, when they deem it necessary or when requested to do so by a number of Securities Holders representing a portion of twenty fractions of the issued securities which are still existing.

The same provisions established in respect of the Extraordinary Shareholders Assembly shall apply to the Securities Holders Assembly for the validity of the resolutions related to item (2) of the previous article; the selection even in the second meeting shall be issued by a number of the Loan Securities Holders representing no less than half the issued Securities which are not depreciated.

The Loan Securities which may be possessed by the company shall not entitle to participate in assembly resolutions. However, the Board of Directors and the Control Board may attend the meetings of the Securities Holders Assembly.

Article 219
Common Representative of Securities Holders

A person other than Securities Holders may be selected to be their common representative. If the Assembly did not nominate a Common Representative, he shall be nominated by the Chief Justice under a resolution to be issued upon request of one or more of the Securities Holders or one of Company's Directors.

A member of the Board of Directors or Control board or one who was subordinated to a debtor Company as well as anyone who satisfies the elements which prevent from assuming the post of a Common Representative of the Securities Holders. If one of those is nominated, he should be dismissed.

The tenure of the Common Representative shall not be more than three years, but it shall be renewable.

The Securities Holders Assembly shall fix the remuneration of the Common Representative who should request registration of his nomination in the Commercial Register within fifteen days from the date of being notified of the nomination resolution.

Article 220
Duties and Powers of the Common Representative

The Common Representative should implement the resolutions of the Securities Holders Assembly; protect their common interests in their relation with company. He shall have the right to attend the processes of withdrawal of Securities intended for depreciation as well as to attend the meetings of the Shareholders Assembly.

The Common Representative shall have the right to bring a lawsuit on behalf of the Securities Holders for protection of their interests even in case of conclusion of a protective reconciliation with company or declaration of its bankruptcy.

Article 221
Voting on Reimbursement of Securities Value

The processes of voting on reimbursement of the Securities value shall be in presence of the Common Representative of their holders and in his absence, shall be in the presence of a Notary Public, otherwise the voting shall be null and void.

Article 222
Personal Lawsuits of the Securities Holders

The provisions of the previous articles shall not prevent the Securities Holders from bringing personal lawsuits provided that these lawsuits shall not conflict with General Assembly resolutions according to Article (217).

The resolution to be issued by the Securities Holders General Assembly shall apply to the absent and dissenting Securities Holders. Each Securities Holder shall have the right to challenge the resolutions which did not take into consideration the provisions of the law according to provisions of articles (160) and (168).

Six: Company's Accounting Organization

A- Company's Books

Article 223 **Books ought to be Kept**

The Joint-Stock Company should keep the following books in addition to other accounting books and entries supposed to be kept by the merchants:

- 1- Shareholders register in which the names, surnames, nationalities, home countries of the shareholders and numbers and quantity of the shears for registration of dispositions to be effected on the mentioned shares or the temporary certificates representing them shall be entered.
- 2- Loan Securities register for entering the amount of the issued Securities, the securities which their value is repaid, names and surnames of the nominal Loan Securities Holders and all what is to come upon Securities as to transfer and entries.
- 3- Register of minutes and resolutions of the General Assembly in which the minutes written down on formal papers shall be recorded also.
- 4- Register of minutes and resolutions of the Board of Directors Sessions.
- 5- Register of minutes and resolution of the Control Authority's sessions.
- 6- Register of minutes and resolutions of the Executive Committee's Sessions.
- 7- Register of minutes and resolutions of the Loan Securities Holders General Assembly if the Company issued Loan Securities.

The Board of Directors shall be responsible for keeping the books set out in items (1, 2, 3 & 4) while the Control Authority shall be accountable for keeping the register set out under item (5). The Executive Committee also shall be accountable for the register mentioned under item (6), while the Common Representative of the Loan Securities Holders shall be responsible for keeping the register laid down under item (7).

Before using the said registers, they should be numbered serially; each page thereof shall be stamped and shall be officially endorsed every year.

Article 224
Examination of Company's Books Right

The partners shall have the right to examine the two registers set out under items (1 & 2) of the previous article and to have their summaries at their cost.

Such right entitles also the Common Representative of the Loan Securities Holders Assembly as to the two registers set out in item (2, 3) of the previous article as well as the holders of the Loan Securities as regards the register mentioned under No. (7).

Article 225
Informatics (Electronic) Books

The Company may keep accounting documents in connected and sequenced typing paper form used in informatics (electronic) systems dated and numbered in the manner to be shown by the law.

It may also keep the accounting documents in informatics (electronic) systems form not subject to modification of the data set out therein.

The previous two forms shall have the evidence of the conventional commercial books.

B- The Balance Sheet

Article 226
Preparation of the Balance Sheet and Financial Statements

The Board of Directors should prepare the financial statements of the company, their complementary clarifications, gained profits and incurred losses.

It should submit also a report explaining the progress of the company's works.

Article 227
Contents of the Balance Sheet

Without prejudice to the laws of the companies which exercise certain activity, the assets and liabilities of the company should be mentioned in the balance sheet at their total value and each item shall be stated alone and no clearing should be effected between them.

Assets:

- 1- Amounts claimed from shareholders and not yet paid.
- 2- Properties.
- 3- Immobile establishments and equipment.
- 4- Industrial patents rights and rights of utilization of intellectual products.
- 5- Concessions, registered marks and economic value of the shop.
- 6- Movables.
- 7- Raw materials and goods.
- 8- Money and paper money available at hand or deposited with third party.
- 9- Financial security of fixed and variable profits.
- 10- Partnerships, with statement of what is purchased by the company of their shares.
- 11- Debts on company clients.
- 12- Debts on company clients.
- 13- Debts of the company to banks.
- 14- Other debts claimed from third party.

Liabilities:

- 1- Company capital with its nominal company with statement of the equities separated from other kinds of the shares.
- 2- Legal reserve balance.
- 3- Reserve provided for in the memorandum and optional reserve.
- 4- Amounts of depreciation, renewal and guarantee against the risk of drop of the assets value.

- 5- Amounts allocated for compensation of company employees.
- 6- Debts restricted with guarantees in kinds.
- 7- Debts claimed by suppliers.
- 8- Debts of the company to banks or other suppliers.
- 9- Debts claimed by the related companies.
- 10- Loan Securities issued and still existing.
- 11- Other debts claimed from the company.
- 12- What is deposited optionally or compulsory by third parties.

Article 228
Rules of Estimation

When estimating the elements of statements of which the company assets are composed, the following rules should be followed:

- 1- The properties, immovable establishments and movable equipment shall not be estimated at more than their cost price. In each financial turnover, the value must be reduced at the amount of the depreciation in that turnover by including the depreciation balance in special item of liabilities.
- 2- The raw materials and goods shall not be estimated at a higher price than the minimum price at their of their purchase value or at a higher price than the market price in demand at the conclusion of the turnover.
- 3- The industrial patents and the rights of utilization of patents, concessions and registered marks shall not be estimated at a price higher than the price of their purchase and costs. Such price shall be reduced in each turnover at the rate of the time lapsed to those elements or at the rate of forfeiture of the right in utilization thereof.
- 4- Value of shares or paper money of fixed or variable revenue shall be estimated by the Board of Directors aiming at diligence and wisdom, taking into consideration as to the paper money circulated in the stock market their price on market. The Control Authority shall be informed of the rules which are followed in estimation. The Control Authority should make notice of these rules in its report to the General Assembly.

- 5- The partnerships which have no capacity of shares shall be estimated at an amount not exceeding what is to be appeared in the last related balance sheet.
- 6- The estimation of the debts claimed by the company on the basis of the proposed possibility of their payment
- 7- The difference which may occur between the amounts due on issued Loan Securities on their maturity and the amounts collected during the issuance time may be entered into special statement of the assets item.

In this case, a part of the difference should be depreciated in each turnover according to the methods specified for depreciation. The reductions of the assets element may be shown in special separated items in liabilities of each of those elements.

If special reasons preventing following of the rules established in this article are found, then the Board of Directors and the Control Authority should show in detail the reasons which made them refrain from those rules in their reports presented to the Assembly.

Article 229 **Entries Repeated in a Number of Turnovers**

The expenses of construction and development which have no equivalence in the assets may be depreciated through annual deduction in their value for no more than five years if approved by the Control Authority.

Taking into consideration what is provided for by the respective laws, agreement must be concluded with Control Authority on methods of entry applied in estimation of the positive and negative interest and deduction of the value due to the company and on it. The Control Authority report must include also these methods.

Article 230 **Shop's Moral Value**

The moral value of the shop shall not be entered into the balance sheet assets unless evaluated when purchasing the shop at no more than the paid amount.

What is paid should be depreciated successively at turnovers to be appropriately estimated by the Board of Directors and Control Authority.

Article 231
Legal Reserve Balance

A sum not less than five percent should be deducted from the net annual profits for constituting the legal reserve until such balance reaches to at least one quarter of the company capital.

Article 232
Increase of Shares Price

What is to be passed to the company of the amount to be available when issuing shares at a price higher than their nominal value, may not be distributed as profits except after constitution of the full legal reserve.

Article 233
Participation in Profits

What is deserved by the partner's founders and the Board of Directors shall be calculated from the profits portion based on the net profits resulting from the balance sheet after deduction of the legal reserve.

Article 234
Control Authority Reports and Lodgment of the Balance Sheet

The Board of Directors must inform the Control Authority of the Balance Sheet, its report and what shall be followed as to documents and instruments during at least thirty days prior the day fixed for General Assembly holding which will consider the same.

The Control Authority should present to the General Assembly a report about the result of the fiscal year showing its opinion and proposals regarding the progress of the company works, correctness of its accounts, balance sheet and approval thereof.

A copy of the balance sheet attached with reports of the Board of Directors and Control Authority should be lodged with main office of the company during the fifteen days preceding the assembly meeting. It shall remain lodged until endorsed, and during the said period the shareholder may see it.

Article 235
Distribution of Profits to the Shareholders

The General Assembly which shall endorse the balance sheet shall decide to distribute profits to the shareholders. Dividends shall not be paid unless on the basis of the profits resulting according to the endorsed balance sheet.

If losses appeared in company capital, profits may not be distributed except after restoration of the capital or deduction thereof at the amount of the losses.

The profits paid contrary to provision of this law, if the shareholders received thereof in good faith and based on endorsed balance sheet.

Article 236
Effect of Approval of the Balance Sheet

Approval of the balance sheet by the General Assembly shall not result in exemption of members of the Board of Directors, General Managers and Control Authority from the responsibility consequent upon company management.

Article 237
Lodgment of Balance Sheet

The Board of Directors must lodge a copy of the balance sheet attached with its report, report of the Control Authority and minutes of approval of the General Assembly with Commercial Register Office within ten days from the approval.

Seven: Company Dissolution and Liquidation

Article 238
Additional Reasons

In addition to the normal reasons for company dissolution, provided for in this Law, the Joint-Stock Company shall be dissolved and liquidated for the following reasons:

- 1- Issuance of a resolution by the Extraordinary General Assembly.
- 2- Disability of the General Assembly to perform its tasks.
- 3- Occurrence of one of the reasons provided for in the Memorandum of Association.

Article 239
Occurrence of a Matter Requires Dissolution

If a matter requires dissolution of the company occurred, the Board of Directors must convene the Extraordinary General Assembly within thirty days to take the resolutions related to Company Liquidation.

Article 240
Nomination and Dismissal of Liquidators

The General Assembly shall be concerned with nomination of Liquidators, unless the Memorandum of Association states otherwise. The General Assembly shall take its resolutions by the majority required in respect of Extraordinary General Assembly.

When the required majority is not obtained, the Liquidators shall be nominated by a resolution at the President of the Court of the First Instance upon request of the shareholders or Board of Directors or the Control Authority.

The Liquidators may be dismissed by the Assembly by the majority required for the Extraordinary Assembly or by a resolution of the competent Court of First Instance upon request of shareholders or Control Authority or the Public Prosecution if the same so requires.

The same provisions shall apply in case of Liquidators replacement.

Article 241
General Assembly Approval

Any agreement between the Liquidators and the Joint-Stock Company creditors shall be binding if coupled with General Assembly approval.

Article 242
Request for Resolution on Administrative Liquidation Formalities

The Liquidator and any debtor or creditor of the Joint-Stock Company and any interested individual shall have the right to request the Court to resolve on any issue arising out in Administrative Liquidation Formalities according to the method in which decision shall be made on matter to be arising out in judicial liquidation measures under provisions of this Law.

Article 243
Convocation of the General Assembly

During the progress of the liquidation, the Liquidator may convoke the company's General Assembly to obtain its consent on any matter he deems appropriate including refraining from liquidation.

The Control Authority or the external auditor also, if any, shall have the right to convoke the General Assembly, if the Liquidator refrains from taking such action.

Article 244
Lodging of the Liquidation Balance Sheet

The final liquidation balance sheet shall be lodged accompanied by signatures of the Liquidators and attached with report of the Control Authority and external Auditor's certificate, with concerned Commercial Register Office for enrollment, provided that the balance sheet shall show the portion of any share in distribution of assets.

Any shareholder may complain before the Court of the First Instance against the Liquidators within the three months following enrollment.

The Court shall render judgment on the complaints to be brought to it in one session and each shareholder shall have the right to intervene therein.

The case shall not be considered unless after the lapse of the said term and the judgment shall be a pretext even on those parties who did not intervene in the lawsuit.

If the term of the three months is lapsed without submission of complaints, the balance sheet shall be considered as certified and the liquidators shall be exempted from obligation.

Article 245
Deposit of Unrelieved Amounts

The amounts to be passed to the shareholders from the Final Liquidation balance sheet shall be deposited with one of the banks with statement of the shareholder's name, surname or the serial numbers of the shares if they are to their bearer, if these shareholders did not receive the same within three months from the date of lodgment of the balance sheet to the Commercial Register.

Article 246
Company Striking Off

The Liquidator should ask for striking the company off the Commercial Register after approval of the final balance sheet or the Liquidation or after three months from its lodgment to the concerned Commercial Register.

After company striking off, its creditor, who are unable to receive their rights wholly or partly, may claim the shareholders at a rate not exceeding the amount which have received from the result of the final balance sheet of the Liquidation, during five years from the date of registration of the striking off. The company creditors shall not be subject to competition of the shareholders personal creditors within the limits of those amounts.

They may also recourse to the Liquidators if non-payment of the debts is due to their fault.

Article 247
Lodgment of Company Books

After completion of the liquidation and distribution of assets or deposit of the amounts provided for in Article (245), the company books should be lodged with concerned Commercial Register and shall be kept therein for five years period from the date of registration of the company striking off and any individual may see the same after payment of the prescribed fees.

Article 248
Compulsory Liquidation

The Court may decide compulsory liquidation of the company upon request of any interested party in the following cases:

- 1- If the company committed gross infringement of the Law or its Articles of Association.
- 2- Impossibility to run its works or disability of the General Assembly to continue performance of its tasks.
- 3- If the company suspended its works for more than one year without justification or legitimate reason.
- 4- If the total losses of the company exceeded (75%) three quarters of its total capital unless the company's General Assembly decided to increase the company capital immediately to not less than two thirds of the subscribed capital.

Eighth: The Holding Company

Article 249 **Company Form**

The Holding Company is a Joint-Stock Company which administratively and financially controls one or more of other companies which shall become its subsidiaries, through its ownership of at least the absolute majority of the shares of that company or those companies, either Joint-Stock Companies or Companies of Limited Liability or Companies Limited by shares. The expression of Holding company shall be added in addition to the company name on all its papers, notices and all the other documents issued by it.

Any Joint-Stock Company shall not own more than fifty percent in any of the companies mentioned in paragraph (1) unless changes its legal form to a holding company.

The Holding Company shall not own a portion mentioned in Joint Liability Companies or in Limited Partnerships and the subsidiary company shall be prevented from owning any shares in the Holding Company.

Article 250 **Company Purposes**

The Holding Company purposes shall be the following:

- 1- Establishment of its subsidiary companies or control of management of other companies or contribution to its capital.
- 2- Investment of its funds in shares, securities and paper money.
- 3- Establishment and management of funds and investment portfolios.
- 4- Provisions of loans, guarantees and funding to its subsidiaries.
- 5- Ownership of patent on inventions, trademarks, concessions and other moral rights, utilization and renting thereof to its subsidiaries or to third parties.

Article 251
Financial Relations of the Company

The Holding Company may provide loans, guarantees and funding to its subsidiaries to perform these operations among themselves on the following conditions:

- 1- The operation shall be reasonable to its actual practical need.
- 2- The operation shall be effected normally without including unusual conditions in such operations.
- 3- It shall not result in a damage or burdensome to the existing company and the later shall receive an amount or an actual output from the operations.
- 4- The operation shall not be based on tax considerations or observance of personal interests to the responsible of the concerned management.

Article 252
Company's Capital

The capital of the Holding Company must be sufficient for meeting its purposes. The paid up capital on foundation must not be less than one million Dinars or three tens of the subscribed capital whichever is more.

Article 253
Nomination of its Representative in the Subsidiaries

The Holding Company shall nominate its representatives in its subsidiaries at the amount of their contribution to the capital. If the subsidiary company is fully owned by the holding company, the Board of Directors of the Holding company shall be considered as a General Assembly of the Subsidiary. If the Subsidiary in its turn is a Holding Company, then the In its turn is a Holding Company, then the Board of its Directors shall be considered as a General Assembly of its Subsidiaries.

Article 254
Accumulated balance Sheet and Financial Statements

The Holding Company must prepare, at the end of each fiscal year, accumulated balance sheet, statement of profits and losses or the monetary flows to it and to all its Subsidiaries and shall present them to the General

Assembly along with related clarifications and data, according to the requirements of the applicable accounting standards and rules.

Article 255
Company Responsibility

The Holding Company shall not be considered responsible for debts of its Subsidiaries. Although, the Holding Company shall be responsible for debts of its Subsidiary in case of its bankruptcy if the ration of what its owns exceeds (75%) seventy-five percent of its capital.

Nine: Public Joint-Stock Company

Article 256
Definition

The public Joint-Stock Company, means any company that its full capital is owned by one or more public legal personalities. The public companies take the form of Joint-Stock Companies and the provisions of this law apply to them.

Article 257
Establishment of the Public Company

Taking into consideration the provisions governing the Joint-Stock Companies, the public company shall be established by a resolution of the General People's Committee including the Articles of Association, upon economic feasibility study to be presented by the concerned authority.

Article 258
General Assembly of the Company

The General Assembly of the company composes of the shareholders and the legal person who contributes to the company shall nominate his representative. If the company is fully owned by one of the public legal personalities, then such personality shall assume formation of the General Assembly of the company from an odd number of persons of capacity and experience in the field of company activity provided that their number shall not be less than seven persons including the chairman of the Assembly.

Article 259
Responsibility of Assembly Members

The members of the General Assembly should exercise their powers with observance and compliance necessary for achieving the company purpose. They are responsible for errors, shortcomings and negligence in taking resolutions.

Article 260
Other Bodies of the Company

The bodies of the public company shall be composed according to what is governed by this law and the public companies not to be subject to the comptrollers system provided for in the state financial system law.

Third Branch
Double Nature Companies

First: Company Limited by Shares

Article 261
Definition

The Company Limited by Shares: Is the company which composed of two categories of companies, one of them acting partners and the other silent partners.

The acting partners in the company limited by shares shall be unlimitedly jointly responsible for company obligations, while the silent partners shall not be bound, except at the amount of their shares in the capital to which they are subscribed. The company capital shall be divided into shares of equal value. The contribution allotment shall be shares only.

Article 262
Company Name

The Company Limited by shares shall operate under a trade name in addition to at least a name of one of the acting partners including mentioning of the legal relation between the partners the company may operate under a created name and in both case the expression of (Company Limited by Shares) must be added.

The name of the silent partner may not be mentioned in company name, and if it is mentioned with his knowledge, then he shall be responsible for its obligations jointly in good faith with respect to third parties.

Article 263
Rules ought to be Applied

The rules provided for in respect of the Joint-Stock Companies shall be applied to the Company Limited by share inasmuch as not contradict with following provisions.

The provisions of Article (81) shall be applied to the relations between the acting partners and the third parties pending registration of the company in the Commercial Register.

Article 264
Memorandum of Association

The Memorandum of Association should include the names of the acting partners. Their capacity as acting partners shall legally result in their consideration as company directors and shall have the same duties prescribed in respect of the Board of Directors in the Joint-Stock Company.

Article 265
Removal of Directors

The Directors shall be removed by a resolution to be issued by the majority required in the Joint-Stock Company Extraordinary General Assembly. If removal is affected without reason, the removed Director may claim for compensation.

Article 266
Replacement of Directors

The General Assembly shall nominate a Director in lieu of the Director which his post became vacant for any reason whatsoever according to the majority prescribed in the previous article.

If the Directors are multiple, the Directors remaining on their posts must approve the nomination, thus the new Director shall gain the capacity of the acting partner once he accepts the nomination.

Article 267
The Effect to be resulted from Vacancy of the Directors Post

If the post of all the Directors became vacant and no directors are nominated in their place, the Control Authority shall nominate an interim a Director, once the vacancy is ascertained, so as to perform the urgent management works for a period not exceeding six months.

The interim Director shall not gain the capacity of the acting partner.

The Control Authority shall convene the Extraordinary General Assembly within one month from the date of nomination of the interim director to determine the company destiny.

Article 268
Control Authority and Responsibility Lawsuit

The shares of the acting partners shall not entitle the voting right on General Assembly resolutions related to nomination or dismissal of Control Authority members or bringing responsibility lawsuit against them.

Article 269
Amendment or Memorandum of Association

The General Assembly must approve the amendments to be introduced to the Memorandum of Association. The resolution shall be considered valid whenever issued by majority in respect of validity of resolutions of the Joint-Stock Company Extraordinary General Assembly.

In addition, the consent of all the acting partners should also be obtained.

Article 270
Responsibility of the Acting Partners

The responsibilities of the acting partners towards the third parties in a company limited by shares shall be governed by the provisions established in respect of partner's responsibility in a Joint Liability Company.

The Acting Partner whose capacity as a Director arising out of the company management which have arisen out after registration of expiration of his job in the Commercial Register.

Second: Limited Liability Company

A- General Provisions

Article 271 **Definition**

The Limited Liability Company: A Company which the number of partner therein shall not be more than twenty-five and not less than two partners. Each of them shall be accountable only for the amount of his allotment in the capital. The allotments of the partners shall not be represented by shares.

Article 272 **Company Name**

The Limited Liability Company shall have a trade-name – the expression of (Limited Liability Company) must be added to the company name. if the directors neglected consideration of this provision they shall be responsible for compensating the damages resulting therefrom.

Article 273 **Restrictions on Company**

The purpose of the Limited Liability Company shall not be the performance of the banking operations or insurance. By a resolution of the concerned secretary some other activities may be prohibited to companies.

Article 274 **Prohibition of General Subscription to the Company**

The company may not resort to general subscription for forming or increasing its capital, it may not issue also Loan Securities.

Article 275 **Company Capital**

The capital of the company shall not be less than three thousand Libyan Dinars (LD 3,000) to be divided into equal shares so that the nominal value of the share shall not be less than (LD 10) Ten Dinars.

If the company capital reaches to the minimum provided for in the fourth paragraph of the Article (101) or exceeds that, then in respect of payment thereof the rules followed in the Joint-Stock Companies shall be applied thereto.

Article 276
Memorandum of Association

The company must be established under a formal Memorandum of Association containing the following:

- 1- Name and surname of each partner and name of his father, his home country, nationality, date of his birth and number of his identity card.
- 2- Name of the company and its main office.
- 3- Company purpose.
- 4- Capital amount, share of each partner, statement of shares in kind, their value and names of the persons, if any, who presented them and the provisions of the Joint-Stock Company, shall be applied to their estimation.
- 5- Conditions for assignment of shares.
- 6- Prescribed rules of distribution of profits and losses.
- 7- Number of Directors and their authority and mentioning who has the right to represent the company.
- 8- Members of Control Authority if their nomination is must.
- 9- Company duration.

Article 277
Distribution of Shares

The Limited Liability Company shall not be established unless all the shares therein are distributed.

If what is presented by the partner is a share in kind, the rules followed in the Joint-Stock Company in respect of evaluation of shares should be applied.

Article 278
Transfer of Shares

The shares shall be subject to sale unless the Memorandum of Association provides for otherwise. Anyone who intends to sell his share to other than the partners, he should notify the directors of the proposal presented to him.

Article 279
Form of Shares Assignment

The partner may assign his share to one of the partners or to a third party under a formal entry according to Memorandum of Association of the Company. Such assignment shall not be a pretext against the company or the third party except from the date of its registration in company register and in the Commercial Register. The company may not withhold registration of the assignment in the register unless contradicted what is provided for in Memorandum of Association of the company.

Article 280
Notice to Partners

If one of the partners intends to assign his share to a person other than the partners in the company with or without compensation, he should notify the other partners through the company director of the assignment conditions. The director should notify the partners once the notice is arrived. Any partner may claim for redemption of the share at the price to be agreed upon. In case of disagreement on the price, an expert to be nominated by the competent Court of the First Instance shall estimate this price in the date of redemption. If thirty days are passed from the date of the notice without using the redemption right by one of the partners, the partner shall be free to dispose of his shares.

Article 281
Multiplicity of Claimers for Redemption

If the right of redemption is used by more than a partner, then the sold shares should be divided among them at the rate of share of each of them in the capital.

Article 282
Transfer by Succession

The share of each partner shall be transferred to his successors thus the legatee shall take the power of the successor.

Article 283
Enforcement on Shares

If a creditor of one of the partners proceeded with formalities of enforcement on his debtor's share, he may agree with the debtor and the company on the mode and conditions of the sale, otherwise the share must be offered for sale in public auction. The company may redeem the sold shares in the favour of a partner or more on the same conditions of awarding of the auction, within fifteen (15) days from the date of awarding of the auction. These provisions shall be applied in case of bankruptcy of the partner.

B- Company Bodies

1- **General Assembly**

Article 284
Convocation of the General Assembly

The Limited Liability Company shall have a General Assembly to be composed of all the partners.

The Directors should convoke the General Assembly by registered letters with acknowledgment receipt to be sent to the partners in their domiciles shown on company register before at least eight days prior to holding date, without prejudice to provisions of the Memorandum of Association.

The day, venue, fixed time of the meeting and the agenda should be mentioned in the letter.

The General Assembly should be held once a year during the three months following the end of the company fiscal year. It may be convened in each time upon request of the Directors or Control Authority or a number of partners representing one quarter of the company capital.

Article 285
Resolution of the Assembly

The resolutions of the Ordinary General Assembly shall be issued by majority of the company y capital, unless otherwise provided for by the Memorandum of Association. The Extraordinary General Assembly resolutions shall be issued by majority of the number of partners representing at least one third of the company capital.

2- Company Management

Article 286 Nomination of Directors

The Company Management shall be entrusted to one or more persons either among the partners or others to be nominated by the General Assembly as power provided for in the Memorandum or Articles of Association of the Company.

Article 287 Complaint against Resolutions of the Directors or Control Authority

The provisions provided for in Joint-Stock Companies shall be applied in respect of complaint against disposal of Directors or the Control Authority in company affairs.

Article 288 Nomination of the Control Authority

- 1- The partners should nominate the Control Authority if the company capital exceeded (LD 100,000) one hundred thousand Libyan Dinars.
- 2- The provisions governing the Control Authority in Joint-Stock Companies shall apply in respect thereof.

3- Company Accounting System

Article 289 Company Books

In addition to accounting books and entries to be imposed on merchants by law, the company should keep the following books:

- 1- Partners register, in which the partner's names, value of their shares and changes to be occurred to their personalities should be recorded.
- 2- Register of minutes and resolutions of the General Assembly and minutes written down on formal contract shall be set forth also therein.
- 3- Register of sessions and resolutions of Directors.

4- Register of sessions and resolutions, if any, of the Control Authority.

The directors shall be bound to keep the first three registers, the Control Authority shall keep the fourth register and the partners shall have the right to see the two registers set out in item (1, 2) and to obtain summaries thereof at their cost.

Article 290 **Balance Sheet**

The balance sheet must be prepared according to the provisions provided for in respect of Joint-Stock Companies.

The directors must lodge a copy of the balance sheet along with profits and loss account and their report with company's main office within no less than fifteen (15) days prior to General Assembly holding.

If there is a Control Authority, then the provisions of Article (230) shall be applied.

Article 291 **Amendments to Memorandum of Association and Dissolution of the Company**

As regards amendment of the Memorandum of Association, increase and decrease of the capital, dissolution and liquidation of the company and other matters not provided for in special provision, the rules provided for in respect of Joint-Stock Companies shall be applied.

Fourth Branch **Transformation, Merger, Division and Gathering of the Company**

First: Company Transformation

Article 292 **Transformation Between Joint-Stock Liability Company and Limited Partnership**

The Joint-Stock Company may be transformed into a Limited Partnership.

The Limited Partnership also may be transformed into a Limited Liability Company and in both cases the consent of all the partners should be obtained.

Article 293
Transformation into other Companies

The Joint Liability Company or the Limited Partnership shall have the right to be transformed into a Limited Liability company or a company Limited by shares or Joint-Stock Company with consent of all the partners. In this case the partners shall not be released from guarantying the company's obligations prior to publication of resolution of modification to the Commercial Register unless the creditor's acceptance of such modification is stated.

Non objection of the creditors in writing to the resolution of company transformation within thirty (30) days from the date of their notification by a registered letter in the address lodged with company shall be considered as good as a consent.

Article 294
Transformation into Joint-Stock Company

The Limited Liability Company and the Company Limited by shares which its capital is fully paid up may be transformed into Joint-Stock Company according to the provisions provided for in this Law, upon a resolutions of the Extraordinary General Meeting.

Article 295
Withdrawal from the Company

If the Company is transformed into a Joint-Stock Company or to a Company Limited by shares, each partner shall be concerned with a number of shares equaling the value of his allotment according to the latest approved balance sheet.

The partner who has objection to the resolution of transformation may request withdrawal from the Company.

Article 296
Estimation of Assets

Prior to registration of the company transformation resolution, the assets and the requirements shall be re-estimated by a Committee of experts to be formed by the competent Court of the First Instance upon company request,

provided that a certified public accountant should be among the experts committee.

Article 297
The Necessary of Satisfying the Necessary Conditions

The Company shall not be transformed unless after satisfaction of the necessary conditions of the legal form to be transformed into and finalization established under this Law.

Article 298
Continuity of the Legal Personality

The transformation of the company into another kind of companies shall not lead to emergence of a new legal personality. The legal personality of the company shall remain and shall maintain all its rights and shall be responsible for its obligations preceding the transformation.

Second: Merger of Companies

Article 299
Types of Merger

Without prejudice to the competition provisions set out in this law and other applicable legislations, two or more companies may be merged under a merger contract by which a new company shall be established to replace the merged companies or merging a company or more in an existing company.

Article 300
Merger Contract

The merger contract shall fix the capital of the new company and a number of allotments or shares shall be allocated for the partners in each of the merged companies equaling the value of the amounts passed to the new company from that one.

These allotments or shares shall be distributed among the said partners at the rate of their shareholding and allotment in the merged company.

Article 301
Merger Procedures

The merger shall be completed by following the under-mentioned procedures:

- 1- Issuance of the merger resolution by the Extraordinary General Assembly for each of the merged and merging companies.
- 2- Evaluation of assets and requirements of each of the merged companies according to report of the experts to be nominated by the competent Court of First Instance, provided that a certified public accountant shall be among the committee for fixing the net rights of shareholders or partners.
- 3- Signing the merger contract by the authorized signatories of the merged companies and merging company.

Article 302
Serving Notice to Creditors

The legal representatives of the companies concerned with merger must notify the creditors of the merged and merging companies of the merger resolution within ten days from the date of its registration in the Commercial Register and publication in code of procedures and advertisement in two daily national newspapers.

The resolution shall not be considered effective unless after lapse of ninety (90) days from the date of registration in the concerned Commercial Register without objection from any of the creditors or by issuance of a final judgment by the competent Court rejecting the objection brought during that period.

The legal personality of the merged companies shall expire by execution of the above referred resolution and the company resulting from merger or the merging company shall replace the merged companies in all their rights and obligations.

Article 303
Increase of Capital

The capital of the merging company shall be increased to the equivalent of the net rights of shareholders or partners in the merged company or companies according to the result of its evaluation.

The increase in capital shall be divided into shares or new allotment to be distributed to the partners and shareholder of the merged company or companies at the rate of their shareholding or allotments therein.

Article 304
Contestation against Merger Resolution

The contestation against the merger shall not suspend the continuity of acting thereupon until a final judgment is issued by the Court on its invalidity, when considering the invalidity lawsuit the Court may fix by itself a time limit for correction of the reasons which led to appeal for invalidity. It may dismiss the lawsuit of claiming for invalidity, if the concerned authority have corrected the terms prior to judgment pronouncement.

Article 305
Responsibility of the Merged Companies Bodies

Each of the chairman, members of the Board of Directors, General Manager, members of the Control Authority, certified public accountants of the company or the merged companies is personally responsible towards the third parties for any claims or obligations or allegations, put on their companies, which are neither recorded nor declared prior to conclusion of merger contract, unless it is proved that they have no knowledge thereof.

The company emerging from merger or the merging company shall bear the obligations stemmed from the companies merged with it, which have been concealed from the responsible employees of those countries with its right to recourse therein.

Article 306
Registration of Merger Resolution

The merger resolution as well as the new Memorandum and Articles of Association and what has come about them as to amendment as per the cases shall be registered in the concerned Commercial Register. It shall be published according to the measures established in this Law.

The registration of the companies which their legal personality is expired shall be stroke out according to the measures established under this Law.

Third: Division of Companies

Article 307 **Definitions**

The Joint-Stock Companies, Companies Limited by Shares and Limited Liability Companies may divide their financial obligations to other existing or created companies. The division may also be effected under resolution of the concerned secretary upon recommendation of the competition board.

The companies mentioned in the previous paragraph may be divided according to competition provisions set out in this Law.

The division may be wholly including all the financial obligation of the company, provided that the company capital shall be fully paid up, the division may also be partially.

The whole division shall lead to dissolution of the company without its liquidation, with necessity that the legal representative shall request striking out of its registration from the concerned Commercial Register.

Article 208 **Division Resolution**

The division shall be effected by a resolution to be issued by the Extraordinary General Assembly and it should include the following data:

- 1- Objective of the divisions.
- 2- Trade-name, main office and legal form of the companies emerging from division.
- 3- Names of directors or members of the Board of Directors of the companies emerging form divisions.
- 4- Value of the assets and liabilities transferred to companies emerging from division.
- 5- Value of allotments or shares of the company if the division is partial and the value of allotments or shares of the partners in case of whole division.

- 6- Definition of the rate of distribution of shares or allotments and reasons of their selection.
- 7- List of distribution of the human resources among the companies emerging from division.

The resolution of the division should be registered in the concerned Commercial Register within ten (10) days from the date of its taking.

Article 309

Evaluation of the Elements and the Form of the Emerging Companies

The elements composing the assets and Liabilities transferred to the companies emerging from division shall be evaluated according to the resolution of a committee of experts to be nominated by the competent Court of the First Instance.

The companies emerging from division may take any of the legal forms of the companies, with necessity of observance of conditions and measures legally established for the selection form.

Article 310

The division of the company shall not lead to renewal of the debt towards its creditors. The companies emerging from division shall be considered jointly responsible towards the creditors of the company which has been divided.

Article 211

Objection to Division

The shareholders or the partners who objected to the resolution of division may withdraw from the company.

Four: Gathering of Companies

Article 312

Definition

Without prejudice to provisions of the competition set out in this law, the companies gather for achieving a job or certain activity.

Article 313
Selection of the Legal Personality

The gathering companies shall not enjoy the legal personality and each company shall remain in gathering or coalition keeping its legal personality.

Article 314
Memorandum of Association of the Gathering

The Memorandum of Association of the gathering shall organize the ways of cooperation, its management, distribution of the functions and definition of responsibilities between the companies incorporated thereunto.

Article 315
Relation with Third Party

The provisions organizing the particular partnership shall be applied to the relation between the companies gathering and third party.

Chapter Three
Civil Companies

First Branch
Partnerships

Article 316
Definition

The partnership is a civil company in which the national individuals participate directly between them with effort or effort and money together as part timer by themselves without employing third party for practicing the professional, occupational and agricultural activities. The number of participants shall not be less than three persons and no one or some of them shall not be individualized as an employer also the partnership capital should be suitable to its activity.

Article 317
Conditions of Foundation

Conditions of foundation of the partnership include the following:

- 1- The partners shall have the Libyan nationality.
- 2- All the partners shall be full legal capacity.
- 3- Each partner shall be healthy fit to practice the activity to be practiced by the partnership.
- 4- Unity and specialization shall be respected in definition of partnership purpose.
- 5- The partners shall be holders of the necessary scientific qualification if the occupation or the profession so requires.

Article 318
Memorandum of Association

The Memorandum and Articles of Association of the partnership shall determine the following matters:

- 1- The method of meeting of partners and the quorum necessary for taking the resolution.
- 2- The method of organization of minutes of meetings and accounting books of the partnership.
- 3- Allotments of partners, quality of the partnership and share of each in profits and losses.
- 4- Nomination of the partnership's legal representative.

Article 319
Disapproval of Seeking Help from a Third Party

Each partner should have an active role in the partnership activity, and it is not allowed to seek help from a third party to perform the partnership works.

Article 320
Responsibility of the Partner

The partner in the partnership shall be unlimitedly responsible for its debts within the limits of his part in those debts.

Article 321
External Auditor

The partners shall assume nomination of the partnership of an external auditor in cases which so required according to provisions of Article (18) of this Law.

Article 322
Rules ought to be applied

The provisions organising the joint liability company shall be applied to the partnership in matter not particularly provided for in this chapter.

If the partnership did not abide by the provisions set out in this chapter, then the partners should dissolve it or change its legal form to a trading company.

Second Branch
Real-Estate Utilisation Company

Article 323
Definition

The Real-Estate Utilisation Company is a civil company specialized in construction and sale of various buildings.

The Public Real-Estate Utilisation Company may construct, sale, rent and hire various building.

The controls necessary for licensing the practice of this activity shall be defined by a resolution of the People's Committee.

Article 324
Capital Payment

Half of the capital of the Real-Estate Utilisation Company must be paid as a minimum on foundation.

The Articles of Association shall fix the date or dates on which the remaining of the capital shall be paid so as to be completed within five (5) years from the date of company registration in the Commercial Register.

Article 325
Allotment

The company capital shall be divided into equal allotments in their nominal value. The Articles of Association shall define the method and conditions of allotment circulation or assignment.

Article 326
Partner's Liability

The partner in Real-Estate Utilisation Company is considered unlimitedly responsible for the company debt regarding what is concerned him of those debts.

Article 327
Company Management

The Management of the Company shall be assumed by a director to be nominated by the partners. The Directors shall be the legal representative of the company in dealing with the third parties and before the jurisdiction.

Article 328
Powers of the Director

The Director shall have the right to take all the resolutions necessary for achieving the company purpose. Any restriction to be imposed by the partners in this concern shall not apply in dealing with the third parties unless registered in the Commercial Register or the knowledge of the third party thereof is proved

Article 329
General Assembly

The partners shall constitute a General Assembly to be the higher authority in the company and shall exercise the powers provided for in the Articles of Association particularly it should perform the following:

- 1- Drawing up the Articles of Association and introducing amendments thereto.
- 2- Selection of the director, fixing his remuneration, releasing and dismissing him.

- 3- Selection of an external auditor, fixing his fees, releasing and dismissing him according to provisions of Article (18) of this Law.
- 4- Approval of the balance sheet, taking resolutions regarding reduction or distribution of profits, and relieving the director or the liquidator from obligations.

The Articles of Association shall show the measures related to convocation of the General Assembly and the method of taking resolutions.

Article 330
Provisions ought to be applied

The provisions regarding Joint-Liability Company shall be applied to the Real-Estate Utilisation Company in what is not particularly provided for.

Branch Three
Cooperative Companies

First: General Provisions

Article 331
Company Establishment

The establishments which intend mutual cooperation on the basis of a kind of limited or unlimited liability cooperative companies may be established according to the following provisions.

Article 332
Unlimited Liability Cooperative Companies

In unlimited liability cooperative companies the company shall be accountable for its obligations within the limits of its components. In case of declaration of bankruptcy of the unlimited liability companies, the partners shall be unlimitedly liable in a subordinate manner.

Article 333
Limited Liability Cooperative Company

In the limited liability cooperative companies, the contribution allotment shall be on the basis of the shares and the company shall be accountable for its obligations within the scope of its components.

It may be also provided for in Memorandum of Association that in case of declaration of the company bankruptcy, each partner shall be jointly liable in subordinated manner for a double amount of his allotment.

Article 344
Company Name

In the name of the company however it was selected, its description as a limited liability cooperative company or as an unlimited liability cooperative company as per the case, shall be indicated.

Article 345
Rule ought to Applied

The rules established in respect of the Joint-Stock Companies regarding the additional allotments and advances, assembly, directors, controllers, company books, balance sheet and liquidation shall be applied to the cooperative companies in all the cases inasmuch as not to contradict the following provisions and provisions of the special laws.

Article 346
Cooperative Companies which are Subject to Special Laws

The following provisions shall be applied to the cooperative companies which are subject to special laws as far as they are in conformity with the special laws.

Second: Foundation

Article 337
Memorandum of Association

The Memorandum of Association should be written down on a formal paper including the following data:

- 1- Name and surname of each partner, his father's name, domicile and nationality.
- 2- Name, head office of the company and its branch offices, if any.
- 3- Company purpose.

- 4- Statement of the company as to liability, if it is a limited liability, the shares and allotment of the capital shall be stated, and statement of whether there is a consequent liability to partners as per the case.
- 5- Amount subscribed by each partner and what is paid up in capital or value or the normal value if the capital is divided into shares.
- 6- Value of the rights to be provided by the partners and the value of the advances in kind.
- 7- Conditions of member's admission in the company and the mode and date of provision of the capital.
- 8- Conditions of withdrawal of the partner from the company and his dismissal therefrom.
- 9- Rules of profits distribution, the highest percentage to be distributed and what is to be passed to the company of the remaining profits.
- 10- Mode of convocation of the General Assembly if it is decided to refrain from the mode to be decided by the Law.
- 11- Number of directors and external of their authority with definition of the director who is entrusted with company representation.
- 12- Number of members of the Control Authority.
- 13- Company duration.

The Articles of Association for company works running shall be considered as an integral part of the Memorandum of Association and shall be added to it even in separate contract.

Article 338 **Change of Partners and Amendment of the Capital**

The change of number of partners or their personality shall not lead to introduction of any amendment in Memorandum of Association. The company capital is not limited by any amount even if the company is a limited liability company.

The directors must lodge with Commercial Register each three months a list showing a change of the partners who are unlimitedly liable and the partners

who have abode by liabilities in a double manner to their allotment so as to be enrolled in the register.

Three: Allotments and Shares

Article 339

Purchasing by the Company to its Own Shares and Allotments

The Memorandum of Association may provide for entrusting the directors with right to purchase the company shares and allotments or redeeming their value to their owners, provided that the purchasing or the redemption shall be through the amounts available from net profits fixed in the balance sheet.

Article 340

Transfer of Allotments and Shares

The transfer of allotments or shares shall not be effective in respect of the company unless approved by the directors. Notwithstanding the partner's right to withdraw from the company, the Memorandum of Association may prohibit effective transfer of allotments and shares regarding the company.

Article 341

Non-Payment of Allotments and Shares

If the partner delays in payment of the full or part of the subscribed allotments and shares value after being given notice to pay, he may be dismissed from the company.

Article 342

Admission of New Partners

The new partners shall be admitted by a resolution of the directors upon request of the concerned:

The new partner must pay, in addition to the allotment or share price, an amount to be fixed by the directors for each fiscal year taking into consideration the fixed reserve balances in the latest approved balance sheet.

Article 343
Withdrawal of Partner

In cases where the Law or the Memorandum of Association permits withdrawal of partners, the partner who desires to withdraw shall notify the company of his desires to withdraw shall notify the company of his desire by a registered letter. The directors shall indicate thereof in partners register.

The withdrawal shall be effective from the date of ending of the current fiscal year if the application is submitted before three months otherwise from the date of ending of the next fiscal year.

Article 344
Dismissal of thee Partner

In addition to dismissal of the partner for non-payment of the value of allotments or shares or for other reasons set out in the Memorandum of Association, the dismissal occurs if the partner breaches his obligation or lost his legal rehabilitation or became attached or a judgment issued against him requires his deprivation from civil rights or if he declared his bankruptcy.

If the dismissal is not occurred by operation of the Law, the Assembly of partners or Directors shall decide thereof, if so entitled by the Memorandum of Association and this resolution shall be notified to the dismissal partner.

The dismissal partner shall object to his dismissal before the Court of the First Instance within (30) thirty days from the date of notifying him of the resolution.

The Court may stay the execution of the resolution.

The dismissal resolution shall be effective from the date of its registration in partners register.

Article 345
Partner's Death

In case of death of the partner his successors shall have the right to claim liquidation of their predecessor's allotment or reimburse of shares value to them according to provisions of the following article unless the Memorandum of Association shall provide for continuation of the company with successors themselves.

Article 346
Liquidation of the Allotment and Reimbursement of Shares Value

Jin case of withdrawal of the partner from the company or his dismissal or death, the allotment shall be liquidated or the shares value shall be reimbursed based on fiscal year balance sheet in which the relation between the partner and the company is ended. Payment shall be effected within the six months following the date of approval of that balance sheet.

Article 347
Responsibility of the Ousted Partner and Successors

The partner whose relation with company is ended shall remain responsible towards it for payment of the remaining capital for two years from the date of his withdrawal from the company or his dismissal or from the date of transfer of his allotment or shares.

The said partner shall remain liable for the same period towards the third party within the limits of the subordinate liability provided for in Memorandum of Association for company obligations to the day on which the capacity of partner removed from him.

The successors of the partner shall remain liable in the same manner and for the same period towards the company and third parties.

Article 348
Partner's Special Creditor

The debtor partner's allotment and shares are not enforceable by his special creditor as far as the company is existing, but in case of extension of the company term the special creditor may contradict such extension.

Four: Company Bodies

A- General Assembly

Article 349
Voting Right in General Assembly

The partners who have registered their names in partners register for not less than three months prior to the date of its holding shall have the voting right in the Assembly.

Any partner shall have one vote whatever the value of his allotment or number of his shares. However, if there are legal personalities among the partners, in consideration of the value of their allotments or shares or number of their members, the Memorandum of Association may provide for entitling them more than one vote provided that the number of votes shall not exceed five.

The majority required for the legal quorum for assembly formation and validity of its resolution shall be calculated on the basis of the votes entitled to the partners.

The Memorandum of Association may provide for fixing the required majorities contrary to the prescribed majorities regarding the Joint-Stock Companies.

The vote may be casted by correspondence if the Memorandum of Association so stated. In this case the advertisement of convocation of the General Assembly should include the topic to be considered in detail.

Article 350
Presence in the Assembly

The partner may not entrust other person on his behalf except from among the partners or in cases permits by the Memorandum of Association and one partner may not be present for more than five partners.

B- Board of Directors and Control Authority

Article 351
Directors and Controllers

The directors should be partners or agents to partner legal personalities and they should provide a guarantee at the rate and in the manner provided for in the Memorandum of Association unless exempted therefrom by the contract.

The Memorandum of Association may provide for selection of a director or a controller among the affiliates to the different categories of partners regarding the interest of each category in company activity.

The Memorandum of Association may provide also of empowering the state or the public institution with right of nomination of one or more controlling director.

In any case the partner's assembly shall be concerned with nomination of the majority of directors and controller.

Article 352
Distribution of Profit

The fifth of annual net profits should be allocated for the legal reserve however, its sum is amounted.

The available portion of the profits should be allocated after deduction of the legal reserve or what is set out in the Memorandum of Association which is not distributed to partners for achieving the purposes of the company interests.

Five: Modification of Memorandum of Association and Expiry of the Company

Article 353
Modification of Memorandum of Association

The provisions related to similar resolutions established in respect of Joint-Stock Companies shall be applied to the resolutions resulting in modification of the Memorandum of Association and diminution of partner's liability towards the third party and progress of its works as cooperative company.

Article 354
Company Dissolution

The cooperative company shall be dissolved for the reasons for which the Joint-Stock Companies dissolve as well as with capital total loss.

Article 355
Incapacity for Payment

If it is appeared that the company assets, even if it is in the phase of liquidation, are not sufficient to meet its debts, the concerned administrative authority entrusted to control the company may request for its replacement under receivership in bankruptcy.

Article 356
Responsibility of the Company and Subordination

In case of declaration of bankruptcy of a cooperative company, in which the partners shall be subordinately liable in a limited or unlimited manner. They are to be accountable for the company debts each at the rate of his share in the losses according to the list of a distribution to be set by the receiver in bankruptcy, and shall be distributed at the same rate of the amounts required from partners who fail to pay.

After closing the bankruptcy the creditors remain keeping their rights for payment of their debts towards each partner within the limits of his subordinate liability unless the bankruptcy ends with conclusion of a reconciliation with the company.

Six: Control

Article 357
Control over Cooperative Company

The cooperative companies shall be subject to licensing, control and other methods of supervision to be decided by the special Laws.

Article 358
Management of the Company by the Authorizer of the concerned Authority

If the cooperative companies are illegally running, the concerned administrative authority may release the directors and controllers from their functions and the company management shall be entrusted to an authorizer whose authority and duration of his secondment shall be determined.

The authorizer may be entrusted with the powers of the General Assembly within certain works, but his resolutions in this respect shall not be valid except after approval of the concerned administrative authority.

Article 359
Dissolution of the Assembly by the Order of the concerned Administrative Authority

If the concerned administrative authority deemed that a cooperative company is not in a position enables it to achieve its purposes for which it has been

established or did not lodge its balance sheet for two successive fiscal years or did not perform any of its activities, it may dissolve the company upon a resolution to be issued by it and shall order registration thereof in the Commercial Register and shall be published as per the legally applicable methods.

If it found that the liquidation is necessary, the administrative authority shall nominate in its resolution one authorizer or more to perform the liquidation.

Seven: Cooperative Companies for Managing Public Benefit Utilities and Institutions

Article 360
Definition

The cooperative companies for management are companies which do not seek for realizing profit in basic manner, ad assume management of the public benefit utilities and institutions.

Article 361
Partners Liability

The liability of e partners in the company shall be unlimited ad the company shall ensure performance of its responsibilities towards the third party.

Article 362
Provisions ought to be Applied

These provisions shall be applied to such type of the companies for which no special provision is provided for in the rules established in respect of the cooperative companies inasmuch as not contradict the following provisions and provisions of the special laws.

Article 363
Company Purposes

The company must follow the general policy to be set up by the concerned sector in the utility which assume its management, it shall not exercise any purpose other than the purpose for which it has been established.

Article 364
Company Name

In the name of the company however, it was selected, its description as an unlimited liability cooperative company for management. Provided that the name shall include an indication of the type of the utility which assumes its management.

Article 365
Memorandum of Association

The Memorandum of Association of the company must be formal and includes the following data:

- 1- Name ad surname of each partner, his father's name, home country, domicile, nationality, date of his birth ad number of his identity card.
- 2- Company name, head office and its branch offices if any.
- 3- Company purposes.
- 4- Amount of capital, mode of its provision and what is paid thereof.
- 5- Conditions of admission of the new partner in the company.
- 6- Conditions organising withdrawal of the partner from the company and cases of his dismissal therefrom.
- 7- Rules of distribution of profits.
- 8- Mode of convocation of the General Assembly.
- 9- Number of directors, the extent of their authority with indication of the director who shall represent the company.
- 10- Number of members of the Control Authority.
- 11- Company duration.

Article 366
Registration in Commercial Register

The company shall gain the legal personality as soon as registered in the concerned Commercial Register. It shall not exercise its activity except after obtaining permission of the concerned sector.

Article 367
The Capital

The company capital shall be divided in a number of allotments equal in the nominal value. The allotments shall be distributed to the partners equally between them.

The company allotments must be in cash and the allotment nominal value shall not be less than (LD 10) ten Dinars.

At least half of the allotment value shall be paid on foundation. The remaining value shall be paid within two years from the date of registration of the company in Commercial Register.

Article 368
Rights of Successors

In case of death of the partner, his successors shall have the right to claim for liquidation of their predecessor's allotment or reimbursement of the allotment value to them according to provisions of the Article (345), and afterwards of this Law. They shall have the right to continue in the partnership if one of the successors is one of the specialists in the company field of specialization.

Article 369
Company Bodies

The provisions provided for in respect of Joint-Stock Companies shall be applied in respect to the General Assembly, Board of Directors and Control Authority, provided that the number of the company Board of Directors shall not be less than five members. The resolution of the General Assembly on constitution of the Board of Directors and Control Authority shall be approved by the concerned sector.

Article 370
Nomination of the Controller

In the company there shall be one or more experienced and specialized controllers to be nominated from the concerned sector, the controller must attend meeting of the Board of Directors without having the right to selection.

He should submit a quarterly report on progress of activity of the company and its branches, if any, to the concerned sector.

He shall promptly notify the concerned sector of any infringements or negligence in company works.

Article 371
Nomination of an External Auditor

The company must nominate an external auditor who should submit his report to the company General Assembly and a copy thereof shall be submitted to the concerned sector.

Article 372
Distribution of Profits

The annual net profits of the company shall be distributed as following:

- 1- Thirty percent (30%) for the legal reserve whatever its sum is amounted.
- 2- Not more than twenty (20%) percent of the profits shall be distributed to the partners.
- 3- The other reserves shall be allocated for development of the public utilities to be managed by the company.

Article 373
Dissolution and Changes to Come About to the Company

The company may not be dissolved or merged or its activity may not be replaced or suspended from practicing the activity or provision of services except by approval of the concerned sector.

Article 374
Forms of Contract and Articles of Associations

The concerned secretary shall issue a resolution regarding approval of the contract form and company Articles of Associations after consultation with concerned sector.

Chapter Four
**Contribution of Foreigner, Representation Branches and
Offices of the Foreign Companies in Great Jamahiriya**

Article 375
**Contribution in Libyan Companies and Foreign Companies
Representative Branches and Offices**

The foreigners, either natural or legal personalities, may contribute to the companies according to provisions of this Law. The percentages of the contribution and the field prohibited to the foreigners shall be fixed by a resolution of the concerned secretary.

The foreign companies may open branches or representation offices in Great Jamahiriya under a permission of the concerned secretary. The fields in which the opening of representation offices and branches shall be allowed as well as the permission duration and conditions for its renewal shall be decided by a resolution of the concerned secretary.

The branch or the office shall be amerced by a fine not less than (LD 5,000) five thousand Libyan Dinars if it continues exercise of its activity after expiry of the permission duration granted to it or contradicts any of the conditions included in the resolution of the permission issued to it without prejudice to claim for compensation if necessary.

Article 376
Balance Sheet

The representation branch or office should have a separate balance sheet shows its financial position, provided that the balance sheet shall be audited by an external auditor and shall be lodged with Commercial Register within ten (10) days from the date of its finalization.

Article 377
Powers of the Representation Bureau

The representation bureau shall protect the company interests study the markets, gather information, prepare studies and facilitate the procedures for practicing its activity without having the power to conclude contracts in its name.

Chapter Five **Investment Funds**

Article 378 **Definition**

The investment fund is a legal personality entity to be established according to provisions of this Law for investment of monies. The legal personality shall be gained with effect from its registration in the Commercial Register.

The founders may be banks or insurance companies, they may also be the specialized financial companies.

The investment fund may not be established unless after getting prior permission from the general authority control and supervision over markets and non-banking financial tools provided for in Article (394).

The fund shall be registered following satisfaction of foundation conditions in the funds register in the Commercial Register. The founder may establish more than one Fund.

Article 380 **Objectives**

The investment funds aim at investment of their monies in securities. They shall not be allowed to practice and banking operations, particularly lending or securing others or speculation in currencies or precious metals. These funds shall not be allowed also to deal in other movable financial values or in other investment fields unless by special license from the general authority for control and supervision over the markets and non-banking financial tools, in the limits of the investment ratio to be decided by it, provided that the fund shall provide an study containing statement of the movable values fields and other fields in which it want to invest, and reasons thereof and the expected investment results.

Article 381 **The Capital**

The fund capital shall be divided into cash investment shares of equal nominal value. The liability of holders of these shares shall be limited to the amount of their shares in the capital. The holders of these shares may not participate in investment activities of the fund monies. Each of the fund

capital shares shall have a nominal value in Libyan Dinars or in any other currency. In all the cases the nominal value of the shares shall be paid all at once. The foundation shares are considered unrefundable until the end of the fund life.

Article 382
Issuance of Investment Documents

The fund may issue investment documents equaling ten folds of the paid up capital. It shall not be allowed to issue investment documents for shares in kind or moral whatever their kind would be. The fund shall fix the nominal value of the investment document on issuance. It shall not be allowed to issue investment documents unless after payment of their full value in cash.

Article 383
Documents Holders Right

The documents holders shall have equal rights in distribution of profits and losses resulting from fund investment each at the rate of the documents which they owned or as per stated by the Articles of Association. The Articles of Association shall show the right of the documents holders to participate in selection of the fund management.

Article 384
Subscription to Documents

Subscription to documents to be issued by the fund shall be in private or public subscription. The circular of subscription to investment documents to be offered by investment funds for public subscription is the following:

- 1- Fund name.
- 2- Fund objective.
- 3- Date and number of the permission issued for fund establishment.
- 4- Fund duration.
- 5- Duration and nominal value of the document.
- 6- Number of investment documents.
- 7- Name of the authority assigned for receiving subscription applications.

- 8- Minimum and maximum subscription to investment documents.
- 9- Period fixed for receiving subscriptions.
- 10- Name of member of the Board of Directors of the fund.
- 11- Names of controllers.
- 12- Name of the investment manager and a brief resume of its previous works.
- 13- Investment policies.
- 14- Mode of distribution of annual profits and method of treating the capitalized profits.
- 15- Indication of whether the document value may be reimbursed prior to expiry of its duration, cases thereof, procedures and method of reselling the same.
- 16- Method of periodical disclosure of information.
- 17- Fees of investment manager.
- 18- Any financial burdens to be incurred by investors.
- 19- Method of periodical evaluation of the fund assets.
- 20- Any other data deems appropriate by the Board of Directors.

The general authority for control and supervision over markets and non-banking financial tools should be notified of the subscription circular.

Article 385
Lack of Overall Subscription to Document

If the period fixed for subscription, without subscribing to all the investment documents which have been offered, the fund may amend the value of the amounts to be invested and shall contend with subscribed documents provided that the same shall not be less than (50%) fifty percent of the total issued documents. In this case all the fund's instruments should be modified to correspond with the value of the subscribed documents.

The permission for fund establishment shall be lapsed if not amended according to the previous paragraph or if the number of the subscribed documents decreased to less than (50%) fifty percent. The authority which received amounts from subscribers shall repay these amounts in full immediately on demand thereof including the issuance fees.

Article 386
Increase in Subscription

If the applications for subscription to documents are more than the number of the offered investment documents, then these documents should be distributed to the subscribers each at the rate of his subscription. The fractions which may arise out of the allocation processes shall be disposed of in the favour of junior subscribers.

In this case, the subscriber shall submit the subscription certificate to the authority through which the subscription is effected in order to conform the number of document allocated to him and the amount of the sums which he paid therefor and the remaining of what he has paid during subscription shall be reimbursed to him.

Article 387
Board of Directors

The Articles of Association of the fund shall define the method of nomination of the Board of Directors and the investment manager, it shall show also the method of participation of holders of investment documents in selection of those members, provided that the Board of Directors shall be constituted within three months from the date of completion of subscription to the investment documents within a period not exceeding one year from the date of the fund establishment. During such period the fund shall be managed by an interim Board of Directors which the method of its selection shall be defined by the Fund's Articles of Association.

Article 388
Investment Manager

It is stipulated that the members of the Board of Directors and general managers should not have been subject to issuance of a disciplinary action against them for dismissal from service or issuance of a felony punishment or indecent offense or dishonesty or penalty in any crimes provided for in the companies or trade or capital market laws or a bankruptcy declaration judgment.

In addition to the conditions shown in the previous paragraph, it is stipulated that the investment manager should be a company licensed to practice the activity of investment funds management or a specialized foreign entity. The responsible for company management should have experience and capability necessary for managing the investment funds activity and shall submit a security which it value, rules and measures organizing deduction therefrom, the completion, management of its collection and method of its repayment shall be defined by a resolution of the Board.

Article 389
Contract of the Fund Management

The contract of the fund management must include particularly the following data:

- 1- Rights and obligation of both parties to the contract.
- 2- Compensation for the management to be received by the investment manager.
- 3- Assignment of the fund representative in Board of Directors and General Assembly of the companies in which the fund invests its money in purchasing some of their shares.
- 4- Cases of termination and cancellation of the contract.
- 5- Indication of relation of the investment manager with the bank with which it keeps the paper money in which the fund invests its amounts as related to those paper.

Article 390
Prohibited Practices

The company which is licensed to practice the activity of management of investment funds and the acting managers are prohibited to perform the following operations:

- 1- Use of fund's amounts in establishment of new companies under liquidation or in case of bankruptcy.
- 2- Achieving an interest or a gain or an advantage from the operation to be conducted in favour of the fund.

- 3- Purchasing of the investment documents of the fund which it manages.
- 4- Borrowing from third party to the fund's credit.
- 5- Purchasing shares not registered on Libyan paper money market or abroad or registered on a market not subject to supervision of a controlling authority similar to the money market bodies.
- 6- Invest of the fund's money in documents of another fund which it manages.
- 7- Revealing or disclosing incorrect or incomplete data or information or withdraw important information or data.

Article 391
Obligations or Responsibilities of the Manager

The Investment Manager should keep with it separate accounts for each fund it assumes management of its activity and should keep the books and records necessary for practicing its activity, in addition to books and records to be defined by the General Authority for control and supervision over markets and non-banking financial tools and it should provide them with documents and data to be required by them.

The Investment Manager must pay the attention of the desirous person in managing the fund monies and to protect the fund interests in any disposition or action, diversification of investment aspects, avoidance of conflict of interest between documents holders and shareholders in the fund and its dealers. Any condition exempts the Investment Manager from responsibility or reducing thereof shall be considered null and void.

Article 392
Auditing

The Fund shall have one or more auditors to be nominated by the Fund founders.

Article 393
Expiry of the Fund

The Fund shall expire if the number of the investment documents reduces to (50%) fifty percent of the total number of the subscribed documents unless the

majority of the document holders decides continuation of its activity in a meeting to be convened by the company within one week from the date on which the number of the document was reduced to the referred minimum, otherwise the General Authority for control and supervision over the markets and non-banking financial tool shall convene that meeting.

In all the cases, the Fund shall expire if the number of the documents reduces to (25%) twenty-five percent of the subscribed number.

Article 394

General Authority for Control and Supervision over Markets and Non-Banking Financial Tools

A General Authority for Control and Supervision over Markets and Non-Banking Financial Tools shall be established. It shall have legal personality and independent financial obligation, belongs to the concerned sector, its management shall be assumed by a Management Committee to be chaired by the Secretary of the Sector and membership of six experienced and specialized persons to be nominated by a resolution to be issued by the General People's Committee upon proposal of the concerned Secretary. The Authority shall assume supervision and performance of all the necessary to ensure transparency, credibility and stability of works of the market and non-banking financial tools.

Article 395

The Executive Regulation

Upon proposal of the concerned Secretary of General People's Committee shall issue an executive regulation containing the organizational chart, the internal system, financial resources of the Control Authority and supervision over markets and non-banking financial tools. It contains also conditions and procedures of getting permission for establishment, participation in and subscription to investment Fund and complaint against resolution of rejection of its foundation, rights and obligations of the responsible for its management, nomination and removal of controllers, method of replacement or circulation of investment documents and indication of the subscription circular and conditions ought to be met in subscription, rules, provisions and procedures to be followed on liquidation of the Fund and other procedures related to its activities.

Article 396
Penalties

Without prejudice to any stricter penalty provided for by other law, a fine not less than (LD 10,000) ten thousand Libyan Dinars shall be imposed on anyone who has established a Fund without getting permission from the General Authority for Control and Supervision over markets and non-banking financial tools. The dissenting party shall be obliged to liquidate the Fund, repay the subscribers amounts and bear the liquidation expenses.

A fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars shall be imposed on anyone who contradicts the provisions of Articles (380, 382, 388) of this section.

Chapter Six
Penalties regarding Companies

Branch One
General Provisions

Article 397
False Data and Distribution of Erroneous Profits

Unless other law provided for stricter penalty an imprisonment of not less than six months duration and a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars, one of these two penalties shall be inflicted on each of:

- 1- The founder partners, chairman and members of Board of Directors, General Managers, Chief and member of Control Authority, External Auditors and Liquidators if they provided, in bad faith, in their report or balance sheets or in their other data related to the company, facts not corresponding to the truth in respect of company foundation, economic situation or concealed all or some of facts regarding those matters.
- 2- Chairman and member of Board of Directors and General Managers if they have obtained, in any way, erroneous profits or they paid or distributed undistributable profits without existence of an approved balance sheet or one the basis of untrue balance sheet.

Article 398
Disclosure of Company Secrets

An imprisonment of not less than three months and no more than one year duration and a fine not less than (LD 3,000) three thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars, one of these two penalties shall be inflicted on each of Chairman and Members of Board of Directors, General Manager, Directors, Chief and Members of the Control

Authority, External Auditors and Liquidators if any of them has used without permission, for his own benefit or for the benefit of other party, information related to the company which he obtained ex-officio or communicated to him, if his act damaged the company and not action shall be brought except upon company complaint.

Article 399
Contradiction of Directors to their Duties

The Chairman and members of Board of Directors, General Managers and Directors shall be amerced by imprisonment for not less than six months period or a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars, one of these two penalties in the following cases:

- 1- If they breached the provisions of the Law by deciding reduction of the company capital or merged it with another company.
- 2- If they repaid to partners directly or indirectly what they have paid of the capital or exempted them from payment of their obligations in cases other than those in which the reduction of the company capital shall be decided.
- 3- If they prevented establishment of the Control Authority or the external auditors entrusted to control the company work progress from performance of their functions or prevented the partners from control in cases where they are entrusted to do so by the law.
- 4- If they abuse company money and credits, such as the disposal shall not be aimed at company interest, but to their personal interest or company's interest or other projects in which they have direct or indirect interest. The same penalty shall be applied if the conditions set out in Article (251) of this Law is not respected.

Article 400
Borrowing an Account of the company and its Guarantees

An imprisonment of not less than six months and a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars, one of these two penalties shall be inflicted on each of Chairman and Members of Board of Directors, General Manager, Directors, and Liquidators if they borrow in any way, either directly or indirectly or through another person of the company which they are entrusted to manage or a company subject to its control or from a company controlled by their company or obtained from those companies guarantees regarding their personal debts, unless the company purpose is lending and performance of credit operations for the public.

Article 401
Breach of Liquidators to their Duties

Imprisonment of not less than three months and a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars, one of these two penalties shall be imposed on company liquidator if he distributed the company assets prior to payment of creditors rights or prior to allocation and maintenance of amounts necessary therefor.

Article 402
Negligence of what is ought to be Communicated or Lodgment

A fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars, one of these two penalties shall be imposed on each of Chairman and Members of Board of Directors, General Manager, Directors, Control Authority and Liquidators. If neglected to perform what is incumbent on him by law as to notification to the Commercial Register Office during the dates prescribed in notices or data or they did not lodge with the same office which is ought to be lodged or they did so in a manner not satisfying the conditions.

The same penalty shall be applied to the Notary Public in cases where the law places on his shoulder the duty of communication of the data or information or performs the lodgment.

Article 403
Non-Mentioning of the Compulsory Data

A fine not less than (LD 500) five hundred Libyan Dinars and not more than (LD 5,000) five thousand Libyan Dinars shall be imposed on each of the Chairman and Members of Board of Directors, General Manager, Directors, Control Authority and Liquidators if they neglected to write down the data which ought to be mentioned legally on company documents and correspondence.

Branch Two
Provisions of Money Companies

Article 404
Fraudulent Acts in respect of Shares and Securities of the Company

Each of the Chairman and Members of Board of Directors, General Manager, Chief and members, Control Authority, External Auditors and Liquidators of the Joint-Stock Companies and Companies Limited by Shares shall be amerced by imprisonment of not less than six months period and a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars or one of these two penalties. If they promoted false rumors or resorted to one of the methods of fraud in a manner leading to rise of value of the company shears and securities on stock and commercial market.

Article 405
Exaggeration in Estimation of Premises in Kind

The founder partners shall be amerced by imprisonment of not less than six months period and a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars or one of these two penalties if they estimated in deceitfully and fraudulent manner the premises in kind at exaggerated value in the Memorandum of Association.

In case of increase of the capital the same penalty shall be applied to each of the Chairman and Members of Board of Directors, Directors and partners holder of the shares in kind for the deceit and fraud which they committed in exaggerating estimation of those shares.

In case of change of the company type the same penalty shall be applied to each of the Chairman and Members of Board of Directors and General Manager if they exaggerated in deceitfully and fraudulent manner estimation of the company component intended to be changed.

Article 406
Breach of Duties Imposed on Directors

Each of the Chairman and Members of Board of Directors, Directors and General Manager shall be amerced by imprisonment of not less than six months period and a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars or one of these two penalties, if they committed one of the following acts;

- 1- If they issued shares or allocated allotments at a price less than their nominal value. Also if they issued new shares or allocated new allotment prior to payment of the value of the first shares or allotments in full in cases other than allowed by the Law.
- 2- If they infringed what is provided for by the Law in Article (119, 121, 122, 134, 339).
- 3- If they used their power to form majorities in the General Assembly either by making good use of the shares or allotments not yet allocated or by enabling a third party to practice the right of selection entrusted to them under their shares or allotments in the capacity as holders thereof, as well as if they resorted to any other fraudulent manner.

Article 407
Acceptance of Undue Remuneration and Conflict of Interests

Each of the Chairman and Members of Board of Directors and General Manager shall be amerced by a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars with reimbursement of what is wrongly paid if they committed one of these acts:

- 1- If they received remunerations or allocations contrary to provisions of Article (163).
- 2- If they did not convene the General Assembly within the dates established in the Law in the cases provided for in Articles (152, 154).

- 3- If they participated on account of the company in other commercial projects which in their nature to introduce radical change in company purposes set out in the Memorandum of Association.
- 4- If they contradicted provisions of the Articles (181, 182, 183).

If a damage resulted to the company in these cases, imprisonment for not less than six months may be imposed.

Article 408
Infringement of Duties Imposed on Control Authority and External Auditor

An imprisonment for not less than six months period and a fine not less than (LD 5,000) five thousand Libyan Dinars and not more than (LD 20,000) twenty thousand Libyan Dinars or one of these two penalties shall be imposed on Chief and members of Control Authority if they do not abide by provisions of Articles (200, 203, 205, 206).

The same penalty shall be applied to the External Auditor if he does not abide by provision of Article (209).

Book Two
Economic Activities

Section One
In Commercial Works

Article (409)
Commercial Works

The following are considered as Commercial Works:

- 1- Purchase of goods or other material or non-material movables with a view to sell them in kind or after manufacturing or transforming thereof or to rent the rentable ones as well as purchase the state securities or other securities circulated in trade for sale.
- 2- Sale of goods or other material or non-material movables with a view to rent them in kind or manufactured as well as sale of state securities or securities circulated in trade if they are originally purchased for sale or rent.

- 3- Purchase or sale of a property for trading purposes.
- 4- Money markets operations and goods markets operations.
- 5- Establishment of Commercial Companies as well as sale or purchase of their allotments or shares.
- 6- Banking and money-changing operation.
- 7- Promissory notes, bills of exchange and cheques.
- 8- Sale of purchase of preparation of vessels and airplanes for navigation, their equipment, fuel and other requirements.
- 9- Building of vessels, airplanes, their sale, purchase, rent, leasing unless such sale or purchase or rent or leasing is for non-commercial purpose.
- 10- Land, sea and air transportation.
- 11- Performance of commercial vessels services.
- 12- Shipment of vessels, navigation loans and other contracts regarding maritime and navigation commerce.
- 13- Insurance against risks, life insurance as well as insurance against navigation and transportation risks.
- 14- Brokerage operations.
- 15- Consignment for commercial reason.
- 16- Consignment in public warehouses for operations related to “consignment certificate” and “mortgage slips” to be issued by these warehouses.
- 17- Importation operation.
- 18- Contracting works.
- 19- Industry establishment.
- 20- General entertainment works.
- 21- Publication and printing works.

- 22- Commercial utilization of computer programs and space broadcasting through satellite.
- 23- Commission agency and commercial agencies.
- 24- Exploitation of mines, quarries oil and gas wells and others.
- 25- Distribution of water, gas, electricity and other energy sources.

Article 410
Other Commercial Works

All the contracts and other obligations which to be performed by the merchant are considered as Commercial Works unless the contrary is confirmed or they were civil in their nature.

Article 411
Works Excluded from Commercial Works

Purchase of cereals or goods for utilization or consumption by the purchase or his family shall not consider as Commercial Works neither the sale of these goods if the purchaser is compelled to do so. Also the sale of agricultural crops by the landlord or user shall not considered as commercial sale.

Article 412
Consideration of Insurance as a Commercial Works for the Insurer

Neither life insurance nor insurance on things not subject to trade or its establishment shall be considered as a Commercial Work except for the insurer alone.

Section Two
In Commercial Agents and Assistants

Chapter One
The Commercial Agent

Article 413
Definition

The Commercial Agent is the person who perform Commercial Work in favour of the Mandator and in his name and the gratuity of the Commercial representation shall not be supposed.

Article 414
Limits of Representation

The Commercial Representation shall not include the Commercial operations which are not expressly provided for in the contract even if the representation is general.

Article 415
Representation Guarantee

The representative is the guarantor of the damage or loss to be fallen on goods and commodities in kind which are in his possession unless there is a clause provides for otherwise with exception of force majeure or existence of a defect in the thing itself.

Article 416
The Extent of Commitment of the Representative by Compensation

The representative shall be bound toward the Mandator to pay compensation for the damages if he disposed in his assignment contrarily to the instructions given to him.

Article 417
Declaration by the Representative of Achievement of his Assignment

The representative must notify his Mandator, without delay, of completion of the assignment entrusted to him. The delay by the Mandator in answering for a period more than the reasonable time as to nature of the representation, distances and local tradition shall result in supposition of his acceptance although the representative has infringe the limits of his representation.

Article 418
Challenging the Third Party with the Representation

The Representative must, on request, submit the representation document to the third party with whom he deals. He may not challenge him with the detailed instructions of the representation which has been given to him by the Mandator unless he proved that the third party has acknowledged thereof during establishment of the obligation.

Article 419
Obligation of the Mandator

The Mandator shall be under obligation to provide the representative with his needs as to the facilities necessary to make the representation a success, unless there is an agreement stipulates otherwise.

Article 420
Dues of the Representative

If there is no special agreement, the amount of the remuneration to be deserved by the representative against achievement of what is entrusted to him or the commission rate shall be fixed according to the local tradition of the authority in which the representation shall be effected.

Article 421
Representative's Preference

The Commercial Representative shall have the right of preference on the goods dispatched or delivered to him or consigned with him as soon as dispatched or delivered or consigned. He shall have the right to withhold them also and shall be preferred over the third parties in payment of the amounts which he lent or expedites their payment before dispatching or receiving the goods or during their existence in his possession. Such preference shall not be established except under the conditions prescribed in Article (422).

He may confirm his possession of the good by possession their substitute commercial securities as original bill of lading or as first copy or the transportation document.

The benefits, commission and expenses are incorporated into the preferred liabilities of the representative, in addition to the original debt.

The Commercial Representative preference second to none in respect to all the other preferences.

Article 422

Conditions for Sticking to the Right of Preference and Methods of its Implementation

To stick to the right of preference provided for in the previous article, the representative shall notify the Mandator through the Court of the statement of the amounts which he deserves with notice for payment of the same within three days and to warn him to sell the preferred things if he infringes thereof. The Mandator may object thereto by summoning the representative before the Court in a certain session within the same time. If the Mandator has no domicile or legal address in the place of residence of the representative the objection time shall be postponed according to provisions of the civil pleading law. On expiry of the mentioned date without objection or if he rejected the objection according to a final judgment, the representative may sell the mentioned things through a process server or through another person to be nominated by the Court in this end.

Article 423

Exceptional Provision

The Representation shall be considered for the Mandator and the representative together. However, the representation shall expire by expiry of the authorization to practice the trade granted to the minor or a like who gave the representation, in addition to the case of termination of the representation provided for in the Civil Law.

Chapter Two

Commercial Representative

Article 424

Definition

The Commercial Representative is the person who is entrusted to practice an activity of one of the merchants in the place where the later practices that trade or elsewhere.

Article 425
Mandator's Responsibility

The Mandator shall bear the responsibility of the works to be performed by the representative as well as the obligations which he shall conclude as for as within the trade which he assumes.

Article 426
Form and Declaration of the Representation Contract

The express Commercial Representation Contract shall be under a formal document to be executed by a formal Notary Public and shall be lodged with Process-Servers Office of the Court of the First Instance in which the representative exercises his works within its jurisdiction to be registered in the register prepared therefor and to be published on the Court noticeboard. It should be registered also with concerned Commercial Register Office within ten days from its date.

A summary of the representation contract should be published in the legally defined methods and the provisions of the following article shall be applied until the above-mentioned procedures are effected.

Article 427
The Force of Challenging with Implicit Representation and its Declaration

The implicit representation contract is considered general and including all the works related to practice of the trade for which it has been given and necessary for performance thereof.

The Mandator may not challenge the third party with any restriction by which eh limited the power of the representative unless confirmed that the third party was in knowledge of this restriction at the time of obligation establishment.

Article 428
Duties of the Representative

The Commercial Representative should deal in the name of the merchant, mention the name, surname and the trade name of the merchant before signing any of the Commercial transactions which he is entitled to perform by putting the letter "For" before signing otherwise he will be personally responsible.

Although, the third party may bring a case even against the merchant for representative's works related to practicing the trade entrusted to him or necessary for its completion.

Article 429
Competition Prohibition

The representative may not perform or resume commercial operations or to take care of trade types similar to those which he assumed without written authorization of his Mandator, otherwise he shall undertake to pay a compensation for the damages.

Article 430
Responsibility of the Mandator and the Representative

The representative is jointly responsible with his Mandator in respect of practicing the trade which he has assumed.

Chapter Three
Commission Agent

Article 431
Definition

The Commission Agent is the person who sells and purchases things or concludes other contract on account of the Mandator and in the name of the Commission Agent.

Article 432
Non-Entitling the Commission Agent to Postpone Payment

The Commission Agent may not postpone the payment unless permitted by the Mandator to do so.

Article 433
Commission Estimation

The Commission value shall fixed as per the current tradition in the place where the work shall be done unless agreed upon by both parties, in case of default of the tradition it shall be estimated by the judge.

Article 434
The Mandator's Right to Drawback from His Representation and Estimation of the Commission in its Respect

The Mandator may drawback from any of the representation works prior to its finalization. In this case, the representative shall be entitled to a portion of the Commission.

In estimation of which the expenses incurred and the work done by him shall be observed.

Article 435
Forcing the Client to Make Payment

If the Commission Agent is bound under an express contract to bear the responsibility of payment or (ensure execution) he shall be responsible toward the Mandator for execution of the process. In this case, he shall be entitled, in addition to the Commission, to a particular remuneration or an increase in the Commission rate to be fixed unless provided for in the contract as per tradition of the authority in which the process is done. In case of default of a local tradition it shall be estimated by the Judge.

Chapter Four
Commercial Representation

Article 436
Definition

The Commercial Representation is a contract under which one party undertakes to conclude permanent Commercial Contracts to the credit of the other party in a certain territory against a remuneration.

Article 437
Restrictions Imposed on Commercial Representative

The Mandator may not benefit from the work of more than one representative in the same territory, at the same time, for the same kind of the Commercial movement. The Representative shall not undertake also to practice works of multiple Mandators competing between them in the same territory and for the same Commercial kind.

Article 438

The Extend of the Representative's Right to Receive the Debts

The Representative may not receive the debts due to the Mandator. If he is entitled to do so, he shall not reduce their amount or extend their maturity except with special permission.

Article 439

The Extent of the Representative's Authority

The declaration of the Representative related to execution of the contract which he has concluded as well as bringing of lawsuits regarding non-satisfaction of the contracts themselves shall be considered valid.

Article 440

Commission Maturity

The Representative shall have no right to claim for commission except for the works which have been properly executed. If the process is not effected except partially, the representative shall have the right to a commission appropriate to the executed part.

He shall deserve also the commission on operations which shall be performed directly by the Mandator if they are ought to be executed in the representative region, unless otherwise agreed upon.

The Representative shall have no right to claim for repayment of the representative expenses unless otherwise agreed upon.

Article 441

Impossibility of Execution of Operations

The Commission shall be paid to the Representative on operations which are not possible to be executed due to the Mandator's work or due to an agreement between the Mandator and a third party.

Article 442

Disengagement from the Contract

If the representation contract is for uncertain period either party shall have the right to withdraw therefrom by notifying the other party thereof before three months. The previous notice may be replaced by payment of a compensation for its period to be estimated at the average monthly

commissions paid in the previous year or for the representation period whichever is short.

The Representative shall deserve the same compensation if the unlimited period contract expired due to an accident in which the Representative has no role.

Chapter Five **Brokerage**

Article 443 **Definition**

The Broker is the person who mediates between two or more parties to get at conclusion of a deal without being engaged with one of them in work relations and without being under control of one of them or representing him.

Article 444 **Commission Estimation**

If the deal is concluded due to intervention of the Broker he shall deserve a commission. The Judge shall fix the amount of the brokerage and the percentage to be borne by each contracting party unless there is an agreement or tradition or formal pricing for the profession.

Article 445 **The Broker's Right to Recover the Expenses**

The Broker shall have the right to claim for the expenses which eh incurred from the person who entrusted him even if the deal is not concluded, unless there is an agreement or a tradition provides for otherwise.

Article 446 **The Brokers Right to Commission**

If the contract is dependent on a suspensive condition, the Commission shall be due from the time in which the condition is effected. If the contract is dependent on a revocatory condition. The Commission shall not lapsed by execution of the condition.

The provision of the previous paragraph shall be applied in the case where the contract shall be revocable or voidable if the Broker does not know the reason of its invalidity.

Article 447
Multiplicity of Brokers

If the deal is concluded with intervention of a number of Brokers, then each of them shall have the right to a portion in the Commission.

Article 448
Brokers Duties related to Data of the Deal

The Broker must notify the stakeholders of what he knows of the conditions related to estimation and guarantee of the deal and the condition which shall influence the contract conclusion. He shall be responsible for the validity of signatures on instruments in writing and the last signature on the securities referred through him.

Article 449
Duties of Brokerage Professional

Anyone who took brokerage as an official profession in goods and securities should abide by the following:

- 1- Keeping samples of the sold goods on the basis of the sample pending completion of the process.
- 2- Giving the purchaser a list to sign it showing the circulated documents with indication of the collection and its number.
- 3- Recording in a particular register the essential elements of the contract to be concluded with his mediation. He should give each of the contracting parties a copy of what he recorded and to sign on it.

Article 450
Entrusted the Broker to represent One of the Parties

Each contracting party may entrust the Broker to represent him in operation. Regarding execution of the contract which has been concluded with him mediation.

Article 451
Omission of the Name of One of the Contracting Parties

If the Broker does not show to one of the contracting parties the name of the other contractor, he shall be under obligation to execute the contract. If he executed if he shall replace the other contractor in his rights.

If the contractor whose name is omitted appeared after conclusion of the contract or if the Broker disclosed his name, either of the contracting parties shall have the right to directly stick to his right towards the other provided that the same shall not prejudice the Broker responsibility.

Article 452
Broker's Warranty

The Broker may submit a warranty for one of the parties.

Article 453
Breach of Broker to His Duties

The Broker shall be sanctioned by a Fine not less than (LD 100) one hundred Libyan Dinars and not more than (LD 500) five hundred Libyan Dinars if he breached the duties imposed on him by Law.

In a very serious case he shall, in addition to the fine, deprived from exercising the trade for a period not exceeding six months. The same penalty shall be imposed upon the Broker who provides a service to a person whom he knows that his is unqualified for contracting or to a person renowned as insolvent.

Article 454
Special Law

The previous provisions shall not prejudice what is provided for in the provisions of the special law.

Article 455
Necessity of Registration in Special Register

The works of the Commercial Agencies and Brokerage may not be practiced unless after having permission to do so from the concerned sector and registration in the Commercial Agencies and Brokers special register at the concerned Commercial Register Office.

Article 456
Special Cases

The General People's Committee may restrict practicing of the Commercial Representation and Brokerage works in goods and series of special nature or strategic to some legal personalities upon presentation of the concerned authority.

Article 457
Penalties

A Fine not less than (LD 3,000) three thousand Libyan Dinars and not more than (LD 10,000) ten thousand Libyan Dinars shall be imposed upon anyone who violated the provisions of Article (455) of this Chapter and the penalty shall be doubled when turning again thereto.

Chapter Six
Shop Workers

Article 458
Employees Power

The Employees of the shop who are entrusted to sell in retail shall have the right to receive the price of the things which they sell in trade place or on delivery thereof, they may also give a receipt in the shop owner's name.

They shall not have the right to claim for shop owner's debts outside their workplace unless they are permitted to do so.

Article 459
The Executive Regulation

The Executive Regulation shall be issued by the competent authority which explains the provisions and procedures set out in this section, particularly the following:

- 1- The persons who shall be allowed to practice the works provided for in this Chapter.

- 2- Conditions and procedures required for registration in the register of the Commercial Register Office.
- 3- Division of goods and services into homogenous commodity and servicing categories.
- 4- Cases in which the persons are allowed to practice the activity in more than one category.
- 5- Determination of the maximum number of the Commercial Agencies which the persons are allowed to practice.
- 6- Procedures and conditions required for assigning or transferring the agency contract.
- 7- Determination of the minimum period of guarantee for the long-lived goods, maintenance thereof and provision of their spare parts or replacement thereof, guarantee certificate and the data which it should include.
- 8- Fixing the fee necessary for registration, and its renewal and recording of data and other procedures.

Section Three **Opening of Merchants Books**

Article 460 **Compulsory Books**

- 1- **The Journal:** In which all the works attributable in any respect to his Commercial Activity should be recorded and the amounts which he spent each month on himself and his family on the whole shall be recorded.
- 2- **General Ledger:** Shows the various accounts of the merchant.
- 3- **Inventory Books and Balance Sheet:** In which the copy of the inventory list, balance sheet and profits and loss account shall be recorded at least once each year.

Article 461
Keeping of Correspondence and Entries

Any merchant shall, in addition to keeping the said books, arrange and maintain, as far as possible, in special files in some form the letters and telegram which he shall send regarding in any aspect of his commercial activity as well as what he shall receive of such entries.

Article 462
Numbering and Formalization of Books

The Books and files should be free from any gap or blankness or writing in margins or erasing or footnoting between lines with exception of the blankness left on the file in which the copies of the letters and their contents shall be kept.

Prior to starting writing in the journal and inventory book any page thereof shall be numbered and the mark of the receiver to be nominated by the Court of the First Instance shall be placed on any paper without expenses.

The receiver should write down on the first page of any book a written certification of the number of its pages and an indication of its formalization which shall be signed and dated by him.

Article 463
Informative Accounting Books and Documents (Electronic)

The merchant may keep accounting documents in connected and serial printing papers form to be used in informative systems (electronic) dated and numbered in the manner shown by the Law.

He may also keep the accounting documents in form of unchangeable data informatics system (electronic).

The two previous copies shall have the evidence of the traditional commercial books.

Article 464
Evidence of Books and Files

The Books and files which the merchant should keep shall be an evidence before the Court whenever they satisfied the legal conditions.

Article 465

Cases in which Order may be given to see the Commercial Books

The Court shall not order to fully see the said books and files unless in cases of joint properties heritage or division or bankruptcy. In these cases, the Court may order by itself to see thereof.

Article 466

Acceptance of Books and Claiming for their Presentation

With exception of the cases mentioned in the previous article, it shall always be possible to present the Commercial Books and to claim for showing thereof in order to extract what is related to the dispute.

Article 467

Duration for which the Books and Files should be Kept

The Merchant must keep these books and files for (10) ten years from the date of their closing.

Section Four

The Commercial Shop, its Mortgage and the Trade Name

Chapter one

The Commercial Shop

Article 468

Definition

The Commercial Shop is a set of properties which the Merchant shall organize for practicing his commercial activity and its connected rights for gaining clients. It includes a set of material and non-material elements amongst, in particular the name, motto, mark, right of rental, leaves, fees, forms, furniture, industrial equipment and goods.

Article 469

Transfer of Ownership of the Commercial Shop or the Right of its Utilization

The contracts related to transfer of the ownership of a Commercial Shop subject to registration or right of utilization shall be confirmed in writing.

However, without prejudice to provisions of any law provided for following certain methods for transfer of ownership of all or some parts which shall be the components of a commercial shop regarding the contract nature.

The contracting parties must communicate the contract to the Commercial Register Office with a view to register it within (10) ten days from its conclusion.

Article 470
Competition Prohibition

Any party who transferred the ownership of a Commercial Shop shall refrain for five years period from any new activity which in its nature or position or other conditions mislead the clients of the shop which is disposed off.

The clause which provided for refraining from competition shall be valid at large scale than stipulated in the previous paragraph so as not to get at the limit of preventing the transferor from practicing and occupational activity, provided that the duration of the clause shall not exceed five years from the date of transfer of the ownership if the agreement define a longer period of not, the Competition Prohibition shall be considered existing for five years only.

If there is a right of utilization of or leasing of the Commercial Shop, the Competition Prohibition shall apply to the owner or the lessor during the period of existence of the right of utilization or leasing.

Article 471
Contracts Precedent to Transfer of Ownership

The party to whom the ownership of the Commercial Shop is passed shall replace the transferor in concluded contracts regarding the activity of the Commercial Shop itself which have no personal form unless otherwise agreed.

However, the second party to the contracts which have been concluded before transfer of the Commercial Shop shall withdraw from the contract for a reasonable reason within three months from his knowledge of the transfer without prejudice to the transferor's responsibility.

The same provisions shall apply to the beneficiary and the lessee during the existence of the right of utilization or leasing.

Article 472
Transfer of Rights

The transfer of the rights related to the transferred Commercial Shop shall apply to the third party at the time of registration of the transfer in the Commercial Register even if the debtor is not notified or its acceptance is not obtained. However, the debtor whose debt is transferred shall be under no obligation if he paid thereof in good faith to the transferor.

The same provisions shall apply even in the case of the right of utilization of the Commercial Shop if its scope extended to the Shop's rights towards the third party.

Article 473
Responsibility for Debts

The transferor shall not be exonerated from the debts related to the activity of the transferred Commercial Shop which dated back prior to transfer unless it is appeared that the creditors are agreed thereupon.

The transferee also shall be accountable for the above-mentioned debts whenever they are written down in the Commercial Books.

Article 474
Obligations of the Beneficiary

The Beneficiary of the Commercial Shop shall start the activity of the shop with satisfaction of his trade name without modification of his objectives and maintenance of the systems of the shop works, movable and immovable equipment as well as the goods. If he did not perform the said obligation or terminated the shop activity without reason, the provisions prescribed for similar utilization right shall be applied.

The differences between the assets at the inventory at the beginning of the utilization and the assets at its expiry shall be paid in cash on the basis of the Commercial values at the expiration.

Article 475
Provisions to be Applied on the Lessee

The provisions of the previous article shall be applied in case of leasing.

Chapter Two **Mortgage of the Commercial Shop**

Article 476 **Mortgage by Formal Paper**

The Commercial Shop mortgage shall not be effected unless by a formal paper.

If what is to be treated by the mortgage is not accurately determined, it shall be considered as including the trade name and motto, right of leasing and trade mark.

The mortgage contract shall include a declaration from the mortgagee debtor whether the seller has preference over the Commercial Shop or over some of its elements. It shall include also the name of the Insurance Company which ensured the Commercial Shop against fire and other risks, if any.

Article 477 **Declaration of the Mortgage Contract**

The Commercial Shop mortgage contract shall be declared by its registration in the concerned Commercial Register.

The registration shall guarantee the maintenance of the preference for five years from its date. The registration shall be considered cancelled if it is not renewed during the previous period.

The registration shall be stroke off with consent of the stakeholders or under a final judicial verdict.

Article 478 **Responsibility of the Mortgagor**

The Mortgagor shall be responsible for maintaining the mortgaged Commercial Shop in a good condition.

Article 479 **Permission for Sale of the Commercial Shop in Public Auction**

If the owner of the Commercial Shop did not pay the price or its remaining to the seller or the debt guaranteed by mortgage on the date of maturity of the

mortgagor creditor, the seller or the mortgagor creditor shall submit after (8) eight days from the date of formal notification to the debtor who is formally possessed the Commercial Shop, a petition to the judge of the summary matters requesting permission to sell the components of the mortgaged Commercial Shop wholly or partly.

The sale shall be effected in place, on day, and hour and in the manner to be defined by the judge and the date of the sale shall be published in two national newspaper successively before the sale by at least (10) ten days.

Article 480
Transfer of Preference

The Seller and mortgage creditors for the amounts collected from insurance if the reason of their maturity is realized shall have the same rights and preference which they have on insured things.

Article 481
Lessor's Preference

The Lessor of the place where the Commercial Shop exists as well as the lessor of some of its elements shall have the priority over the mortgagee creditor in no more than one year rent.

Chapter Three
Commercial Name

Article 482
The Right of Exclusivity of the Trade Name and its Elements

Each merchant shall have alone the right to use the trade name which he has selected. The trade name should include data regarding the kind of the trade allocated to it. In all the cases, the trade name must correspond to the reality of the activity and shall not result in misleading or prejudice the public order.

The company name shall be according to the legal provisions to which it is subject.

Article 483
Registration and Use of the Trade Name

The trade name shall be registered in the Commercial Register according to provisions of the Law. After registration no other Merchant shall use such name in kind of the trade which he practices. If the name and surname of the Merchant resemble the trade name registered in the register he should add to his name an indication or a sign distinguishing him from the previously registered trade name. The Merchant should write down his trade name and address on his documents and papers and should conduct his commercial transactions and sign the papers related to these transactions in his trade name.

Article 484
Transfer of the Trade Name

The trade name or the sign connected to it may not be transferred separating from the Commercial Shop. In case of transfer of the Commercial Shop under a contract between a live parties, then the trade name shall not be transferred to the transferee without approval of the transferor. In case of succession or legacy the trade name shall be transferred to the successor unless the legacy states otherwise.

Section Five
Commercial Register

Chapter One
General Provisions

Article 485
Organization of the Commercial Register

A General Commercial Register shall be established under this Law for registration of the matters required by the law. The same shall have branches in the form of local offices and the regulation and decisions implementing this Law shall define its organization and the authority to which it shall follow.

Keeping of the Commercial Register in each office shall be assumed by an official who should take an oath, before the Chief of the Court of the First Instance which the local office fall under its jurisdiction, to perform his jobs

with integrity and honesty. The taking of the oath shall be before the competent summary judge in case of existence branches to the local offices.

The local offices should send copies of the data and information registered with them to the General Commercial Register Office at the end of each week.

The registration in other register shall not dispense with necessity of registration in the Commercial Register before practicing the economic activities organized by this Law.

Nobody shall be allowed to see the register and obtain extracts from the entries and information included therein, including the latest balance sheet lodged with Commercial Register against the prescribed fee.

The produced copies shall not include provisions of bankruptcy declaration if it is judged with rehabilitation or attachment provisions if it is judged with its lifting.

Article 486

Method of Registration and Rejection

The registration in the Commercial Register shall be effected upon a request to be signed by the concerned. The competent office shall verify the validity of the signature and satisfaction of the required legal conditions before registration.

The rejection of registration should be communicated to the applicant by a registered letter or by the modern communication methods shown on registration application. The registration applicant may resort challenging the rejection to the competent Court of the First Instance within (30) thirty days from the date of serving him notice of the rejection decision.

The Court shall consider the complaint with Consultation Chamber Board.

Article 487

Invalidity of Registration

If registration is effected without satisfying the legally required conditions, the Court of the First Instance with Consultation Chamber Board may for striking out thereof after hearing the concerned person.

Article 488
Appealing against Consultation Chamber Resolutions

Anyone who is interested may appeal against resolutions of the Consultation Chamber in the methods shown in the Civil and Commercial Procedure Law. The final order to be issued on the appeal must be registered in the concerned Commercial Register.

Article 489
Registration Evidence

Anyone who is under obligation to registration may not protest against the third party by the unregistered facts which is required to be registered by the Law unless it is confirmed that the third party was in knowledge thereof.

The third party shall not stick to his ignorance of the facts set out in the register which are required to be registered by the law at the time such registration.

The provisions of the special laws shall be always observed.

Article 490

Without prejudice to application of stricter penalty to be provided for in other law, a fine not less than (LD 500) five hundred Libyan Dinars and not more than (LD 1,000) one thousand Libyan Dinars shall be amerced on anyone who neglected to apply for registration on time and in methods to be provided by law, and the Court shall order performance of registration according to the law on dates to be fixed by it.

The same penalty shall be applied if the Merchant did not mention his registration number in the Commercial Register and the place of the register in which his Commercial papers and correspondence are registered.

Chapter Two
Registration in the Commercial Register and its
Procedures

Article 491
Data Required for Registration

Anyone who is considered under this law as a Merchant as well as the Civil companies must apply for registration of his name according to the form prepared therefor, to the Commercial Register Office which his main activity office falls in its jurisdiction within (10) ten days from the date of opening the shop or the date of possessing thereof. The application must particularly include the following data:

- 1- Name of the activity holder, his surname, father's name, nationality, date of birth, domicile and address for contacting him.
- 2- Commercial name.
- 3- Head office of his activity.
- 4- Kind of his activity.
- 5- Names and surnames of his agents or representatives.
- 6- Company capital, names of directors or members of the Board of Directors and Control Authority as well as names and surname of the company agents, commission Merchant and representatives.

Those who are under obligation to register shall register the modifications to the data mentioned in previous paragraphs as well as the data set out in the further paragraphs within (10) ten days from the date of occurrence thereof

- 7- Provisions and resolutions issued for imposing attachment on the Merchant or the Civil Company or to lift thereof or to impose guardianship or to nominate agents for the absentees or removing them.
- 8- Provisions of declaration of bankruptcy or its cancellation or provisions issued after declaration of the bankruptcy in respect of assignment of the date of suspending payment of the debts.

- 9- Provisions of the bankruptcy enclosure and provisions of its reopening.
- 10- Provisions of rehabilitation.
- 11- Provisions of partner's removal or director dismissal.
- 12- Order issued for opening procedures of the preventive reconciliation and provisions issued for endorsement or cancellation or revocation or enclosing procedures thereof and the provision issued for endorsement or cancellation or revocation of the judicial reconciliation.

Anyone who performs registration must lodge his written signature as well as the written signatures of his agents and Commission Merchant with his application. He should request also registration of termination of the activity within (10) ten days from termination.

Article 482 **Registration of the Branch Offices**

The Merchant who establishes Branch Offices within the territory of the country must request registration of the same in the Commercial Register Office which his main activity office falls under its jurisdiction within (10) ten days from the date of establishment.

He should submit a similar application within the same period to the Register Office of the authority which his branch office falls under its jurisdiction with statement of the main office and mentioning the name and surname of the approved representative of the branch office, such representative should lodge his written signature with the latter office.

The provision of the second paragraph shall be applied to the Merchant whose main activity office located abroad.

The Merchant who establishes branch offices outside the country territory should apply for registration of the same within a period not exceeding (30) thirty days to the Commercial Register within jurisdiction of which his main office is located.

The provisions of the special laws shall be always observed.

Article 493
**Resolutions regarding the Legally Incompetents or those who have
Incomplete Incompetency**

The Process-Servers of the Court should immediately notify the concerned Commercial Register Offices of the resolutions related to permission to the legal representative of the minor or the legally incompetent or the person who is placed under guardianship to exercise the Commercial Activity, as well as the resolutions in respect of cancelation or modification of such permission, in order to register them in the Register.

Article 494
Indication of the Register in the Formal Entries

The Merchant should mention on his papers and correspondence related to his Commercial works the indication of the Commercial Register Office with which he is registered and the registrant number.

Article 495
Registration of the Public Establishment

The Public Establishment which their mere or main purposes is a Commercial Activity shall be subject to the duty of registration in the concerned Commercial Register.

Article 496
Register Circular

The General Commercial Register shall publish what the law entails its publication or according to provisions of this Law and the Executive Regulations shall govern it's the Executive Procedures.

Article 497
The Executive Regulation

An Executive Regulation shall be issued, by the General People's Committee upon presentation of the competent authority, for the Commercial Register and shall include, in particular, the following matters:

- 1- Procedures of registration in the Commercial Register and obtaining of extracts.
- 2- Records and forms related to the Commercial Registers.

- 3- Registration fees and fees for getting extracts.

Books Three
Contracts and Commercial Obligations

Section One
General Provisions

Article 498
Solidarity of Debtors

Those who are under obligation of a Commercial Debt are jointly liable for payment of such debt unless the Law or the agreement stipulates otherwise.

These provisions shall apply in case of multiplication of warrantees in Commercial Debt.

Article 499
Working of the Merchants to the Credit of a Third Party

If the Merchant performed works or services related to his Commercial Activity to the credit of Third Party, it is considered that he has performed thereof for a compensation unless the contrary is confirmed. The compensation shall be fixed according to the tradition, in default thereof it shall be estimated by the Court.

Article 500
Claim for Payment of Commercial Obligations

Payment of the Commercial Obligations shall not be claimed unless in working hours to be defined by the Law or the Regulation or the tradition.

Article 501
Means of Warning or Notification of the Debtor

Warning or notification of the debtor in Commercial matters shall be by all the means of expression of the will unless otherwise agree upon.

Article 502
Possession of Debt Security

Existence of the Debt Security in possession of the debt, his associate shall relieve his obligation from the debt pending confirmation of the contrary thereto.

Article 503
Payment Validity

Payment of the Commercial Debt in good faith to the party who possess the debt security designated by clearance or to the party who possessed a receipt from the creditor or his deputy shall relieve the debtor's obligation.

Article 504
Confirmation of Commercial Obligations

The Commercial Obligations may be confirmed whatever their value would be by all the methods of confirmation, unless the Law provides for otherwise.

With exception of cases in which the Law requisites the writing in Commercial materials, the contrary of what is included in the written evidence may be confirmed or confirmation of what is exceeding such evidence by all the methods of confirmation.

Article 505
Commercial Prescription

The obligations in the Commercial matters shall be prescribed to all their parties after lapse of (10) ten years from the date of payment maturity, unless the Law provided for otherwise.

The same provisions shall be applied to the obligations of the party which the dealing shall not be considered commercial to him.

Section Two
Sale of Movable

Chapter one
General Provisions

Article 506
Delivery of the Sold Thing

The delivery of the sold thing should be done in the place where it was existing at the time of sale if the contracting parties were in knowledge thereof or in the place the domicile or the place of his activity is located unless there is an agreement or tradition stipulates otherwise.

If it is incumbent to transport the sold thing from place to another, the seller shall be relieved from the obligation of delivery of the sold thing if he delivered it to a carrier or one of the forwarders or discharge unless there is an agreement or a tradition stipulates otherwise. The transportation expenses shall be at the expenses of the purchaser.

Article 507
Declaration of the Sold Thing Defects and Imperfections

In sale of things ought to be transported from a place to another, the term of declaration of their apparent defects or imperfections shall apply from the date of their taking over.

Article 508
Defect Guarantee

If the seller secured the validity of the sold thing for work to a certain time, the purchaser should notify the seller of the defect within (30) thirty days from its discovery, otherwise the same shall be prescribed and he should bring a lawsuit within six months of this notice otherwise the same shall be prescribed.

The judge may, as per the circumstances, appoint a term for the seller to replace or repair the sold thing in a manner ensuring its good progress without prejudicing the right to compensation.

The tradition which is provided for the necessity of ensuring the serviceability of the sold thing shall be observed even if there is no express agreement thereupon.

Article 509
Dispute on Description and Condition of the Sold Things

When a conflict arises out on description and condition of the sold thing either the seller and purchaser may claim for verification thereof as per methods prescribed in the civil and commercial procedure law. The Judge may, upon request of the concerned parties, order consignment or attachment or sale of the sold thing at the expenses off the party who have the right thereto, showing the conditions which he deems appropriate in each case.

In case the dispute arises out the party who did not request examination of the thing should prove his identity accurately.

Article 510
Refusal of the Purchase to receive the Sold Thing

If the purchaser did not present to receive the sold thing, the seller may consign the sold thing at the expenses ad risk of the purchaser in a place prepared for general consignment or in any other suitable place to be assigned by the summary judge of the authority in which the thing should have been delivered.

The seller must immediately notify the purchaser of occurrence of the consignment and its location.

Article 511
The Purchaser Breaching his Obligations

If the purchaser did not honour his obligations by paying the sold thing price, the seller may ask for payment thereof expeditiously as the expenses and risk of the purchaser.

The sale shall be effected in sale by auction by an authorized person, and in default of such person at the authority in which the sale shall be effected, then it shall be by a judicial Process-Server. The seller must notify the purchaser at an appropriate time of the day, place and hour in which the sale will be effected.

If the thing has a current price decided by the public authorities or regulations or a price shown in the stock markets lists or official pricings, the sale may be effected without auction at the current price by the persons defined in the previous paragraph or through a representative to be

nominated by the summary judge. In this case the seller must immediately notify the purchaser of the sale occurrence.

The seller shall have the right to receive the difference between the price agreed upon and that passed to him from the sale, in addition to his right to a compensation for the damage fallen on him.

Article 512
Sale of Similar Things

In case of sale of the similar things which have current price under the third paragraph of the previous article and if the seller did not satisfy his obligation, the purchaser may buy without delay their similarities at the seller's expenses through the mediation of one of the persons mentioned in the second and third paragraph of the previous article.

The purchaser must immediately notify the seller of the purchasing.

The purchaser shall have the right to receive the difference between the purchasing cost and the price agrees upon, in addition to the compensation which he deserves.

Article 513
Contract Cancellation by Operation of the Law

The contract shall be cancelled by operation of the Law in the favour of the contracting party who shall proceed to the other prior to the date fixed in his favour and in the recognized methods with delivery of the thing or payment of the price and the second party did not meet his obligation. Also, the contract shall be cancelled by operation of the law in favour of the seller if the purchaser who did not contract out of his obligation by payment of the price for taking over thing which has already been offered to him or did not accept it on the maturity of the time decided for delivery.

The contracting party who intends to sue the cancellation right decided in this article shall notify the second party within (8) eight days with effect from maturity time. If the notice is not served the general provisions of contract cancellation for non-payment shall be observed.

Article 514
Compensation Estimation

If the sold thing has a current price and the contract cancellation is occurred due to non-payment by either parties, then compensation shall be imposed based on the difference between the price agreed upon and the current price on the day and in the place where the delivery must be executed, unless it is confirmed that the damage is more than that. In the sale which should be effected in periodical payments, the compensation shall be fixed on the basis of the current prices on the day and in the place decided for delivery of each payment alone.

Article 515
Seller's Right to get Back the Sale Thing

If the sale is effected without delay in payment of the price, the seller shall, in case of non-payment of the price, recover of possession of the sold things as far as they are still on purchaser hand as they are still on purchaser hand as they are, provided that the application shall be submitted within (15) fifteen days from delivery. This right shall not be adhered to in damaging the lessor's preference unless it is proved that the latter was in knowledge that the price was still due at the time of entry of the sold thing in the rented or occupied property under a sharecropping or equal shares contract.

The provisions of the previous paragraph shall be applied in the favour of the purchaser's creditors who have imposed distress or judicial seizure upon the thing, unless it is proved that they were in knowledge that the price was still due at the time of imposition of the distress or the judicial seizure.

Chapter Two
Some Kinds of Sales

Branch One
Sale on Approval or on Trial or in Specie

Article 516
Sale on Approval

If the thing is sold on approval by the purchaser, then the sale shall not be effected unless after acceptance of the purchaser and notifying the seller of such acceptance.

If it is obligatory to inspect the thing with the seller, his obligation shall be relieved if the purchaser shall not conduct such inspection within the time decided in the contract or tradition or within a sufficient time to be fixed by the seller if there is no any agreement or tradition.

If the thing was available with the purchaser and he kept it silent during the above mentioned period, his silence shall be considered as acceptance.

Article 517
Sale on Trial

The completion of the sale on trial is supposed to be pending on suspensive condition which is availability of the capacities agreed upon or serviceability for the intend use.

The trial shall be deferred and in the methods established in the contract or tradition.

Article 518
Sale in Specie

If the sale is on the basis of in specie the sold thing should be completely typical to it. If any difference appears between them the purchaser shall have the right to cancel the contract.

Provided that, if it is appeared from the agreement or the tradition that the specie purpose is nothing more than indicating approximately the kind of the thing, then cancellation shall not be claimed for unless if the variation aspect between the sold thing and the specie was apparent and tangible. In all the cases, the lawsuit shall be subject to provisions of time lapse and prescription shown in Article (508) of this Law.

Branch Two
Sale by Installment with Retention of the Ownership

Article 519
Sale by Installment

In sale by installment and retention of the ownership the purchaser shall acquire the ownership of the thing as soon as paying the last installment of the price and shall bear all the risks from the time of receiving the same.

Article 520
Confirmation of Ownership Retention

Non-payment of one installment not exceeding one eighth, the sold thing price shall not be a reason for contract cancellation in spite the agreement to the contrary. The other installments shall remain due for payment on the dates fixed thereof in the contract.

Article 521
Failure to Pay an Installment of the Sale Price

Failure to pay one installment not exceeding one eighth (1/8) of the sale price shall not constitute a reason for contract abrogation despite agreement otherwise. The remaining installment shall continue to be due and payable on the dates specified in the contract.

Article 522
Compensation

If the contract is cancelled for non-payment by the purchaser, the seller should repay the installments which he received with reservation of his right to a fair amount against utilization of the sold thing in addition to the compensation.

If it is agreed that the installments shall be for the seller as a compensation, the judge may reduce this conventional compensation as per the circumstances.

The advanced provisions shall be applied in case where the contract shall be envisaged as if a lease contract and its agreed that the lessee shall become an owner of the thing on the maturity against payment of the rent agreed upon.

Branch Three
Sale Based on Bonds

Article 523
Disengagement of the Seller from the Obligation

In the sale based on bonds, the seller shall disengage from his obligation by delivery if he presents to the purchaser the bonds which replace the goods and other document established in the contract. In default of a contract it shall be under the tradition.

Article 524
Conditions of Payment of the Price

The price and additions should be paid in the place and time in which the bonds shown in the previous article shall be delivered unless there is an agreement or tradition states otherwise.

If the bonds are regular, the purchaser shall not refuse payment of the price depending on pleas related to description and condition of the sold things unless already confirmed.

Article 525
Sale of Good on Route

If the sale is related to things still on route and the document delivered to the purchaser included an insurance deed against transportation risks, the purchaser shall bear the risks to the goods with effect from their delivery to the carrier.

This provision shall not apply if the seller was in knowledge during contracting of the damage or destruction of the goods and concealed thereof from the purchaser in evil intention.

Article 526
Payment through the Bank

When the payment of the price shall be through the bank, the seller shall not claim the purchaser for the price unless if the bank insists on rejection and the same are confirmed on submission of the bonds in traditionally approved methods.

The bank which acknowledged to the seller of the opening of the credit to the purchaser to plea except by shortage or incorrectness of the documents as well as the pleas related to the relation resulting from the acknowledged opening of credit.

Branch Four
Deferred Sale of Financial Bonds

Article 527
Bonds Addition

In sale of deferred financial bonds the benefits and dividends of the deferred case after conclusion of the contract shall be calculated in the purchaser's requirements if received by the seller before maturity of the sale.

If the sale is related to shares, the right of option shall be revered to the seller during delivery.

Article 528
Right of Option

In term sold bonds, the right of option shall be for the purchaser. The seller should enable the purchaser to exercise such right if requested to do so at the appropriate time or he shall exercise the same at the expenses of the purchaser if the amount necessary therefore is paid to him. If the purchaser did not present the application, the seller must take care of sale of the right of option of the purchaser expenses through one of the money market clients or one of the exchange institutions.

Article 529
Bonds Coupled with Withdrawal of Awards or Depreciation

If the term sold bonds are coupled with withdrawal of awards or subject to depreciation through withdrawal, the rights and costs resulting from withdrawal shall be returned to the purchaser if the contract is concluded prior to the day declared for withdrawal running.

The seller must notify the purchaser in writing of the bonds numbers prior at least one day from withdrawal that is for the purpose shown in the previous paragraph only.

If notice is not given, the purchaser shall have the right to buy a similar quantity of bonds at the seller's expenses and he should notify the seller prior to commencement of withdrawal.

Article 530
Unpaid Bonds

The purchaser should pay to the seller the value of the installments due on the sold bonds before at least two days from the maturity of each installment.

Article 531
Extension of Contract Execution Period

If contracting parties have agreed on maturity to extend the contract execution period, the difference between the original price and the current price on maturity day with observance of the tradition if it is contrary thereto.

Article 532
Non-Fulfillment

In case of non-fulfillment of the term sale of bonds the provisions of articles (510, 511,) shall be respected without prejudice to application of the laws related to contracts of the money market.

Branch Five
Estimation Contract

Article 533
Definition

The estimation contract is a contract under which one of the parties delivers the other party one or more movables and shall undertake to pay its value unless the objects are returned on the fixed time.

Article 534
Responsibility of Purchaser for Total Loss of the Sold Object

The receiver of the objects shall not disengage from his obligation to pay the price if it shall be difficult to return them in full for a reason in which he has no role.

Article 535
Disposal of the Object

The dispositions of the receiver of the objects shall be considered valid, but his creditors shall not put him under judicial or payability distress until payment of their price.

The receiver of the objects shall not dispose thereof except after returning them to him.

Section Three
Importation

Article 536
Definition

The importation is a contract under which a party undertakes to provide objects at intervals or continuously in the favor of the second party against a certain price

Article 537
Quantities of Importation

If the contract did not assign the quantity to be imported, it shall be usually equal to the quantity undertaken by the importing authority, with observance of the time in which the contract is concluded.

If the contract parties have agreed upon a minimum and maximum of the quantity to be imported all at once or at times, then the importer shall assign the required quantity between the two limits.

If determination of the quantity required for importation is must regarding the need for assigning the minimum only, then the importer shall accept the quantity which shall satisfy the need if exceeded the minimum.

Article 538
Assignment of the Price in Periodical Importation

In periodical imports, if the assignment of the price is must according to provisions of the law, the maturity of each importation and the location in which it should be executed shall be observed.

Article 539

Payment

In periodical imports the price should be settled when effecting each import and its percentage. In continuous imports the price shall be settled as per the usual maturities.

Article 540

Importation Term

The term fixed for each importation shall be considered as if it was fixed in favor of both parties.

If the importer has the right to fix the term of each import, he should notify the supplier thereof at a sufficient time.

Article 541

Non-payment by One of the Two Parties

In case one of the contracting parties did not pay his obligations regarding one of the imports, the second party may claim for cancellation of the contract, if the nonpayment resulted in a very important matter to him or it was in its nature to upset the belief in supplier's capacity to satisfy his further obligations in a faithful and satisfactory manner.

Article 542

Simple Breach

If the importer breached his obligations simply, the supplier may not suspend execution of the contract except after notifying the importer of a proper time.

Article 543

Granting Preference to the Supplier

The clause under which the importer shall undertake to grant preference to the supplier to conclude a future contract for the same object shall be considered valid as long as the duration of such clause shall not exceed five years. If it is agreed for a long time the same shall be reduced to five years.

The importer should notify the supplier of the condition offered to him by the third party and the supplier should declare his insistence on utilization of his right to preference and during the fixed term, if any, otherwise the tradition shall be respected.

Article 544
The Right of Exclusivity to Importation

If the contract included a provision granting the supply the right of exclusivity to importation, then the second party may not import from the third party any object of the same kind. He shall not produce the object agreed upon to be imported under the contract by special means unless there is another agreement states otherwise.

Article 545
Right of Exclusivity of Sale

If the exclusivity clause is in favor of the importer, then the supply shall not supply things of the same kind as set out in the contract to the territory in which the exclusivity has been granted during the contract duration either directly or indirectly.

The party who has undertaken to sell the things for which he accepted the exclusivity to sell in a certain territory shall be liable for the damages which may occur due to breach of obligation even if he satisfied the contract regarding the minimum quantity agreed upon.

Article 546
Unassignment of the importation term

If no term is assigned for importation either party may disengage from the contract if he submit a prior warning with the assigned term contractually or conventionally or during a term suitable for the nature of importation.

Article 547
Implementation of Contracts Provisions

The rules of the contracts applying to each other obligations as far as they do not contradict the previous provisions, shall be applied to the importation.

Section four
Piecework

Article 548
Definition

The piecework is a contract under which one of the contracting parties undertakes to perform a job or service with preparation of all the facilities necessary therefore supervision of the work progress for completion of the work and bearing all its risks against a certain cash wage.

Article 549
Subcontracting Piece Work

The contractor may not subcontract the piece work to another party unless with employer's permission.

Article 550
Wage Estimation

If the two contracting parties did neither fix the wage amount nor assign a method of its fixing, it shall be estimated as per the applicable pricing or the tradition. If it is difficult it shall be estimated by the judge.

Article 551
Contractor's undertaking to provide the Materials

The contractor must provide the materials necessary for performance of his undertaking unless the agreement provides for or the tradition states otherwise.

Article 552
Modifications to Work

The contractor may not introduce modification to the methods agreed upon for work performance unless with employer's permission.

For the validity of the permission it shall be in written, in case of a permission to introduce modifications, the contractor shall not deserve any compensation therefore or for additions which he performed if he has already fixed the wage of all the work in whole unless there is agreement states otherwise.

Article 553
Judge Authority in Assigning Modifications

If the execution of the work as per its technical rules requires introduction of modification to the original design and the two parties did not reach to an agreement, the judge shall assign the modifications required to be introduced and their consequences as to amendment to price.

Article 554
The Extent of the Employer's Right to Modification

The employer may introduce modifications to the design as far as their value does not exceed one sixth of the total value agreed upon, and the contract shall be entitled to the wage of the additional works performed by him.

The provisions of the previous paragraph shall not be applied if the modifications result in gross change in the essence of the work or in quantity of each item of the works laid down in the contract for execution of the same work even if they were within the mentioned limits.

Article 555
The Right to Have Control over the work Progress

The employer shall have the right to monitor the works progress and to confirm their condition of his own expenses.

If it is proved during the work that its execution does not run as per contract terms or technical rules he shall fix a sufficient time during which the contractor shall implement the contract conditions.

The contract shall be cancelled when the appointed term passes without result and without prejudice to the employer's right to compensation.

Article 556
Warning of Materials Defects

If the contractor discovered during the work defects in materials provided by the employer which in their nature to breach its execution he should immediately warn the employer thereof.

Article 557
Reconsideration of the Price

If it is appeared, due to unforeseeable circumstances, that there is rise or drop in materials or manpower costs which in its nature to create an increase or decrease exceeding one tenth of the total price agreed upon, the contractor and the employer may claim for reconsideration of the price itself. This shall not be done except at the percentage of more than one tenth.

If it is appeared, during the work execution, that there are difficulties due to (geological) or water factors or a like which are unexpected by the two contracting parties and if were in their nature to burden the contractor more than his undertakings, he may have the right to a fair compensation.

Article 558
Confirmation of Correctness of the Works

The employer shall, before taking over the executed work, confirm its conformity with contract conditions and the contractor should enable him to do so.

If the employer desisted from performance of confirmation due to reasonable reasons or did not notify of its result during a short time in spite of being invited by the contractor to do so, the work shall be considered as acceptable.

But if he accepted taking over of the work without reservation, it shall be considered as acceptable even if he did not confirm its correctness. The contractor shall have the right to receive his rights for the accepted work unless there is an agreement or tradition states otherwise.

Article 559
Confirmation of the Correctness of the works ought to be Executed at Times

If the work was ought to be executed in parts, each contractor shall have the right to claim for confirmation of the correctness of each part. In this case the contractor may claim for the value of the executed work and with payment of this value, such part of the work is supposed to be accepted unless the payment is on account where such supposition shall be rejected.

Article 560
Guarantee of Imperfections and Defects by the Contractor

The contractor is a guarantor for the work imperfections and defects unless accepted by the employer or he was in knowledge of such imperfections or defects or they were apparent. In this latter case the contractor shall be under obligation of the guarantee if he concealed them in bad faith.

The employer should notify the employer of the imperfections and defect within sixty days of their discovery otherwise his right shall lapse. There is no need for notification if the contractor confessed of the imperfection or defects or concealed them.

The right to bring a guarantee action shall lapse for the contractor by prescription after two years from the day of work handing over.

In his litigation, the employer shall stick to is right to guarantee provided that he shall have notified thereof within sixty days from discovery of the defects or imperfections and prior to lapse of two years from the date of the handing over.

Article 561
Right to claim for removal of the imperfections or the defects

The employer may claim for removal of the imperfections and defects at the contractor's expenses or by reducing the price of its percentage without prejudice to the right to compensation for the contractor's error, if any.

But if the imperfections or the defects were gross to the extent that makes the work invalid for its intended purpose, the employer may claim for contract cancellation.

Article 562
Contractor's responsibility for building demolition

If the contract subject is erection of buildings or other immovable object prepared in their nature to stay long time and wholly or partially demolished within ten years of their completion due to a defect in the ground or a breach in building, also if the risk of destruction apparently appeared or gross defects were confirmed, then the contractor shall be responsible towards the employer or his successor provided that the same shall have been declared within one year from its discovery.

The employer right to claim shall lapse by prescription after one year from the declaration.

Article 563

The right of recourse to subcontractors

If the contractor want to persist in his right to recourse to the subcontractors, he should notify them of the declaration referred to in the previous article within sixty days from receiving thereof.

Article 564

The employer's right to disengage from the contract

The contractor may disengage from the contract even if he started execution of the work or provision of the service as long as he shall compensate the contractor for the expenses which he has incurred, the works which he has executed and the profit which he lost.

Article 565

Impossibility of completion of the piecework

If the contract is cancelled due to impossibility of execution of the work on which it is based for reasons attributed to either party, the employer should pay the value of what is executed in proportion to the benefit returned to him an at the portion of the price agreed upon for the whole work.

Article 566

Total loss or damage of the work

If the work is totally lost or damage prior to prior to its acceptance by the employer or before warning to confirm thereof for a reason not attributed to the contracting parties, the contractor shall bear the result of the same if he has supplied the material.

But if all or some of the materials are supplied by the employer, he shall bear the result of the total loss or damage in proportion of the materials which he has supplied and he rest shall be borne by the contractor.

Article 567

Contractor's death

The piecework contract shall not be cancelled by the contractor's death unless his personality was the essential element on which the contract was base.

The employer may always disengage from the contract if it is confirmed that the successors of the contractor are not trustworthy in execution of the work or performance of the service.

Article 568

Employer's obligation in case of contractor's death

If the contract is cancelled due to contractor's death, the employer should pay to his successors the value of the executed works on the basis of the price agreed upon. He should pay also the expenses spent in the favor of the employer. The employer shall have the right to claim for delivery of the ready material and projects in process of execution without prejudice to the rules of protection of the intellectual production.

Article 569

Employee's rights

Those who are employed in execution of the work or provision of the service under the contractor's order may bring direct lawsuit against the employer to pay their entitlement within the limits of the debt to be claimed by the contractor from the employer at the time of bringing of their lawsuit.

Article 570

Provisions to be applied

If the piecework is related to provision of continuous work or periodical services, the provisions of this section and the section of the supply contracts shall be observed as long as they did not conflict with it.

Section Five

Transportation

Chapter One

General Provision

Article 571

Definition

Transportation is a contract under which the carrier or objects from a place to another against a wage.

Article 572
Conclusion of transportation contract

The transportation contract and the commission agency contract for transportation once the agreement is reached. The contract may be confirmed by all the legally established confirmation methods.

Receiving the objects subject of the transportation by the carrier shall be considered as acceptance of the affirmation issued by the consignor.

Also the mounting of the passenger on the means of transportation shall be considered as acceptance of the affirmation issued by the carrier unless if confirmed that the intention of the passenger is not directed to conclusion of the transportation contract.

The transportation contract shall be executed once the agreement is reached, unless the two parties agreed explicitly or implicitly to delay it to the delivery time.

Article 573
Model contracts

If the carrier uses more than one model for the contract to be concluded under the model which includes the general conditions, unless it is agreed to follow another model containing special conditions.

If it is agreed to follow special model, then the conditions which it contains may not be divided.

Article 574
Obligation of the carrier

Anyone who started individuals or things transportation services on certain lines granted to him under administrative concession shall be under obligation to accept transportation applications within the limits of the normal means available with him as per general provisions of the contract or in which he is authorized and the public is informed thereof.

If the general provisions of the contract entitled special preferences, the carrier should apply thereof equally between the applicants, with consideration of the special preferences allowable in the general conditions.

Any agreement contrary to the general condition shall be considered null and void.

Article 575

What is not considered as a force majeure?

Out breaking or burning of the means of transportation or their running off of track on which they move or their collision or other accidents attributable to the tools or machines to be use by the carrier in performance of the transportation shall not be as a force majeure in transportation contracts even if it is proved that he has taken the precaution to ensure their serviceability and to prevent the damage which they shall cause.

Also the accident refer to sudden death of the carrier's subordinates or their affection by physical or mental weakness during the work even if it is proved that the carrier has taken precaution to ensure their physical and mental fitness.

Article 576

Break down or deviation of transportation

The carrier shall not be accountable for compensation of the damage resulting from breakdown of the transportation or deviation from the route assigned to it in case of emergency to extend assistance to any sick or injured person or in risk.

Article 577

Provisions to be applied to transportation

Provision of this section shall be applied also to the sea and air transportation as well as to transportation by railways and post as long as they are not contrary to the maturity time and special laws.

Article 578

Deception gross error

Deception in transportation articles means any act or abstention by the carrier or his subordinate with aim to create damage.

The gross error means any act or abstention by the carrier or his subordinates with thoughtlessness coupled with awareness of the damage to be resulted therefrom.

Article 579

Carrier's responsibility

The carrier shall be accountable for his acts and acts of his subordinates which occur during performance of their services.

Any individual to be employed by the carrier for execution of obligation under the transportation contract shall be considered as a subordinate.

Any clause provides for exemption for his carrier from responsibility for his subordinates acts shall be null and void.

Chapter Two **Transportation of objects**

Article 580 **Statement of the objects intended to be transported**

If the transportation document is executed, it must include, in particular the following data:

- 1- Place and date of its execution
- 2- Name of the consignor, consignee, carrier and transportation commission agent if any, their home countries and address.
- 3- Departure and destination.
- 4- Type of the transported object, its weight, size, method of packing, number of parcels and any other statement necessary for identification of the object and estimation of its value
- 5- Date fixed for transportation.
- 6- Freight and other expenses with statement of the party who is under obligation to pay the same.
- 7- Special agreements related to means and route of transportation conditions of loading and unloading and compensations to be due for total loss or damage or delay of arrival of the object which may be contained in the transportation agreement.

If execution of the transportation requires certain documents, the consignor should deliver them to the carrier when providing the objects for transportation. The consignor shall bear the damages which may result from his negligence to mention the data or its inaccuracy as well as the results of non-delivery of documents or delivering them with defect. The carrier shall be liable for their loss or abuse.

The contrary of what is set out in the transportation document may be confirmed in all the ways.

Article 581
Form of the transportation document

The transportation document may be executed in the name of a certain person or to his order or the bearer.

The document shall be circulated according to the rules of transfer if nominal and by circulation of the order and by handing it to the bearer.

Article 582
The receipt

If the transportation document is not executed, the carrier must deliver to the consignor upon his request a receipt signed by him to the effect that the transported object is delivered.

The receipt must be dated and including the dated sufficient for identification of the transported object and the freight.

Article 583
Delivery place

The consignor shall under take to deliver the object to the carrier in his country unless it was agreed to delivery it in another place. If the transportation requires that the carries should take special preparations, the consignor must notify him thereof in a sufficient time prior to delivery.

The carrier may ask for opening of the parcels prior to their delivery to verify the correctness of the data mentioned by the consignor.

If the nature of the object requires special preparation, then the consignor should take care of its packaging in a manner protecting it from total loss or damage and shall not expose, the persons or the other objects to be transported with it to damage.

The consignor shall be responsible for the damages arising out of the defect in wrapping, packing and binding, although the carrier shall be liable for such damages if he accepted to transport thereof with knowledge of the defect. The carrier shall be in knowledge of the defect if it was apparent or which was not concealed to the normal carrier.

The carrier may not negate his responsibility for total loss or damage of one of the objects which he has transported by proving that the damage has arisen out of the defect in wrapping, packing or binding of another object, and any agreement to the contrary shall be considered null and void.

Article 584
Freight payment

The consignor shall under take to pay the freight and other expenses due to transportation, unless it has been agreed to be borne by the consignee. In this case, the consignor shall be jointly responsible for payment of the freight and expenses.

The carrier shall not be entitled to the freight of the objects lost due to force majeure.

Article 585
Consignor's instructions

During the existence of the object in possession of the carrier, the consignor may order his to return it to him or to direct it to another person, other than the original consignee or to another place or other instructions provided that he shall pay the freight of the transported objects to the carrier and compensate him for the expenses and damages.

On condition that the consignor may not use this right in following cases:

- 1- If he failed to present the transportation document which he has received from the carrier.
- 2- If the object is arrived and the consignee asked for taking over thereof and this right shall pass to the consignee from the time of receiving the transportation document.

Article 586
Dispositions of the owner of the object.

The owner of the object may dispose thereof by sale or other dispositions during its existence in the possession of the carrier under the transportation document.

The owner shall bear the consequence of the total loss of the object during transportation and shall recourse to the carrier if there is a reason for recourse.

Article 587
Instructions relinquishment

The carrier shall implement the instruction issued to him by the authority which has the right to issue thereof according to article (585) of the law, unless they were contrary to transportation conditions or they were difficult for the carrier to implement or it was in the nature of their implementation to disturb the transportation movement or the value of the object subject of the transportation did not sufficient, to cover the expenses which shall be incurred by the carrier due to implementation thereof.

In these cases, the carrier should notify the new instructions issuer of his abstention from implementing thereof and the reason of such abstention. The carrier shall be responsible if he refrain from implementation without reason.

Article 588
Obligation of the consignee

The consignee shall bear the obligations arising out of the transportation contract if he explicitly or implicitly accepted thereof, claiming the consignee for delivery of the object under the transportation document or issuance of related instructions after receiving such document shall be considered as an implicit acceptance in a particular manner.

Article 589
Shipment of goods

The carrier shall under take to ship and stow the object on the means of transport, unless agreed otherwise.

If it is agreed that the consignor shall ship or stow the goods, the carrier must refrain from transportation if the shipment or stowage has a defect not concealed for the normal carrier.

Article 590
Route of transportation

The carrier should follow the route agreed upon. If no agreement is made on certain route, the carrier should follow the best one.

Although the carrier may change the route agreed upon or shall not abide by the shortest route in case of necessity. In this case the carrier shall not be accountable for the delay or other damages arising out of the change of the route unless deception or gross error is confirmed on his part or on the part of

his subordinate. The carrier shall have the right also to claim for the additional expenses arising out thereof.

Article 591

Responsibility of the carrier for total loss of the object or the delay in its delivery

The carrier shall be accountable from the time of receiving the object subject of transportation, for its total or partial loss damage and delay in its delivery. The object shall be considered as totally lost if the carrier did not deliver its or notify the consignee to come for taking delivery of the same within thirty days from expiry of the date assigned delivery or from expiry of the time which shall be taken by normal transportation if he was under the same circumstance, if date is not fixed for delivery.

Article 592

Transportation of precious objects

The carrier shall not be liable for the loss of the money or paper money or jewelry and other precious objects which he is entrusted to transport, except in proportion to the written information submitted by the consignor thereabout at the time of delivery or if it is confirmed that he has knowledge of the same.

Article 593

Taking over of the transported object without reservation

Taking over of the object subject of the transportation without reservation shall lapse the right of recourse to the carrier due to damage or partial loss, unless the consignee confirms the condition of the object and bring a lawsuit against the carrier within ninety days from the delivery date.

The carrier may not persist in rejection of the lawsuit according to the previous paragraph if it is not confirmed that the loss or the damage is resulted from deception or gross error by the carrier or his subordinates or they were intentionally concealed thereof.

Confirmation of condition of the object referred to in the first paragraph of this article shall be in the knowledge of the management personnel or an expert to be nominated by an order on a petition.

Article 594
Non-statement of the value of the object

If the object is lost or damaged without statement of its value in the transportation document, the compensation shall be estimated on the basis of the actual value of the lost or damaged object at the destination and on the day fixed thereto according to the market prevailing price. If the object has no certain price, its value shall be fixed in the knowledge of the competent court.

If the value of the thing is shown in the transportation document, the carrier may contest his right to such value and shall confirm the actual value of the object by all the means.

Article 595
Partial damage to the transported object

If the damage to the object or its partial loss or delay in its arrival led to its invalidity for the intended purpose and the carrier liability is confirmed, then the compensation applicant may assign the object to the carrier against complete compensation.

Article 596
Continuation of transportation beyond the transportation lines

If the carrier has undertaken the perform continuous transportation of the object on lines outside the scope of his work by further carriers without getting transportation document to the authority to which the object are intended to be transported, it is supposed that he did so as if within the scope of surpassing his lines by a shipping or release agent.

Article 597
Undertaking by several carriers under one contract

If several carries have performed successively one transportation contract, the first carrier shall be liable towards the consignor and consignee for the whole transportation and any considered null and void.

Each of the carries next to the first carrier shall not be accountable towards him or towards the consignor or consignee except for the damage to be fallen to his respective part of the transport. If it is impossible to determine the part to which the damage is fallen, the compensation should be distributed among all the carriers in proportion of the entitlement of each of them in the freight. If one of them became insolvent, his share shall be distributed to the others at the same percentage.

The carrier who proved that the damage is fallen to his respective part of the transportation shall be exempted from participation in bearing the responsibility.

If one of the carriers paid the compensation or officially claimed for he shall have the right to recourse to the other carriers in proportion to the entitlement of each of them in the freight.

Article 599
Rights of the previous carriers

The last carrier shall represent the previous carriers in payment of due of each of them which arising out of the transportation contract and in exercising the right of preference on the transported objects.

If he failed to pay their dues or to exercise the right of preference he shall be liable towards the previous carriers for the amounts due to them, without prejudice to his right to the lawsuit of recourse to the consignee.

Article 600
Reasons of the lack of responsibility of the carrier

The carrier may not negate his responsibility for total loss or damage or delay in delivering the object unless by confirmation of the force majeure or proper defect in the object or error of the consignor or consignee.

If he stipulated that he was not responsible for the damage due to a defect in binding the goods, then the consignor or the consignee should have it confirm that the damage did not arise out due to the defect.

Article 601
Total loss of the object

Any clause providing for exemption of the carrier from responsibility for the loss of the object wholly or partially or for its damage shall be considered null and void.

Any clause which in its nature to make the consignor or consignee under obligation in any capacity whatsoever, to pay all or some of the insurance expenditures shall be considered, in effect, on exemption from responsibility.

Article 602
Non-combination of compensations

It shall not be allowable to combine between compensation for total loss and compensation for delay. The compensation for delay in case of partial loss shall not be ruled except for the part which is not totally lost.

In all the cases, the compensation to be ruled shall be more than what is deserved in case of the total loss of the object.

Article 603
Finding of the lost object

If compensation is paid due to total loss of the object, then found within one year from the date of payment, the carrier should immediately notify the party who received the compensation thereof with information of the condition of the object and inviting him to present for inspection in the place where it was found or the destination according to the option of the party who received the compensation.

If the party who received the compensation did not send his instruments within fifteen days from the date of receiving the notice or sent instructions, but did not present for inspection on the date fixed by the carrier or presented and refused to recover the object, the carrier may dispose thereof.

If the party who received the compensation accepted to recover the object, he should return the compensation which he has received after deduction of expenses and the recompense of the damage due to delay in delivering the object

Article 604
The extent of carrier's responsibility

With exception of the intentional error and gross error cases by the carrier or his subordinates, the carrier may.

- 1- Stipulate determination of his responsibility for total or partial loss or damaged of the object, provided that the compensation agreed upon shall not be less than one third of the goods carried in place and time of their transportation. Any agreement on compensation less than such limit shall be increased.
- 2- Stipulated his release from responsibility for delay.

The stipulation of release from responsibility or its determination shall be laid down in the transportation document and the carrier shall have notified the consignor thereof. If the transportation contract is executed on printed form, the stipulations shall be clear and written in a manner attracting the attention; otherwise the stipulation shall be considered null and void.

Article 605
Carrier's responsibility in special case

If the object is transported under protection of the consignor or consignee, the carrier shall not be responsible of its total loss or damaged except if it is confirmed that an error is committed by him or by his subordinates.

Article 606
Decrease of the object

The carrier shall not be accountable normally for decrease in weight or size of the object according to its nature, during the transportation unless it is proved that the decrease is resulted from another reason.

If the transportation document contained a number of objects divided into groups or parcels, the tolerable decrease shall be fixed on the basis of the weight of each group or each parcel.

If the weight is assigned separately in the transportation document or it was possible to be assigned.

Article 607
Carrier's abidance by discharge

The carrier shall under take to discharge the object on its arrival, unless there is an agreement to the contrary.

The consignee shall recourse directly to the carrier claiming him for delivery and compensation when necessary.

Article 608
Breakdown or impossible of transportation

If commencement or continuation of the transportation is prevented by an obstacle not attributed to the carrier, as well as if a long delay occurred for the same reason, the carrier should immediately ask for instructions of the

consignor, and he should take the arrangement necessary for keeping watch over the object which has been delivered to him.

If the circumstances prevented from the possibility of requesting instructions from the consignor or if the instructions were not practical, the carrier may consign the objects in a place prepared for general consignment or in another suitable place to be assigned by the summary judge. But if the objects are fragile, he may sell them according to the law. The carrier should immediately inform the consignor of the consignment or the sale.

The carrier shall have the right to recover the expenses and if he already started the transportation, he shall have the right also to claim for the freight for the distance which he covered, unless the discontinuity of transportation is attributed to total loss of the objects due to an incidental accident.

Article 609 **Rights of the consignee**

The right arising out of the transportation contract on the part of the carrier shall be returned to the consignee from the time in which he required delivery of the objects by the carrier if they arrived to the consignee or the date during which they should have arrived was lapsed.

The consignee may not persist on the rights arising out of the contract unless against payment of the carrier's dues resulting from the transportation and the other cost. In case of conflict on the value of the due amount, the consignee should deposit the disputed difference with a bank or a trustful person.

Article 610 **Lack of carrier's responsibility after delivery**

The carrier shall not be accountable for the total loss or damage of the object after delivery to the consignee to be assigned by the judge for consignment of the object unless deception or gross error by the carrier or his subordinate is confirmed.

Article 611 **Delivery of the objects to the consignee**

The carrier should put the transported objects at the disposal of the consignee in the place, on the date and the methods shown in the contract or the tradition when necessary.

If delivery of the transported object to the consignee in his place is not imperative, the carrier must immediately inform him of their arrival and the time in which he will be able to deliver them.

Article 612
Multiplicity of the appointed time

If the transportation was in lots each of them shall have an appointed time as a dead line for transportation. On the basis of the lots.

Article 613
Impossibility Of Delivering The Transported Objects

If it was difficult to find the consignee or if he refused or delayed in requesting delivery of the transported object, the carrier must immediately request instructions from the consignor and provisions of the article (608) shall apply.

If the consignees are multiple and a dispute arises between them on their right to receive the objects or the method of its execution. Also if the consignee delayed in receiving the transported object, the carrier may consign thereof in legal method or sell them to the credit of the party who has right thereto if the object are fragile.

The carrier must immediately notify the consignor of the consignment or the sale.

Article 614
Exceptional case

The transportation conditions based on supposition of occurrence of an emergent accident always occurred probably due to the means of transportation and its exigencies shall be considered valid.

Article 615
Damage estimation

The damage arising of the loss or damage shall be estimated at the current price of the transportation objects in the place and time in which they shall deliver to the consignee.

Article 616
Damage verification

The consignee shall have the right to verify the identification of the transportation objects and their condition before receiving thereof provided that the same shall be at his own expenses.

If a loss or damage is found, the carrier should pay the expenses.

Verification of the loss or damage shall be effected in the manner established in the law of procedure with consideration of provisions of the law which stipulates otherwise.

Article 617
Carrier's right to receive his dues

If the carrier has delivered the objects to the consignee and did not receive his debts or other costs and did not request for deposit of the disputed amount, he shall be liable towards the consignor for the amounts due to him, he may not claim the latter for payment of his debts, without prejudice to the bringing the lawsuit against the consignee.

Article 618
Carrier's right to withhold the object

The carrier shall have the right to withhold the thing in order to receive the freight, expenses and other amounts which are due to him by the reason of transportation.

The carrier shall have priority over the price resulting from the objects sale in order to receive the amounts which are due to him by the reason of transportation. In this concern he shall follow the execution procedure on the commercially mortgage objects.

Article 619
Prescription of lawsuits arising out of transportation contract

Any lawsuit arising out of the objects transportation contract shall prescribe after lapse of one year starting from the date of delivery of the object to the consignee or to the customs or custodian to be nominated by the judge to consign the object. This article shall apply in case of total loss of the object from the date of expiry of the appointed time provided for in the second paragraph of the article (591) of this law.

The carrier's lawsuit to recourse to the successive carriers shall prescribe also according to the fourth paragraph of the article (597) of this law with expiry of six months from the date of payment of compensation or from the date of claiming him therefore officially.

Any one or his subordinates who committed a deception or gross error may not persist in the prescription provided for in this article.

Chapter Three **Transportation of Individuals**

Article 620 **Passenger's obligation**

The passenger shall undertake to pay the freight in the time agreed upon or assigned in the transportation systems or stipulated by tradition.

He shall be bound by the complete freight even if he desisted from travel, but if the travel is impossible due to death of the passenger or his sickness or other compelling obstacles, the transportation contract shall be cancelled.

He should follow the carrier's instructions related to transportation.

Article 621 **Non-commencement of transportation due to compelling reasons**

If a force majeure prevented from starting transportation or circumstances emerged prior to its commencement making it dangerous to lives, then the carrier shall not be under obligation to pay compensation by the reason of non-execution of transportation and shall not deserve the freight.

If the force majeure emerged or the danger to lives during transportation, then the carrier shall not deserve the freight except for the executed part of the transportation.

Article 622 **Abstention from travel**

If the passenger abstained from travel directly prior to transportation, he should notify the carrier of his abstention before the day appointed for

execution of transportation. In cases of necessity the notice may be served on the day appointed for transportation provided that it shall reach before the hour appointed for execution of transportation.

If the notice is served according to the previous paragraph, then the carrier shall not deserve the freight.

If the passenger abstained from continuation of transportation after starting thereof he shall be under obligation to pay the freight in full, except if he abstention was for a necessity, then he shall not be bound except by the executed part of the transportation.

Article 623

Non-presence of the passenger on the appointed time for transportation without prejudice to provisions of the previous article, if the passenger did not present on the time appointed for transportation he shall be under obligation to pay the freight in full. If he has to pay thereof he may execute the transportation on further date unless otherwise agreed or the common tradition is followed otherwise.

Article 624

Breakdown of transportation due to the carrier or his subordinates

If the transportation is broken down by a reason attributable to the carrier or his subordinate or the means which he uses in transportation, the passenger may select another means of transportation.

In this case the carrier shall bear the expenses of his arrival to the place agreed upon. He has the right to select waiting until returning of transportation movement. In this case he may not be obliged to pay any additional freight, without prejudice to the passenger compensation in both cases if necessary.

Article 625

Assignment of the transportation ticket

The transportation ticket may be assigned before its commencement, unless the ticket is in the passenger name and personal considerations are observed in giving it to him.

Article 626
Change of transportation class

If the passenger is compelled to use a place in a class lower than the class shown in transportation ticket, he may claim the carrier to recover the difference between the freight of the two classes

If the passenger paid additional freight against special benefits, he may claim for recovering of such freight if the carrier did not prepare the corresponding benefits.

Article 627
Withholding the passengers baggage

The carrier shall have the right to withhold the passenger's baggage to ensure the freight and other amounts due to him by the reason of transportation.

The carrier shall have the right if prior on baggage price for payment of the amounts due to him by the reason of transportation. In this concern he shall follow the enforcement procedures on the commercially mortgage objects.

Article 628
Carrier's obligation to transport passenger and his baggage

The carrier shall undertake to transport the passenger and his baggage to the destination on the time agreed upon on mentioned in transportation regulations or the time stipulated by tradition. In default of appointment, the transportation should be effected on the time to be taken by the normal corner if he found under the same circumstances.

Prior to commencement of the transportation or during the route the carrier may check the passenger's baggage in his presence, if possible so as to verify its conformity with transportation conditions.

Article 629
Assurance of passenger's safety

The carrier shall assure the passenger's safely during execution of the transportation contract and any condition stipulates exemption of the carrier from such assurance shall be null and void.

The execution of transportation contract includes the period between commencement of mounting the means of transportation by the passenger in

place of departure and his destination. In case of existence of quays prepared for parking of the means of transportation contract includes the period between entrance of the passenger to the quay in place of departure and getting out of the quay in destination.

If the matter requires change of the means of transportation on the route the guarantee shall not include the period of the passenger's movement from a means of transportation to another without protection of the carrier or his subordinates.

Article 630
The extent of carrier's responsibility

The carrier shall be accountable for the following:

- 1- Delay in arrival
- 2- The physical or non-physical damages to be fallen on the transportation contract.

The carrier may not negate his responsibility for the delay or the physical or non-physical damages to be fallen on the passenger during transportations unless by confirming a force majeure or passenger's error.

Article 631
Revocation of stipulation of exemption from responsibility

Any stipulation provides for exemption of the carrier from wholly or partially responsibility of the physical damages to be fallen on the passenger shall be considered null and void. Any stipulation which in its nature to bind the passenger to pay all or some expenditures of the insurance against carrier responsibility shall be considered as good as exemption from responsibility and any stipulation under which the passenger assigns his rights to the carrier in the insurance against carrier's error.

Article 632
Conditions of exemption from responsibility

With exemption of deception or gross errors cases by the carrier or his subordinates, the carrier may stipulate wholly or partially exemption from responsibility for delay or non-physical damages which may be fallen on the passenger. The condition of exemption from responsibility or its determination should be in writing otherwise it shall be considered null and

void. If the transportation contract is executed on printed form, the condition must be clear and written in a manner attracting the attention, otherwise it shall be considered null and void.

Article 633
Protection of the baggage

The passenger shall protect the baggage and animals which are authorized to be carried with him and the carrier shall not be accountable for their loss or the damages to be fallen on them unless the passenger proved that an error was committed by the carrier or his subordinates.

The passenger shall be accountable for the damage to be fallen on the carrier or his subordinates or on third party by reason of the baggage or the animals which he shall carry with him.

The provision related to transportation of the objects shall apply to transportation of the baggage which shall be delivered to the carrier.

Article 634
Obligation of the carrier in case of passenger's death

If the passenger is died or affected by a disease during execution of the transportation contract, the carrier shall undertake to take the arrangements necessary to maintain the baggage until their delivery to the concern persons. One occurrence of the death or the disease the concern persons shall interer to monitor the arrangements to be taken by the carrier and shall ask him to give them a declaration to the effect that the passengers baggage exist in his possession.

Article 635
Successors right to claim the carrier for compensation

The passenger's successors and his dependents shall, in execution of the support, have the right to bring a liability lawsuit against the carrier to claim him for compensation for the damage which was fallen on their legato or sustainer either the death occurred immediately after the accident or after a period of time from its occurrence.

Article 636
Prescription of lawsuits arising out of individual transportation contract

Any lawsuit arising out of the transportation contract shall prescribe after lapse of two years. Its subject matter shall be claiming the carrier for compensation for passenger's death or a affection with physical damages. This article shall apply in the case of death from the date of its occurrence and in the case of physical injury from the date of the accident occurrence.

Any other lawsuit arising out of the individual's transportation contract shall prescribe after lapse of one year.

This article shall apply from the date appointed for arrival. In default of appointment. It shall be from the date to be taken by the normal carrier in transportation if found under the same circumstance.

Any one or his subordinate who committed deception or gross error may not persist in the prescription provided for in this article.

Chapter Four
Transportation commission agency

Article 637
Definition

Transportation commission agency is a contract under which the agent undertakes to contract in his name on credit of his mandatory with a carrier for transportation of an object or an individual to a certain destination against a commission to be received from the mandatory.

If the commission agent assumes transportation by his own means or wholly and partially by means of third party, the provision of the transportation contract shall be applied to him unless agreed otherwise.

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Article 638
Obligation of the agent

The transportation commission agent shall under take to keen the interest of his mandatory and to implement his instructions particularly what is related to selection of the carrier date of transportation and the route which should be followed.

The agent may not be under obligation to effect insurance on the dispatched objects unless instructed to do so or required by the tradition.

Article 639

Cancellation of the representation

The mandatory may at any time cancel the transportation request prior to conclusion of the transportation contract by the representative, provided that the mandatory shall refund the expenses incurred by the representative and shall compensate him for the work performed by him.

Article 640

Responsibility of the commission agent of the transportation

The commission agent of the transportation shall ensure safety of the passenger and the object.

In transportation of the objects he shall be liable from the time in which he received the object for its wholly or partially total loss or damage or delay in its delivery. He may not negate his responsibility unless by confirming the force majeure or proper defect in the object or mandator's error or consignee error.

In transportation of individuals he shall be liable for delay in transportation and physical or material damages to be fallen on the passenger and he may not negate his responsibility unless by proving the force majeure or error of the passenger.

In all the cases he shall have the right to recourse to the carrier if necessary.

Article 641

Exemption from responsibility

Any condition provides for exemptions of the commission agent of transportation from responsibility, wholly or partially, for the physical damages fallen on the passenger shall be considered null and void.

Any condition which in its nature to bind the passenger in any aspect to pay all or some expenditures agreement may be made on total or partial exemption damages to be fallen on the passenger.

Article 642
Right to recourse

The mandatory or the passenger shall have direct right of recourse to the carrier to claim him for compensation for the damage arising out of non-execution of the transportation contract or execution thereof in a defective manner or of delay. In this case the commission agent of transportation should be involved in the lawsuit.

The carrier shall have the direct right to recourse to the mandatory or the passenger to claim him of compensation for the damage which has fallen on him by the reason of execution of the transportation contract.

Article 643
Guarantee of the original agent

The original commission agent is the guarantor of the commission agent who has mediated him, unless the consignor has nominated the mediator agent in his agreement with the original agent.

Article 644
Replacement of the carrier

If the commission agent paid the freight to the carrier he shall replace him in the rights which he has.

Article 645
Prescription of lawsuits arising out of the representation

The provisions provided for in article (619 and 639) of this law shall apply to prescription of lawsuits arising out of the transportation commission agency contract.

Article 646
Validity of the agency contract

With exempting of the provisions provided for previously, the provisions of the commission agency contract shall apply to the transportation commission agency.

Chapter Five **Provisions of air transportation**

Article 647

Definition

The air transportation means transportation of individuals or baggage or goods by air plane against freight.

The term of (baggage) means the objects which the passenger may carry with him on the air plane which shall be delivered to the carrier so as to be under his protection during the transportation. This term shall not include the objects which may remain under passenger's protection during the travel.

Article 648

Validity provisions of the transportation contract

The provisions of the international agreements applicable in Great Jamahiriya shall apply to the international air transportation.

The provisions set out in the section shall apply to the internal air transportation with consideration of the special provisions provided for in the following articles:

The transportation shall be internal if the two points appointed by agreement of the contracting parties for departure and arrival are located within Great Jamahiriya even if the airplane shall continue its flight after departing the arrival point beyond the Libyan borders.

Article 649

Limited responsibility

The air transportation document should contain an indication to the effect that the transportation is according to provisions of the limited responsibility provided for in article (654) of this law, otherwise the carrier shall refrain from persisting in these provisions.

The air carrier shall verify that the passengers on board and the loaded goods or which the passengers keep in their possession during the travel satisfy the conditions necessary for mounting on the board the air plane according to applicable legislations.

Article 650

Carrier's responsibility for damages to the passenger

The air carrier shall be accountable for the damages which occurs in sale of passenger's death or injuries or another physical damage, if the accident causing the damage was occurred on board the airplane or during existence of the passenger under protection of the carrier or his subordinates within the airport of departure or on board the air plane or within the airport of arrival or in any airport or in another place where the airplane lands optionally or emergently.

Article 651

Carrier responsibility for damages to the goods

The air carrier shall be accountable for the damage which occurs in case of destruction or loss of baggage or goods or their damage, if the accident causing the damage was occurred during the air transportation.

The air transportation shall include the period in which the baggage or the goods under protection of the carrier or his subordinates during the flight or during the existence of the airports or in any other place on which it landed.

The air transportations shall not include the period in which the baggage or the goods subject of land or sea or river transportation located outside the airport, except this transportation is necessary for shipping the baggage or goods or delivery thereof or transporting them from an airplane to another in execution of the air transportation contract.

Article 652

Responsibility for delay

The air carrier shall be accountable for the damage that results in delay in arrival of the passenger or the baggage or the goods. The baggage or goods which the carrier did not deliver to the consignee or notifying to the consignee or notifying him to present for taking delivery thereof within thirty from the date of expiry of the date appointed for delivery shall be considered as good as lost. In case of non-appointment, it shall be from the date of expiry of the time taken by the normal air carrier in transportation if found under the same circumstances.

Article 653
Carrier denial of his responsibility

The air carrier may not deny his responsibility except by confirmation of the force majeure, or proper defect in the object or error of the consignor or consignee or the passenger.

If the carrier confirmed one of the reason mentioned in previous paragraph, the claimant may deny such confirmation by proving that the damage did not occur by such reason or that it was not the only reason in occurrence of the damaged in the proportion of the damage attributable to the reason confirmed by the air carrier.

Article 654
Responsibility determination

In case of transportation of baggage or goods the compensation shall exceed one hundred dinars per kilogram. However if the consignor has submitted during delivery of the baggage or the goods a declaration regarding the special importance which he attaches to their delivery in destination and payment of what is to be required by the carrier as an additional freight there against. The carrier shall abide by payment of the compensation of the rate of the value shown in the declaration except if the carrier proved that such value exceeds the extent of the importance attached by the consignor to the delivery.

In case of loss, or destruction or damage of a part of a parcel or of its contents, the maximum compensation shall be calculated on the basis of the total weight of the parcel, unless influences the value of other parcels the weight of such parcels also shall be observed.

The air carrier shall not be accountable for the objects which shall remain under protection of the passenger during the travel, unless it is proved that an error is committed by the carrier or one of his subordinates. In this case, the compensation amount shall not exceed five hundred dinars (500 LD).

The provisions set out in the previous paragraphs shall not prejudice what is to be laid down in international agreement organizing the air transportation.

Article 655

Inadmissibility to persist in responsibility determination

The air carrier may not persist in responsibility determination if it is proved that the damage was resulted from an act or abstention on the part of the carrier or his subordinates or agents with aim to create damage or a gross error. If the act of the abstention was occurred on the part subordinates, it should be proved also that they have been performing the functions at that time.

Article 656

The subordinate's right to persist in responsibility determination

If a compensation lawsuit is brought against one of the carrier's subordinate or one of his agent, he may persist in responsibility determination as provided for in article (654) it is proved that the act which causing the damage was committed by him during performance of his function.

The total compensation to be obtained from the carrier and his subordinates together should not exceed the mentioned limited, although, the carrier's subordinate may not persist in responsibility determination, if it is proved that the damage was resulted from an act to create damage or gross error.

Article 657

Invalidity of condition of exemption from responsibility

Any condition stipulates exemption of the air carrier from responsibility or determination thereof at less than the limits provided for in article (654).

Although, this invalidity shall not include the condition which stipulates exemption of the carrier from responsibility or determination thereof in case of total loss or damage of the object subject of transportation by the reason of its nature or proper defect in it .

Any condition which in its nature to bind the passenger or the consignor or the consignee to pay all or some expenditure of the insurance against the air carrier responsibility and any condition under which the passenger or the consignor or the consignee assigns his rights in insurance against transportation risks to the carrier shall be as good as provision of exemption from responsibility.

Article 658
Reservation right

The baggage or the goods shall be delivered without reservation of his associate to deliver them in a good condition and in conformity with transportation documents unless evidence is established to the contrary.

Article 659
Protestation

In case of damage of the baggage or the goods the consignee shall address a protestation to the carrier immediately when the damage is discovered within at most seven days for the baggage and fourteen days for the goods from the date of taking delivery thereof. In case of delay the protestation must be addressed within at most twenty-one days from the day on which the baggage and goods shall be put at disposal of the consignee.

The protestation should be written down in form of reservation on transportation document on delivery of the baggage or goods in form of a registered letter with acknowledging receipt to be sent to the carrier on the legal appointed time or by any other recognized means of confirmation.

The lawsuit of responsibility against the carrier shall not be accepted if the protestation was not addressed on dates provided for in this article except if the claimant proved occurrence of deceit or gross error on the part of the carrier or his subordinate to miss these appointed times or to conceal the truth of the damage fallen to the baggage or the goods.

Article 660
Prescription of lawsuits arising out of the air transportation contract

Any lawsuit arising out of the air transportation contract which its subject matter shall be claiming the carrier for compensation for total loss or damage of the baggage and goods shall prescribe after lapse of one year. This period shall apply in case of partial loss or damage from the date of delivery of the object to the first paragraph of the article (619). In case of total loss from the date of expiry of the appointed time provided for in the second article (652) of this law.

Any lawsuit arising out of the air transportation contract which its subject matter shall be claiming the carrier for compensation for death of the passenger or affection with physical injuries shall prescribe after lapse of two years. This period shall apply in case of the death from the date of its

occurrence and in case of the physical injury from the date of occurrence of the accident.

Any other lawsuit arising out of the air transportation contract shall prescribe after lapse of one year; this period shall apply from the appointed time for the airplane arrival. In case of non-appointment, the appointed time to be taken by the normal air carrier shall apply if found under the same circumstances.

Article 661
Free transportation

In case of the free transportation, the air carrier shall not be responsible other than the physical injuries, except if proved that an error is committed by him or one of his subordinates or his agents, in this case the carrier shall be accountable within the limits provided for in the article (654).

The transportation shall be considered free if without recompense and the carrier is not professional in transportation, if he is professional, the transportation shall not be considered free even if without freight.

Article 662
Limits of responsibility of the air carrier

The air carrier shall be responsible within the limits provided for in the article (654) whatsoever the capacity of the opposing parties in responsibility lawsuit and however their number or the amount of the due compensation and whatsoever the bases on which the responsibility lawsuit depends.

Article 663
Authority of the airplane pilot

The airplane pilot shall have the authority over all the individuals existing on it board.

He has the right to decide ousting of any person or any object which its existence on board of the airplane leads to a danger to its safety or breaches the order on board.

During the flight he has the right to decide, when necessary, jettison of the objects or some of the objects loaded on board, the airplane or its fuel provided that he shall notify the investor of the airplane of the earliest time. He should start jettison of the low value objects whenever it is possible. The carrier shall

be responsible for the loss of the objects which the pilot of the airplane shall decide to jettison for the airplane safety.

Section Six **Commercial mortgage**

Article 664 **Guarantee of the commercial debt**

With consideration of the provisions organizing certain kinds of the commercial mortgage, the provision of this section shall apply to any mortgage to be decided on the transported object in a guarantee of a debt shall be considered commercial for the debtor.

Article 665 **Enforcement of the Mortgage in respect of a third party**

The mortgage shall not be applicable in respect of the third party except if the possession of the mortgage object passed to the mortgaging creditor or to another person to be nominated by the two contracting parties and remain in possession of the party who taken delivery thereof from them until expiry of the mortgage.

The mortgaging creditor or the person nominated by the two contracting parties shall be considered as possessor of the mortgaged object in the two following cases:

- 1- If it is put at his disposal in a manner making the third party believes that the object has been under his protection.
- 2- If he received a deed representing the mortgaged object, and the possessor alone shall be given the right to take delivery of the object.

Article 666 **Mortgage of rights**

The fixed rights shall be mortgaged in nominal bonds with written instrument in which it shall be laid down that it is as a guarantee and shall be written down in the books of the authority which issued the bond and shall be indicated in the bond itself.

The fixed rights shall be mortgaged in bond to the order with recitation mentioning the value is for guarantee.

The other unfixed rights shall be mortgaged in nominal bonds or bonds to order by following the procedures and terms regarding transfer of the right.

The possession of the rights shall be transferred by delivery of the securities confirming thereof. If the bond is deposited with the third party, the delivery of the deposit receipt it shall be considered as delivery of the bond itself, provided that the bond shall be assigned sufficiently in the receipt and the depository shall satisfy with its possession to the account of the mortgaging creditor.

Article 667
Writing down of the mortgage

With consideration of the provisions provided for in the previous article, the enforcement of the commercial mortgaged in respect of the third party shall not be stipulated to be in writing or that the paper on which the mortgage shall be written down is of fixed date.

The mortgage shall be written down for the contracting parties to confront the third party, in all the methods value of the guaranteed debt.

Article 668
Mortgage of the similar and unsimilar property

If the mortgage resulted in similar property, it shall remain existing even if the mortgaged object is replaces by another of its kind.

If the mortgaged object is of the unsimilar objects, the mortgagor debtor may return it and replaces it with another, provided for in mortgage contract and the creditor shall admit the substitute, all that without prejudice to third party's right in good faith.

Article 669
Statement of mortgages

The mortgagee creditor shall deliver to the debtor, if requested, a receipt showing the essence, kind, amount, weight, and other distinguished descriptions of the mortgaged object.

Article 670
Keeping the mortgage money

The mortgagee creditor shall undertake to take the means necessary for keeping the mortgage object. If such object is a commercial paper and the mortgage object creditor is not considered as its legitimate holder, he should, on its maturity take the procedures necessary for receiving its value, particularly recourse to the judge of summary matter to issue an order addressed to those who are bound by the paper to pay its value to the mortgagee creditor. Those who are bound by the paper shall reserve the rights to protest before him with all the rebuttals which they have towards the mortgagor debtor.

The mortgagor shall be under obligation to pay all the expenses to be spent by the mortgagee creditor for this sake.

Article 671
Use of mortgage rights

The mortgagee creditor shall undertake to see, to the credit of the mortgagor all the rights related to the mortgaged object and to receive its value profits and other amounts resulting therefrom on their maturity, provided that the amount to be received by him out of the expenditure on maintain the object and on repairs, then from expenses and interests, then from the original debt guaranteed by the mortgage shall be deducted unless the agreement or the law provides for otherwise.

Article 672
Payment warning

With observing of provision of article (670) and the provisions organizing commercial papers, the mortgagee creditor, shall, if the debtor did not pay the debt guaranteed by the mortgage, on its maturity after expiry of seven days from the date of warning them to pay, have the right to request by a petition to the chief of the court of the first instance, an order for sale of whole or some of the mortgaged object.

Article 673
Sale order

The order issued by the chief of the court of the first instance to sell the mortgaged object may not be executed except after lapse of five days from the date of serving notice to the debtor and the warrantor in kind if any, indication of the location of the sale, its date and hour.

If the mortgage is decided on several properties, the mortgagee creditor should have assigned the property on which the sale shall be effected unless otherwise agreed.

In all the cases, the sale should not include except what is sufficient to pay the creditor's right.

Article 674
Sale of the mortgaged property

The sale may be effected in place and time to be assigned by the chief of the court of the first instance, in public auction unless the chief of the court ordered to followed another method. If the mortgaged object is a bond circulated on paper money market, the chief of the court shall order to be sold on such market in knowledge of one of the brokers.

The mortgagee creditor shall receive his debt in preference mode as to original debts, interest and expenses from the price resulting from the sale.

Article 675
Exposure of the mortgaged object to total loss

If the mortgaged object is exposed to total loss or damage or its possession entails huge expenditure and the mortgagor does not want other substitute object then each of the creditor and the mortgagor may request the chief of the court of the first instance to give permission for its immediate sale in any manner to be assigned and the mortgage shall be transferred to the price resulting from the sale.

Article 676
Reduction of price of the mortgaged property

If the price of the mortgaged object is reduced on the market in as much as became insufficient to guarantee the debt, the creditor may fix a suitable time to the mortgagor to complete the guarantee. If the mortgagor refuse thereof or if the mortgagor refuse thereof or if the appointed date was expiry without completion of the guarantee, the creditor may enforce on the mortgaged object by following the procedures provided for in articles (672) and (674).

Article 677
Sale of the mortgaged bond

If the mortgaged object is a bond which its value was not paid in full, the mortgagor whenever claimed for the unpaid part before at least one day of the maturity, otherwise the mortgagee creditor may follow the procedures provided for in articles (672), (673) and (674).

Article 678
Invalidity of possession of mortgages

Any agreement to be concluded at the time or after determination of the mortgage that gives mortgagee creditor, in case of non-payment of the debt on maturity the right to possess or sell the mortgaged object without consideration of the provisions provided for in articles (672), (673) and (674) shall be considered null and void.

However after maturity of the debt or installment thereof, it may be agreed that the debtor shall assign the mortgaged object or a part thereof to his creditor in payment of the debit.

The court also may order for possession of the mortgaged object or a part thereof by the mortgagee creditor in payment of the debt provided that it shall be calculated to him at its value according to estimation of an expert to be appointed by the court.

Section Seven
Consignment in public warehouses

Article 679
Definition

Consignment in public warehouses is a contract under which the consignee undertakes to deliver and keep the goods to the credit of the consignor or the party to whom the ownership or possession thereof shall pass under the bonds which they represent.

Article 680
Ware house investment licensing

A public ware house may not be established or invested unless by license of the concern authority to ensure of the capability of the licensing applicant to satisfy the obligations to be required by such activity, particularly his ability to provide the conditions necessary for maintaining the objects consigned with them.

Article 681
Ware houses regulation

The general people's committee shall issue, upon request of the concerned authority, a regulation organizing the public ware houses.

Each public ware house shall draw up a particular statement for organization of its activity to the extent that corresponding with a kind of work in it, the nature of the goods which it shall store and the place in which it exercises its work. Such statement shall include, particularly the mode of fixing the consignment fee.

Article 682
Restrictions on consignee

The consignee may not exercise, in any capacity, either to his credit or to the credit of a third party, a commercial activity having its object the goods of the kind licensed to him to keep in his ware house and issue their representation certificates.

This provisions shall apply if one partner of the responsible of the ware house investment who own at least (10%) of its capital exercises a commercial activity included in the prohibition provided for above.

Article 683
Public ware houses loans

The public ware houses may give loans guaranteed by mortgaging the goods kept with them and shall deal with debenture bonds which they represent without having the right to give them again in mortgage.

The consignor may dispose of the consigned goods by sale, mortgage and other disposals under bonds to be issued by the public ware house.

Article 684
Consigned goods data

The consignor shall under take to provide the public ware house with correct data on the nature, quantity, type and value of the good.

The consignee shall have the right to examine the goods delivered to the public ware house to his credit and to take samples therefrom.

Article 685
Responsibility of the consignee

The consignee shall be responsible for keeping and maintaining of the consigned goods in as much as not exceeding then value estimated by the consignor.

The consignee shall not be accountable for the damage or decrease to the goods if it resulted from a force majeure or goods nature or method of their preparation.

The consignee shall have the right to request permission of the judge of summary matters to sell the goods if they are subject to fast damage and the side shall assign the method of the sale and disposal of the price.

Article 686
Insurance on ware house

Anyone who shall invest a public warehouse should make insurance thereon against fire, risk, with one of the insurance companies such insurance shall include the goods existing in ware house to the credit of the third party.

However, the insurance shall not include the goods consigned in one of the public ware houses existing in an airport or a seaport if the goods are covered also by a maritime or air insurance against fire risk. If the accident occurred during the validity of the air or maritime insurance, such insurance alone shall be applicable in respect of compensation. The goods shall not be covered by insurance on a ware house except after expiry of the air or maritime insurance validity or insufficiency of such insurance to cover the damage.

Article 687
Certificate of consignment and mortgage

The consignor shall relieve a consignment certificate showing his names, profession, home country kind, nature and quantity of the goods and other

data necessary for determining their identification, value and the name of the warehouse in which they are consigned, name of the company which ensured the goods, if any, and statement of whether the fees and taxes due on them have been paid or not.

A mortgage bond shall be attached with each certificate of consignment containing all the data mentioned in the consignment certificate, the consignor may divide the goods into several lots, and obtaining consignment certificate and mortgage bond for each lot thereof.

The public warehouse shall keep a true copy of the consignment certificate and mortgage bond.

Article 688
Goods replacement

If the goods for which the storage certificate and mortgage bond have been given were of the similar objects, they may be replaced by goods of the same nature, kind and description if provided for in the storage certificate and mortgage bond. In this case all the rights and privileges of the certificate or bond holder shall be transferred to the new goods.

The storage certificate and mortgage bond may be issued on similar goods quantity loose in bulk quantity.

Article 689
Storage certificate

The storage certificate and the mortgage bond may be issued in the consignor's name or to his order.

If the certificate or the mortgage bonds are for the order of the consignor, he may assign them jointly or severally by circulation

Any party to whom the storage certificates or mortgage bond are circulated may claim for registration of the circulation which he obtained with mentioning of his home country in the warehouse books.

Article 690
Obligation of the party to whom the circulation is passed

Circulation of the mortgage bond separately from the storage certificate shall result in mortgage report on the goods to the favor of the party to whom the circulation is passed.

The circulation of the storage certificate shall result in transfer of the right of disposal of the goods to the party to whom the circulation is passed.

If the mortgage bond was not circulated with storage certificate, the party to whom the circulation is passed shall under take to pay the debt guaranteed by the mortgaged bond or to enable the mortgagee creditor to receive his right from goods price.

Article 691 **Circulation data**

The circulation of the storage certificate and mortgage bond must be dated and included the signature of the circulated.

If a mortgage bond is circulated separately from the storage certificates, the circulation should include, in addition to the data provided for in the previous paragraph, its date, statement of the guaranteed debt amount in original, interests, and date of its maturity, creditor's name, his profession, home country and signature of the circulation.

The first party to whom the circulation is passed shall request entry of circulation of the mortgage bond, the data related to circulation in ware house books and official endorsement thereof on mortgage bond.

Article 692 **Payment of the guaranteed debt**

The holder of the mortgage bond without storage certificate shall have the right to mortgage the consigned goods.

The holder of the storage certificate separately from the mortgage bond may withdraw the goods provided that he shall pay the debt guaranteed by such bond even before the maturity date. If the holder of the debenture bond is unknown, or is known and disagreed with the debtor on the conditions under which payment shall be made prior to maturity date, the debt should be deposited in original and interests until the maturity date with store house management and its shall be responsible for it. Such deposit shall result in goods release; the withdrawal also shall be restricted on a part of the goods after depositing an amount suitable to such part.

Article 693
Sale of the mortgage goods

If the guaranteed debt is not paid on maturity date, the holder of the mortgage bond separately from the storage certificate may claim for sale of the mortgaged goods by following the procedures provided for in this law and related to the commercial mortgage.

Article 694
Fulfillment of the rights of the mortgage creditor

The mortgagee creditor shall receive his right from the goods price by priority over all the creditors after deduction of the following amounts:-

- A. Taxes and fees due on the goods
- B. Expenses of sale, storage of the goods and other expenses of keeping.

If the holder of the storage receipt is not present at the time of sale of the goods, the amount in excess of the entitlement of the mortgage bond holder shall be deposited in the district court treasury under jurisdiction of which the warehouse is located.

Article 695
Right of recourse

The mortgage bond holder may not recourse to the debtor or the circulators except after enforcement on the mortgaged goods and confirmation of its insufficiency for debt payment.

The recourse to the circulators shall be effected within ten days from the date of sale of goods otherwise the holder's right to recourse shall lapse.

In all the cases, the mortgage bond holder's right to recourse to the circulators shall lapse if he did not start the procedures of enforcement on the mortgaged goods within thirty days from the date of maturity of the debts.

Article 696
Right of subrogation

If an accident occurred to the goods the holder of the storage certificate or mortgage bond, on insurance amount which shall become due on occurrence of such accident, shall have the rights and privileges on the goods.

Article 697
Loss of storage certificate and debenture bond

Anyone who lost the storage certificate may request, by a petition from the concern judge of summary matters, an order to take delivery of a copy of the lost bond provided that he shall prove his ownership thereof with presentation of a warrantor.

On the same condition, anyone who lost a debenture bond may make an order to be issued by the concerned judge of summary matter for payment of the guaranteed debt if such debt became mature. If the debtor did not execute the order, the person to whom the order was issued in his favor shall have the right to claim for sale of the guaranteed goods according to procedures provided for in this law and related to the commercial mortgage, provided that the circulation occurred thereto shall be registered in the warehouse, and shall present a warrantor. The notice of payment shall include all the data of the circulation registered in the books of the public warehouse.

If the consignor did not recover the goods on expiry of the consignment contract, the consignee may, after warning him, claim for their sale according to procedures provided for in this law and related to the commercial mortgage.

The consignor shall receive the amounts due to him from the sale price and hand over the rest to the consignor or deposit thereof with court treasury.

The provision provided for in the previous paragraph shall apply if the consignment contract is of unlimited period and one year is lapsed without claiming for recovering of the goods by the consignor did not express his desire in continuation of the consignment contract.

Article 699
Reliving the warrantor from obligation

The warrantor shall be relived from obligation in case of loss of the storage certificate by expiry of five years without addressing any request to the ware house for recovery of the goods.

The warrantor shall be relived from obligation in case of loss of the debenture bond by expiry of three years from the date of registration of the circulation in the books of the public ware house without taking procedures of enforcement on the goods by party to whom the order was issued.

Article 700
Penalties

Unless another law provides for stricter penalty, anyone who established or invested a public ware house contrary to provisions of the article (680) shall be amerced by a fine not less than one thousand dinars and not exceeding five thousand Libyan dinars.

The court may order for publication of the judgment of conviction or its summary in one of the daily newspapers and to be posted on warehouse gates or on any other place at the expenses of the convicted party.

In case of judgment by conviction it may order for liquidation of the ware house with nomination of the liquidator and his powers

Book Four
Banks operations

Section one
Deposit

Article 701
Consignment operation and its effect

The bank shall gain the ownership of the money deposit with it. It shall have the right to dispose thereof.

It shall be under obligation to return thereof in the same kind upon request of the consignor or on maturity agreed upon or after a previous warning to be defined by the contract or the tradition; the payment and withdrawal operations shall be effected at the office of the bank in which the relation was established unless agreed otherwise.

Article 702
Entry of operations

The bank shall open an account for the consignor in which the operations to be effected between them or the operations between the bank and the third party to the credit of the consignor shall be entered.

Article 703
Consignor's right to withdrawal

The money deposit contract shall not result in the consignor's right to withdraw amounts from the bank more than the deposited amount.

If the bank effected operations resulting in indebtedness of the consignor's balance, the bank must immediately notify him to adjust his position.

Article 704
Deposit return

The money deposit shall be returned once requested unless otherwise agreed upon, and the depositor has at any time the right to dispose of the balance or a part thereof.

Such right may be dependent on previous notice or on certain maturity.

If the depositor is died, the deposit shall continue existing according to contract condition unless the successors claim for its recovery before the maturity.

Article 705
Account statement

The bank shall send an account statement to the depositor at least once every three month, unless the tradition or the agreement provides for otherwise.

The statement should include a copy of the account and the balance amount after its last turnover.

The depositor shall have the right to make objection to what is set out in the statement within one month from the date of receiving the same. If such period is expired without objection, the depositor shall be considered as having agreed to what is set out in the statement.

In all the cases, no application for correction of the account shall be accepted even if it was based on an error of omission or repletion as regards the entries having more than five years unless the depositor has notified the bank within such period of non-receiving any statement of his account.

Article 706
Saving book

The saving account shall be open upon request of its owner. If he is minor, the account shall be open upon request of his legal guardian or his legal deputy.

If the bank issued a deposit book for savings, it should be in the name of the person to whom the book is issued. The payments and withdrawal shall be written down therein. The data set out in the books which is signed by the bank official shall be an evidence in confirming the data mentioned in the relationship between the bank and the person to whom the book is issued. Any agreement to the contrary shall be null and void.

If the savings account is opened in the name of a minor, he and any other person shall have the right to make deposit in this account. The minor who completed fifteen years of age shall have the right to withdraw therefrom unless his legal guardian or legal deputy raised objection thereto.

Article 707
Clearing in multiple accounts

If the relations between the bank and the holder of the current account were multiple or on the basis of a number of accounts even with various currencies, clearing shall be reflected on the credit and debit balances unless otherwise agreed.

Article 708
Joint account

The bank shall have the right to open a joint account between two or more person equally unless there is an agreement to the contrary, with consideration of the following provision:-

- 1- The joint account shall be open by all the holders thereof or by one person holding a power of attorney issued by the account holders and certified by the competent authorities and the agreement of the account holders in withdrawal shall be taken into consideration.
- 2- If attachment is inflicted on the balance of one of the joint account holders, then the attachment shall be applied to the attaché share of the account balance from the date of informing the bank of the attachment. The bank shall stop withdrawal from the joint account in as much as to be parallel to the attached share. The partners or their representatives shall be informed of the attachment within a period not exceeding five days.

- 3- When effecting clearance between various accounts regarding one of the joint account holders may not enter this account in clearance unless by a written consent of the remaining partners.
- 4- On death or disqualification of one of the joint account holders, the remaining holders shall notify the bank thereof and of their desire in continuation of the account within a period of not exceeding ten days from the date of the death or disqualification. The bank shall stop withdrawal from the joint account until the successor and the guardian of the disqualified person is nominated.
- 5- If one of the joint account holders notifies the bank in writing of existence of a difference between them, the bank should freeze the account until the difference is settled satisfactorily or judicially.

Section Two **Deposit of financial papers**

Article 709 **Use of financial papers**

The bank may not use the financial papers deposited with it or exercise the rights arising out thereof unless in the interest of the depositor and upon his written request.

Article 710 **Keeping of papers**

In keeping the deposited papers, the bank shall exert the attention of the waged depositor and any agreements releasing the bank from exertion of this attention shall be null and void.

The bank may not refrain from possession of these papers unless by permission of the judicial authority.

The depositor shall undertake to pay the wage agreed upon or which shall be fixed by the practice, in addition to the necessary expenses.

Article 711
Interests receiving

The bank shall undertake to receive the interest, profits of the paper and its due value and any other amount due by its reason unless otherwise agreed. The amounts to be received by the bank shall be put at disposal of the depositor and shall be registered in his account.

The bank shall perform any process to be necessary for maintaining the rights related to the paper as receipt of bonds to be granted to it free of charge and as offering thereof for replacement or addition of new profits to it.

Article 712
Notice of depositor

The bank shall notify the depositor of any order or right related to the paper and entails his approval or shall depend on his option if the instructions of the depositor did not timely reach, the bank must dispose of the right in as much as to generate benefit to the depositor and the depositor shall bear the expenses of the operations performed by the bank, in addition to the commission.

Article 713
Recovery of the papers

The bank shall undertake to return the deposited papers once requested by the depositor with consideration of the time to be taken for preparation of the papers for returning.

The return shall be in the place where the deposit was effected and the bank shall undertake to return the deposited papers themselves unless the two parties agreed or the law authorized return of the similar.

The return shall be effected to the papers depositor or to the agent by special agency or to his successor even if the paper contains the evidence of its ownership by third party.

Article 714
Entitlement lawsuit

If a person claims for entitlement of the deposited papers, the bank should immediately notify the depositor and refrain from returning the papers to him until the dispute is resolved satisfactory or judicially.

The claimant of the paper entitlement should bring his lawsuit within thirty days from the date of claim otherwise it shall be considered null and void.

Section Three **Rental of lockers**

Article 715 **Definition**

Lockers rental is a contract under which the bank undertakes against a fee to put a certain locker at the disposal of the lessee for utilizing thereof for a certain time.

Article 716 **Bank responsibility**

The bank shall bear the responsibility towards the client for fitness of the private lockers place for the purpose for which they have been prepared and for its guarding as well for freedom of the lockers from defects and it may not negotiate its responsibilities except by proving the lessee error or the force majeure.

Article 717 **Locker's key**

The bank shall deliver the locker's key to the lessee, and the bank only has the right to keep a copy thereof. The key shall remain a property to the bank and should be returned bank to it on expiry of the rental.

The bank may not permit anyone other than the lessee or his agent to open the locker.

In case of lessee's death, the bank may open the locker and deliver its contents to the successor's agent or the person authorized by the court to this effect. Delivery shall be effected under a written minute.

Article 718
Unadmissibility of locker assignment

The lessee may not rent the locker or a part thereof or assigns the rental to a third party unless otherwise agreed. Also he may not put in the lockers object that threatening its safety and the safety of the place where it existing.

If the locker became threatened by a danger or proved that it contains dangerous object the bank must immediately notify the lessee to present for discharging or withdraw the dangerous objects there from.

If the lessee did not present on the appointed date, the bank may claim the competent court to issue an order on petition for permission to open the locker and discharging or withdrawing the dangerous objects there from the presence of the person to be appointed by the court to this end.

If the danger is current, the bank may, at its risk, open the locker and discharging it or withdraw the dangerous objects therefrom without notice or permission of the judge. In all the cases a minutes of the fact shall be executed in which the locker content shall be written down.

Article 719
The joint locker

If the locker is rented to a number lessees no one of them shall have the right to use it alone unless otherwise agreed.

In case of death of the lessee or one of the lessees, the bank, after having informed of the death, may not give permission for opening the locker except by agreement of all the concerned persons or by a resolution of the chief of the court of the first instance.

Article 720
Contract cancellation

If the lessee does not pay the locker rent after fifteen days from payment warning, the contract shall be considered automatically cancelled without need to judicial judgment. The bank shall notify the lessee to present for opening and discharging its contents.

Article 721
Contract expiry

If the contract term is expired or considered cancelled, the bank may request permission of the summary judge to open the lockers, after warning the owner and after expiry of two years from the date of that warning. The warning may be by registered mail accompanied with acknowledging receipt.

The opening shall be done in presence of a notary public to be nominated to this effect with taking of the precautions which the district judge deems appropriate.

The district judge may order for keeping the objects existing in the locker by depositing its contents with the bank or with a custodian to be nominated to this end. He may order also for sale of a part of them to a certain extent sufficient for fulfillment of the bank rights to rent and expenses.

Article 722
Locker confiscation

The locker may be confiscated. The confiscation shall be by authorization of the bank with statement whether a locker shall be rented to the person on whom the confiscation is executed. If it decided so it must prevent the detained person from entry to the locker place. A copy of the confiscation minute containing statement of the deed under which the confiscation is effected shall be left to the bank. The locker lessee shall be notified also of the confiscation minutes.

If the confiscation is precautionary, the lessee may request the court of the first instance to lift the confiscation or to authorize him to take some contents of the locker in presence of the person to be debuted by the court to this end.

If the confiscation is executive, the execution process server shall, after warning the lessee, open the locker compulsorily after depositing the expenses of its opening and restoration by the confiscator.

The locker contents shall be sold according to the procedure set out in the code of procedure.

If the lessee is absent and the locker contains document or instruments, the bank must keep them under its protection sealed with process server's and bank's stamp until requested by the lessee or his successors. If the lessee or his successors did not come to receive the papers or the documents during one

year, the bank should present the matter to the judge of the summary matter to decide what he deems appropriate in their respect.

The confiscator shall pay to the bank an amount sufficient for ensuring the locker rented during the confiscation period.

Article 723
Notice to the locker lessee

Notice to the locker lessee shall be valid if addressed to him in the address assigned by the bank.

Section Four
Bank transfer

Article 725
Definition

The bank transfer is a process under which the bank transfers a certain amount to the beneficiary upon a written order in one of the following modes:

- A- Transfer of a certain amount from one person to another each have an account with the same bank or with two different banks.
- B- Transfer of a certain amount from one account to another, both opened the name of the transfer order with the same bank or with two different banks.
- C- Transfer of a certain amount from one person to another either of them or both did not maintain a bank account. The conditions of the order issuance shall organize the agreement between the bank and the order; however the money order shall not be to its holder.

If the money order beneficiary is authorize to transfer the value to the credit side of another person account, his name should be mentioned in transfer order.

Article 726
Direction of the dispute

If the transfer is effected between two or more branches of the bank or between two different banks, any dispute arising out of the third party in

respect of the value should be directed to the branch or the bank where there is an account of the beneficiary.

Article 727
The amount object of transfer

The order of transfer on an amount entered actually in account of the transfer order or on an amount to be entered in this amount shall be recovered during a period to be assigned in advance by agreement of the transfer ordered with bank.

Article 728
Notification of the transfer

It may be agreed that the beneficiary himself shall proceed with transfer order to the bank instead of notifying it of the transfer order.

Article 729

The ownership of the transfer shall pass to the beneficiary at the time of its entry on credit side of his account, the order may repeat the transfer order until such entry is executed.

If it is agreed that the beneficiary himself shall proceed with transfer order to the bank, then the orderer may not repeat the transfer order with consideration of provision of Article 734 of this law.

Article 730
Debt and its guarantees

The debt which the transfer order is issued for its payment shall remain existing with its guarantees and attachments until the value is actually entered on the credit side of the beneficiary account.

Article 731
Insufficiency of the balance

If the balance of the order is insufficient and the transfer order was directly addressed to the bank from the transfer orderer, the bank may refuse its execution provided that it shall immediately notify the orderer of this refusal. But if the transfer order is submitted by the beneficiary, the bank shall enter the partial balance to its credit or rejection thereof by the beneficiary.

The orderer shall have the right to disposal of the partial balance if the bank refused to execute the transfer order or the beneficiary rejected entry of the partial balance according to the two previous paragraphs.

Article 732
Distribution of the balance

If a number of beneficiaries proceeded at one time to the bank, and the value of the transfer orders which they hold exceeds the orderer's balance, the bank should have the right to reject execution of all the transfers or distribution of such decreasing balance between the beneficiaries in proportion to their rights.

Article 733
Distribution appointed date

The distribution referred to in the precious article may not be effected unless on the first working day next to the submission day. The provision of the second and third paragraph of the article (731) shall apply to this case.

Article 734
Beneficiary bankruptcy

If the beneficiary declared his bankruptcy, the orderer may suspend execution of the transfer order, even if the same is received by the beneficiary himself.

The declaration of the orderer bankruptcy shall not prevent from execution of the transfer order which were presented to the bank prior to issuance of the judgment of declaration of such bankruptcy unless a resolution is issued by the court to the contrary.

Section Five
Credit opening

Article 735
Definition

The credit opening is a contract under which the bank puts at disposal of the beneficiary means of payment in the limits of a certain amount and the credit shall be open for a certain or uncertain time.

Article 736
Utilization of the credit

The beneficiary of the credit may utilize thereof at payments in the traditionally followed modes. He may complete it also by submission of successive payments, unless otherwise agreed upon.

The withdrawal and payment shall be affected at the office of the bank in which the relationship has arisen out unless otherwise agreed upon.

Article 737
Credit opening guarantee

If the credit opening is based on a guarantee in kind or personal guarantee. The guarantee shall not expire before the expiry of the relationship just for removal of the credit owner capacity as a debtor toward the bank. If the guarantee is insufficient, the bank may claim for additional guarantee or replacement of the guarantee. If the credit owner did not reply to the demand, the bank may reduce the credit value in proportion to the reduced value of the credit or cancel the contract. The creditors may neither detain the credits nor the guarantee.

Article 738
Disengagement from contract and its effects

The bank may not cancel the credit before expiry of the period agreed upon unless in case of death of the beneficiary or detention or suspension from payment even if no judgment is issued for declaration of his bankruptcy or if he committed a gross error in using the credit which he been open in his favor.

Cancellation of the credit shall suspend the decision of its utilization. The bank shall grant the beneficiary an appointed time for at least fifteen days to return back the amounts which he has utilized and their attachments.

Article 739
Credit cancellation

If the opening of the credit is not of a fixed time, the contracting parties may disengage from the contract by a prior notice during the time prescribed in the contract or traditionally followed or within fifteen days.

Section Six **Documentary credit**

Article 740 **Definition**

The documentary credit is a contract under which the bank undertakes to open c credit upon request of one of its Clients' (the credit opening orderer) in favor of another person (the beneficiary) by the guarantee of documents representing a transported goods or prepared for transportation or against a certificate from the beneficiary to the effect that the services or the contracted works are completed.

The documentary credit contract shall be considered independent from the contract for which the credit is opened and the bank shall remain as an alien to this contract.

Article 741 **Credit opening documents**

The documents regarding the application for documentary credit opening or confirmation or notice shall be accurately determined as well as the documents under which the operation of payment or acceptance or discount shall be executed.

Article 742 **Condition of payment, acceptance and discount**

The bank which has opened the credit shall undertake to implement the conditions of payment, acceptance and discount agreed upon in the credit opening contract if the documents are in conformation with data and conditions setout in this contract.

Article 743 **Rinds of documentary credits irrevocable or revocable.**

The statement of its kind must be expressly provided for in credit opening contract, otherwise the credit shall be considered as irrevocable

Article 744 **Amendment of the documentary credit**

The revocable documentary credit shall not result in any obligation on the bank towards the beneficiary, the bank may at any time, amend or cancel

thereof by itself or upon request of the orderer without need to notice the beneficiary, provided that the amendment or the cancellation shall be effected in good faith and prior to execution.

Article 745
Irrevocable documentary credit

The bank shall be under obligation in case of decisive and direct irrevocable documentary credit towards the beneficiary and any holder of the drawn bond in a good faith in implementation of the contract for which the credit is opened.

The irrevocable documentary credit may not be cancelled or amended except by agreement of all the interested parties.

The irrevocable documentary credit may be confirmed by another bank which shall, in its turn, shall undertake decisively and directly towards the beneficiary.

The mere notice for opening the irrevocable documentary credit addressed to the beneficiary through another bank shall be regarded as a confirmation for this credit.

Article 746
Validity of the documentary credit

Each irrevocable documentary credit should include a maximum date for credit validity and submission of document for payments or acceptance or discount.

If the appointed date for expiry of the credit validity falls on banks holiday, the validity period shall extend to the first working day next to the holiday.

Apart from the holiday, the validity of the credit shall not be extended even if the date of its expiry coincided with discontinuation of the bank's operations due to forceful circumstances, unless there is authorization thereof by the orderer.

Article 747
Conformity of documents

The bank shall verify the conformity of the documents with conditions provided for in the credit. If the bank rejected the documents, it should immediately notify the orderer of the rejection with indication of its reasons.

Article 748
The extent of bank's responsibility

The bank shall not be accountable if the submitted documents are apparently in conformity with the instructions which it received from the orderer.

The bank shall also neither bear any responsibility related to definition of the goods for which the credit is opened or their quantity or weight or outer condition or wrapping or value nor what is related to execution of the senders or insurers of their obligations.

Article 749
Assignment of the documentary credit

The documentary credit may either be assigned or divided except if the bank which has opened it is authorized by the orderer to pay it wholly or partially to a person or group of person other than the first beneficiary based on express instructions issued by such beneficiary.

The assignment shall not be effected except by an express agreement of the bank. The assignment may not be effected except one time unless otherwise agreed.

Article 750
Non-payment of the documents value

If the orderer of the credit opening did not pay the bank the value of the documents conforming to conditions of the credit opening during the period agreed upon after notifying him of arrival of those documents, the bank shall sale the goods by following the method of enforcement on the commercial mortgaged objects.

Article 751
Conformity of international rules and practices

The unified international rules and practices shall apply to the documentary credits regarding what is not particularly provided for.

Section Seven
Discount of bonds

Article 752
Definition

Bonds Discount: is a contract under which the bank speeds up payment of the value of unmatured financial bond from a third party to the holder after deduction of the interest and commission provided that the ownership of the bond shall be transferred to the bank on condition that the debt shall be paid on the maturity date.

Article 753
Calculation of interest and commission

The interest shall be calculated for the period from the date of discount until the maturity of the bond entitlement. The commission shall be estimated on bond value basis. The minimum of the commission may be fixed.

Article 754
Reimbursement of the value to the bank

The discount beneficiary shall reimburse the normal value of the unpaid bond to the bank.

Article 755
Bank's right from the bond debtor

The bank shall have all the rights arising out of the bond which it discounted from the principal debtor in the bond, the beneficiary from discount and other contractors.

In addition, the bank shall have a separate right from the beneficiary of the discount, to recover the amount which it has put at his disposal without reducing the interest and the commission received by the bank. The bank shall exercise such right within the limits of the unpaid papers, whatever the reason for withholding payment thereof.

If the outcome of the discount is entered in the current account, the bank should have cancelled the entry through a counter entry according to provision of Article (788) of this law, with a notice to be served to the discount beneficiary of this entry.

Article 756
Discount of commercial paper

In case of the discount of a commercial paper or a bank cheque through revolving, the bank shall have the right to recover the amount paid in advance, if the value was not paid on maturity date, in addition to other rights arising out of the bond.

The special provisions regarding revolving of the unaccepted bills of exchange or those withdrawn on condition. (without acceptance).

Article 757
Bills of exchange supported by goods documents

The bank shall have, if it was discounted bill of exchange supported by documents, the same privileges vested with the agent on long as the bonds representing the goods are in his possession.

Section Eight
Letters of guarantee

Article 758
Definition

The letter of guarantee is a commitment to be issued by the bank upon request of one of its clients (the orderer) to pay a certain amount or assignable to another person (the beneficiary) without restriction or condition if requested so during the period fixed in the letter.

Article 759
Letter of guarantee coverage

The bank may request a security for covering the letter of guarantee. The security may be an assignment by the orderer of his right from the beneficiary or any other guarantees deems sufficient by the bank.

Article 760
Assignment of the letter of guarantee

The beneficiary may not assign his right arising out of the letter of guarantee except by consent of the bank and provided that the bank shall be authorized by the orderer to give such consent.

Article 761
Obligation of the bank towards the beneficiary

The bank may not reject payment to the beneficiary for a reason attributed to relation of the bank with the orderer or relation of the orderer with beneficiary.

Article 762
Relieve of bank's obligation

The obligation of the bank towards the beneficiary shall be relieve if it did not received, within the validity of the letter of guarantee, a request for payment from the beneficiary, unless if it is agreed expressly prior to expiry of this period for its renewals.

The bank shall undertake to reimburse to the orderer, at the end of validity of the letter guarantee the insurance which he has paid to secure such letter.

Article 763
Bank subrogation

If the bank paid to the beneficiary, the amount agreed upon in the letter of guarantee, it shall subrogate him in recourse to the orderer at the amount of the paid sum, its interest and expenses.

Article 764
Conformity of the international rules and practices

The unified international banking rules and practices shall be applied to the letter of guarantee regarding what is not particularly provided for.

Section Nine
Mortgage-secured loan

Article 765
Disposal of the mortgage objects

The bank may not dispose of the mortgaged bonds or goods in securing loans, if given a document showing those objects, unless otherwise agreed in writing.

Article 766
Insurance of the mortgaged object

The bank must insure the mortgaged good to the mortgagor credit if the nature, value and subject of the goods make this precaution appropriate.

Article 767
Bank rights

The bank shall have the right, in addition to the claims due to him, to recover the expenses arising out of the watching of goods or bonds as long as it did not gain the right to dispose thereof.

Article 768
Right to withdraw a part of the mortgaged object

The contracting party may, prior to maturity date of the contract, withdraw a part of the mortgaged bonds or goods by paying his share of the advance amount or the loan and other amounts due to the bank according to previous article unless the remaining debt guarantee becomes insufficient.

Article 769
Depreciation of the mortgaged objects

If the guarantee value is decreased at least as much as one tenth of its value at the contracting time, the bank may claim the debtor for additional guarantee as per the tradition and serving him a notice that mortgaged the bonds or goods will be sold, should he did not answer the claim.

The bank may effect the sale according to provisions of the law regarding sale of the mortgaged object.

The bank shall have the right to recover its remaining right which it did not received from sale product.

Article 770
Entry of deposits in securing the mortgage

If cash deposits or goods or bonds were entered without mentioning their particulars for guarantying a debt or more or given the power to disposal thereof to the bank, then the bank shall not be under obligation except to recover the amount or a part of the goods which are in excess of the secured debts. The surplus shall be fixed in consideration of the goods or bonds value on maturity date.

Section Ten
Current account

Article 771
Definition

The current account is a contract under which two persons shall agree that the debts arising out of the operations to be executed between them as to delivery of money or properties or commercial papers subject to possession and so on shall be entered into account through mutual and interfered payments, and shall substitute for settlement of these debts, each payment alone, by a final settlement resulting in account balance when closed

On maturing date fixed for closing, claiming for the balance shall be entitled, if its payment is not claimed for, the balance shall be considered as a new payment to the new account and the contract shall be considered as renewed for uncertain period.

Article 772
Overdrawn account

The current account may overdrawn for both parties or overdrawn for one party as per to be agreed upon by the both parties.

Article 773
Account in currencies

If the entries of the current account included debts in cash evaluated in different currencies or un similar objects, both parties may agree to enter thereof into the account provided that they shall be entered in separate sections with consideration of the similarity in payments which they include, and both parties shall declare that the account shall remain maintaining its unity inspire of the multiplicity of its sections the balances of those sections should be transferable in such a manner that, at the time fixed by the both parties or at most on closing of the account clearance maybe effected in order to draw out one balance.

Article 774
Debts exempted from current account

The current account shall not include the debts which are not subject to clearance. If the contract was between two merchants, then the current

account shall not include the debts beyond the scope of the activity of each of them.

Article 775
Disposal of the balance

The ownership of the money and properties to be entered into the current account shall be transferred to the party who received thereof.
Each party in the current account shall have the right at any time to dispose of his credit balance unless otherwise agreed.

Article 776

Existence of a current account does not prevent from claiming for commission and reimbursing the expenses related to operations resulting in payments. The account shall secure these rights unless otherwise agreed.

Article 777
Effect of inclusion in account

Inclusion of a debt in a current account shall not prevent from exercising the lawsuit and pleadings related to the operation leading to the debt. If the operation is judged as revoked or invalidated or cancelled or dissolved, then the payment related to it shall be deleted from the account.

Article 778
Secured debts

If the debt included in a current account is coupled with guarantee in kind or personal guarantee, then the contracting party have right to persist in the guarantee in order to receive the existing balance in his favor on closing the current account to the debt. The same provision shall apply if the debt is accompanied by a joint warrantor.

If the laws stipulated certain procedures for meeting the guarantee or remonstrate thereby against the third party, then it shall not be transferred to the balance and should not be remonstrated thereby except from the date of completion of those procedures.

Article 779
Loss of respective description of the debt

The debts resulting to one of the parties if entered into the current account shall lose their respective description and their self-entity, then they shall not be afterwards subjects alone to payment neither to clearance nor to lapse by prescription.

Article 780
Inclusion of debts to a third party

Inclusion of debt to a third party in a current account shall be supposed coupled with a condition ((receiving of its value). In this case, if the debt is not paid it shall be met with right of option either by claiming the debtor or striking the payment off the account and returning the rights of the payment owner to him. He may also strike the payment off the account if he did not obtain a result of the lawsuit brought against the debtor.

Article 781
Indivisible of the current account

The entries of the current account as a whole shall not accept division prior to account closure and production of final balance, and enclosure of the account alone shall result in total clearing of all the account entries.

Article 782
Attachment on current account

The creditor of one of the account sides may inflict the attachment during the account progress on credit to his debtor at the time of attachment infliction. The rights of the attaché shall not be prejudiced by disposing of the new payments which shall be made after the date of attachment infliction. The attachment shall be declared to the branch of the bank where the account of the attaché is.

Article 783
Closing of the current account

The account shall be closed if five years is expired from the date of the last turnover and the balance shall be transferred to the pending account of the unclaimed balances.

If the account holder did not claim the balance within fifteen years from the date of its transfer to the pending account, then its shall pass to the public treasury.

Article 784
Current account statement

The bank shall send to the account holder statement of his account at least once every two months containing turnover of the account and its balance. The account holder may raise objection to what is setout in the statement within fifteen days from the date of receiving thereof. If such period is expired without objection, the account holder shall be considered an agreement to what is setout in the statement.

Article 785
Appointment of duration for closing and stopping the account.

If duration is appointed for account closing, it shall be closed by its expiry, it may be closed prior the expiry of such duration with both parties agreement.

If the duration is not appointed for the current account, it may closed at any time by the will of one of the two parties with consideration of the notice dates agreed upon or which are common practice.

In all the cases the account shall be closed by the death or disqualification or bankruptcy of either party.

The account may be suspended during its validity to show the position of both parties on dates to be agreed upon by the parties or to be fixed by the local practice, otherwise at the end of every three months.

Article 786
Prescriptions of the legal interest on balance debt

The general rules shall apply to the prescription of the legal interests on balance debt. These interests shall be calculated from the date of account closing, unless there is a practice or agreement stipulates non-calculation of the same.

Article 787
Account amendment

If the debt entered in the account is removed or its amount is reduced by a reason subsequent to its entry in the account, its entry must be cancelled or reduced and amending the account accordingly.

Article 788
Reversible entry of commercial paper

If the product of deduction of a commercial paper is entered in the current account and the value of the paper is not paid on maturity date, the bank may deduct the paper even after declaration of bankruptcy of the party who presented it for deduction and cancellation of the entry by reversible entry.

The reversible entry means entry of an amount equivalent to the value of the commercial paper in addition to the legal interest from the maturity date and expenses on the debit side of the account.

The reversible entry may not be effected unless in what is related to the commercial paper which is not paid on their maturity date and any agreement to the contrary shall be considered null and void.

Article 789
Prescription

The lawsuit regarding correction of an account due to an error or omission or repetition in entry or other corrections after expiry of six month from the date of receiving the statement of account concerning the liquidation which shall be sent by a registered letter accompanied with acknowledgement receipt.

In all the cases the lawsuit shall prescribe after expiry of five years from the date of account closing.

Article 790
Account confidentiality

If the current account is opened with a bank, then the bank may not give data or information about the account number or turnover or balance unless to the account holder or his agent or his successors or legatees after his death or according to provisions of the law.

Book Five
Bonds

Section One
General provisions

Article 791
Rights arising out of submission of application

The bond holder shall have the right to satisfy the right shown in it on its submission. If payment is made by the debtor to the bond holder, he shall be released from his obligation towards the holder even if he is not the holder of the right therein unless the payment is issued in bad faith or a gross error.

Article 792
The approved value of the bond

If the nominal bond value is in letters and the expressed figure are different from the value shown in letter and if it is written several time in letter or figures then the consideration shall be the lowest amount.

Article 793
Pleadings vested with the debtor

The debtor shall have no right to protest against the bond holder except by pleadings related to his personality or those related to the bond as to the form or the content of its expression, as well as the pleadings arising out of the falsification of his signature or detective capacity or representation at bond issuance or non-availability of the necessary elements for exercising the relevant lawsuit.

The debtor may not protest against the bond holder by pleadings based on personal relation with the previous holders except if the holder intended, when possessing he bond, for causing harm to the debtor himself.

Article 794
Possession of the bond in good faith

Anyone who acquired the possession of the bond in good faith according to the rules organizing its circulation shall not be subject to recovery.

Article 795
Transfer of rights related to the bond

Transfer of the bond shall result in transfer of the consequential rights related to it

Article 796
Bonds representing the goods

The bonds representing the goods entitle their holder with the right of claiming for delivery of the goods shown therein, their possession and the validity of disposing thereof through transferring those bonds.

Article 797
The necessity of mentioning the restrictions on the bonds

The mortgage or the attachment or the control or any other restriction on the right showed on the bond on the goods which representing thereof if not recorded on the bond itself.

Article 798
Bonds usufructs

The financial bonds usufruct shall contain the usufruct of regards and other possible benefits and investment of the rewards in a fruitful manner to which the usufructs shall extend. If the both parties did not agree on how to invest them, the same shall be assigned by the competent court of the first instance. In bond mortgage the guarantee shall not extend to the reward and other possible benefits to be resulted from the bond.

Article 799
Change of bonds from nominal into bearer bond and vice versa

The originator of the bearer bond may change them into nominal bonds upon request of the holder and at his cost. The nominal bonds also may be change into the bearer bond upon request of the name holder after verifying his identification and capacity under a formal document, unless the change is expressly prohibited by the originator.

Article 800
Accumulation and breakdown on bonds

The bonds issued in a set may be accumulated in one total bond upon request and at the cost of the holder. The total bonds also may be broken down into sub-bonds of small rates.

Article 801
Provisions to be applied

The provision of this book shall be apply in as much as not to conflict with other provisions setout in this law or those provided for in special laws and the special laws shall organize the public debt security, paper money and other similar bonds.

Article 802
Documents to which provisions of this book shall not apply

Provisions of this book shall not apply to documents which intended only for identification of the owner of the right to the legal work or used for allowing transfer of the right without observance of the rights transfer methods.

Section Two
Bearer bond

Article 803
Right of the bond holder to the bearer

The bond shall be transferred to the bearer as soon as received. The legitimacy of the bond holder to bearer shall be established in exercising the right established thereon once presented the bond itself.

Article 804
Bonds including obligation to pay an amount

The bonds which include an obligation to pay an amount shall not be issued the bearer except in the cases allowed by law.

Article 805
Replacement of the inappropriate bond

If the bond became inappropriate for circulation, its holder may return it back and obtains another substitute bond from its originator as long as its features are sufficient for recognizing thereof, provided that the holder shall bear the expenses.

Article 806
Lost or stolen bonds

The bearer bond shall not be considered as good as a total loss once it was lost or stolen unless otherwise provided for in special law.

However, anyone who declares the originator of loss or theft of a bearer bond and presents an evidence thereof shall have the right to persist in the legal rights arising out of the lost bond and its attachment after expiry of the fixed term for considering the bond as a total loss.

The debtor shall be relieved from his obligation, if he paid the bond holder the right arising out thereof prior to expiry of the said term unless it is proved that he was in knowledge of the defect in possession.

If the lost or stolen bonds were bearer shares, the court may permit anyone who informed of the loss or theft to exercise the rights related thereto even prior to expiry of the prescription term until the shares appear, with imposition of a guarantee if necessary. In any way the rights of the declarer on the bond holder shall always be observed.

Article 807
Total loss of the bond

The holder of the bearer bond shall have the rights to claim the originator to give him a copy of the bond or a similar bond if he proved the total loss of the original bond and the expenses shall be at the applicant's cost. If a decisive evidence of the total loss of the bond is not provided, the provisions of the previous article shall be applied.

Section Three
Bonds to the order

Article 808
Legitimacy of possessing a bond to the order

The legitimacy of possessing a bond to the order shall be established by successive revolving and shall result in exercising the legal right shown in the bond.

Article 809
Revolving validity

The revolving must be written down on the bond and signed by the revolver. The revolving shall be valid even if the name of the revolver is not mentioned on it.

The bearer revolving shall be considered as a revolving on blank.

Article 810
Inadmissibility of revolving restriction

Any condition limiting the revolving shall be considered null and void, and the partial revolving shall be considered invalid.

Article 811
Revolving effects

The revolving shall transfer all the rights arising out of the bond. If the bond is revolved in blank, its holder may fill in the blank by writing his name or another person's name; he may also revolve it again or transfer it to a third party without filling in the blank or without new revolving.

Article 812
The revolver is not bound by fulfillment

The revolver shall not be accountable for non-fulfilling of the legal right shown on the originator, unless there is a provision in the law or a condition in the bond stipulates to the contrary.

Article 813
Revolving the bond for receiving it

If the revolving is restricted on proxy for payment, then the revolvee shall have the right to exercise all the rights related to the bond except revolving it again except on basis of a proxy.

The originator shall have no right to protest against the revolvee by proxy except through the pleading with which he shall protest towards the revolver. The effectiveness of the revolving by proxy shall not expiry by the death of the revolver or his disqualification afterwards.

Article 814
Revolving on the basis of the guarantee

If the revolving contains an expression to the effect of the mortgage or the guarantee, the revolvee may exercise all the rights related to the bond.

If he revolved it the revolving shall be considered as issued as a proxy.

The originator may not protest against the revolvee on the basis of the guarantee by the pleadings based on his personal relations with the revolver unless the revolvee has intended, on receiving the bond, to course harm to the originator.

Article 815
Acquiring a bond for the order without revolving

Possession of a bond to the order without revolving method shall result in a draft effects.

Article 816
Procedure for considering the bond as good as lost

In case of loss, misappropriation or total loss of the bond, the holder thereof may inform the debtor of the fact and shall claim for consideration of the bond as good as lost by resorting to the chief of the court of the first instance at the area of payment.

The essential data of the bond must be laid down in the application, if the bond is in blank the sufficient data shall be mentioned in order to recognize it.

Having taken the actions necessary for becoming aware of the validity of the facts and the holder's right the chief of the court shall issue a resolution considering the bond as good as lost, and shall permit payment thereof after thirty days from the date of circulation of the resolution as per the legally established methods, unless the bond bearer protests there against during such term.

If the bond term is not matured, then the payment term shall be from the date of the maturity time.

Anyone who requested consideration of the bond as good as lost should inform the debtor formally of the resolution; he should circulate it also as per legally established methods.

Article 817 **Mode of objection**

The bearer should bring his objection to the court which has issued the resolution, with authorization of the claimant and the debtor to be present and no objection shall be accepted unless the bond is lodged at the process-server office.

If the objection is rejected, the bond should be delivered to the claimant to whom the resolution of consideration of the bond as good as lost was issued in his favor.

Article 818 **Precautionary measures**

The claimant may, during to the established term for considering the lost or stolen or totally lost bond as goods as lost, take all the arrangements leading to maintenance of his rights.

If the bond is of mature term or of due payment of sight, he shall have the right to claim for its payment with submission of a guarantee or deposit the amount judicially.

Article 819 **Expiry of the term without making objection**

If the established term for considering the bond as good as lost, its force shall be dropped down with exception of the right of its bearer towards the party who obtained the resolution.

The latter may claim for payment of the bond value if he presented the court order and a certificate of the process servers office confirming non-existing of objection.

If the bond is in blank or not matured, he may obtain a copy of the lost bond.

Section Four **Nominal bonds**

Article 820 **Rights of the bond nominee**

The legitimate possession of the nominal bond shall be confirmed by setting out the name of the holder on the body of the bond and in originator register and thus resulting in exercise of the legal right shown in the bond.

Article 821 **Transfer of the nominal bonds**

The nominal bond shall be transferred through entering the name of the party who acquired it on the bond itself and in the originator register or through giving new bond in the name of the party to who it passed. The giving of the new bond must be confirmed by entering it in the register.

The party who claimed for nomination of the bond in the favor of another person or by giving him new bond in the name of that person, he should confirm his identification and legal capacity for disposal by a certificate issued by a notary public or by a party authorized by the law.

If the party who acquired the bond itself claiming for nomination or giving of a new bond and confirms his right by a formal paper.

The originator shall revolve in the register and on the bond under his responsibility and shall be relieved from responsibility if he completed transfer of the bond through the methods shown in this article unless committed an error therein,

Article 822
Transfer of nominal bond through revolving

Without prejudice to provisions of the law a nominal bond may be transferred also through revolving approved by a notary public or any person authorized by the law.

The date of the revolving must be written down and signed by the revolver and shall contain data about the revolver. If the value of the nominal bond is nominal bond is not paid in full the revolver must signed thereof.

The transfer through revolving shall not be valid towards the originator unless after recording in the register.

The revolvee shall have the right to obtain entry of the bond transfer in the originator register if he confirmed his possession of the bond upon a connected series of revolving.

Article 823
Bond restriction procedure

Any restriction on the right shown in the bond shall have no effect towards the originator and the third party, unless this restriction is recorded on the bond and on the register under a certificate issued by the notary public according to the previous provisions.

Article 824
Nominal bond usufructs right

Any one who have the right of usufructs of the right shown on the nominal bond, he may obtain a bond separated from the original bond.

Article 825
Establishment of the mortgage on nominal bond

A mortgage may be established on a nominal bond through delivery and revolving thereof coupling with a condition (for guarantee) or a like.

The revolvee (for guarantee) may not transfer the bond to a third party except through revolving thereof by proxy.

Article 826
Consideration of the nominal bond as good as lost

In case of loss or theft or irredemption of the bond, the party whose the bond is in his name or the revolvee shall notary the originator thereof and shall claim for considering the bond as good as lost according to provisions regarding the bearer bonds. In case of loss, or theft or irredemption of nominal shares, the party who claimed thereof shall exercise the rights related to the shares during the established term with submission of a guarantee when necessary.

The final guarantee issued for considering the bond as good as lost shall terminate the bond without prejudice to the right of the bearer thereof.

Book Six
Commercial papers

Section One
Bill of exchange

Chapter one
Bill of exchange and its formula

Article 827
Definition

The bill of exchange is a written order according to certain terms defined by the law to be addressed by a person called withdrawee claiming, him for payment of a certain amount of money on a certain date or assignable to order of a person called the beneficiary.

Article 828
Essential data of the bill of exchange

The bill of exchange contains the following data:

- A- The word (bill of exchange) written on the bond body in the language in which he order is written.

- B- Unconditional order for payment of a certain amount of money.
- C- Name of the person from whom payment is required (withdrawee).
- D- Statement of the entitlement or its maturity date.
- E- Place of payment.
- F- Name of the person to whom payment shall be made or to his order (beneficiary).
- G- Date and place of the bill of exchange establishment.
- H- Signature of the bill of exchange originator (withdrawee).

Article 829
Devoid of the bill of exchange of mentioning essential
Data

The bond which is free from one of the data setout in the previous article shall not be considered as a bill of exchange except in the cases shown in the following paragraphs:

- A- The bill of exchange free from entitlement statement or its maturity date shall be due for payment at sight.
- B- If the place of payment is not mentioned in the bill of exchange, then the place to be mentioned beside the name of the drawee shall be considered as a place of payment and as an address to the drawee.
- C- The bill of exchange which is free from the place of its origin shall be considered originated in the place shown beside the name of the drawee thereof.

Article 830
Withdrawal

The bill of exchange may be withdrawn to the order of the drawer himself, it may be withdrawn also on him also as well as may be drawn to the credit of another person.

Article 831
Stipulation of the address

The payment of the bill of exchange may be stipulated in the address of another person either in the area where the address of the drawee is located or in another address.

Article 832
Stipulation of interests

The withdrawer of the bill of exchange due for payment at sight or after a period of the sight may stipulate interest on the amount mentioned on it. This stipulation shall be null and void in other bills of exchange; the interest rate must be shown on the body of the bill of exchange itself. If it is free therefrom the stipulation shall be considered as null and void. The interest shall be effected from the date of the bill of exchange unless other date is assigned therein.

Article 833
Value of the bill of exchange

If the amount of the bill of exchange is written in letter or figures together, then the consequence in difference shall be on what is written in letters or figures, then the consequence shall be on the lowest amount.

Article 834
Validity of the signature and capacity of the obligation

If the bills of exchange borne signatures of persons not satisfying the capacity of obligation or false signatures or signatures of imaginary persons or signatures not obligating, for any other reason, the persons who signed the bill of exchange or who the same is signed in their name, that shall not prevent the validity of the obligation of other signatories of the bill of exchange.

In determination of the capacity of the person who is bound under the bill of exchange shall be referred to the law of his country, however if a person is bound under the bill of exchange and satisfied the capacity of obligation according to the law of the country in which such obligation was issued, his obligation was valid even if it did not satisfy such capacity according to the law of his country.

Article 835
Signature

Any signature on the bill of exchange should include the name and surname of the committed person or the name and address of the commercial shop or the committed company, provided that the signature may be in brief or in initial only. The term of (signature) in this law shall be given to the execution, finger print and any other means which the law gives the capacity of the signature.

Article 836
Obligation of the minor and lacking of competence

Any obligation under the bill of exchange originates from lacking of competence or legally incompetent shall be null and void for him only.

Article 837
The legal guardian or the executor who are not authorized to practice commerce

If the legal guardian or the executor is not authorized to practice the commerce to the credit of the minor or the attaché, then he may not be binding under the bill of exchange to the credit of the minor or the attaché, except according to a permission from the court. The permission may be issued generally.

Article 838
Signature without deputation and its effects

Anyone who signed a bill of exchange on behalf of another without having a capacity therein, his signature shall be personally bound, if he satisfied his obligation the rights which have been passed to the person for whom he alleged deputation shall be vested in him.

This provision shall apply to any one who exceeded the limits of his deputation. However, the principal or the mandatory remains responsible also within the amount to which will was directed.

Article 839
Non-supposition of the validity for obligation under the bill of exchange

The general power of attorney issued to a person to abide by himself by the name and to the credit of another person, the validity of abidance by the bills of exchange shall not be supposed therewith unless the contrary is confirmed. If the general power of attorney is issued by a merchant, then the validity of abidance thereby shall be supposed unless the deputation paper provides expressly for otherwise.

Article 840
Extent of the drawer guarantee

The drawer is a guarantor of acceptance and payment of the bill of exchange; he shall have the right to stipulate exemption from acceptance guarantee. Any condition provides for exemption from payment guarantee shall be considered null and void.

Article 841
Incomplete bill of exchange

If the bill of exchange is incomplete at the time of its issuance and established contrary to the conditions agreed upon, its bearer may not be a protest against for non-consideration of the said conditions unless he has obtained it in bad faith or by a gross error.

The bearer right to fill in the bill of exchange signed on blank shall lapse after expiry of three years from the date of its issuance.

The lapse of such right shall not be a protest against the bearer of the bill of exchange which passed to him completely executed if he obtained it in good faith.

Chapter Two
Circulation of the bill of exchange

Article 842
Revolving of the bill of exchange

The bill of exchange is subject to circulation through revolving even if the word of (to the order) is not expressly mentioned on it.

The bill of exchange in which its owner write down the expression of (not to the order) or any other similar expression its circulation shall be subject to provisions of the civil draft as per provisions of the civil law.

The revolving shall be valid even for the drawee either subject to bill of exchange or not. Its revolving shall be valid also for the drawer and for any other person binding by it. All these persons shall have the right to its revolving.

Article 843
Revolving conditions

Without prejudice to provisions of the article (844) the revolving shall be free from any condition, and any condition on which the revolving is pendent shall be null and void. The partial revolving shall be null and void.

Revolving of the bill of exchange to its bearer shall be considered as revolving on blank.

Article 844
Validity of the revolving

The revolving shall be written on the bill of exchange back or on other paper connected with (foot) and shall be signed by the revolver. The revolvee may not be restricted to signature of the revolver on blank.

In this later case the revolving shall not be valid except if it was written on the bill of exchange back or on the paper connected with it.

Article 845
Right arising out of revolving the bill of exchange

The revolving shall transfer all the rights arising out of the bill of exchange. If the revolving was on blank, its bearer may perform the following:

- 1- Fill in the blank by writing his name or the name of another person.
- 2- Revolving the bill exchange again or to another person.
- 3- To deliver it as it is to any other person without filling in the bonds and without revolving.

Article 846
Revolver's guarantee

The revolver is a guarantor of acceptance and payment of the bill of execution, unless otherwise stipulated.

He shall have the right to prevent its revolving and in this case, he shall not be binding by the guarantee before the bill of exchange is passed to them with subsequent revolving.

Article 847
The legitimate holder of the bill of exchange

Anyone who has a bill of exchange in hand shall be considered as the legitimate bearer whenever he proved that he is the owner of the right thereto with revolving connected to each other even if the latest is revolving on blank.

In this concern, the struck of revolving shall be considered null and void, if the revolving on blank is followed by another revolving, the signatory of the last revolving shall be considered as the party to whom the right to the bill of exchange is passed by that revolving on blank.

If a person lost the possession of the bill of exchange by the reason of some accident, then its bearer, whenever proved that he is the owner of the right thereto according to the previous paragraph shall not be bound to return it unless he obtained thereof in bad faith or gross error.

Article 848
Inadmissibility of the pleading based on personal relationship

Those against whom a bill of exchange lawsuit was brought shall have no right to protest against its bearer with pleadings based on their personal relationship with bill of exchange withdrawer or with its former bearer unless the bill of exchange bearer has obtained it with intention of causing harm to the debtor.

Article 849
Mandatory revolving

If the revolving contained an expression of ((value for collection)) or (value for receiving) or ((proxy)) or any other statement to the effect of proxy, then the bearer shall have directly all the rights resulting from the bill of exchange

with exception of its revolving unless it shall be for the sake of proxy. In this case those who are binding under the bill of exchange shall have no right to protest against the bearer except by the pleadings which may be protested thereby against the revolver.

The provision of the proxy include in the mandatory, revolving shall not be expired by the death of the mandatory or occurrence of breach of its capacity.

Article 850
Revolving as a guarantee

If the revolving contained an expression of a (value is a guarantee) or “value is a mortgage” or any other statement to the effect of the guarantee the bill of exchange bearer shall have directly all the rights resulting therefrom, except that its revolving again shall be considered as a proxy.

Those who are binding under the bill of exchange shall have no right to protest against the bearer by the pleadings based on their personal relationships with the revolver, unless the bearer has obtained the bill of exchange with intention to cause harm to the debtor.

In this respect protection of the bearer shall be in the limits of his mortgage guaranteed debt.

Article 851
Revolving as to time

The revolving subsequent to the maturity date shall have the provisions of the precedent revolving. But the revolving subsequent to the bringing of the protest due to non-payment or that occurred after expiry of the date appointed for this protest shall not result except in effects of the provisions related to transfer of the rights established in the civil law.

The revolving free from the date shall be considered occurred prior to expiry of the appointed date for bringing the protest unless the contrary is confirmed.

The dates if revolving shall not be presented otherwise, it shall be considered falsification.

Article 852
Presentation of the bill of exchange for acceptance

The bearer of the bill of exchange and any possessor thereof may unfit its maturity date; present it to the drawee in his legal address for acceptance

Article 853

Restrictions on presentation of the bill of exchange for acceptance

The bill of exchange drawer shall have the right to stipulate the necessity of presentation for acceptance on a certain appointed time or without an appointed time.

He shall have the right to provide for preventing its presentation for acceptance unless it is due for payment with other than the drawee or in another place other than the legal address of the drawee or due for payment after expiry of a certain date from its sight.

He shall have the right also to stipulate prevention of presentation of the bill of exchange for acceptance before a certain term. The revolver shall have the right to stipulate the necessity of presentation of the bill of exchange for acceptance on a certain appointed time or without an appointed time unless the drawer has stipulated non-presentation thereof for acceptance.

Article 854

Presentation of the bill of exchange due for payment after a certain period from the sight.

The bills of exchange due for payment after expiry of a certain period from the sight should be presented for acceptance within one year from its date.

The drawer shall have the right to stipulate shortening or extension of such period and the revolver shall have the right to stipulate shortening of such period.

Article 855

Permissibility of resubmission for acceptance

The drawer may request for submission of the bill of exchange again on the day next to the first submission.

Allegation of the concerned persons that such request has been rejected shall not be accepted unless the same is written down on the protest paper.

The bearer of the bill of exchange which has been submitted for acceptance shall not be under obligation to deliver it to the drawee.

Article 856
Methods of acceptance and confirmation of its date

The acceptance shall be written down on the bill of exchange itself and shall be expressed by the word ((acceptable)) or by any other similar expression and footed by signature of the drawee.

The mere putting of the drawee signature on the front part of the bill of exchange shall be considered as an acceptance.

If the bill of exchange is due for payment after expiry of a period from sight or it was ought to be submitted for acceptance in a known period upon special condition, the date of acceptance must be put on the day of its occurrence except if the bearer stipulated its date on the day of submission of the bill of exchange.

If the bill of exchange is free from the date, the bearer, in maintaining his right to recourse to the revolvers or to the drawer, may confirm such freedom therefrom by a protest to be brought at a time on which its bringing shall be feasible

Article 857
Non-pending of the acceptance on a condition

The acceptance shall not be pending on a condition, but the drawee may abridge the acceptance on a part of the bill of exchange amount.

If the acceptance form is comprised, another amendment to one of the bill of exchange statements, such amendment shall be considered as a rejection thereof.

Never the less, the acceptor shall remain binding by what is contained in the acceptance form.

Article 858
Nomination of acceptance place

If the drawee assigned in the bill of exchange a place for payment other than the legal address of the drawee without assigning the name of the other person to whom payment shall be made, the drawee may assign such person on acceptance. If he did not assign him he shall be considered binding by payment in the place of fulfillment.

If the bill of exchange was due for payment at the legal address of the drawee he may assign in the acceptance form, an address in the place where the fulfillment must be made.

Article 859

Obligations arising out of the acceptance and the bearer's right to direct lawsuit

By acceptance of the bill of exchange the drawee shall be binding by fulfillment, thereof on its maturity date. If he did not maybe the fulfillment, the bearer, even if he was the drawer himself, shall have the right to claim the acceptor by a direct lawsuit for all the results to be arisen out of the bill of exchange according to article (661, 662) of this law.

Article 860

Striking out of the acceptance

If the drawee struck out his acceptance recorded on the bill of exchange before returning it, it shall be considered as rejection of acceptance and the striking out is considered effected prior to returning the bill of exchange unless he presented an evidence to the contrary.

But if the drawee has informed the bearer or any other signatory of his written acceptance, he shall binding towards them by the content of the acceptance form.

Article 861

Reserve guarantee

Extent of the Reserve Guarantee and who may submit it fulfillment of all or some of the bill of exchange amount may be guaranteed by a reserve guarantor – such guarantee shall be accepted from any person even if he is among the bill of exchange signatories.

Article 862

Methods of confirmation of the reserve guarantee

The reserve guarantee shall be written on the bill of exchange itself or on a paper attached to it (foot)

Such guarantee shall be by putting the expression of (acceptable as a reserve guarantee) or by any other similar expression to be footed by the guarantor signature. The name of the person to whom the guarantee is submitted in his

favor shall be mentioned in the guarantee form otherwise it shall be considered in the favor of the drawer. The guarantee shall be considered existing if its provider put his signature only on the front part of the bill of exchange on the bill of exchange unless he is a drawal or drawee.

Article 863
Obligations and rights of the reserve guarantor

The reserve guarantor shall be binding by the obligation of the guaranteed person. The obligation of the guarantor shall be valid ever it the obligation which he included is null and void for any reason whatsoever, unless attributed to a defect in form.

If the guarantor has fulfilled the value of the bill of exchange, all the rights arising out of it towards his guaranteed and committed persons under the bill of exchange shall be vested in him.

Chapter Four
Maturity term

Article 864
Appointment of the term

The bill of exchange shall be due for payment as following:

- 1- At sight
- 2- After expiring of a certain period from the sight
- 3- After expiring of a certain period from the date of its origination
- 4- For a certain day itself

The bill of exchange containing a date of maturing other than the mentioned or successive appointed dates shall be considered null and void.

Article 865
Maturity of the bill of exchange due at sight

The bill of exchange due for payment at sight shall be payable on its submission and shall be submitted for payment within one year from it date. The drawer shall stipulate shortening or extending this period.

The drawers shall stipulate shortening of this period and the drawer shall stipulate non-submission of the bill of exchange due for payment at sight prior to expiring of a certain term. In this case the submission period shall be calculated with effect from such term.

Article 866
Starting validity of the maturity term duration

The period at the end of which payment shall be due shall apply to the drawn bill of exchange after expiring of a period of the sight from the date of its acceptance or from the date of the protestation paper for non-acceptance.

If the protest is not brought, the acceptance free from the date is considered as occurred for the acceptor on the last day of the period assigned for submission for acceptance. All that with consideration to provision of the article (854) of this law.

Article 867
Bill of exchange by months, half months and days

The bill of exchange withdrawn for a month or more from its date or from the date of sight, its maturity term shall fall on its correspondence date of the month in which payment shall be effected.

If there is no correspondence to that date in the month in which payment shall be made, the maturity term shall be on the last day of this month.

If the bill of exchange is withdrawn for one month and half month from its date or from the date of its sight, the calculation shall be started with full months.

If the maturity term shall be at the earlier of the month or in mid-month or at the end of the month, the intention was the first day of the month and the expression of (half month) shall mean fifteen days.

Article 868
Conflict of dates

If the bill of exchange is due for payment certain day and in a country having a calendar different from the calendar of the country of its issue, the maturity date shall be considered fixed according to the calendar of the payment country.

If the bill of exchange was withdrawn between two countries having different calendar and it was due for payment at sight or after a period from the origination, the date of its issue shall be referred to the corresponding day on the calendar of the payment country and the maturity terms shall be appointed accordingly.

The date for submission of the bill of exchange shall be calculated according to provisions established in the previous paragraph. These provisions shall not apply, if it is provided for in the bill of exchange or derived from the data setout therein that the intention was turned to follow up of other provisions.

Article 869
Submission for payment term

The bearer of the bill of exchange which is due for payment on certain day or after a certain period from its date or from the date of the sight, shall present it on the day of its maturity or on the next two working days.

Article 870
Place of payment

The bill of exchange should be submitted for payment in the place indicated on it, such place may be in the following form:

- 1- The legal address for payment.
- 2- The legal address of the drawn object or the legal address of the person nominated in the bill of exchange for payment instead of him.
- 3- The legal address of the bill of exchange acceptor through interference or the legal address of the person nominated in the bill of exchange for payment instead of him.
- 4- The legal address of the person whose name is mentioned for submission when necessary.

Article 871
Claiming for delivery of the bill of exchange and Partial fulfillment

The drawee shall on payment of the bill of exchange amount, claim the bearer to deliver him the bill of exchange signed to the effect that the payment is made and the bearer shall have no right to refuse partial payment.

If the payment was partial, the drawee may claim for confirmation of such fulfillment in the bill of exchange and shall request the receipt thereof.

What is to be paid out of the original amount of the bill of exchange, the obligation of the committed persons shall be relieved therefrom.

The bearer should bring a protest for the remaining thereof.

Article 872
Validity of the fulfillment

The bill of exchange bearer shall not be forced to receive its value prior to maturity date. If the drawee made payment prior to maturity date he shall bear the consequences of the same. Any who made payment on the maturity date, his obligation shall be relieved unless it was effected through deception or gross error and he must be ascertained of the validity of the sequence of the revolving , but he is not bound to confirm the validity of the revolvers signatures.

Article 873
Fulfillment of the bill of exchange in a currency contrary to the Libyan currency

If it is stipulated that the bill of exchange in currencies not circulated in the country of fulfillment, its amount maybe fulfilled in currencies of the country as per their value on its maturity day. If the debtor delayed in payment, the bearer shall have the option between claiming the bill of exchange amount valued by the country currencies on the maturity or fulfillment day.

The practice of the country of fulfillment shall be followed in fixing the value of the foreign currencies. The drawer shall stipulate calculation of the amount to be paid according to a certain price in the bill of exchange.

If the bill of exchange is fixed in currencies bearing joint nomination having different value in a country of issuance from its value in the country of its fulfillment, the intention was the currencies of the country of fulfillment.

Article 874
Non-submission of the bill of exchange for payment

If the bill of exchange is not presented for payment on the maturity date, each debtor thereby my deposit its amount with the competent court.

The cost and consequences thereof shall be at the expenses of the bearer. The clerk of the competent court should execute a document containing the date of the bill of exchange, date of its maturity and the name of the person in favor of whom it was executed originally, in addition to the other data which should be written down in the minutes of deposit and such document shall be delivered to the depositor.

If the bearer claimed the debtor for payment, the latter has nothing but to deliver the deposit document against receiving the bill of exchange.

Under this document the bearer shall receive the deposited amount. If the depositor debtor did not delivered the deposit document to the bill of exchange bearer, should pay its value to him.

Chapter Five **Claiming and recourse for acceptance and non-payment**

Article 875 **Mode of recourse**

On non-payment of the bill of exchange on maturity date to the bearer he shall have the right to recourse to its drawer, revolvers and others who are committed thereby.

He shall have the right to recourse to those prior to maturity date in the following cases.

In case of total or partial abstention from acceptance. In case of bankruptcy of drawee either accepted the bill of exchange or not and in case of stopping payment of his debt even if his stoppage did not confirmed by a judgment and in case of infeasible attachment on his properties.

In case of bankruptcy, of the bearer of the bill of exchange made conditional for non-submission for acceptance, but the guarantor may, on recourse to them in the mentioned cases, request the judge of the summary justice in their place and within three days from the date of recourse to them a time limit for payment, if the judge found the request reasonable he shall fix in his decision the time on which the bills of exchange should be paid, provided that the granted time limit shall not exceed the date fixed for maturity term.

Article 876

Conditions of protest and cases which do not need bringing thereof

The abstention from acceptance or payment must be written down on formal document ((protest for non-acceptance)) or (non-payment).

The protest for non-acceptance should be brought on the date appointed for presenting the bill of exchange for acceptance. If its first presentation for acceptance in the case shown in the first paragraph of the article (855) of this law occurred on the last day of the date limited to this end the protest may also be brought on the next day.

The protest for non-payment of the bill of exchange due for payment should be brought on a certain day or after expiry of a certain period from its date or from the date of sight on one of the two working days next to its maturity date. If the bill of exchange is due for payment at sight, the protest should be brought for non-payment according to the conditions shown in the previous paragraph and related to protest for non-acceptance.

The protest for non-acceptance shall suffice for submission of the bill of exchange for payment and for protest for non-payment.

In case of suspension of the drawee from payment, either accepted the bill of exchange or not as well as in case of infeasible attachment of his properties, the bearer of the bill of exchange may not recourse to his guarantors, unless after submission of the bill of exchange to the drawee for payment and after bringing the protest for non-payment.

In case of bankruptcy of the drawee either accepted the bill of exchange or not, as well as in case of bankruptcy of the drawer of the bill of exchange which is conditional with non-submission for acceptance. The submission of the judgment of declaration of the bankruptcy shall be sufficient in itself to enable the bearer to exercise his rights to recourse.

Article 877

Methods of notice of non-acceptance or non-payment

The bill of exchange bearer must send to the revolver and the drawer a notice of non-acceptance or non-payment within the four working days next to the day of protest or the day of its submission for acceptance or payment if contained a condition for recourse without expenses.

Any revolver should, within the two working days next to receiving the notice, notify his revolver of the notice which he received indicating to him the names and addresses of the parties who served the previous notices and so on from a revolver to another until reaches to the drawer of the bill of exchange. The advanced appointed time for each revolver shall start from the day on which he received the notice from its previous revolver.

Whenever one of the bill of exchange signatory is notified according to provisions of the previous paragraphs, his reserve guarantor also should be notified at the same appointed time.

If one of the revolvers did not show his address or show it in illegible manner, he shall suffice with notification of the previous revolver to him.

Anyone to whom notice is necessary shall serve it in any form even by returning the bill of exchange itself. He shall confirm the sending of the notice on the appointed date.

The appointed date is considered respected if the notice is sent within thereof by a mailed letter.

Non-sending of the notice on appointed date shall not result in lapse of any rights of the person who should perform thereof, but when necessary, he shall be responsible for compensation of the damage which resulted from his negligence, provided that such compensation shall not exceed the bill of exchange value.

Article 878
Stipulation of non-bringing of protest

The drawee and any revolver or reserve guarantor may exempt the bill of exchange bearer, when claiming recourse, from bringing protest for non-acceptance or non-payment whenever written on the bill of exchange ((without protest)) or similar expression footed with signature thereof.

This condition shall neither exempt the bearer from submission of the bill of exchange on the established dates nor from sending the necessary notices. Any one who persist towards the bearer in non-observance of these dates shall prove thereof. If the drawer wrote this condition, it shall apply to all the signatories. But if written by one of the revolvers or one the reserves guarantor, then it shall not apply except to him alone.

Article 879

Responsibility of the persons committed under the bill of exchange

The drawer, acceptor, revolver and the reserve guarantor of the bill of exchange are responsible towards the bearer in jointly manner.

Its bearer shall claim them individually or jointly without being under obligation to respect the order of obligation of each of them. Such right shall be confirmed I n respect of each one who signed and paid the value of the bill of exchange. The lawsuit brought against one of the committed persons shall not prevent from claiming the remaining committed persons even if their obligation is extending to those against whom lawsuit was firstly brought.

Article 880

Rights arising out of the recourse

The bearer of the bill of exchange shall have the right to claim the person who has the right to recourse to him for the following:-

- 1- Value of the unaccepted or unpaid bill of exchange with interests if they were conditional.
- 2- Interests accompanied with their legal price with effect from the date of maturity.
- 3- Expenses of the protests, notices and other expenses.

If the right of recourse is exercised prior to maturity of the bill of exchange, its value shall be reduced by an amount to be calculated on the basis of the period between the date of recourse and the maturity of the bill of exchange at the formal discount rate on the recourse and at the place where the legal address of the bearer is located.

Article 881

Claiming the guarantors

Anyone who paid the bill of exchange may claim its guarantors for the following:-

- 1- All the amounts which have been paid.
- 2- Interests of the paid amount calculated at the legal price with effect from the day of payment.

- 3- Expenses which he has incurred.

Article 882

Rights arising out of the bill of exchange

Any committed person against whom the right of recourse is exercised or targeted thereby shall have the right, in case of payment of the bill of exchange, to claim delivery thereof with the protest paper and receipt of what he has paid.

Any revolver who has paid the bill of exchange shall have the right to claim for striking his revolving out and the revolving of the subsequent revolvers.

Article 883

Case of recourse to unacceptable part of the bill of exchange value

- 1- In case of recourse to one of the committed person at an unacceptable amount at the bill of exchange value, the person who has paid such amount shall request its bearer to confirm such payment in the bill of exchange and shall give him a receipt thereof.
- 2- In addition to that the bearer should deliver him a copy of the bill of exchange certified by him to the effect that it is a true copy thereof and shall deliver him the protest paper to enable him to recourse to a third party for what he has paid.

Article 884

Bill of exchange of recourse

Anyone who has the right of recourse to other guarantors under the bill of exchange shall receive its value by withdrawal of a new bill of exchange payable at sight in the legal address of the guarantor unless otherwise stipulates.

The bill of exchange of the recourse shall include the amounts set out in article (880) of this law in addition to the paid commission and stamp duty.

If the drawer of the bill of exchange of the recourse is the bearer, its value shall be fixed on the basis under which the value of the bill of exchange, withdrawn at sight from the place where the original bill of exchange was payable to the place where the legal address of the guarantor is located shall be fixed, but if it is to drawer is one of the revolvers, its value shall be fixed on the basis under which the value of the bill of exchange withdrawn at sight,

from the place of the bill of exchange of recourse to the place where the legal address of the guarantor is located, shall be fixed.

Article 885
Prescription by expiry of the period

The rights of the bearer of the bill of exchange towards its revolvers, drawers and other committed persons with exception of its acceptor shall lapse by expiry of dates appointed for performing the following:-

- 1- Submission of the bills of exchange payable at sight or after expiry of a certain time thereof.
- 2- Bringing the protest for non-acceptance or non-payment.
- 3- Submission of the bill of exchange for payment if included a condition of recourse without expenses.

If the bill of exchange is not presented for acceptance on the date stipulated by the drawer, the rights of its bearer to recourse shall be prescribed due to non-acceptance or non-payment, unless it is appeared from the condition expression that the drawer did not intend thereof except exempting himself from warranting the acceptance.

If the revolver was stipulating in his revolving an appointed time for presenting the bill of exchange for acceptance, then he shall have alone to make use of his stipulation.

Article 886
Legitimate objections preventing from submission of the bill of exchange or bringing protest on established terms

If an insurmountable forcible incident prevented from submission of the bill of exchange or bringing the protest on established appointed times, thereof, such appointed times shall be extended.

The bearer of the bill of exchange shall, without delay notify the previous revolver of the forcible reasons and shall write down such notice, dated and signed by him on the bill of exchange or on the paper connected with it. The provision of article (877) shall be applied on the remaining revolvers.

If the forcible reasons are removed, the bearer of the bill of exchange should submit for acceptance or payment without delay and should bring the protest when necessary.

If the forcible reasons persisted for more than thirty days from the maturity date, it shall be allowable to recourse without need for submission of the bill of exchange or bringing the protest.

The term of thirty days shall apply to bills of exchange (at sight) or ((for a period after sight)) from the day on which the bill of exchange bearer notified the previous revolver of the forcible reasons, even if it was prior to submission maturity. But the bills of exchange for a period after sight shall be added to the thirty days, the term which shall start from the moment of the sight setout in the bill of exchange.

The matters related to the bearer personality or to the person entrusted before him to submit the bill of exchange or bringing the protest shall not be considered as forcible reasons.

Article 887

The committed persons at the same order

No reason for bringing a bill of exchange lawsuit if the committed persons thereof were multiple and equal in order. The relations between them shall be organized as per provisions applicable in respect of joint obligation.

Article 888

The executive force of the bill of exchange

The bill of exchange shall have the force of the bond which should be executed as related to original and attachment shown in articles (880, 881 – 884).

The bill of exchange issued in foreign countries shall have the same force provided that the same shall be allowed by the law of the country in which it has been issued. The warning for payment should include a copy of the bill of exchange or of the protest and all the documents necessary for confirming the required amount. In the obligation arising out of the bill of exchange which is signed by proxy, the document of the power of attorney should be mentioned also in the warning.

Article 889
Objection to warning

Objection to warning shall not suspend its execution, but the competent judge of the summary matters may issue an order causing suspension of all or a part of the execution operations if the opponent based his lawsuit on non-recognition of the signature attributed to him or the proxy or on other serious and heedful reasons.

The judge should impose submission of an appropriate cash guarantee in the order.

Article 8890
Aspects of pleadings in bill of exchange lawsuit

In lawsuits related to the bill of exchange either when considering it or considering the objections to warning, the debtor may not protest for cancellation of the bill of exchange unless by the pleading provided for in article (848). If the pleadings of the person who submitted them shall be of long investigation, the judge should have the right to issue, upon request of the creditor, a temporary judgment against the debtor with imposition of submission of a guarantee or without it.

He shall have the right also to allow for stay of execution if requested by the debtor and necessitates by reasonable causes and shall impose submission of an appropriate guarantee if he deems thereof appropriate.

If he already suspended execution of the warning according to the previous article, then the judge shall decide either confirmation or cancellation of the suspension.

Article 891
Lawsuits related to reasons of establishment of the bill of exchange

If a lawsuit is arisen out of the relation which led to issuance or transfer or the bill of exchange, the lawsuit shall remain existing in spite of issuance or transfer of the bill of exchange, unless occurrence of renewal is proved.

Such lawsuit shall not be brought unless after confirmation of non-acceptance or non-payment by protest.

The bearer of the bill of exchange shall not be entitled to bringing the causative lawsuit. Unless if he proposes to the debtor or return the bill of exchange to him and lodged it with process servers office of the competent court, provided that he should have, before that, taken the actions necessary for maintaining the right of the said debtor to bring a recourse lawsuit.

Article 892

Lawsuit of enrichment without reason

If the bearer lost the right to bring lawsuit of the bill of exchange against all the committed persons and have no causative lawsuit against them, he shall have the right to bring a lawsuit against the drawer or the acceptor or the revolver by the amount with which they have enriched without right in causing damages to him

Article 893

Persons entitled to bring formal protest

The protest must be written down on one paper by the notary public or competent court clerk or the process server.

The persons mentioned in the previous paragraph shall be amended by a fine not less than five hundred dinar and not more than one thousand dinars if they refrain without reason, from withdrawing the protest in the manners and on the legally appointed times, in addition to claiming them for compensation if necessary.

Article 894

Mode of bringing protest and its formula

The protest may be written on the bill of exchange itself or on separated paper or on its second version or on its copy or on an annex to be attached to it. The annex may be added by the notary public or competent court clerk or the process server.

But in any way they should put their stamps on the attachment line.

If the protest is on a separated paper. Anyone who wrote down thereof shall indicate thereof on the bill of exchange or on its second version or on its copy or on the annex attached thereto thus, unless it was necessary to bring the protest without availability of the bill of exchange.

Article 895
Non-replacement of the protest

Any action shall not replace the protest except in the case of loss of the bill of exchange, and then the provisions regarding consideration of the bill of exchange as total loss shall apply.

Article 896
Authorities of protest and to whom it shall be brought

The protest should be brought in the places referred to in article (870) and against the persons mentioned in paragraph (2, 3, 4) as per their order even if they were not available.

If it is different to find the address of the mentioned persons, it shall not prevent from bringing the protest.

Unavailability of the legal capacity of the persons to whom the bill of exchange should be presented, shall not prevent from bringing protest against them, with exception of what is provided for in the last paragraph of article (876).

In case of death of the person to whom the bill of exchange shall be presented, the protest shall be brought against him in his name as per the previous rules without paying attention to his death.

Article 897
Essential contents of the protest

The protest paper shall include the name of the object to be brought, date of protest, copy of the bill of exchange and expressions of acceptance and revolving written down thereon with mentioning of the person whom the recommendation is made by his acceptance or payment of the bill of exchange when necessary

It shall include also the notice of acceptance of the bill of exchange or payment of its value. The attendance or absence of the claimed person, reason of abstention from acceptance or payment and failure to put the signature or abstention therefrom shall be mentioned thereon, all that shall be accompanied by the signature of the person entrusted to bring the protest.

If the bills of exchange which should be accepted or paid by one person in one place are multiple, the creditor may bring the protest by one separated paper;

Article 898
Duties of the official entrusted to bring protests

The person who is entrusted with power to make protest, shall leave a correct copy thereof to the person to whom same is addressed and shall make entry of all the protest paper day by day as per order of the date in a particular register of numbered pages and commented as per the rules.

He should present every fifteen days to the chief of the competent court of the first instance a list of those protests, provided that such list shall include the date of the protest, name and address of the drawee, name, surname and address of the payment claimant, date of maturity of the bill of exchange, the required amount and reason of non-payment.

The entry in the said register shall be effected in the manner applicable in the index records and if the entry failed, he shall be under obligation to pay compensation to the concerned persons.

The person who is entitled to effect protest should send to the commercial registered office, within jurisdiction of which the place of effecting the protest is located, during the first ten days of each month a list of protests which he has executed during the previous month about the unaccepted bills of exchange.

The commercial registered office should keep a book for entering the previous data and each person may see the same against the established fees.

Article 899
Case of non-obligation to bring protest

If the drawer did not stipulate in the bill of exchange the necessity of protest, it may be replaced if its bearer agreed upon by acceptance or payment to be written and dated on the bill of exchange or on an annex connected therewith or on a separate paper accompanied with signature of the drawee.

In order that such statement shall have the force of protest it should be registered on the same appointed terms of the protest. In case provided for in the first paragraph, the revolving free from the date shall be considered as occurred prior to execution of the said statement.

Article 900
Multiplicity of recourse bills of exchange

If the recourse bills of exchange are multiple, the original bill of exchange drawer and each of its revolvers shall not be claimed except for the expenses of one recourse bill of exchange.

Chapter Six
Intervention multiplicity of version and copies – distortion
– consideration of the bill of exchange as good as lost –
prescription

Article 901
Nomination of the interferer

The drawer, revolver and reserve guarantor of the bill of exchange shall assign the person who shall accept or pay it when necessary. According to the condition shown below the bill of exchange may be accepted or paid from any person interfering in the favor of any committed person through recourse.

The interferer may be other than the person committed by the bill of exchange. He may be also the drawee or any person committed under the bill of exchange except the acceptor.

The interferer should notify the person who signed in his favor of his interference within the two working days following his interference, otherwise he shall be under obligation of compensation for the damage which shall arise out of his negligence, provided that such compensation shall not exceed the amount of the bill of exchange.

Article 902
The Prescribed Conditions for Validity of the Interference

The acceptance through the interference shall occur in all the cases in which the bearer of the bill of exchange which should be presented for acceptance shall have the right of recourse prior to the maturity terms.

If the person who shall accept the bill of exchange or pay its value when necessary in the place of its payment is assigned in it, then the bearer shall have no right to recourse, prior to maturity of its term, neither to the person from whom the nomination was issued nor to the subsequent signatories

except if the bill of exchange is presented to the person who has assigned for its acceptance or payment when necessary and refrained from accepting it and confirmed this abstention by the protest paper.

In other cases, the bearer shall have the right to reject the acceptance by interference, but if he acknowledged it his right to recourse before the maturity date to the person who signed the acceptance in his favour and to the subsequent signatories shall be lapsed.

Article 903
Methods of Acceptance and Elements of its Validity

The acceptance of the bill of exchange through interference shall be written down on the bill of exchange itself and shall be signed by the interferer and shall mention in the acceptance form the name of the person to whom the interference was occurred in his favour, otherwise the interference shall be considered in the interest of the drawer.

Article 904
Obligations of the Interference Acceptor

The acceptor through interference toward the bearer and subsequent revolvers shall undertake to the person to whom interference is occurred in his favour by what the latter shall undertake.

Anyone to whom the interference occurred in his favour and in the interest of his guarantors, may in spite of the acceptance through interference, receive from the bill of exchange bearer the protest paper and the receipt, if any, if they have made payment of the amount shown in Article (880) of this Law.

If the bill of exchange was not presented to the acceptor through interference within the day next to the last day allowed for bringing the protest for non-payment the provision of obligation of the acceptor by interference shall be lapsed.

Article 905
Mode of Payment of the Bill of Exchange by Interference and Protest for Non-Payment

The bill of exchange may be paid by interference in all the cases in which its bearer shall, on maturity date or before it, have the right of recourse to the persons committed by it.

This payment shall be made by settlement of the whole amount which would have been paid by the person to whom the interference is occurred in his favour in relieving his obligation.

Article 906

Legal Address of the Interference, Relief of Obligation of the Persons Committed by Interference in Case of Non-Bringing the Protest

If the acceptance of the bill of exchange by the way of interference or the persons assigned to pay it when necessary have a legal address at the place of payment. The bearer of the bill of exchange should present it to all of them and brings a protest for non-payment if necessary, at most on the day following the last day of the date appointed for bringing such protest. If the protest is not brought on such appointed date, the person who has assigned the payer or the person to whom the acceptance is occurred in his favour and all the subsequent revolvers shall be relieved from their obligations.

Article 907

Rejection of Acceptance of payment through Interference by the Bearer

If the bearer of the bill of exchange rejected payment by the interference his right to recourse to the person whose obligation shall be relieved by such payment.

Article 908

Confirmation of Payment through Interference

The payment through interference should be confirmed by an expression to be written on the bill of exchange to the effect that the payment is reached and the person to whom the payment is made in his favour shall be mentioned; otherwise the payment is considered made in favour of the drawer. The bill of exchange shall be delivered to the payer and the paper of the protest, if any, shall be delivered also to him.

Article 909

Rights and Obligations Arising out of the Payment through Interference

The payer through interference shall acquire all the rights arising out of the bill of exchange from the person to whom the payment is made in his favour and from the persons committed by the bill of exchange towards the latter.

This payment may not revolving it and the obligations of the subsequent revolvers to whom payment is made in their favour shall be relieved.

If a number of persons proceed to pay through interference, the preference shall be to the person who his payment shall result in relieving the obligations of a great number of the committed persons.

Anyone who interfered for payment and he knew that his interference contradicting the previous provision, his right to recourse to the person, whose obligation would have been relieved if this interference was not occurred, shall be lapsed.

Article 910 **Multiplicity of Versions**

The bill of exchange may be withdrawn in multiple versions corresponding to each other and the number of each version must be put on its body, otherwise each version of them shall be considered as separate bill of exchange.

Any bearer of a bill of exchange not mentioned in it that it was unique, shall have the right to claim for its versions at his cost.

In achieving thereof he should recourse to the person who revolved it to him. Such person must assist him to recourse to the previous revolver and thus until ending to the drawer.

Article 911 **Effect of payment of the Bill of Exchange Versions**

Payment of the bill of exchange under one of its versions shall relieve the obligation even if it was not conditional that such payment shall cancel the provision of other versions.

But the drawee shall remain under obligation to make payment under each version which he has accepted but not recovered. The revolver who revolved the bill of exchange versions to various persons and their subsequent revolvers shall be committed by all the versions bearing their signature, but not recovered.

Article 912
Data which ought to be mentioned on the Versions

Anyone who sends one of the bill of exchange versions for acceptance shall write down in the other versions the name of the person who that version exists in his hand.

The latter should deliver it to the legitimate bearer of any other version. If he refused to deliver it, then the bearer shall have the right of recourse except if he proved by the protest paper that:

- 1- The version sent for acceptance is not delivered to him when he requested.
- 2- The acceptance or the payment is not occurred under another version.

Article 913
Execution of Copies, its Conditions and Effects

The bill of exchange bearer shall have the right to produce copies thereof. The copies should be utterly true copies of the bill of exchange. They shall include the revolving and other data and shall be written down thereon that the reproduction of the original is ended at this limit.

The copies may be revolved and reservedly guaranteed in the manner applicable to the original and shall have the provisions of the original.

Article 914
Circulation of the Copies

The name of the person who has the original in hand should be indicated in the copy of the bill of exchange. The latter shall deliver this original to the legitimate bearer of the copy. If he refrained to do so, the bearer shall have no right to recourse to its revolvers or reserve guarantors unless proved by protest that the original is not delivered to him in spite of requesting thereof. If it is written down on the original, after the last revolving prior to putting the copy, the expression of (with effect from now the revolving shall not be valid except on the copy) or any similar expression, then, any revolving to be written down afterwards on the original shall be null and void.

Article 915
Effects and Date of Distortion

If distortion is occurred on the body of the bill of exchange, it shall be obligatory under its distorted body to anyone who signed on it after the distortion, while the previous signatories shall remain binding by its original body.

If it is not appeared from the bill of exchange or not proved that the signature has been put prior to or after distortion, the signature shall be considered precedent to the distortion.

Article 916
Procedures of Considering the Bill of Exchange as Good as Lost and its Effects

If the bill of exchange is lost or stolen or destroyed, its bearer should notify the drawee thereof and shall request, a judgment considering the bond as lost, through a petition to be brought to the chief of the Court of the First Instance within jurisdiction of which payment of the bill of exchange shall be made or to the judge of the Court of Summary Justice within jurisdiction of which the bearer domicile is located. The essential elements of the bill of exchange must be mentioned in the petition. If the bill of exchange is issued on blank, the data proving its identity should be mentioned in the petition.

After confirmation of the right of the bill of exchange bearer, the Chief of the court of the First Instance or the Judge of the Court of Summary Justice shall issue a decision considering the bill of exchange as good as lost showing therein the elements and other data of the bill of exchange, and shall permit payment thereof after expiry of thirty days from the date of publication of the decision in procedures record, if the bill of exchange was matured or due at sight or with effect from the date of maturity if it was next to publication all that, unless the bill of exchange possessor has brought an objection during such term.

The person who brought the petition shall communicate the said decision to the drawee. In spite of the bringing of the petition, but payment of the bill of exchange to its possessor shall relieve the obligation of the debtor if made prior to communication of the matter to him.

Article 917
Methods of Objection

The lawsuit of objection of the possessor shall be brought in all the cases through authorizing the person who brought the petition and the drawee to present before the Court of the First Instance at the place where the bill of exchange should be paid.

Nevertheless, the person who brought the petition may perform, during the term established in Article (916), all the jobs which may lead to keeping of his rights, including claiming for depositing the amount of the bill of exchange judicially.

Article 918
Enforcement of the Judgment and Modes of Fulfillment of the Lost Bill of Exchange

If the term referred to in Article (916) is expired without objection or rejection of objection by a final judgment, the lost bill of exchange became as good as total lost. Anyone who presents the decision considering the bill of exchange as good as total lost accompanied with a certificate from the Process Servers Office of the Court indicating non-objection or presents the final judgment of rejection of the lawsuit shall have the right to claim for payment or requesting a second copy if the bill of exchange is issued on blank or its term is not yet matured.

The bill of exchange which is matured or payable at sight, the interests on it must be paid at the price referred to in Articles (880, 881) of this Law, unless the amount is deposited under Article (874) to the credit of the person who the decision of considering the bill of exchange as lost is issued in his favour or the judgment is issued in his favour.

Article 919
Removal of Enforcement of the Lost Bill of Exchange

Without prejudice to the rights of the bill of exchange possessor to the person who obtained the judgment, then the judgment considering the bill of exchange as total lost shall deprived it of any right arising out thereof.

Article 920
Duration of Prescription

Any Lawsuit arising out of the bill of exchange shall be prescribed towards its acceptor by expiry of three years from the date of its maturity. But the bearer lawsuits against the drawer or revolvers shall lapse by the expiry of one year from the date of the protest brought within the legal duration, or from the date of maturity if the bill of exchange contained the recourse condition without expenses. The resolver's lawsuit against each other or against the drawer shall lapse by prescription by expiry of six months from the date on which the revolver has paid the bill of exchange or from the day on which the lawsuit has brought against him.

The enrichment lawsuits shall be prescribed by expiry of one year from the day on which he lost the right to bring the lawsuit arising out of the bill of exchange.

Article 921
Commencement of Prescription Applicability

The prescription dates shall not apply in case of bringing the lawsuit except from the last day of its affection. The prescription shall not apply if a debt judgment is issued or acknowledged under a separate bond.

Article 922
Effect of Interruption

The interruption of the prescription shall have no effect except for the person against whom the action interrupting its applicability is issued.

Article 923
Official Holidays

If the maturity date of the bill of exchange corresponded to an official holiday, it shall not be allowed to claim payment thereof unless on the following working day.

It shall not be allowed also to take any other action related to the bill of exchange, particularly, presenting it for acceptance or bringing protest in its respect unless on a working day.

Article 924
Commencement of Dates

The first day shall not be included in calculation of the legal or conventional dates.

Article 925
Courtesy Time Limits

It shall not be allowed to grant any judicial or legal time limit as a courtesy.

Article 926
Interpretation

The word (legal address) in this book shall be given to the work place also, in case of default, then it shall be given to domicile. The work (place of payment) shall be given also to the whole city and its suburbs.

Section Two
Promissory Note

Chapter One
Its Provisions

Article 927
Definition

The Promissory Note: Is a written obligation according to terms defined by law. It includes undertaking of a certain person called the executor to pay a certain amount of money on a certain date or subject to assignment to the order or to the permission of a person called the beneficiary.

Article 928
Basic Date of the Bond

The Promissory Note contains the following data:

- 1- Condition of the order, or expression of bond to the order to be written on the bond body in the language in which it has been written.

- 2- Undertaking not pending on a condition to pay a certain amount of money.
- 3- Date of maturity.
- 4- Place of payment.
- 5- Name of the person to whom payment must be made or to his order (the beneficiary).
- 6- Date and place of the bond origin.
- 7- Signature of the person who originated the bond (the executor).

Article 929
The Bond Free from Some Data

The bond which is free from one of the data mentioned in the previous article shall not be considered as a Promissory Note except in the cases shown in the following paragraph:

- 1- The Bond which is free from mentioning the date of maturity shall be payable at sight.
- 2- If the payment place is not mentioned, then the place to be mentioned beside the executor's name shall be considered as a place of payment and at the same time the legal address of the executor.
- 3- The Bond which is free from mentioning the place of its origin shall be originated at the place shown beside the name of its executor.

Article 930
Applicability of Some Provisions of the Bill of Exchange to the Promissory Note

The Provisions of the Bill of Exchange related to payment, revolving and recourse due to non-payment, protests, payment through interference, copies, distortion, prescription, official holidays, calculation of time limits and appointed times, precautionary attachment, difference of amount in letters and figures, signatures without authorization, consideration of the Bond as good as totally lost shall apply to the Promissory Note. The provisions related to the Bill of Exchange payable of the legal address of a third party or a place other than the place where the legal address of the executor is located,

stipulation of the interest, as well as the provisions of the reserve guarantee shall apply to the Promissory Note. If the name of the guaranteed person is not mentioned in its form, it shall be considered in the favour of the executor inasmuch as not contradict the nature of the Bond.

Article 931
Obligations of the Bond executor and Date of Sight

The Executor of the Promissory Note shall be considered under obligation of what is the Bill of Exchange acceptor abode by. The Bond payable after expiry of a certain period from the sight should be presented to the executor during the time appointed in Article (854) to endorse thereon to the effect that he has seen the same and to be dated and signed. Such appointed time shall start from the date of the said endorsement.

If the executor refrained from putting the said endorsement, such refraining shall confirmed by a protest which its date shall be the commencement of the validity of the sight duration.

Chapter Two
Common Provisions between the Bill of Exchange and Promissory Note

Article 932
Force of the Bill of Exchange and Promissory Note as Execution Bond

The validity of the Bill of Exchange and the Promissory Note- even they are at sight or for a period after the sight – shall not depend on observation of provisions on stamp duty, provided that if the bonds were issued free from stamp duty or not paid within the legally established term they shall lose their capacity as executive bonds.

The holder of either bond shall have no right to bring a lawsuit on the basis of the Bill of Exchange provisions. If he did not pay the stamp duties and the cash fine establish in its respect. The Court shall issue a judgment by invalidity of the Bill of Exchange or the Promissory Note as Executive Bond even automatically.

Article 933
Interests due on the Bond and its Stamping

If the Promissory Note or the Bill of Exchange is of maturity date of sight or for a period after sight and the necessity of interest's entitlement is mentioned in it, it should include the stamp duty – in addition to the original – the interest's amount which shall be calculated on the basis of the price shown on the bond. The interests may not be calculated for a period exceeding ten months.

Chapter Three
Cheques

Section One
Issuance and Form of the Cheque

Article 934
Essential Data of the Bank Cheque

The cheque shall contain the following data:

- 1- The word “cheque” is included in the bond body in the language in which it is written.
- 2- An order not pending on condition to pay a certain amount of money.
- 3- Name of the person from whom the payment is required (drawee).
- 4- Place of payment.
- 5- Date and place of issue of the cheque.
- 6- Signature of the person who issued the cheque (drawer).

Article 935
Effects of Non-Mentioning of Some Data

If the cheque is free from one of the data set out in the previous Article, the cheque shall loss its valuation except in the following cases:

- 1- The place shown beside the name of the drawee shall be considered as a place of payment, if the cheque is free from mentioning a particular place. If the places shown beside the name of the drawee are multiple, the cheque shall be considered payable of the first place of them.
- 2- If the cheque is free from such data, it should be paid at the place where it is issued. If the bank has no office in the said place, it should be paid where its Head Office is located.
- 3- If the cheque is free from mentioning the place of issue, it shall be originated at the place referred to beside the drawer name.

Article 936

Non-Permissibility of Withdrawal of the Cheque to Other than the Banks

The cheque may not be withdrawn except to banks. Although, the cheque which is payable abroad to other than the banks may be withdrawn.

A cheque may not be issued except if the drawer has money which he shall dispose of with drawee through issuance of cheques according to an explicit or implicit agreement between them. Nevertheless, the Bond which shall be originated in breach of the mentioned condition shall loss the valuation of the cheque.

Article 937

Non-Acceptance on the Cheque

Non-acceptance on cheque, and any indication of acceptance shall be considered as null and void. Nevertheless the drawee may make endorsement on the cheque to the effect that the balance is available for paying the cheque and preventing the drawer from disposing of the amount prior to presenting the cheque for payment.

Article 938

Identification of the Person Assigned to Receive the Cheque

Payment of the cheque may be stipulated according to the following:

- 1- To an assigned person with or without expression of (to the order).
- 2- To an assigned person with expression of (not to the order) or the equivalent.

The cheque withdrawn in favour of a certain person on which the expression of (or to its bearer) or the equivalent is provided therein shall be considered as a cheque to its bearer. If the cheque is free from mentioning the beneficiary it shall be considered as a cheque to its bearer.

Article 939

Identification of the Beneficiary and Restrictions of Withdrawal

The cheque may be withdrawn to the order of the drawer himself and the cheque may be withdrawn to its holder.

The cheque may not be withdrawn on the drawer himself unless it is withdrawn between banks branches to be controlled by one head office. In this case the cheque may not be to (its holder).

Article 940

Prohibition of Interests

Stipulation of any interests on the cheque shall be null and void.

Article 941

Place of Payment

The cheque may be paid in a legal address of a third party either in the place of the drawee legal address or in other place where an institution replacing the bank is exist.

Article 942

Applicability of Some Provisions of the Bill of Exchange to the Cheque

Provisions of Article (833, 834, 835, 836, 837 & 838) of the Bill of Exchange related to the validity of the amount, signature and its conditions shall apply to the cheque.

Article 943

General Power of Attorney in Fact

The General Power of Attorney shall contain that one person shall abide himself in the name and to the credit of another person by the power of issuing and revolving cheques unless the contract of the Power of Attorney otherwise stipulated.

Article 944
Payment Guarantee

The responsibility of payment of the cheque shall fall on the drawer and any condition to the effect that he shall be exempted therefrom shall be null and void.

Chapter Two
Cheque Circulation

Article 945
Cheque Circulation

The cheque which is issued in the name of a certain person shall be subject to circulation through revolving, even if the expression of (to the order) is not expressly mentioned. The cheque which is issued in the name of a certain person and restricted to a condition of (not to the order) or its equivalent may not be transferred except on the basis of the civil draft preserved in the Civil Law.

The cheque may be revolved in the interest of the drawer himself or to another one of the persons committed thereto and they shall have the right to revolve it again.

Article 946
Revolving Restriction

The revolving should be free from any condition. Any condition on which the revolving is pendent shall be considered null and void and any partial revolving shall be invalid.

Revolving of the bearer shall be considered as a revolving on blank.

Revolving of the drawee shall have the valuation of receipt only unless the drawee is a number of institutions and the revolving occurred in favour of one of them different from that on which the cheque is withdrawn.

Article 947
Applicability of Provisions of the Bill of Exchange

The provisions of the Bill of Exchange set out in the following Articles: (844, 845, 846, 847, 848, 849, 950 & 851) related to revolving and its effect, revolver guarantee, possession legitimacy, revolving restriction, applicability of the pleadings cleaning rule and consideration of dates and revolving (for receiving) shall apply to the cheque.

Article 948
Reserve Guarantee

Payment of the cheque may be guaranteed by a reserve guarantee includes all or a part of the amount. The reserve guarantee includes all or a part of the amount. The reserve guarantee may be presented by one of the persons committed thereto or another person with exception of the drawee. The provisions of Articles (862, 863) shall apply to the cheque.

Chapter Three
Submission and Payment of the Cheque

Article 949
Cheque Payable at Sight

The cheque shall be payable at sight and any statement indicating postponement of payment shall be invalid. The cheque which is presented for payment before the day shown therein as a date of issuance shall be payable on the date of its submission.

Article 950
Dates of Submission of the Cheque for Payment

The cheque withdrawn in Great Jamahiriya and payable in it should be presented for payment within (20) twenty days. If it was withdrawn abroad and payable in it should be payable within (40) forty days.

The above-mentioned dates shall start from the date shown in the cheque as a date of its issuance.

Presentation of the cheque to one of the legally recognized clearing house shall be considered as a submission for payment.

Article 951
Difference of Dates

If a cheque is withdrawn between two countries having different calendar the day of issuance shall be replaced by the correspondent day in the calendar of the place of payment.

Article 952
Payment of Cheque after the Appointed Date

The drawee should pay the cheque after the date appointed for its presentation unless the drawer raises an objection thereto.

The objection of the drawer to payment of the cheque shall not be accepted except in case of its loss of bankruptcy of its bearer.

Article 953
Death of Bankruptcy or Disqualification of the Drawer

The cheque shall neither lose its valuation nor its effects by the death or bankruptcy or disqualification of the drawer after issuance of the cheque.

Article 954
Effects of Payment and Partial Payment

If the drawee paid the cheque he shall have the right to claim for delivering the same to him signed by the holder by clearance.

The holder may not withhold acceptance of the partial payment, and he shall have the right to claim for payment of the available balance. If the drawer's balance is less than the cheque value and paid a part of its value, the drawee shall claim for indication thereof in the cheque and receipt of the paid amount.

Any amount to be paid out of the original value of the cheque shall relieve of obligation of its drawer, revolvers and reserve guarantors, and the cheque holder shall bring protest for the remaining.

Article 955
Submission of various Cheques at One Time

If various cheques were submitted at one time and the drawer balance was not enough to cover all of them, they shall be paid according to the dates of their issuance.

Article 956
Sequence of Revolving

Before payment of the cheque subject to revolving the drawee should verify the sequence of revolving and shall not be under obligation to confirm of the validity of the revolvers signatures.

Article 957
Cheque Withdrawn in Foreign Currency or not Circulated in Great Jamahiriya

If payment of the cheque is conditional in a currency not circulated in Great Jamahiriya its value may be paid on the date appointed for presentation in Libyan currency as per the current price on the day of payment.

If payment is not made on day of submission, the bearer shall opt between claiming the cheque value drawn at the Libyan currency price on submission day or payment day.

If the cheque is submitted for payment for the first time after expiry of the appointed date for its submission, the consideration shall be at the price of the day on which the date of submission was expired.

The practice of payment place shall specify the estimation of the foreign currency, but the drawer may stipulate calculation of the payable amount on the basis of the price set out in the cheque.

The previous provisions shall not apply when the drawer stipulates payment of the cheque in a certain foreign currency.

If the cheque amount is specified in a currency bearing joint nomination of a different value in the country of its issuance from its value in the country of payment, it is supposed that the payment shall be in the currency of the country of fulfillment.

Article 958
Responsibility for Payment of the False Cheques

The drawer shall not be obliged to pay the cheques on which his signature is falsified even if paid by the bank on which it was drawn unless an error is confirmed against him.

The drawer shall be particularly mistaken if he did not pay the attention of the normal person in keeping the forms of the cheques delivered to him.

Article 959
Applicability of Some Provisions of the Bill of Exchange to the
Cheque

The provisions of the Bill of Exchange related to consideration of the cheque as totally lost, recourse lawsuit, prescription and reserve guarantee shall apply to the cheque.

Chapter Four
Lined Cheque and the Cheque Entered in the Account

Article 960

The cheque drawer or holder shall have the right to line it, by putting two parallel lines on the front part of the cheque. The lining shall result in the effects shown in the following Articles.

Lining is general and special

The lining shall be considered general if no indication is set out between the two lines or the (World Bank) only is set out or any other work in this sense. It shall be considered special if the name of a certain bank and non-other is written between the two lines.

The General Lining may be transformed into special lining. The striking out of the lining or the bank name set out on it shall be considered as null and void.

Article 961
Modes of Payment of the Lined Bank

The drawee may not make payment of the generally lined cheque unless to one of his clients or to a bank.

The specially lined cheque may not be paid except to a certain bank or to one of its clients if the bank is the drawee. Nevertheless, the bank assigned for receiving shall entrust another to receive the cheque value under revolving by proxy.

The Bank may not obtain a lined cheque except from one of his clients or from another bank. It may not receive it also except to the credit of one of those persons.

If the drawee did not observe the previous provisions he shall be under obligation to pay compensation at an amount not exceeding the cheque value.

In provisions of the Article the word (Client) means any person having account with drawee bank.

Article 962
Stipulation of Entry of the Cheque Value in the Account

The drawer and holder of the cheque may prevent its payment in cash by putting the expression of (for entry in the account) or its equivalent on back of the cheque.

In this case, the cheque may not be settled by the drawee except through its entry in the records (Approval in account or transfer or clearing).

Entry of the cheque in records replaces the payment. Any striking out of the expression of (for entry in account) shall be null and void. Non-observation of the said provisions by the drawee shall result in his responsibility for compensation for the damage at an amount not exceeding the cheque value.

The drawee shall be under obligation to make entry to the person with whom he has an account.

Article 963
The Cheque Prohibited from Circulation

Any conditional cheque may not be paid on issuance as considered (untransferable) or a like, in cash or by entry in account unless to the person to whom the cheque is issued in his name.

The cheque may not be revolved except to a bank and on the basis of collection of its value. In this case the bank shall have no right to revolve it again.

Any revolving breaches this prohibition shall be considered in valid as well as striking out of the expression of (untransferable). Anyone who paid a cheque

prohibited from circulation to a person not assigned for receiving thereof or to bank not authorized to collect it, he shall be under obligation to repay the cheque.

The bank may add the expression of (untransferable) to the bank if requested so by its client.

The same expression may be added also by any of the revolver. This subsequent entry shall result in the same effect mentioned above.

Article 964
Application of Provisions of this Chapter

The provisions of this chapter shall not apply except to the cheques payable inside Great Jamahiriya.

Chapter Five
Recourse for Non-Payment

Article 965
Confirmation of Non-Payment

The cheque bearer shall have the right to recourse to the revolvers, drawer and other persons committed thereby if he presented it within the period decided for payment but its value is not paid. The abstention from payment shall be confirmed by one of the following methods:

- 1- Official protest paper.
- 2- Statement thereof to be issued by the drawee with mentioning the day and place of submission.
- 3- Dated statement issued by the clearing house in which it shall be mentioned that the cheque has been submitted n fixed time but it value is not paid.

Issuance of the referred statement may not be withheld if required by the holder, even if the cheque includes the condition of recourse without expenses.

Article 966
Terms of Confirmation of Non-Payment

The abstention of payment must be confirmed by the means shown in the previous article prior to expiry of the appointed date for submission. If submission is effected on the last day of this appointed date, the abstention may be confirmed on the next working day.

Article 967
Provisions of the Bill of Exchange to be Applied to the Cheque

The provisions of the Articles (887, 878, 879) related to the Bill of Exchange regarding notice of non-payment or exemption from bringing protest and responsibility of the persons committed thereby shall apply to the cheque.

Article 968
Rights Entitled to the Cheque Payer

Anyone who paid the cheque shall have the right to claim his guarantors for the following:

- 1- The amount paid out of the cheque value.
- 2- Legally payable interests with effect from the payment day.
- 3- Expenses of the protest and all the incurred expenditures.

Article 969
Applicability of Provisions of the Bill of Exchange

Provisions of the Articles (89, 882, 883, 886, 887, 888, 889, 891, 891, 892, 893, 894, 897, & 898) of this contract shall apply to the cheque inasmuch as not contradicting the nature of the cheque.

Chapter Six **Multiplicity of Copies**

Article 970 **Issuance of Copies and its Conditions**

With exception of the cheque (to its holder) the cheque may be withdrawn in various copies corresponding to each other if they are withdrawn in a country and payable in another country or it was withdrawn and payable in a part of different parts of the country.

If a cheque is withdrawn in more than one copy, the number of each copy should be put on its body, otherwise, each copy thereof shall be considered as separate cheque.

Article 971 **Provisions of the Bill of Exchange Applying to the Cheque**

Provisions of Article (911) of this Law shall apply to the cheque.

Article 972 **Applicability of Some Provisions of the Bill of Exchange to the Cheque**

Provisions regarding consideration of the Bill of Exchange as good as lost as well the provisions of distortion shall apply to the cheque.

But as regards prescription, the appointed times established to the Bill of Exchange shall be applied with reduction of the duration of prescription of the Lawsuit of recourse of the holder to the revolver to six months.

Article 973 **Interpretation**

In this section the word (bank) means any person or financial institution performs licensed banking works and the word of (legal address) means also the domicile and the expression of (payment authority) (or place of payment) shall means the whole city.

Article 974
General Provisions

The provisions of the Bill of Exchange related to official holidays, non-permissibility of granting judicial or legal time limit for courtesy and commencement of validity of the appointed times shall apply to the cheque.

Article 975
Abstention of the Bank

The bank shall be penalized by a fine not less than (LD 500) five hundred Libyan Dinars if one of the following acts is intentionally committed:

- 1- Declaration contrary to the truth that the cheque has no balance or there is insufficient balance.
- 2- Refusal, in bad faith, to pay a cheque having full or partial balance and a true objection is not submitted in its respect.
- 3- Abstention from putting or delivering the statement referred to in paragraph (2) of the Article (965).
- 4- Abstention without reason from endorsing the cheque or giving the equivalent of the certified cheque.

The same penalty shall be applied to the natural responsible person who committed the acts provided for the previous paragraph or an order of their commitment is issued.

Chapter Seven
Periodical Cheque

Article 976
Conditions of Issuance

The periodical cheque is a credit bond (to the order) to be issued by one of the exchange institutions authorized to do so, for amounts not exceeding in their total the balances available to it at the time of the issuance.

The periodical cheque is payable at sight by all the authorities concerned with payment.

The institution which is licensed to issue periodical cheques must form an appropriate balance to ensure payments of the cheques which it shall issue according to the provisions set out in the license.

Article 977
Particulars of the Periodical Cheque

The periodical cheque shall contain the following particulars:

- 1- Name (periodical cheque) to be written on the bond body.
- 2- Unconditional undertaking to pay a certain amount of money.
- 3- Name of the institution from which the cheque is issued.
- 4- Date and place of issue.
- 5- Signature of the institution.

If the periodical cheque is free from one of these particulars it shall lose its capacity.

Article 978
Prescription Period

He right of the cheque holder to bring the recourse lawsuit shall be lapsed if he did not present it for payment within (40) forty days from its issuance. The right to bring a lawsuit against the institution shall be prescribed after expiry of three years from the date of its issue.

Resolving of the cheque to the issuing institution or one of its branches shall render it cancelled.

Article 979
Power of Attorney to issue Periodical Cheques

The periodical cheques may be issued by a power of attorney as far as the attorney in fact is a bank or its branch.

Article 980
Applicability of Provisions of the Banking Cheque and provisions of the Bill of Exchange

The provision of the Bill of Exchange regarding revolving, payment, protest, recourse, prescription, falsification, legal capacity shall apply to the periodical cheque. The provisions of the banking cheque regarding shortness and restriction of circulation shall apply to it also, as long as they shall not contradict the nature of the periodical cheque.

Chapter Eight
Traveler's Cheques

Article 981
Definition

The Travelers Cheque, is a bond to be issued by a bank or a financial institution authorized to do so after being signed by the purchaser in the presence of the official authorized by the issuing authority.

Article 982
Cheque Payment Conditions

The Travelers Cheque shall not be paid unless it borne on its face two conform signatures to whom the cheque is issued.

Article 983
Provisions ought to be Applied

The relationship between the travelers cheque issuer and to whom it was issued shall be governed by the purchasing document items in as much as not contradicting the traditions and practices applicable in this concern.

Book Seven
Bankruptcy and Reconciliation Preventive therefrom

Section One
Reconciliation Preventive from Bankruptcy

Chapter One
Acceptance of Reconciliation

Article 984
Reconciliation Permissibility

The person subject to bankruptcy declaration who finds himself unable to pay his debts may propose a preventive reconciliation to his creditors according to provisions of this Section.

Article 985
Conditions of Acceptance of Reconciliation

Acceptance of the preventive reconciliation stipulates the following conditions:

- 1- The reconciliation shall be effected prior to bankruptcy declaration.
- 2- The debtor shall be enrolled in the commercial register for at least two years or from the date of commencement of his work if its duration is less than that.
- 3- His accounts shall be regular for the period mentioned in the previous paragraph.
- 4- His bankruptcy may not have been declared during the five years precedent to the reconciliation application and no preventer shall interfere in reconciliation within the same period.
- 5- He may not have been judged by manipulated bankruptcy or in felony or misdemeanor on properties or breach of faith or public economy or trade or industry.
- 6- To offer to his creditors one of the following two matters:

- A- Submission of confirmed guarantees either in kind or personal under which he shall undertake to pay not less than (40%) forty percent of the value of his normal debts within six months from the reconciliation decision. If he proposed a long term he should submit the same guarantees for payment of legal interests on the amounts which he has undertaken to pay after the said six months.
- B- In case the debtor proposed reconciliation to his creditors on the basis that he shall assign to them all his existing properties at the time of proposal of reconciliation save what is to be excepted therefrom according to Article (1051), the value of the properties and assets should be sufficient for fulfillment of rights of his creditors at least to the percentage shown in item (A).

Article 986
Reconciliation Petition

The debtor shall submit the proposal of the reconciliation through a petition to be signed by him and brought to the Court of the First Instance in the place where the office of his main activity is located showing the reasons led to his inability to pay the liabilities in his debt and which made him apply for the preventive reconciliation. The debtor should submit his commercial books, detailed list of his assets, statement of the value of each of them and list of the names of his creditors along with the petition.

As regards the companies, the petition shall be submitted after approval and signature on it according to Article 1161.

Article 987
Objections of Acceptance of Petition

The Court of the First instance, after hearing the statements of the Public Prosecution and the debtor statements when necessary, shall issue a decision of rejection of the proposal whenever the conditions provided for in the paragraphs from (1 – 5) of the Article (985) are not satisfied or if the Court is convinced that the proposed reconciliation is not corresponding to the conditions shown in paragraph (6) of the same Article.

In such cases the Court shall declare the debtor's bankruptcy by itself.

Article 988
Procedures of the Preventive Reconciliation

If the Court accepted the proposal, it shall declare the opening of the preventive reconciliation action by a decision includes the following:

- 1- Delegation of a judge to perform the reconciliation.
- 2- Giving an order to convene the creditors meeting prior to expiry of (30) thirty days from the date of decision and appointment of the team of notification to creditors.
- 3- Nomination of the judicial comptroller who shall be selected from the list of the judicial administrators with observance of provisions of Articles (1034, 1033, 1032).
- 4- Appointment of a team not exceeding (8) eight days within which the reconciliation applicant shall deposit with Court's Process Servers Office the amount which it deems appropriate to perform the formalities.

In case of non-affection of the deposit the Court shall take the measures which are provided for in the second paragraph of the previous Article.

Article 989
Orders and Decision to be issued by the Delegated Judge

The Judge orders shall be subject to contestation as per Article (1031).

The decision to be issued by the Court of the First Instance on this contestation shall be final.

Article 990
Judicial Comptroller

The judicial comptroller shall have the capacity of the public servant in the limits of the assignment entrusted to him.

The provisions of Articles (1041, 1044, 4043, 1042) shall be applied in this respect.

Article 991
Declaration of the Decision

The Process Server Office of the Court shall declare the decision of acceptance of the reconciliation through posting it up on the Court signboard and shall bring it to the Commercial Register Office for registration, and provisions of the second paragraph of Article (1097) shall be applied.

Chapter Two
Effect of Acceptance of the Preventive Reconciliation

Article 992
Administration of Properties during the Reconciliation Process

During the process of the reconciliation, the debtor shall remain administering his properties and running all his work without exception under supervision of the judicial comptroller and instructions of the delegated judge.

The loans, adjustments, mutual consent, disposal and mortgage of the real estate or mortgage of a movable, warranties, assignment of disputes, acknowledgment of third parties rights, striking off real estate mortgages, return of the mortgaged objects, acceptance of conditional donation, heritage and all the operations which exceed the normal administration even if in the form of draft unless the delegated judge have approved all that in writing.

Article 993
Effects of Submission of Petition

With effect from the date of submission of the petition until the decision of the sanction of the reconciliation enters into force, anyone who has a debt precedent to issuance of the decision, may not start enforcement on debtor's debt or continue the same, otherwise such action shall be subject to cancellation and the durations of the prescription and lapse shall suspend.

The creditors may not acquire rights of privilege applicable to the united creditors' rights unless allowed by the judge in cases provided for by the previous article.

Article 994
Rules to be applied

With observance of the date of submission of the petition, the provision of the Articles (1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068) of this Law shall be applied to the preventive reconciliation.

Chapter Three
Direct Measures

Article 995
Endorsement on Commercial Books

After issuance of the preventive reconciliation acceptance decision, the delegated judge shall endorse thereof under the last writing in the submitted books. The books and records shall be returned to the debtor who should put them at disposal of the delegated judge and the judicial comptroller.

Article 996
Convocation of Creditors Meeting

The judicial comptroller should verify the correctness of the creditors and debtors list according to the commercial documents and books submitted according to article (986). He shall have the right to introduce the amendments he deems appropriate thereto. The comptroller should notify also the creditors with registered letters or telegrams or the legally approved means of communication of the date of the creditors meeting and debtor's proposal.

If it is appeared that the serving of the notice provided for in the previous paragraph is difficult so that it could not be acted upon due to multiplicity of the creditors number or to difficulty in their identification, the Court may ask permission to act upon what is provided for by the Article (1135) after hearing the judicial comptroller.

If there were loans securities holders the term provided for in item (2) of the Article 988) should be doubled.

In all the cases, the session holding notice should be addressed to the joint representative of the loan securities holders, if any.

Article 997
Acts and Report of the Comptroller

The judicial comptroller shall take inventory of the debtor's assets, and prepare a detailed report showing therein the reasons of disturbance of the debtor's movement, behavior, reconciliation proposal and guarantees to be offered to the creditors and shall lodge them with Court Process Server Office within at least (3) three days prior to creditors meeting.

The Judge may, upon request of the comptroller, nominate a person to assist him in estimation of the assets value.

Article 998
Declaration of Bankruptcy during Reconciliation Procedure

If the judicial comptroller confirmed that the debtor has concealed a part of his properties or untruly showed them or did not declare debts by manipulation, or showed unavailable debts on him, or committed any fraudulent acts, he should notify the delegated judge thereof immediately. After performance of appropriate investigations he shall propose to the Court of the First Instance to declare the bankruptcy of that debtor.

The bankruptcy shall be declared also if the debtor performed, during the reconciliation procedure, acts not entrusted to him by Article (992) or if he intended beyond his acts to prejudice the creditor's right in any aspects or if it is appeared at any time that he did not meet the conditions imposed for acceptance of the reconciliation.

Chapter Four
Decisions of Reconciliation

Article 999
Creditors Meeting

The delegated judge shall preside over the creditors meeting.

Each creditor may delegate another person by special power of attorney to be executed without certain formalities on the session convocation notice.

The debtor or his legitimate representative should present in person. He may not delegate another person by special power of attorney except for preventive, forcible reason to be decided by the delegated judge.

The guarantors and warrantors may present with the debtor and those who are committed by the debts through recourse.

Article 1000
Decision on Reconciliation Proposal

The judicial comptroller shall explain his decision and final proposals of the debtor in creditors meeting. Each creditor may explain the reasons which make him refuse acceptance of the proposed reconciliation, he may raise objection also to the combined debts in the reconciliation.

The debtor may, in his turn, reply to or dispute the debts and should the sufficient explanations to the judge.

Article 1001
Acceptance of the Objected Debts Temporarily

The delegated judge may accept temporarily the disputed debts wholly or partly for voting and getting the majorities only, provided that the same shall not breach the final consideration in respect of those debts.

The creditors whose debts are not accepted may raise objection to that at the phase of endorsement of the reconciliation if their acceptance shall have impact on majority formation.

Article 1002
The Majority Required for Approval of the Reconciliation

The preventive reconciliation must be approved by the majority who participated in the selection whenever such majority represents two third of the total debts accepted in the selection.

The owners of the preferred debts shall not participate in the selection unless they assign their preference. The assignment may be restricted to a portion thereof, provided that it shall not be less than one third of their debts as to original and marginal. The effects of the assignment shall be ended if reconciliation is not reached or if it was cancelled or dissolved afterwards.

Provided that, participation in selection without authorization of partial assignment and acceptance of the reconciliation afterwards it shall definitely benefit the assignment of insuring the debt in full. It prevented also, from selection and country of majorities, the debtor wife, relatives until the fourth degree and his brother in-law and those to whom the debts or these relatives are transferred since a period not less than one year from the date of application for reconciliation.

Article 1003
Approval of the Reconciliation Application

The positive and opponent votes of the creditors shall be written down in the minutes of meeting of the creditors with indication of the name of each of them and the value of his debt. The minutes shall be signed by the delegated judge, comptroller and clerk.

If it was difficult to complete the work on the fixed day, the judge shall postpone it to the coming session to be held within at most (8) eight days without need to notify the absent persons.

The approvals of the creditors coming to him through the telegram or post or the legally approved means of communication shall be recorded on the margin of the minutes within (20) twenty days after completion of the minute's preparation. If the majority of the creditors who are recommended in the meeting is approved the reconciliation without getting the majority of two third of the total debts, these approvals shall be counted in the majority of the debts.

Chapter Five
Reconciliation Certification

Article 1004
Non-Approval of the Reconciliation

If the majorities provided for in Articles (1002, 1003) are not satisfied on established terms, the delegated judge shall notify the Court of the First Instance thereof, and it should confirm what is provided for in the second paragraph of the Article (987).

Article 1005
Certification of Reconciliation after Approval

If the majorities are satisfied, the delegated judge shall fix the session date and invites the concerned persons by an advertisement to published through posting up on Court's signboard in a period not exceeding (30) thirty days from the date of posting up.

The contradicting creditors and all the stakeholders who intend to raise objection to certification of the reconciliation shall declare their causative objection to the debtor and the judicial comptroller and shall interfere as litigants in the Lawsuit within at least (5) five days before the session.

The judicial comptroller shall lodge during the same term with the Court Process Servers Office a causative report of his opinion.

The debtor, even if not interfered as a litigant in the action, may present at the session to hear the judge statements. The Judge, as per exigencies of the case, shall have the right to perform the investigation which he deems appropriate and fix the session date before the Court within the next (10) ten days.

Article 1006
Provision of Reconciliation Certification

The confirmation of satisfaction of conditions of acceptance of the reconciliation and the validity of the formalities, the Court shall evaluate the following matters:

- 1- Whether the reconciliation is in conformity with creditor's economic interest as to assets, sufficiency of the debtor and his activity.
- 2- Whether the majorities decided by the law are incorporated also in their evaluation, the creditors deprived form selection, who submitted an objection to their selection.
- 3- Whether the offered guarantees are liable for fulfilling the reconciliation. In the case provided for in paragraph (6) of the Article (985), whether the offered funds are sufficient to pay the debts to the extent provided for in the same article.

- 4- Whether the debtor is worthy of the reconciliation in view of the reasons which led to his inability to fulfill his obligations with consideration of his behaviour.

If these conditions are satisfied, the Court shall issue its judgment on certification of the reconciliation otherwise, it shall declare the debtor's bankruptcy.

Regarding the disputed debts, the Court shall fix the amount of the sum which the debtor should deposit according to conditions of the reconciliation. Also, the modes which should be followed in payment of the due amounts on their maturity shall be defined in execution of the reconciliation or the same shall be referred to the delegated Judge to issue a decision in this respect.

The two last paragraphs of the Article (1139) shall be applied.

Article (1007) **Reconciliation on the Basis of Transfer of Funds**

If the reconciliation is effected on the basis of transfer of the funds and did not provided for the contrary to the Court of First Instance shall nominate, in judgment of reconciliation certification, a liquidator or more, as well as a body composed of three or five creditors to assist in liquidation and the modes under which the liquidation to be effected shall be determined.

Article 1008 **Appealing against or Refusing the Judgment on Reconciliation**

The opponents and the debtor may appeal against the judgment issued on certification of the reconciliation or its rejection within (15) fifteen days from the posting up.

The appeal shall be declared to both the debtor and the judicial comptroller and the remaining persons involving in the lawsuit.

The judgment shall be published according to Article (1022) and the date of appeal before the higher Court shall start from the date of posting up.

Article 1009 **Effects of the Reconciliation on Creditors**

The judgment issued on certification of the reconciliation shall be binding to all the creditors who their debt attributable to prior to issuance of decision of

opening the reconciliation procedures. Provided that it shall not prejudice their general rights against those who are committed to be liable jointly with debtor, his warrantors and those who are committed with him through recourse.

Reconciliation in companies shall apply to the partners who have unlimited liability unless otherwise agreed upon.

Chapter Six **Implementation, Cancellation and Revocation of the** **Reconciliation**

Article 1010 **Reconciliation Implementation**

After reconciliation certification the judicial comptroller shall supervise over its implementation in the methods shown in the judgment. He should notify the Judge of anything prejudicial to the creditors' rights.

The second paragraph of Article (1146) shall apply.

Article 1011 **Cancellation and Revocation of the Reconciliation**

The provisions of Articles (1146, 1147) shall apply to the preventive reconciliation, provided that the expression of receiver set out in the two Articles shall be replaced by the expression of judicial comptroller.

The reconciliation shall not be cancelled if it is based on assigning the funds as per Article (985) or decrease of the value resulting from liquidation of asset from forty percent. The Court shall declare the bankruptcy in the same judgment under which the reconciliation shall be cancelled or revoked.

Section Two
Bankruptcy

Chapter One
Opening of the Bankruptcy

Article 1012
Declaration of Bankruptcy

Without prejudice to provisions of the previous section regarding the preventive reconciliation, the bankruptcy of the Merchant shall be declared either he is a natural or a body corporate. The Civil Company's bankruptcy shall be declared also if any of them suspended payment of its debts.

The case of suspension of payment of the debts shall be confirmed when the failure of the debtor to pay thereof is appeared or other external factors indicate his inability to perform his obligations in a regular manner.

Article 1013
Application for Declaration of Bankruptcy

The bankruptcy shall be declared upon request of the debtor or one or more creditors or upon request of the public prosecution or the competent authority automatically.

Article 1014
Case of Suspension from Payment due to Criminal Act

If the inability of payment of the debts is appeared from flight or scape of the Merchant or closing of his Commercial Shop or concealing or dissipation of his assets or reduction of his assets by fraud, the prosecuting attorney performing investigation against the Merchant shall ask the competent Court to declare his bankruptcy.

Article 1015
Case of Inability to Payment in Civil Lawsuits

During consideration of a civil case, if it is appeared that the Merchant is unable to pay his debts and he is a party thereto, if the Judge is not competent to declare the bankruptcy he should refer it to the competent Court thereto.

Article 1016
In Validity

The Court of the First Instance shall be competent to declare the bankruptcy of the Merchant and Civil Companies which the main office of activity of each of them fall in its jurisdiction. The bankruptcy of the merchant whose main office of activity is abroad may be declared in Great Jamahiriya even if he declared his bankruptcy abroad with consideration of the international agreement exigencies.

Article 1017
Bankruptcy of the Merchant who suspended his Activity or Died

The bankruptcy of the Merchant may be declared within one year from the date of his retirement from commence or death, if his suspension from payment is precedent to retirement or death.

Article 1018
Death of the Bankrupt

If the bankrupt is died after the judgment on declaration of his bankruptcy, the formalities shall remain existing against his successors. The person who is nominated amongst the successors as an agent shall represent them. If it is difficult to reach at nomination of their representative within (15) fifteen days from the death of the bankrupt, he shall be nominated by the judge.

Article 1019
Duties of the Merchant who Applies for His Bankruptcy by Himself

The Merchant who submit an application for issue of a judgment on declaration of his bankruptcy must lodge with the Court's Process Servers Office his Commercial papers and books, profit and loss account, balance sheet of the two precedent years or from the date of establishment of his commence if its duration is less than that.

He must lodge also a detailed and comprehensive statement of all the elements of his commence with indication of their estimated value and a list of the names of the persons who have rights in rem on the movables in his possession and their supporting documents.

Article 1020
Hearing the Merchant Statements

Prior to Declaration of the Bankruptcy the Court may issue an order for summoning the merchant for hearing his statement in a consulting room. The hearing may be in the presence of the creditors who apply for bankruptcy.

Article 1021
Judgment on Bankruptcy Declaration

The judgment on bankruptcy declaration shall be issued in form of a consulting room. The judgment of the Court may include the following:

- 1- Nomination of the delegate judge to take the formalities.
- 2- Nomination of a receiver in bankruptcy.
- 3- Ordering the bankrupt to lodge the balance sheet on his commercial papers and books within (24) hours, unless he has done so according to Article (1019).
- 4- Appointment of a period not exceeding (30) thirty days from the date of issue of the judgment, within which the creditors and those who have rights in rem on movable properties in possession of the bankrupt, shall submit their applications to the Court's Process Servers Office.
- 5- Assignment of the place, day and hour in which the meeting shall be held for examination of the claims against the bankrupt, within (20) twenty days from the term provided for in the previous item and the judgment shall be temporarily executed.

In the same judgment or based on a subsequent decision the Court shall issue an order for arresting the bankrupt or the other responsible against whom evidences provided for in Article (1014) are submitted or other ambiguities penalized by this Law. The judgment or the decision shall be communicated to the public prosecution for implementing thereof.

Article 1032
Communication and Publication of the Bankruptcy Declaration
Judgment

The judgment of bankruptcy declaration shall be declared through the methods established in the code of civil and commercial procedure, to each

debtor, receiver in bankruptcy and the creditor who requested thereof during a period not exceeding three days from its issue.

During the same period the Court Process Servers Office shall post up a copy of the said judgment on the Court signboard and send a copy thereof to the public prosecution and to the Commercial Register Office so as to be entered At most on the day following its receiving. Also, a copy of the judgment shall be sent to the Process servers Office of the place where the bankrupt is born or established his bankrupt company. Regarding the antecedents register the provisions of the criminal procedure law shall be observed if necessary.

The summary of the judgment shall be published as per legal methods in one of the daily newspapers to be assigned by the judge.

Article 1023 **Objection to Bankruptcy Declaration**

The debtor and any of the concerned persons may raise objection to the judgment issued on the declaration of the bankruptcy within (15) fifteen days from the date of its entry in the Commercial Register.

Anyone who applied for bankruptcy declaration may not raise objection to such judgment.

The objection shall be through a summons to be notified to the receiver in bankruptcy and the creditor who requests so, provided that the objection shall not suspend execution of the judgment.

Article 1024 **Judgment on Objection Lawsuit and its Effects**

The judgment on cancellation of the bankruptcy shall be notified to the receiver, the creditor who applied for bankruptcy and the bankrupt unless he is the opponent. The judgment should be published, notified, posted up and registered according to Article (1022) while the judgment of the objection rejection shall be notified to the opponent alone.

In either case, the period of the appeal shall be (15) fifteen days from the date of judgment announcement. The provisions of the first and second paragraphs shall be applied to the judgment on appeal and shall be notified to the persons mentioned in them.

Article 1025
Death of the Bankrupt during Objection Lawsuit

In observation of the provisions established in code of civil and commercial procedure, if the bankrupt is died during the objection lawsuit, the formalities shall remain existing against the persons mentioned in the Article (1018).

Article 1026
Cancellation of the Bankruptcy Declaration Judgment

In case of cancellation of the bankruptcy declaration judgment the consequences resulted in acts legally performed by the bankruptcy bodies shall be true.

The Court shall estimate the expenses of the formalities, fees of the receiver in bankruptcy and shall determine the person who shall be under obligation to pay the same by an order not subject to complaint upon a report to be presented by the delegated judge.

The formalities expenses and receiver's fees shall be borne by the creditor who applied for declaration of the bankruptcy and his error shall be shown and a judgment on compensation shall be issued against him.

Article 1027
Effects of Rejection of Bankruptcy Declaration Application

If the Court rejected the bankruptcy declaration application, its decision should be causative.

The creditor who applied for bankruptcy declaration may appeal against the rejection decision before the Court of appeal within (15) fifteen days from serving him notice of the rejection. The Court of Appeal shall issue its decision held in form of consulting room after hearing the contestant creditor and the debtor.

If the Court of Appeal accepted the appeal, it shall refer the papers to the Court of the First Instance with order of the bankruptcy declaration.

Chapter Two
Bankruptcy Bodies

Branch One
Court of Bankruptcy

Article 1028

The Court which has declared the bankruptcy shall be entrusted with all the bankruptcy formalities and to consider the disputes arising thereof unless they shall of the delegated judge power, it shall have the right also to consider the complaints against the delegated judge decisions.

The Court of the First Instance held in form of consulting room at any time may hear the receiver, bankrupt and the creditor's board. It may replace also the delegated judge by nomination of another one.

The Court decisions provided for in this article shall be final.

Article 1029
Powers of the Court of Bankruptcy

The Court which has declared the bankruptcy shall be concerned with consideration of all the lawsuits arising out thereof whatever their value, with exception of the landed real estate lawsuits which are subject to rules of the normal powers.

Branch Two
The Delegated Judge

Article 1030
Authority of the Delegated Judge

The delegated judge shall manage the bankruptcy operations and supervise the receiver's work progress; in addition to that he shall assume the following:

- 1- Informs the Court of all the matters that call for taking special action.

- 2- Issues or makes the competent authorities issue the summary precautionary measures.
- 3- Convoques the creditor's board to a meeting in cases provided for by the law and whenever he deems it appropriate.
- 4- Authorities the receiver – unless authorizes by law – to nominate anyone who the department of the bankruptcy calls for seeking assistance of his work.
- 5- Considers in an expeditious manner, the complaints to be brought to him against receiver's job.
- 6- Permits the receiver in writing to litigate as claimant or defendant, nominate the lawyers and agents and to authorize the receiver to run the unusual management with respect of provision of Article (1040). The permission shall be for certain operations and for any litigation degree.
- 7- Monitors the jobs of those who are delegation to work in the bankruptcy department and to relieve them from their tasks if necessary and to pay their remunerations after taking the receiver's opinion thereon.
- 8- Examines preliminary the debts with collaboration of the receiver and to verify the rights in rem claimed for by the concerned persons and their respective documents.

Article 1031
Objection to the order of the Delegated Judge

The complaint of the receiver or the bankrupt or the creditor's board should be brought to the Court or anyone who has interest in the order to be issued by the delegated judge within three days from the date of its issue, unless the law provides for otherwise.

The Court of the First Instance shall consider the complaint by a decision to be issued by it in a form of consulting room in a particular session.

Removal of the complaint shall not suspend the execution.

Branch Three **Receiver in Bankruptcy**

Article 1032 **List of the Judicial Administrators**

A list of names of the judicial experts who the receiver in bankruptcy is been selected among them shall be prepared at each Court of the First Instance. However, the Court, for reasons to be shown in the judgment of the bankruptcy declaration, may select the receiver from the list of experts listed on a roll of another Court.

Article 1033 **Qualifications Required in Nomination of the Receiver**

Nomination of the receiver in bankruptcy who was attached or disqualified or who has already been declared bankrupt or a criminally penalized judgment is issued against him resulting in preventing him from civil rights even temporarily shall be considered null and void.

The wife of the bankrupt or one of his relatives till the fourth degree or his brothers in-law also may not be nominated as a receiver, as well as one of his creditors and anyone who provided professional service in favour of the bankrupt or participated in any forms in his activity during the (60) sixty days precedent to his bankruptcy declaration may not be nominated.

Article 1034 **Acceptance of Assignment by the Receiver**

The receiver should notify the delegated judge of his acceptance of the nomination within one day from his knowledge thereof, otherwise the Court shall nominate a substitute receiver.

Article 1035 **Capacity of the Public Servant**

The receiver in bankruptcy shall be considered as a public servant in the limits of what he perform in execution of his assignment.

Article 1036
Receiver's Powers

The receiver shall assume administration of the bankrupt properties under instructions of the delegated judge.

He may not litigate without a written permission of the delegated judge except in the matters related to disputes on debts, delay in their declaration and the rights in rem in the bankrupt movables.

He shall not have the capacity of a lawyer or a judicial attorney in fact in bankruptcy procedures.

Article 1037
Power of the Receiver is Untransferable

The receiver in person shall assume the affairs of his position; he may not delegate any other person except in what is related to certain operations and after getting approval of the delegated judge.

The judge may give him permission to seek help of other experts or persons including the bankrupt himself and shall pay them a fee. This shall not be effected unless after getting approval of the creditors board.

Article 1038
The Report to be presented to the Judge

The receiver in bankruptcy should present, with one month from bankruptcy declaration, a detailed report to the delegated judge explaining therein the reasons of the bankruptcy, its condition and the care taken by the bankrupt to run his work, the level of his respective living, living of his family, his responsibility or responsibility of others and any other information assisting in performance of the criminal investigation.

The receiver should indicate the bankrupt documents against which the creditors have appealed as well as the other papers against which he intends to appeal.

The Judge may ask the receiver to submit a brief report prior to the said term.

But as regards the companies, the report must show all the information, and the documents confirming liability of the management responsible, monitoring bodies, external auditors, partners and others when necessary.

The receiver should submit, during the first (7) seven days of each month, to the delegated judge a brief statement of his management and shall submit the special documents if requested to do so.

Article 1039

Deposit of the Amount to be passed to the Bankruptcy

The receiver should deposit with one of the bank, during (5) five days, all the amounts which he shall collect according to the order to be issued by the delegated judge and in the methods which he shall decide after maintaining the amount which the judge deems necessary to face the litigation expenses and bankruptcy administration.

A deposit account shall be opened in the name of bankruptcy administration. Withdrawal therefrom shall not be allowed except with authorization of the delegated judge.

If the receiver did not make the deposit within the established period, the Court shall issue an order removing him.

Article 1040

Additional Powers of the Receiver

The delegated judge may, after taking the creditors opinion, permit the receiver by a causative decision to reduce the debts, conclude a reconciliation and give receipts to creditors and assign the disputes, acknowledge the rights of the third parties, strike off the mortgages, return the mortgaged objects, relinquish the guarantee and accept the donation.

If the value of the said disposals is not fixed or more than (LD 1,000) one thousand Libyan Dinars, the delegated judge shall issue a permission from the Court of the First Instance after taking the opinion of the creditors board. The Court shall issue the permission by a decision mentioning the justified reasons.

The statement of the bankrupt shall be heard whenever possible.

Article 1041
Complaint against Receiver's Acts

The bankrupt anyone who has an interest may complain against the disposals of the receiver to the delegated judge who shall consider the same by a causative decision.

The decision of the delegated judge may be contested also with the Court of the First Instance within three days from the date of its issuance. Consideration of such contestation shall by accusative decision after hearing the statements of the receiver and the contester.

Article 1042
Removal of the Receiver

The Court of First Instance may, at any time whatsoever, remove the receiver upon proposal of the delegated judge or upon request of the Creditors Board or by itself. The Court of First Instance shall issue its decision after hearing the statement of the receiver and the public prosecution.

Article 1043
Responsibilities of the Receiver

The receiver should observe the duties of his position diligently and carefully. He should keep also a register to be endorsed in advance by the delegated judge without expenses in which he shall record day by day the operations related to his administration.

He shall bring a responsibility lawsuit against the removed receiver after permission of the delegated judge. The receiver whose assignment is expired even during the existence of the bankruptcy, should submit also statement of his administration as per provided for by the Article (1125).

Article 1044
Remunerations of the Receiver

The remuneration and expense of the receiver – even if the bankruptcy is closed with reconciliation – shall be estimated by a decision, not subject to complaint, to be issued by the Court of First Instance upon request of the receiver and depending on report of the delegated judge and according to provisions of the system issued with expert's lists.

The remuneration shall be paid after approval of the receiver's report or after implementation of the reconciliation when necessary. The Court shall speed up an amount of the remuneration to the receiver as per the need.

The receiver shall have no right to claim for any amount above what is estimated to him by the Court of the First Instance even if it concerns the expenses.

Any amount to be paid or to be paid under a promise in violation of the previous prohibition shall be invalid and refundable in addition to the criminal responsibility if necessary.

Branch Four **Creditors Board**

Article 1045 **Nomination of the Board**

The Creditors Board should be formed within (10) ten days from the date of issue of the decision provided for in Article (1106), nevertheless, it may be formed temporarily prior to the said term if deems appropriate by the judge.

The Board shall be formed by a decision of the delegated judge and shall be composed of three or five members to be selected from among the creditors and the judge shall nominate its chairman from among them.

Article 1046 **Tasks of the Board**

Whenever the Court of the First Instance or the delegated judge deems fit, the opinion of the Creditor's Board may be taken in addition to the cases which shall be provided for by the Law.

The Chairman shall convene the Board to the meeting whenever its opinion shall be necessary to be taken or when he deems it appropriate and its decisions shall be by majority of votes.

The Board and any of its members may see the accounting entries and documents of the bankruptcy and requesting information and clarifications from the receiver and the bankrupt.

Chapter Three
Effects of Bankruptcy

Branch One
Effects of Bankruptcy for the Bankrupt

Article 1047
Properties of the Bankrupt

The Bankrupt shall be prevented from the date of judgment of declaration of his bankruptcy from administration and disposal of his properties.

The properties which shall pass to the bankrupt during their existence after deduction of the debts resulting from possessing or maintaining the same properties, shall be incorporated into the bankruptcy elements.

Article 1048
Commencement of Bankrupt Lawsuits

The receiver shall assume the litigation on disputes related to the financial rights of the bankrupt which were included in the bankruptcy even if the disputes are existing.

The bankrupt may not intervene in the lawsuits except in the matters which shall result in accusing him of bankruptcy by manipulation or in cases where the law allows his interference.

Article 1049
Acts of the Bankrupt after Declaration of the Bankruptcy

The dispositions and pleadings of the bankrupt, after declaration of his bankruptcy, towards the creditors shall be invalid. Also the amounts to be received by the bankrupt after judgment of declaration of his bankruptcy shall be considered null and void.

Article 1050
Procedures after Declaration of the Bankruptcy

The bankrupt procedures necessary for giving any of the dispositions the force of protest against the third parties if occurred after bankruptcy declaration shall not affect the creditor's rights.

Article 1051
Properties not included in the Bankruptcy

The bankruptcy shall not include the following:

- 1- Properties and rights of pure personal nature.
- 2- Support allocations, salaries, pensions, wages and what is gained by the bankrupt from his service in the limits of the necessary to support himself and performance of his family affairs.
- 3- Right of legal disposal to revenue of his son's properties and returns of the properties owned by the family with observation of the civil law provisions in this respect.
- 4- Revenue of the properties forming the dowry and alike, without prejudice to the provisions related to personal status.
- 5- Objects which may not be attached under the Law.

The delegated judge shall assign, upon an order to be issued by him, the extent of the restrictions set out under paragraph (2).

Article 1052
Support of the Bankrupt and His Family

In cases in which the bankrupt needs to be supplied by means of living to himself or his family, the delegated judge may after hearing the receiver and Creditors Board if constituted, estimate a support to the bankrupt and his family.

The Bankrupt may not be prevented from continuity residence in his owned house in the limits sufficient for his residence and residence of his family until his assets are liquidated.

Article 1053
Correspondence of the Bankruptcy

The correspondence having no personal nature to be addressed to the bankrupt shall be delivered to the receiver who has the right to maintain them inasmuch as related to the financial interests. The bankrupt shall have the right to see them. The receiver should keep the confidentiality of the correspondence contents as to affairs beyond the financial interests or affairs related to the bankruptcy.

Article 1054
Imposition of Domicile on the Bankrupt

The bankrupt may not be far from his domicile without permission of the delegated judge. He should present in person before such judge or receiver or the Creditors Board whenever he called for unless the judge allowed him to depute one person on his behalf when there is a legitimate excuse.

The judge may issue an order to be brought compulsorily by the policemen if he did not comply with attendance order.

Article 1055
General Register of Bankrupt

In Process Server's Office of each Court of First Instance a General Register shall be established in which the names of the persons whose bankruptcy is declared by the Court, as well as names of the persons whose bankruptcy is declared outside it if their place of birth falls within its area of jurisdiction.

The names of the bankrupts shall be struck off the register upon a judgment by the Court of First Instance.

Until such striking off is effected the bankrupt shall remain prevented from disposal of his properties as per provided for by the law.

Branch Two
Effects of the Bankruptcy on Creditors

Article 1056
Prohibition of the Individual Executive Acts

Any Individual Executive Act shall not be performed or continued on the properties included in the bankruptcy unless provided for otherwise in the Law.

Article 1057
Creditor's Union

The bankruptcy shall result in union of the creditors on the bankrupt properties.

All the rights required from the bankrupt shall be confirmed in the methods set out in the Chapter Five even they were burdened with privilege unless otherwise stated by the Law.

Article 1058

Creditor possesses a Mortgage or Privilege on Movables

The preferred debts or guaranteed by a mortgage debts or guaranteed by a mortgage shall be paid as per the order of their degrees according to provisions of the civil law during the bankruptcy after their entry into the debts lists.

The Creditors shall submit an application to the delegated judge to allow him to sell and the judge shall appoint by a decision to be issued after hearing the receiver's and the Creditor's Board statements the time and the mode in which the sale shall be effected either by negotiation or public auction with indication of the methods which should be followed.

The delegated judge may, after hearing the Creditor's Board if constituted, authorize the receiver to recover the mortgaged objects or burdened by the right of privilege after payment of what is deserved by the creditor or sell those objects in the mode shown in the previous paragraph.

Article 1059

Rights of Creditors who have Privilege in Distribution of Assets

The creditors who have debts guaranteed by mortgage or mortgage on a movable or privilege of right of priority over the price of the guaranteeing properties to receive their debts as to original, interests and expenses.

If they did not receive thereof in full they shall unify as to the remaining rights with normal creditors in distribution of the remaining assets. They shall have the right also to unify in the distributions made prior to distribution of price of the objects on which they have guarantee.

In this case, if they have been able to receive their rights in full as to capital, interests, expenses regarding the returns of the sales price, the amount which they have received in the previous distributions and shall be allocated to the normal creditors. If they did not be able to receive their rights except partly, then they shall have no right to stick to what is remaining to them as to the origin of the debt except at the percentage to be finally allocated to the normal creditors.

Article 1060
Effect of the Bankruptcy on Monetary Debts

The declaration of the Bankruptcy shall suspend the validity of the conventional and legal interests to the creditors union until the bankruptcy is closed, unless the debts are guaranteed by mortgage or mortgage on a movable or privilege.

For the purposes of the creditors union the monetary debts of the bankrupt shall be mature with effect from the date of bankruptcy declaration.

The debts entered with condition shall be incorporated into the union under Articles, (1104, 1122). The debts which the bankrupt may not be claimed for unless after deprivation of a principal debtor shall be considered among the conditional debts.

Article 1061
Clearance in Bankruptcy Phase

The Clearance shall be fall among the debts claimed for the creditors from the bankrupt and among his property as to debts in their debt even if they are not matured prior to declaration of the bankruptcy.

However, the clearance shall not be effected in respect of the debts which are not matured if gain by the creditor through a contract between living persons after declaration of the bankruptcy or within the year preceding thereof.

Article 1062
Debts Free from Interests

The unfruitful debts which are not matured on declaration of the bankruptcy shall be incorporated in their totality among the bankrupt debts. Nevertheless, the compound legal interests shall be deducted in each individual distribution at (5%) price annually for the period from the date of the payment order and the day of maturity of that debt.

Article 1063
Loan Securities

The loan securities to be issued by the Joint-Stock Companies shall be estimated at their nominal value after striking out what is recovered from its value.

The securities which shall be depreciated through voting on at a price more than their nominal value shall be estimated at an amount equal to the capital which shall result from restoration of the remaining securities which are not included in the voting on to their current value on the basis of the compound interest at (5%) price.

The value of each security shall be equal to the result of dividing the capital into the number of the undepreciated securities.

In any case the securities may not be estimated by less than their nominal value after deduction of what is paid thereof on the basis of the depreciation.

Article 1064
Unmonetary Rights

The unmatured debts which shall be monetarily estimated on the basis of other values or which their subject matter shall be monetary obligation to be estimated in the bankruptcy as per their value on the date of the bankruptcy declaration.

Article 1065
Permanent Income and Life-Long Salary

If the bankruptcy is indebted to a permanent income, it shall be estimated as per provided for in the Civil Law and the person who deserves life-long salary shall enter among the creditors union by an amount equal to the value of the salary capital at the time of bankruptcy declaration.

Article 1166
Bankruptcy of One of the Joint Debtors

The creditor of a number of joint debtors shall enter in the bankruptcy of one of them who declared his bankruptcy with all his rights of the capital and marginal until he receives his right in full.

The joint bankrupts may not recourse between each other unless after the creditors receives his right in full.

Article 1067
The Creditor of a Number of Joint Debtors who Receives His Right Partly

If the creditor received, prior to bankruptcy declaration, from one of his debtors joint with bankrupt or from his warrantor a portion of his debt, he shall have the right to enter into the bankruptcy at the amount of what is remained to him.

The debtor who is joined with the bankrupt who has the right of recourse to him shall have the right to enter in the bankruptcy at the amount which he has paid. Nevertheless, the creditor shall have the right to claim for the share of the joint debtor in the distribution until he received what is remaining to him, without prejudice to his right to recourse to the joint debtor if he did not receive his right in full.

Article 1068
Debtor or Bailsman of the Bankrupt who Possess the Right of Guarantee

The bailsman of the bankrupt or the one who is committed with him of those who have mortgage on bankrupt's properties to ensure their right of recourse in proportion to the amount guaranteed by mortgage.

The returns of the sale off the mortgaged real estate or the mortgaged objects shall be allocated to the creditor and shall be deducted from the amount which he deserves.

Branch Three
Effects of the Bankruptcy on Acts harmful to Creditors

Article 1069
Disposals Free of Charge

The disposals free of charge which are effected by the bankrupt within two years prior to declaration of the bankruptcy with exception of the normal gifts and disposals to be effected in fulfillment of a moral duty or for the purpose of achieving a public interest as long as they are appropriate to the donators economic position shall be null and void in respect of creditors.

Article 1070
Settlements

Payment of the debts which become payable on or after the day of the bankruptcy declaration or if the bankrupt has paid such debts within the two years precedent to the bankruptcy declaration shall be null and void in respect of the creditors.

1071
Normal Cancellation Measures

The receiver may ask for declaration of cancellation of the disposals which have been effected by the debtor to harm the creditors according to the rules of the Civil Law.

The lawsuits shall be brought before the bankruptcy Court of First Instance either against the director contractor or against his successor in cases which are to be permissible to bring such lawsuits.

Article 1072
Compensated Acts, Pleadings and Guarantees

The following disposals shall not be enforced against the creditors unless the second party confirmed that he has no knowledge of inability of the debtor to pay his debts:

- 1- Compensated disposals which shall be effected by thee bankrupt or the obligations which he shall undertake during the two years precedent to the bankruptcy declaration which are not absolutely appropriate to what he has taken or promised.
- 2- Payment of the monetary debts which become mature and payable in payment is made in other than the money or in other than the other normal means if the same is occurred during the two years precedent to declaration of the bankruptcy.
- 3- Mortgage of the movable and the voting real estate mortgages which shall arise out during the two years precedent to the bankruptcy declaration in ensuring prior debt not falling due.
- 4- Mortgage of the movable and real estate mortgages either optional or judicial which shall arise out during the year preceding the declaration of the bankruptcy in ensuring a mature debt.

The payment of the matured and payable debts shall not be enforced also against the creditors, as well as the compensated disposals and the disposals creating the right of preference in ensuring a debt created at the same time if these disposals are effected during the year preceding the declaration of the bankruptcy and the receiver confirmed that the second party was in knowledge of inability of the debtor to pay his debts.

The provisions of this article shall not be applied to institutions of the movable and real estate mortgage in the limits of these transactions with observance of provisions of the special laws.

Article 1073
Payment of a Bill of Exchange after Falling Mature

With exception of provision of the second paragraph of the previous article payment of a bill of exchange shall be true if it is incumbent upon its bearer to pay in avoidance of loss of his right to recourse lawsuit.

In this case, the last debtor obliged through the recourse must recover the amount received by the receiver, if this latter confirmed that the debtor was in knowledge of the inability of the principal debtor when he withdrew or revolved the bill of exchange.

Article 1074
Transactions between the Couple

The transactions provided for in Article 1072) shall be cancelled if effected between the couple during the period in which the bankrupt was practicing a commercial activity and the husband failed to furnish the proof for the fact that he has no knowledge of the inability of the wife of the bankrupt.

Article 1075
Rights of the Bankrupt Wife

If the husband is gone bankrupt the wife shall recover the real estates and movables in kind which she shall prove that they were owned by her prior to marriage as well as the properties which were passed to her without compensation during the marriage period.

The bankrupt wife may recover the real estates which she has purchased during the period of her marriage with money passed to her in a precedent manner, provided that the purchase contract shall provide expressly for statement of the money use and the wife shall indicate their source.

Article 1076
Legal Factual Evidence for Gaining the Wife's Properties

With exception of the case provided for in the second paragraph of the precedent article, the properties which have been gained by the wife with compensation during the five years preceding the bankruptcy declaration shall be considered as purchased with bankrupt husband's money, and should be included in the bankruptcy assets, except if the wife submitted a proof to the contrary.

Article 1077
Payment of the Wife of Her Bankrupt Husband Debts

If the wife paid debts to the credit of her bankrupt husband there shall be a legal evidence that she has fulfilled these debts with her husband property unless an evidence is submitted to the contrary.

Article 1078
Guarantee the Wife's Rights

If the husband was a merchant at the time of marriage or was then without other certain profession, then became a merchant during the same year, the real estates which he has owned at the time of marriage or passed to him through heritage or donation or legacy shall be alone a guarantor to the rights of the wife's debts.

Article 1079
Restrictions

The woman whose husband was a merchant at the time of the marriage contracting, or was at that time without other certain profession, then became a merchant during the year following the marriage contract, shall have no right to bring any lawsuit on the bankruptcy for the sake of the benefits provided for in the marriage contract.

In this case, the creditors shall have no right to pretense on their part by the benefits granted by the wife to her husband in the said contract.

The donations granted between the couple during the marriage period shall be also null and void.

Article 1080
Effects of Cancellation

Anyone who returned what he has received due to the previous provisions may enter among the creditors of the bankrupt to the extent of the debt which he has.

Branch Four
Effects of the Bankruptcy on Previous Legal Relations

Article 1081
Sale not Completed by both Contracting Parties

If the sale contract is not executed or incompletely executed at the time of declaration of the purchase's bankrupt, the seller shall have the right to fulfill his obligations or stick to his right in the price within the debts required from the bankrupt.

If the seller showed his unwillingness to stick to such right the contract execution shall depend on acceptance of the receiver to subrogate the bankrupt in the contract with abidance by all the consequences or he shall disengage therefrom by a permission of the delegated judge.

The seller may, after warning the receiver, request the delegated judge to appoint a term not exceeding eight days after which the contract shall be considered cancelled.

In case of bankruptcy of the seller, the contract shall not be cancelled if the sold thing entered into purchaser's ownership, otherwise the receiver shall have the right to vote between execution or cancellation of the contract. In case of contract cancellation, the purchaser shall have the right to claim for his debt among the bankrupt debts and he shall have no right to claim for compensation for the damages.

Article 1082
Term Sale or Sale by Installments

If the purchaser has gone bankrupt and the price payment is postponed or by installment, the receiver may subrogate the bankrupt in the contract with permission of the delegated judge. However, the seller may request a

guarantee unless the receiver proceeds to pay the price immediately after deduction of the legal interest.

In sale by installments with maintaining the right of the ownership, the bankruptcy of the seller shall not be a reason for contract.

Article 1083
Supply Contracts

In sale with delivery on lots and in supply contracts, the provisions of the second, third and fourth paragraphs of the Article (1081) shall apply.

Nevertheless, the receiver who subrogated the bankrupt in contract should pay also in full the price of the lots which he received.

Article 1084
Return of the Unpaid Objects

If the movable sold object has been sent to the purchaser prior to declaration of the bankruptcy, but it did not become at this disposal at the destination and no third party has acquired right thereon, the seller may recover it possession, bear the expenses and shall return the amounts which he received in advance unless he has desire to execute the contract and involves in the bankruptcy through the price, or unless the receiver refuses to take delivery of the sold object after payment of his price in full.

Article 1085
Term Contract on Paper

Money market or commodities market the term contract on paper money market or term commodities market shall be cancelled if it became payable after declaration of bankruptcy of one of the contracting parties with effect from the date of the bankruptcy.

If the bankrupt becomes a creditor as a result of the cancellation, the difference between the contract price and value of the objects or the bonds on the date of bankruptcy declaration shall be considered as one of the bankruptcy elements and shall be incorporated in the claims if the case is contrary thereto.

Article 1086
Partnership

The particular partnership shall be dissolved by bankruptcy of the principal partner. The co-partner shall have the right to enter among the bankrupt creditors for the remaining portion of his share which is not depreciated by his portion in the losses.

The co-partner shall be under obligation to pay the remaining of his share inasmuch as to be sufficient to cover his portion in the losses.

The measures provided for in Article (1160) shall be applied in its respect.

Article 1087
Current Account and Proxy on Commission

The current accounts and the proxy on commission shall be dissolved by the bankruptcy of either party

Article 1088
Incomplete Possession of Objects by the Bankrupt

If the objects which the bankruptcy should return are beyond his possession on the day of declaration of the bankruptcy and becomes difficult to the receiver to recover them. The concerned persons may enter their right among the bankrupt debts regarding the value of that object on the date of declaration of the bankruptcy.

If the possession of the object is removed after putting the seals the concerned persons may claim for payment of the object value in full, wit observance of the provisions regarding the relation between commission agent and the Mandator.

Article 1089
Lease of Real Properties

The bankruptcy of the lessor shall not result in cancellation of the lease of the real estate unless there is an agreement to the contrary and the receiver shall subrogate the lessor in the contract.

In bankruptcy of the lessee the receiver may disengage from the contract at any time provided that he shall give the lessor a suitable compensation to be estimated by the delegated, judge on disagreement of the both parties after

hearing the statements of whomsoever it may concern. The right of compensation is preferred according to provision of the Civil law.

Article 1090
Piecework Contract

The piecework contract shall be dissolved by declaration of bankruptcy of either party, unless the receiver declares, after taking opinion of the Creditors Board if formed and upon permission of the delegated judge, his desire to subrogate the bankrupt in the contract with submission of sufficient guarantees and he should notify the second party thereof within (20) twenty days from the bankruptcy declaration.

However, the contracting may not continue if the contractor has gone bankrupt and he was considered as an essential element in the piecework contract with observance of the provisions regarding public works contracts.

Article 1091
Insurance Contract

Bankruptcy of the insured against risks shall not cancel the insurance contract. If the risk is aggravated due to the cancellation unless there is an agreement to the contrary.

If the contract remains existing, the up-paid insurance premiums should be paid in full even if they were fell due prior to the bankruptcy declaration.

Article 1092
Publication Contract

The printed matters law shall govern the effects of the publisher bankruptcy on publication contract.

Chapter Four
Maintenance and Administration of the Bankruptcy
Elements

Article 1093
Stamping

Immediately after declaration of the bankrupt the delegated judge shall stamp the properties of the bankrupt existing in his main office and his other properties according to provisions established in the Civil and Commercial code of procedures. If it is difficult for him he shall delegate the judge of the Summary Justice by special power of attorney. The presence of the receiver is must when putting stamps on the main office of the bankrupt unless his presence is difficult for legitimate reason.

As regards the amounts available at other authorities, the competent judges of the Summary Justice shall put the stamps upon authorization of the delegated judge.

The minutes to be prepared by the judge of summary justice shall be promptly referred to the delegated judge.

Article 1094
Putting of Seals by the Judge of Summary Justice

The Judge of the Summary Justice may, when having ascertained knowledge of the bankruptcy declaration, put the seals on the bankrupt's shops locating within the area of his jurisdiction even before receiving the authorization provided for in the second paragraph of the previous Article.

Article 1095
Objects Excluded from Sealing

In addition to what is excluded by the Civil and Commercial Code of Procedure from putting the seals. The sealing may not include the following:

- 1- Everything to be used in running all the work without exception if the judge sees not to suspend the work immediately.
- 2- Commercial books and the remaining papers.

- 3- Bills of exchange and other bond which fall due or near to fall due and which should be delivered to the receiver to fulfill them.
- 4- The money which should be delivered to the receiver to deposit thereof as per provisions of Article (1039). All these things shall be mentioned in detail in the minutes.

The commercial books and documents should be lodged, after endorsing by the judge who performs the action, with Court of First Instance Process Servers Office. However, the delegated judge may order the receiver to keep them temporarily with an undertaking to submit them whenever required to do so.

Article 1096 **Breaking the Seals and taking Inventory**

The receiver should require the permission of the judge at the earliest possible time to break the seals and take inventory. He should do so according to the provisions shown in the Civil and Commercial Code of Procedure in the presence of or notify the bankrupt and Creditors Board if any, and with assistance of the Clerk of the Court of the First Instance or the Court of the Summary Justice who executes the minutes. The Creditors also may be present.

The delegated judge shall have the right to issue an order to follow certain rules and to take special precaution for taking inventory and when necessary a person shall be assigned to estimate the valuables.

Prior to completion of the inventory, the receiver shall invite the bankrupt merchant or managers of the bankrupt companies to decide whether they have knowledge of existence of other valuables to be added to the inventory warning them of the penalties to be imposed on any one who abstains from mentioning the particulars or gives false data.

The inventory minutes shall be prepared in two original copies to be signed by all the presents and one copy shall be lodged with Court of the First Instance Process Servers Office.

Article 1097 **Receiving the Bankrupt's Properties**

The bankrupt properties shall be in the possession of the receiver once he wrote down each of them in the inventory minutes as well as in other commercial books and documents.

If the bankrupt possess immovable properties and other properties subject to general registration, the receiver shall notify the concerned departments by a copy to be extracted from the bankruptcy declaration judgment to enter them in the general records.

Article 1098
List of Creditors and Holders of Rights in Rem on Movables and
Balance Sheet

The receiver should prepare a list of creditors name to be extracted from the commercial documents and book and the other information which he may obtain, with indication of the debts of each them and the rights of preferences. He should prepare also a list of the name of all the holders of the rights in rem on movables properties in the possession of the bankrupt and indication of their supporting documents. These lists shall be lodged at the Clerical Office of the Court.

The receiver should prepare also the balance sheet of the latest financial cycle if the bankrupt did not submit the same in the established time, and to introduce the amendments and additions which he deems appropriate to the balance sheets and statements submitted by the bankrupt according to Article (1019).

Article 1099
Temporary Administration

After issuance of the bankruptcy declaration judgment the Court may issue an order for continuation of the bankrupt's commercial activity temporarily, if he deems that the sudden suspension of the work may result in a gross damage that may be out of repair.

After issuance of the decision which is provided for under Article (1106), the Creditor's Board should decide what it deems appropriate in respect of continuation of the bankrupt's activity partly or wholly or resuming it with indication of the conditions. The Court may not issue an order for continuation or recommencement unless the Creditors Board has decided thereof.

If it is decided to recommence the work temporarily according to the previous paragraph, the delegated judge shall convene the Creditors Board meeting every two months so as to be informed by the receiver of the condition of the work progress and to decide what it deems appropriate in respect of continuation or not. The Court of First Instance may issue an order to

suspend the work temporarily if requested by the Creditors Board or at any time which it deems appropriate.

In all these cases, the Court shall issue a resolution in form of consulting room after hearing the receiver's statement.

Article 1100
Expenses to be Presented by the Treasury

The Treasury shall spend on legal declaration of the bankruptcy works with effect from the date of issuance of the bankruptcy declaration judgment until the bankruptcy declaration closing, if there is no money among the properties to meet the judicial fees.

Regarding the stamp duty, registration fees and other expenses, shall be entered as a debt on the bankrupt according to an order to be issued by the delegated judge.

The expenses to be paid by the treasury for bankruptcy declaration formalities shall be recorded in a particular register to be kept by the clerical office which shall be recovered once the ready money is made available.

Chapter Five
Confirmation of the Debts and Rights in Rem to the Third Parties on Movable Properties

Article 1101
Notification of Creditors for Investigation

The receiver shall notify, by registered letters and other legally approved means of communication, the creditors and the concerned persons included in the statements provided for in Article (1098) of the limited date within which they should submit their applications to the clerical office with reasons of the bankruptcy declaration judgment on the method of preparation of the debts statement.

Concerning the creditors and the other concerned persons residing outside Great Jamahiriya, the notification shall be to their representative, if he is not available, the judge may extend the limited date and notify all the creditors and the other concerned persons thereof.

Article 1102
Application for Inclusion in the Creditors Statement

The application for inclusion in the bankrupt's debts statement should include the name and surname of the creditor, indication of the required amount and the bond out of which the debt has been arisen, reasons of the preference and documents supporting all of that.

If the domicile of the creditor is outside the area of the Court jurisdiction, the legal address should be defined in the application at that jurisdiction; otherwise what is intended to be notified to him shall be served at the Clerical Office of the Court.

The document which are not submitted with the application should be presented before the meeting to be held for verifying the correctness of the debts.

The judge may, upon a requested to be submitted by the concerned persons, order the Clerical Office to take a copy of the (bond to the order) or (to the bearer) and return the original to its applicant after recording on it to the effect that he has submitted an application for inclusion in the debts statement.

Article 1103
Effect of the Application

The submission of the petition for inclusion in the debts statement shall result in the same effects consequent upon the judicial notice and suspension of the validity of the limited times prescribing the rights in respect of the measures which shall be difficult to perform during bankruptcy declaration.

Article 1104
Statement of the Required Debts

The Court Clerk shall prepare a list of the applications to be submitted as per their order of coming for inclusion within the bankrupt's debts statement, and shall submit it to the delegated judge for examination with assistant of the receiver, after hearing the bankrupt's statement and obtaining the necessary information for preparing the debts statement on basis thereof showing therein what he deems appropriate for acceptance and the preference or the mortgage to be attached thereto, as well as the debts which he deems appropriate not to accept them partly or wholly with brief indication of the reasons which motivated him to that.

The debts shown in the last paragraph of the Article (1060) as well as the other debts for which the supporting documents are not submitted shall enter among the debts statement with reservation.

But if the debt is with unenforceable judgment and intended not been entered, it shall be necessary to appeal against it.

The statement of the debts prepared by the judge shall be lodged with Clerical Office within at least three days from the day fixed in the Article (1021), item (5) and the creditors shall have the right to see them.

Article 1105 **Confirmation of Correctness of the Debts Statement**

The debts statement to be prepared by the judge shall be examined in the meeting to be provided for by the Article (1021), paragraph (5) in the presence at the receiver and the bankrupt. The applications arrived afterward or submitted in the same meeting shall be considered also.

The judge shall introduce whatever change or amendment he deems necessary to this list after assessment of objections and remarks to be initiated by the concerned persons and after seeing the presented documents.

If it is difficult to do so in one meeting, the judge shall postpone the consideration to another term within eight days without need for new invitation either to the presents or the absents.

In all the cases, the judge may issue the final statement of the debts during the fifteen days next to the creditors meeting.

Article 1106 **Enforcement of the Debts Statement**

The statement of the debts shall be signed by the judge and the Clerk. The statement shall be closed by a resolution of the judge stipulating that it is enforceable with effect from date of the last creditors meeting or from the date provided for in the fourth paragraph of the previous Article. The debts statement shall be lodged along with judge resolution with Process Servers Office. The creditors shall have the right to see the same.

If there are application for inclusion of debts in the statement not wholly accepted or partly accepted or accepted with reservation, then the receiver shall notify the refused creditors or those who are included with reservation

immediately with registered letters accompanied with acknowledgment receipt or other legally approved means of notification.

Article 1107

Objection of the Refused Creditor or included with Reservation

The creditors who are prevented from inclusion of their debts in the statement or accepted therein with reservation may complain, within (15) fifteen days from the lodgment of the debts statement with Process Servers Office, to the delegated judge who should appoint the session date and notify for attendance all the complainants and the receiver to whom the notice should arrive at a certain time to be fixed by the judge.

Article 1108

Objection Formalities and Judgment

The delegated judge shall examine the various complaints, and then fixes a day for consideration thereof before the Court. If the complaints are found appropriate for judgment and others need long investigation, the judge shall issue an order for separation of the complaints appropriate for judgment and refer them to the Court for consideration.

The Court shall consider all the complaints to be brought to her by one judgment. It may decide to include, temporarily the disputed debt, wholly or partly, in the statement.

The judgment must be posted up on the Court's signboard within (8) eight days from the publication and shall be temporarily executed. The Clerk shall immediately notify the concerned persons of the judgment publication.

The limited time for appealing is (15) fifteen days from the date of the judgment posting up and the dates of the appeal by cassation shall be reduced to a half.

Appealing against the disputes which shall not exceed the powers of the judge of the Summary Justice shall not be accepted.

Article 1109

Objection to the Debts Accepted in the Statement

Each creditor shall have the right to raise objection to the debts included in the statement within (15) fifteen days from the date of their lodgment with the Clerical office, by bringing an appeal before the delegated judge. The

judge shall fix a session for consideration of the appeal and notify the litigant parties and the receiver to attend. The notice should reach the receiver and the creditors whose debts are appealed at a time to be assigned by the judge. The lawsuit shall be entered according to provision of the second paragraph of the Article (1107).

If the parties did not reach to an agreement during the progress of the lawsuit, the judge shall issue a decision not subject to appeal to keep the installments of the disputed debts a part on distribution of the bankruptcy assets.

Regarding the investigation and consideration on the appeals, the provisions of the previous article shall be applied with consideration of all the appeals and complaints in one session.

Article 1110 **Delay in Declaration of the Debts**

The creditors may request the delegated judge to include their rights in the debts statement even after issuance of the judgment provided for in the Article (1106) until completion of distribution of all the bankruptcy assets.

The judge shall appoint a session for consideration of the application for attendance thereto a notice shall be served to the applicant and the receiver to whom the notice should arrive at a certain time to be fixed by the judge.

The lawsuit shall be entered according to provisions of the Article (1107). The other creditors may enter into the lawsuit.

If the receiver did not raise an objection to acceptance of the delay debt, and the judge deemed that it depends on a ground, he shall decide its acceptance, otherwise he shall proceed with debt realization procedures according to provisions of the Civil and Commercial Code Procedures.

The delayed creditor shall bear the expenses, unless it is proved that he has nothing to do with the delay reasons.

Article 1111 **Application for Cancellation of Debts Included in the Statement**

If it is appeared before closing the bankruptcy that the acceptance of a debt or a privilege was occurred by falsification or deception or essential error in the facts or decisive documents are found which nobody knew of its existence

before, then the receiver or any of the creditors may submit a petition for cancellation of the delegated judge resolution or judgment of the Court of First Instance in respect of the that debt or privilege. The petition shall be submitted through an appeal to be brought to the delegated judge who shall appoint a session for pleading. The parties thereto and the receiver shall be notified to attend. The notice should reach them at a certain time to be fixed by the judge.

Until final consideration on the dispute the judge may pass an order on performance of the distribution to keep the installments due to the creditors whose debts are appealed against.

If the bankruptcy declaration is closed without consideration of the appeal, the lawsuit shall remain existing before the Court.

Article 1112
Petitions for Recovery of the Movables and Separation from each other

The provisions of the Articles from (1101) to (1111) shall be applied in respect of applications for recovery of the movables in possession of the bankrupt and their separation from each other.

If the applicant delayed in submission of his application according to what is set out in Article (1110) the judge may suspend the sale of the objects required to be recovered or returned or separated from each other with submission of a guarantee if he deems that appropriate.

In all the cases, the judge must hear the bankrupt's prior to issuance of the decision in respect of those applications.

The applications shall not prejudice what is distributed as to price of the objects required to be recovered or returned or separated from each other. However, they may be stuck to on the amounts which are not distributed.

Chapter Six
Liquidation of Assets

Branch One
General Provisions

Article 1113
Commencement of Liquidation

The receiver should commence the sale of the properties after issuance of the decision provided for in Article (1106) under supervision of the delegated judge, after hearing the Creditors Board, if it has been formed and with observance of exigencies of the temporary management if it has already been approved.

The delegated judge may authorize the receiver, by a decision which he shall issue after hearing the Creditors Board if it has been formed, to effect the sale even prior to the term provided for in the referred Article.

Article 1114
Provisions which should be Applied

The provisions of the Civil and Commercial Code Procedure regarding enforcement shall apply to the sale of the movable or immovable properties of the bankrupt unless contradicting the following provisions.

Branch Two
Sale of Movables

Article 1115
Modes of Sale of Movable Properties

The delegated judge shall assign a term for sale of the movable properties as well as the natural fruits of the movable property after hearing the receiver and the Creditors Board, he shall assign also the mode of the sale by negotiation or public auction and the measures to be followed.

He may also issue an authorization for sale of the movable properties, wholly or partly in one lot after deciding the arrangements to be taken in respect of the publication if required by the necessity or the interest.

Branch Three **Sale of the Properties**

Article 1116 **The Lawsuit brought for Dis-appropriation**

If a creditor has already dis-appropriated a property or more prior to bankruptcy declaration, he shall subrogate the creditor in the procedure.

If the receiver delayed without reasons in exercising this right, the creditor who performs the procedure or the bankrupt and anyone who has interest herein, may complain with the delegated judge according to Article (1041). If the procedures of distribution of the price are existing the receiver shall interfere for completion of such procedures.

The receiver should keep a particular account of the sales of properties and the revenue to be resulted therefrom with effect from the date of the bankruptcy declaration. The amount to be collected from the revenue with the price of his properties shall be distributed.

Article 1117 **Modes of Sale of a Property**

The sale of properties should be effected by bidding.

However, the delegated judge may issue an order for sale of the properties in other mode than the bidding if the receiver proposes so after taking the Creditors Board opinion and approval of the creditors included in the statement who have the right of preference over those properties, whenever he is convinced that the sale in such a mode is feasible and useful for declaration of the bankruptcy.

The sale may be effected under a decision to be issued by the delegated judge upon receiver's request.

The judge who performs the sale measures may suspend the sale when he believes that the offered price is much less than the fair price.

The receiver shall send the summary of the decision issued by the judge in this regard any creditor included in debts statement and having preference on the property as well as to the registered mortgagee creditors.

Article 1118
Procedures of Distribution of the Collected Amount

The delegated judge shall distribute the amount to be resulted from the sale according to the provisions of the Chapter Two, when necessary the delegated judge, upon an order to be issued by him, shall fix what is to be paid to the receiver on account of the final remuneration to be estimated according to the Article (1044).

This amount shall be deducted from the price with procedures fees and expenses of the administration.

Chapter Seven
Distribution of Assets

Article 1119
Commencement of Distribution

The receiver should submit every two months statement of the available amounts with a report proposing the modes of their distribution with effect from the date of issuance of the decision provided for in Article (1106), unless the delegated judge assigns another term, provided that the amounts necessary for the procedures should be kept.

The delegated judge shall introduce whatever modifications he deems appropriate to such statement after taking the Creditors Board opinion. He shall issue an order for lodgment of the same with Clerical Office, and all the creditors shall be notified thereof.

The creditors may submit their remarks within (10) ten days after expiry of which the delegated judge shall see the remarks of the distribution list and gives it the force of the enforceable bond.

Article 1120
Arrangement of Amounts Distribution

The amounts to be collected from liquidation of assets shall be distributed in the following order:

- 1- For payment of expenses including those provided by the public treasury and the debts arising out of the bankruptcy administration and of continuation in a bankrupt's activity if authorized. The delegated judge shall estimate the amounts provided for in this paragraph.
- 2- For payment of preferred debts on the sold objects as per the order to be decided by the Law.
- 3- For payment of the preferred debts under Civil Law provisions.
- 4- For payment of the normal creditor's debts corresponding to the basis of acceptance of the debt of each of them, including the creditors provided for in the preceding paragraph (2) in case of non-payment of the fully secured debt and the portion which is not covered by such guarantee.

Article 1121
Participation of the recently entered Creditors

The creditors who are entered according to Article (1110) shall not be participated after their entry corresponding to the debt of each of them without prejudice to the right of preference. However, if it is appeared from the judgment issued according to the said "Article that the delay was resulted from a reason which they have nothing to do with, they shall participate in the assets which are not distributed regarding the shares to which they would have been entitled in the previous distribution if they were not delayed.

Article 1122
Partial Distributions

When performing partial distributions which should not exceed (90%) ninety percent of the amounts available for distribution, they should be deposited and kept according to the methods indicated by the delegated judge for the shares according to the following:

- 1- For creditors residing outside whose debts are not yet verified due to extension of the time limit in their respect.

- 2- For creditors whose shares are decided to be kept as well as for creditors who are temporarily accepted until they shall submit their documents.
- 3- For creditors whose debts are pending on a suspensive condition which is not yet realized, including the debts which could not be adhered to unless after deprivation of a principal debtors.
- 4- For meeting the coming expenses which the delegated judge deems necessary for payment of the remuneration and expenses deserved by the receiver.

Article 1123
Repayment of the Received Amounts

In cases provided for in Article (1111) the creditors who were participated in some distributions should repay the amounts which they have received with the legal interests.

Article 1124
Payment to Creditors

The receiver shall pay the amounts allocated for the creditors in the distribution statement in the manner to be decided by the delegated judge.

Article 1125
Accounting Data to be provided by the Receiver about his Administration

When the receiver completed the assets liquidation and prior to the final distribution he shall submit an accounting statement about the bankruptcy declaration administration to the delegated judge.

The judge shall issue an order for lodgment of the statement with Clerical Office and shall fix a session for considering the remarks to be presented by the concerned persons. The session shall be held within fifteen days from the date of lodgment.

The bankrupt and each creditor shall be immediately notified of the lodgment and appointment of the session.

The judge shall approve the statement if no objection is raised in the session or the objections were amicably settled, otherwise the judge shall act as per provisions of the Civil and Commercial Code Procedure. The date of the

session to be held before the Court shall be fixed within a period not exceeding twenty days from that date.

Article 1126
Final Distribution

If the final statement is approved and the receivers remuneration is paid. The delegated judge shall issue an order for performance of the final distribution according to the previous provisions after hearing the proposals of the receiver in this respect.

The retained shares shall be distributed with final distribution but in the case provided for by Article (1122) paragraph (3) when the pending condition is not satisfied for payment of the share, the amount shall be deposited in the methods to be decided by the delegated judge so that it could be paid to the entitled creditors or to be distributed as additional shares to the other creditors.

But the creditors who did not attend or it was difficult to find them; their amounts shall be deposited with one of the banks.

The deposited certificate shall be considered as a receipt.

Chapter Eight
Closing of the Bankruptcy Declaration

Branch One
Closing of the Bankruptcy Declaration

Article 1127
Cases in which the Bankruptcy Declaration shall be Closed

Without prejudice to the reconciliation provisions, the bankruptcy declaration shall be closed in the following cases:

- 1- If no creditor is preceded for acceptance of his debt in the statement on the limited dates shown in the bankruptcy declaration judgment.

- 2- When the creditors received their debts and their marginal in full from distributions as per entered into the statement or expired in any other way after payment of receivers' remuneration and procedures fees even prior to performance of the final distribution.
- 3- After performance of the final distribution.
- 4- When it shall be confirmed that no benefit is expected from continuation on the progress of the bankruptcy declaration formalities due to lack of sufficient assets.

Article 1128
Closing of Bankruptcy Declaration Decision

The bankruptcy declaration closing shall be closed by a causative decision to be issued by the Court of the First Instance by itself or upon request of the receiver or the bankrupt and shall be published through the methods provided for in the Article (1022).

This decision may be complaint against to the Court of Appeal within (15) fifteen days from the date of its posting up. The Court shall consider it in a session to be held in form of consulting room after hearing each of the complaint, receiver and the bankrupt.

Article 1129
Effect of Closing

The effects of the bankruptcy declaration shall end up on bankrupt's assets by its closing. The bodies entrusted with bankruptcy declaration measures shall also be cancelled.

The creditors shall regain their right to litigate the debtor for receiving the remaining of their debts and marginal.

Article 1130
Cases in which the Bankruptcy Declaration may be Reopened

In the cases provided for in the third and fourth paragraph of the Article (1127) the Court of the First Instance may issue an order to recommence the bankruptcy declaration measures which have already been closed during (5) five years from the closing date, upon request of the debtor or any creditor, if it is appeared that the bankrupt's properties deserving recommencement of

the procedures or if the bankrupt submitted a guarantee amounting at least to (10%) ten percent of the demands of the old and new creditors.

If the Court accepted the application it shall issue, while it is held in form of a consulting room, a judgment not subject to appeal ordering the following:

- 1- Returning the delegated judge and the receiver to their positions or re-nominating them.
- 2- Assigning the limited times provided for in paragraph (4, 5) of the Article (1021) and reducing them, provided they shall not exceed the half.

The delegated judge shall assign the Creditors Board with observance, in their selection, the new creditor and the judgment shall be declared according to Article (1022).

The provisions of the preceding chapters shall be followed in respect of the remaining procedures.

Article 1131 **Union of the Old and New Creditors**

The creditors shall unify in the new distributions with the amounts due to them at the time of appealing against the bankruptcy declaration after deduction of what they have received in the previous distributions, with observance of the preference rights in each case.

The provisions of the Articles (1102) to (1112) shall be respected.

Article 1132 **Coming into Force of the Limited Times**

In case of reopening of the bankruptcy declaration, the limited times decided in Articles (10710, 1072, 1075) from the date of judgment of the opening of the lawsuit related to cancellation of the acts performed by the bankrupt after closing of the bankruptcy declaration.

The dispositions without compensation which shall occur after closing of the bankruptcy declaration and prior to its recommencement shall not apply to the creditors.

Branch Two **Reconciliation**

Article 1133 **Who Proposes the Reconciliation?**

After issuance of the decision provided for in Article (1106) the bankrupt may propose reconciliation to his creditors by a petition to be presented to the delegated judge. The petition should include statement of the percentage to be offered to the normal creditors, payment time, with guarantee to be offered by fulfilling the debts, procedures fees and receiver remuneration.

The receiver shall accept to assign the cancellation lawsuits in favour of anyone who abide by payment as a condition for the reconciliation in the limits of the lawsuits which he has commenced.

However, he may not assign in favour of the bankrupt or his warrants.

Article 1134 **Examination and Notification of the Proposal to Creditors**

The judge shall ask for the opinion of both the receiver and the Creditors Board in respect of the reconciliation. If it deems it acceptable he shall pass an order for notifying the creditors immediately through the registered mail or through the approved means of communication accompanied by those opinions and shall assign a limited time to the creditors not less than (20) twenty days and not more than (30) thirty days from the date of the order to declare their disagreement.

The declaration of the disagreement may be executed on the margin of the notification itself. The votes of the creditors shall be recorded in a particular minutes to be signed by the judge and Court Clerk.

The delegated judge may suspend the liquidation after offering of the reconciliation.

The proposal of the reconciliation shall be notified to the joint representative of the loan securities holders if any with addition the limited time granted to the creditors to present the declaration of their disagreement to the clerical office of the Court of the First Instance.

Article 1135
Reconciliation in case of Multiplicity of Creditors

If serving of the notice decided in the previous article was default due to the multiplicity of the number, the Court of First Instance may, after hearing the representative of the Public Prosecution and the receiver, authorize the delegated judge to publish the reconciliation proposal as per the legally approved methods and in other daily newspaper when necessary along with the receiver opinion and opinion of the Creditors Board.

Article 1136
Voting on Reconciliation

- 1- The creditors listed in the debts statement shall have the right to vote on the reconciliation even if they have been accepted with reservation or temporarily.
- 2- The creditors whose debts are secured by preference or lien shall have no right to voting even if these guarantees are the object of dispute unless they assign their right to the preference.
- 3- The assignment may be partial, provided that it shall not be less than one third of the full required right as to original and marginal. Such assignment shall be downright otherwise it shall be considered as a full assignment of the debt guarantee as a whole. The assignment effects shall be ended if the reconciliation is disagreed or disapproved or cancelled or dissolved.
- 4- The debtor's wife, relatives, brother's in-law until the fourth degree and the assignees to whom those relatives have assigned their debts since one year or less prior to the bankruptcy declaration judgment shall be deprived of the voting and majorities counting.

Transfer the debts effected after declaration of the bankruptcy shall not result in a right to voting.

Article 1137
Reconciliation Approval

The approval of the reconciliation shall occur if accepted by the numerical majority of the creditors who have the right to voting, provided that such majority shall represent at least one third of their debts value.

The creditors who did not declare their disagreement within the limited time shown in Article (1134) shall be considered as agreed to the reconciliation without prejudice to what is provided for by the second paragraph of the pervious article.

The change to be happen in the number of the listed creditors or the value of the debt of each of them shall not influence the majority accounting due to a judgment to be issued after the date of maturity shown in Article (1134).

Article 1138 **Session of Certification**

If the date fixed for voting is expired and the two decided majorities are not present, the delegated judge shall declare rejection of the proposed reconciliation by a decision to be written down on the margin of the minutes provided for in the third paragraph of the Article (1134).

In addition, he shall issue a decision declaring the opening of the certification session which he shall fix its date within a period not less than (15) fifteen days and not more than (30) thirty days. The decision shall be published through posting-up.

The dissenting creditors and anyone who have an interest therein may raise an objection to the decision by a causative petition of which notice shall be served to both the receiver and the bankrupt provided that they shall enter in the lawsuit at least before (5) five days preceding the session date.

In the session the judge shall hear the statements of the receiver, litigant parties, chairman of Creditors Board and the bankrupt, and then he shall proceed with procedures according to provisions of the Civil and Commercial Code Procedure. The session shall be fixed before the fixed before the Court in (10) ten days.

The receiver shall lodge his report with Court's Clerical Office explaining the reasons with indication of his final opinion prior (5) five days to the session.

The Creditors Board also may submit a similar report.

Article 1139 **Certification and Rejection of the Reconciliation**

The Court shall consider all the objections to the reconciliation in one judgment either by certification or rejection after examination of the

application and the offered guarantees, and after ascertaining the validity of the procedures and their conformity with provisions of the law of the reconciliation acceptance.

The certification judgment on the reconciliation shall assign the mode of payment of the amounts due to the creditors in execution of the reconciliation or the same shall be entrusted to the delegated judge who shall pass a decision in this respect.

If mortgages were submitted in securing the reconciliation, the Court shall, when issuing the certification judgment; a short term limited time within which the receiver shall record those mortgages.

The judgment shall be published and posted up according to Article (1022). The judgment shall be temporarily implemented. However, the judgment does not become final and the payment fell due, the due amounts should be deposited with one of the bank in execution of the reconciliation.

Article 1140 **Appeal against the Judgment**

The opponents and the bankrupt may bring an appeal against the judgment issued by certification or rejection of the reconciliation within (15) fifteen days from the posting up. The appeal shall be notified to the receiver, the bankrupt and the litigant parties.

The appeal judgment shall be published as per provision of Article (1022) and the appeal time shall be reduced in this judgment before the Supreme Court to the half and shall start from the date of publication.

The bankruptcy declaration procedure shall be closed when the certification judgment becomes final.

Article 1141 **Prosecution Interference**

The Public Security shall have the right to interfere in the litigation at the level of the Court of the First Instance and Court or Appeal.

Article 1142
Certification Fees

The fees of certification of the reconciliation shall be paid out of the cash amounts of the bankruptcy declaration as per decision of the delegated judge, in default thereof; the judge shall pass an order for their entry in the column of the required debts.

The State Treasury shall recover the expenses which it has spent to the credit of the bankruptcy declaration and what it deserves according to provisions of Article (1100).

Article 1143
Accounting Statement of the Receiver

The receiver must submit an accounting statement according to Article (1125) when the certification judgment of the reconciliation becomes final.

Article 1144
Effects of the Reconciliation

The certified reconciliation shall be binding on all the creditors who their debts preceding the bankruptcy declaration including the creditors who did not apply for acceptance of their debts, but the guarantees submitted by the third parties for reconciliation did not include their debts.

The creditors shall keep their lawsuit for claiming their full right against those who under joint obligation with the bankrupt, his warrants and the other obligors through recourse.

Article 1145
Reconciliation Execution

After certification of the reconciliation, each of the delegated judges, receiver and the Creditors Board shall supervise its fulfillment as per the methods applicable in reconciliation judgment.

The amounts due to the objected creditors or entered on condition or who their inference is difficult shall be deposited as per the methods assigned by the delegated judge.

After verification of execution of the whole reconciliation, the delegated judge shall pass an order for lifting the restriction on the guarantees and striking out the mortgages submitted in securing the reconciliation.

The order shall be published and posted up according to Article (1022) and all expenses thereof shall be incurred by the debtor.

Article 1146 **Cancellation of Reconciliation**

If the guarantees are not submitted or if the bankrupt did not meet his obligations regularly according to reconciliation conditions and provisions of certification judgment, the receiver must notify the Court of the same. The Court shall pass an order for presence of the bankrupt and his warrants if any and shall cancel the reconciliation by a judgment not subject to appeal to be issued by it while holding in the form of consulting room. The Court shall perform the same action upon request of one or more creditors or by itself.

The Court of First Instance shall open the bankruptcy declaration procedures based on the reconciliation cancellation judgment.

Cancellation judgment may not be issued after expiry of one year from maturity of the last installment decided in the reconciliation.

The provisions of this Article shall not be applied if a third party has undertaken to meet the obligations of the debtor resulting from the reconciliation with immediate relief of his obligation.

Article 1147 **Reconciliation Revocation**

The Court may revoke the certified reconciliation upon a petition to be brought by the receiver or any of the creditors against the debtor, if it is appeared that the bankrupt debts are exaggerated by fraud or gross concealment of his assets

No other revocation lawsuit shall be accepted. The reconciliation revocation judgment shall include temporary execution and shall result in re-opening of the bankruptcy declaration procedures.

The revocation lawsuit shall be brought within (6) six months from fraud discovery, in any way; it shall be in a period not exceeding (2) two years from the maturity of the last installment decided in the reconciliation.

Article 1148
Procedures of Re-Opening of the Bankruptcy Declaration

The opening of the bankruptcy declaration judgment under Articles (1146 & 1147) shall provide for taking the arrangements and measures provided for in the second paragraph of Article (1130) and the next paragraph.

Article 1149
Effects of the Opening

The Articles (1131 & 1332 shall organize the opening effects. The lawsuit of cancellation may be renewed if suspended due to reconciliation.

The previous creditors shall keep the guarantees in the proportion of the amounts which they deserve upon the reconciliation which has been revoked or cancelled. Also they shall not be under obligation to recover what they have received.

They shall unify with other creditors with their principal debt after deduction of what they have received due to partial execution of the reconciliation.

Article 1150
Proposal of the New Reconciliation

When the debts statement is given the force of execution, the debtor shall be allowed to propose a new reconciliation. Such reconciliation may not be certified, if the amounts necessary for full payment thereof in the manner to be assigned by the delegated judge, are not lodged before the concerned session.

Chapter Nine
Civil Rehabilitation

Article 1151
Effects of Rehabilitation

The Court of First Instance shall decide the rehabilitation in the cases provided for in the following Articles upon request of the debtor or his successors by a judgment to be issued in a form of consulting room after hearing the Public Prosecution.

The judgment shall provide for striking the bankrupt name out the register provided for in Article (1055) and the judgment shall be communicated to the Commercial Register office for recording it therein.

The judgment on rehabilitation shall result in expiration of the case of preventing the bankrupt from disposing of his properties resulting from bankruptcy declaration judgment.

Article 1152 **Rehabilitation Conditions**

The bankrupt may be rehabilitated in the following cases:

- 1- If he paid all his debts listed in the debts statement including the interests and expenses.
- 2- If he satisfied his obligations in the reconciliation and the Court, after evaluation of the bankruptcy declaration reasons, circumstances, accompaniments, reconciliation conditions and percentage value, deemed worthy of rehabilitation. Rehabilitation shall not be permitted if the percentage of payment of the normal creditors right is decided at less than (25%) twenty-five percent, in addition to the interests and decided to be paid in a time exceeding (6) six months.
- 3- If he proved by decisive evidences the continuous good conduct at least for (5) five years from the date of the bankruptcy declaration closing.
- 4- If (10) ten years were lapsed to the notice of bankruptcy declaration closing and the bankruptcy was not by deception, the bankrupt shall regain his rehabilitation by judgment without need to take any action.

Article 1153 **Procedures of Rehabilitation**

The rehabilitation petition shall be declared through posting up on the Court signboard. The Court may pass an order to follow other methods for declaration.

Anyone who wants to raise an objection to the rehabilitation may lodge his objection aspect with Clerical Office within (30) thirty days from posting up.

Each of the debtor or his successors, opponents or the Public Prosecution shall have the right to challenge this judgment within (15) fifteen days from

posting up. The Court shall consider thereof while it is held in form of consulting room.

Article 1154
Criminal Penalties Preventing the Reconciliation

In any way, if the bankrupt is judged by fraudulent bankruptcy declaration or by one of the funds crimes or breach of faith or public economy or industry or trade he may not be rehabilitated unless he gained rehabilitation in respect of these crimes according to Penal Law.

If there are existing procedures regarding these crimes, the Court shall suspend the rehabilitation procedures until consideration of those criminal procedures.

Chapter Ten
Declaration of Companies Bankruptcy

Article 1155
Responsible Management, General Managers, Comptroller and Liquidators

The Chairman and member of the Board of Directors, Companies Managers and Liquidators shall be subject to the restrictions imposed on the bankrupt upon Article (1054). They should be heard in all the cases on which the law imposes hearing the bankrupt.

The receiver in bankruptcy when authorized by the delegated judge after hearing the Creditors Board shall assume the lawsuit against the Chairman and members of Board of Directors, Administrators, General Managers, Liquidators, Chairman and members of the Control Board and External Auditor, in any, in what is related to their responsibilities provided for in this Law.

Article 1156
Companies in which their Partners have no Limited Responsibility

If a trading company is declared bankrupt, the partners shall be unlimitedly and jointly responsible for its debts and the bankruptcy declaration shall apply also to those partners.

If it is appeared, after judgment of the company's bankruptcy declaration, that there are other partners to whom the provision of the previous paragraph applies, the Court of First Instance shall declare the bankruptcy of those partners upon request of the receiver or by itself after hearing them in a session to be held in form of consulting room.

The objection to the Court judgment shall be accepted according to Article (1023).

Article 1157
Declaration of Bankruptcy of the Companies and Partners

In the case which the previous article provided for nomination of a judge and receiver by the Court of First Instance either for declaration of bankruptcy of the company or the partners. However, it may nominate various Creditors Board.

The funds of the company shall be completely separated from those of the partners.

The debts to be declared by the company creditors in its bankruptcy shall be considered as fully declared in bankruptcy of each of the partners. The company creditor shall have the right to participate in all the distributions until he receives his right in full, with respect of the partners right to recourse to the bankruptcy declarations each other for receiving what they have paid in excess of their shares in the debts.

But the personal creditors of the partners shall not participate except in the bankruptcy declaration of their indebted partners.
Any creditor shall have the right to object to the debts of the creditors unified with him.

Article 1158
Partner's bankruptcy declaration

Declaration of bankruptcy of a partner or more of the unlimited responsibility partners shall not result in declaration of the company bankruptcy.

Article 1159

In declaration of bankruptcy of the companies in which the partner's responsibility is limited, the delegated rule may ask the limited responsibility

partner and the former holders of allotment and shares to pay their remaining installments even if they are not yet fall due, by a resolution to be issued upon request of the receiver in bankruptcy.

Article 1160
Cooperation companies

In case of declaration of bankruptcy of cooperative companies in which the additional responsibility of the partners is limited or unlimited, the delegated judge may, after issuance of the resolution provided for in article (1106) permit the receiver to claim the partners for payment of the amounts necessary for settling the debts according to the provisions related to partners responsibility and their share in profits and losses.

The allotments of the partners who are unable to make payment shall be borne by the other partners.

The receiver shall prepare a distribution statement to be lodged with court clerical office and shall communicate the same to the partners by registered letter accompanied by acknowledging receipt or by the legally approved means of communication.

Any of the partner who wants to submit whatever remarks and appeals even regarding description of the partner and the extent of his responsibility, shall lodge the aspects of his objection with court clerical office within forty days from lodgment of the distribution statement.

The delegated judge shall introduce the modifications and amendments which he deems appropriate to such statement after hearing the receiver with consideration of the remarks and appeals.

The distribution statement, shall be effective by a resolution to be issued by the judge and lodged with clerical office whereas the concerned persons shall be allowed to see them.

Anyone who appealed against description of any of the partner, shall raise his objection against the receiver before the court of the first instance within fifteen day from lodgment of the distribution statement with clerical office.

The objection shall not stop the execution of the distribution statement even against the objector. In other cases the complaint shall be brought according to article (1031).

If it is appeared that fulfillment of some allotments listed in the distribution statement is difficult, an addition statement is may be drawn up as per provisions of the previous paragraphs all that without prejudice to the lawsuit of recourse between the partners and the remaining amounts shall be reimbursed after fulfillment of the debts.

To ensure fulfillment of the allotments from partners, the delegated judge may upon receiver's proposal, pass an order an order at any time for distraining the properties of the partners themselves.

Article 1161
Proposal of reconciliation

The reconciliation proposal shall be signed by the legal representative of the bankruptcy company.

In joint liability companies and limited partnerships, the proposal and its conditions should be approved by a number of partners representing the absolute majority of the capital.

But as regards the joint stock companies, limited shares partnership, limited liability companies as well as limited responsibility cooperative company, the extraordinary general assembly should approve thereof unless such powers are entrusted to the board of directors or the directors.

Article 1162
Reconciliation effect on the company

The conciliation which shall be concluded by training company in which the responsibility of the partners shall be unlimited and joint and shall put an end to their bankruptcy, unless otherwise agreed upon.

However, the personal creditors of the partners may raise objection to the closing of the bankruptcy declaration of their debited partner according to provision of the fourth paragraph of the article (1138).

The court of the first instance shall consider the objection under a final judgment to be issued in form of a consulting room.

Article 1163
Partner's reconciliation

Any partner who declared his bankruptcy due to the declaration of bankruptcy of a trading company in which the partners responsibility is unlimited and joint, may propose the reconciliation to the company creditors and his unified creditor in his own declaration of the bankruptcy.

Chapter Eleven
Short procedure

Article 1164
Conditions and rules to be applied

If it is appeared, on issuance of the bankruptcy declaration judgment or due to investigation in the validity of the debts, that the claims against the debtor do not exceed fifty thousand dinars, the judges shall pass an order through the bankruptcy declaration judgment or by a further decision to be published as per article (1022), for conduction or continuation of the bankruptcy declaration by a short procedure. However if it is appeared in a second phase that the debts value is more than fifty thousand dinars, the judge should inform the court of the first instance which shall pass an order for continuation of the bankruptcy declaration as per the usual rules without prejudice to the measures which have been taken.

The provision of the bankruptcy declaration shall be applied to the short procedure in the limits which do not contract the following provisions.

Article 1165
Bodies and precautionary measures

The assignments of the delegated judge may be entrusted to the judge of the summary justice of the authority which the main business office of the bankruptcy falls under its area of jurisdiction. The nomination of the creditors board shall be optional and the seals may not be put.

Article 1166
Verification of the debts

The receiver shall prepare a list of creditors to be extracted from the commercial books and documents, debtor's statement and other information which he shall obtain.

This list along with its justifying documents shall be presented to the delegated judge who will prepare, in his return, the creditors list and shall pass an order for its execution and lodgment with clerical office, where it could be seen.

The receiver shall notify each creditor of what is concerning him by a registered letter accompanied by acknowledging receipt or by the legally approved means of communication within three days from the lodgment. The creditors who are not included in the debts statement may bring, during the same period, their objection to their prevention. Objection may be raised also to the debts of other creditors included in the statement.

The judge shall fix the date of the session for consideration of the objections and complaints. He shall have to try to settle the disputes amicably, otherwise he shall consider them in one judgment.

Article 1167
Petitions for recovery, regaining and separation of movables from each other

The provisions of the previous article shall be applied also to recovery, regaining and separation of the movables, which are in possession of the bankrupt, from each other.

Article 1168
Reconciliation

The reconciliation proposal shall be considered acceptable if agreed upon by the majority of creditors who have the right of section in number and value.

The judge shall issue the reconciliation judgment after confirming presence of the majority shown in the previous paragraph whenever he deems it appropriate and shall issue on an order for its implementation.

Chapter Twelve
Penalties

Branch One
Crimes to be committed by the bankrupt

Article 1169
Declaration of bankruptcy by fraud

Any merchant who declare his bankruptcy and it is appeared that he has:

- 1- Misappropriated or concealed, dispersed or falsely disposed off or destroyed his properties wholly or partially or created in existing debt on himself or declared them in order to damage his creditors.
- 2- Concealed or destroyed or falsify his papers or other commercial books wholly or partially in order to secure an illicit gain to himself or to a third party or for causing damage to his creditors or kept those entries and accounts in a manner which is difficult to verify his assets or properties or knowing the extent of his activity.

They shall be penalized by imprisonment for a period not exceeding five years.

The same penalty shall be applied to the merchant who declared his bankruptcy and committed, during the bankruptcy declaration, one of the acts provided for in item (1) or concealed or destroyed or falsified his books or other accounting entries.

Any bankruptcy who have paid the debts of some of his creditors or granted them privileges in order to cause damage to other either during the bankruptcy declaration or in the doubt period shall be penalized by imprisonment for a period not less than six months.

The judgment to be issue on one of the crimes provided for in this article shall result in disqualification of the convicted person from practicing any commercial activity or assuming a manager position in any institution for a period ranging between two to ten years, without prejudice to any other consequential penalty provided for in the penal code.

Article 1170
Negligent bankruptcy

Without prejudice to provisions of the previous article, any merchant who declared his bankruptcy and it is appeared that he has done one of the following acts, he shall be imprisoned for a period not exceeding one year.

- 1- Spending on his personal or family expenses enormous amounts not appropriate to his economic condition
- 2- Consuming a great part of his properties in various gambling operations.
- 3- Perform non-permissible operation for delaying his bankruptcy declaration.
- 4- Increasing the pressure of his insolvency and disturbance movement of his work by neglecting to apply for declaration of his bankruptcy or by other gross error.
- 5- Not fulfilling his obligations which he in a previous preventing reconciliation or bankruptcy.

The same penalty shall be applied to the bankrupt who did not keep his other commercial books and entries which are imposed by law or breached their keeping in a regular manner during the three years preceding the bankruptcy declaration or from the date of commencement of his work if its duration isles than that.

The previous judgment on one of the crimes provided for in this article shall result in disqualification for practicing a commercial activity or to assume the post of a manager in any institution for two years.

Article 1171
Aggravating and extenuating circumstances of the penalty

The established penalties shall be aggravated in two preceding articles to an extent not exceeding the half if gross damages have arisen out of commitment of the acts provided for therein or the perpetrator was prohibited from performing any commercial activity under the law.

But if the acts provided for in the first paragraph have resulted in slight damage the penalties shall be reduced to one third.

Article 1172
An exceptional case

Any merchant who entered in existing creditors in the debtors list or failed to declare of existing of his properties for entry into the inventory or not respected the restrictions imposed on him as per provisions of paragraph (3) of articles (1021) and (1054) shall be penalized by imprisonment for a period not exceeding one year and a fine not less than one hundred dinars and not exceeding one thousand dinars or by both penalties.

Article 1174
Declaration of bankruptcy of the persons companies

In declaration of bankruptcy of the joint liability companies and limited partnerships, the provisions of this chapter shall be applied to acts to be performed by joint partners and the acting partners.

Branch Two
Crimes to be committed by other than the bankrupt

Article 1175
Fraud crimes

The provisions provided for in article (1169) shall be applied to the chairman and members of the board of directors, administrators, general managers, chairman and members of the control board, external auditor if any and the liquidator of the company which is declaring its bankruptcy if they committed one of the acts provided for in the said article.

The same penalty shall be applied to them if they caused the company's bankruptcy declaration by deceit or fraudulent methods.

Article 1176
Accountability of administrators

The penalties provided for in article (1170) shall be applied to the chairman and members of the board of directors, administrators, general managers, chairman and members of the control board, comptrollers, external auditor if any and the liquidator of the company which is declaring its bankruptcy:-

- 1- If they committed one of the acts provided for in the said article.
- 2- If they caused insolvency or disturbance of the company or increase the pressure of such disturbance after performing the duties imposed on them by law.

Article 1177

Crimes to be committed by company managers and liquidators

The penalties provided for in article (1172) shall be applied to the responsible of management, acting managers and liquidators of the companies that declaring their bankruptcy if they committed one of the acts provided for in that articles.

Article 1178

Crimes to be committed by the commercial agent

The penalties provided for in articles (1170, 1172) shall be applied to the commercial agent of a merchant who declared his bankruptcy if the committed one of the acts shown therein.

Article 1179

Crimes to be committed by the receiver

Without prejudice to any other aggravating penalty, any receiver who procured directly or through another person, personal benefit from any bankruptcy declaration operation or due to false operations performed by him unless the committed act is not penalized according to provisions of the penal code in respect of public servants, shall be amerced by a fine not less than one thousand dinars and not more than five thousand dinars.

Article 1180

Receiving the undue remuneration

Any receiver in bankruptcy who received a cash remuneration or through any other way or agreed thereupon in excess of the remuneration estimated to him by the court of the first instance or the delegated judge, shall be amerced by a fine ranging between one hundred dinars and five hundred dinars.

In very serious cases the judgment may provide for preventing him from assuming the job as a judicial expert for two years.

Article 1181

Abstention from delivery or deposit of amounts by the receiver

Any receiver who, by the virtue of his job, possesses amount or other objects regarding the bankruptcy declaration and breached the judge order to deliver or deposit thereof shall be penalized by imprisonment for a period not exceeding two years and a fine not exceeding one thousand dinars.

If the act resulted in an error, the penalty shall be imprisonment for a period not exceeding six months or a fine not exceeding one thousand dinars.

Article 1182

Infliction of penalty on receivers assistants

The provision of articles (1179, 1180, 1181) shall be applied also to the persons who have assisted the receiver in management of the bankruptcy declaration affairs.

Article 1183

Inclusion the list of creditors by fraud

Anyone who submitted a petition for acceptance among the creditors on false debt by fraud either by himself or by another person unless he is a partner in bankruptcy declaration by fraud.

If the petition is withdrawn before investigation into the debts, the penalty shall be inflicted on each one who:

- 1- Concealed or hid or received properties of the bankruptcy or mentioned thereof contrary to the truth after bankruptcy declaration unless he is a partner in the bankruptcy declaration by fraud.
- 2- Concealed or received goods or other properties of the bankrupt with knowledge of his insolvency condition and disturbance of his activity, as well as anyone who bought such properties at cheap price in comparison with their true value whenever the bankruptcy is actually occurred.

Article 1184

Manipulation into votes

Any creditor agreed with bankrupt or another person against special benefit to give his vote in favor of the bankrupt in the creditors board resolution. The amount or the objects procured by the creditor shall be confiscated.

The same penalty shall be applied to the bankrupt and anyone who have contracted with the creditor in favor of the bankrupt.

Article 1185

Practicing of a commercial activity during existence of the prohibition

Anyone who practiced a commercial activity in spite of his disqualification to so due to a criminal judgment provided for in this book shall be amerced by a fine not less than one thousand dinars and not exceeding three thousand dinars.

Branch Three

Provision to be applied to the preventive reconciliation

Article 1186

Crimes to be committed in preventive reconciliation

Any merchant who arrogated to himself in existing properties or rights with intention to gain acceptance in a preventive reconciliation, as well as, if he invented in existing debts with intention to influence majority formation, shall be amerced by a fine not less than one thousand dinars and not more than three thousand dinars.

In case of the preventive reconciliation in respect of companies, the penalty shall be applied to the chairman and members of the board of directors, administrators, external auditor and the liquidator. The same penalty shall be applied also to the commission merchant, comptroller of the preventive reconciliation and the creditors provided for in article (1184).

Branch Four

Provisions of procedures

Article 1187

Bringing of lawsuit

The criminal lawsuits shall be brought on crimes provided for in articles (1169, 1170, 1175, 1176) and after notification of the bankruptcy declaration judgment according to article (1022)

The lawsuit may be brought prior to the limited time in the case provided for in article (1014). In other case where serious reasons appear whenever the application for bankruptcy declaration have already been submitted or have been at the same time.

Article 1188
Claiming for right of compensation.

The receiver and the judicial comptroller may enter in the lawsuits civil rights claimant in proceedings of the lawsuits related to crimes provided for in this chapter against the bankrupt also.

Article 1189
Creditors right of compensation

The creditors shall have the right to claim for the civil rights and compensation for damages in the criminal lawsuits for fraudulent bankruptcy if the receiver or the judicial compensation did not do so or if they decided to bring a lawsuit regarding personal rights.

Article 1190
Effects of rehabilitation

The civil rehabilitation for the bankrupt shall result in expiry of the crime of the negligent bankruptcy. If there is a criminal judgment thereon, its execution may be stayed and its effects shall be finished.

Book Eight
Provisions of export and import

Article 1191
Rules organizing export and import

The concerned authority shall assume drawing up of rules, regulations and conditions related to export, import, re-export, prohibition, restriction of the import or export of any commodities and goods to certain authorities.

The concerned secretary may restrict, prevent and stop export or import of any commodity or goods of any commodities or goods from the prohibited and restricted lists of the import and export according to exigencies of the public interests.

Article 1191
Export

All the commodities and good are allowed to be exported without any quantitative or administrative restrictions by organs practicing commercial activity, which are registered in the commercial register, and the export and import activity is amongst their purposes. The commodities produces are also allowed t export their products, with exception of the prohibited commodities.

Article 1193
Re-export

The organs practicing the commercial activity which are registered in the commercial register shall be allowed to re-export all the imported commodities and goods with exception of the subsidized and prohibited commodities. The goods and commodities which their import is restricted shall be prohibited from re-export with exception of the authority to which the import is restricted.

Article 1194
Import

All the commodities and goods are allowed to be imported without any quantitative or administrative restriction by organs practicing the commercial activity which are registered in the commercial register and the export and import activity is amongst their purposes with exception of the prohibited commodities.

Article 1195
Specification of commodities and goods

The imported commodities and goods should be in conformity with standard conditions and specification approved with National centre for specification and standards and according to the applicable legislations.

Article 1196
Imports of productive and servicing units

The productive and servicing units may import their needs of operation requirements and raw materials according to rules to be defined by the executive regulation provided for in article (1200).

Article 1197
Imports of foreign companies branches

The branches of the foreign companies which are permitted to exercise the activity shall be allowed to import their needs of machinery, equipment and operation requirements which are not available on local market within the limits require by the projects which then are executing according to the concluded contracts. They shall be allowed also to re-export the machinery and equipment which they have imported or purchase locally according to conditions and measures set out in the executive regulation provided for in article (1200).

Article 1198
Prohibition of export and import activity on authorities
And public administrative units

The authorities and public administrative units other than the organs of practicing the economic activity provided for in this law, shall be prohibited from performing export and import operations of the commodities and goods with exception of the public authorities to which import of some important strategic commodities to be fixed by a resolution of the concealed secretary is restricted.

Article 1199
Exporter and importers register

A particular register called the exporters and importer register shall be established in which the economic activity practicing organs which the activity of export or import or both of them is amongst their purpose shall be entered within the framework of the commercial register in method to be organized by the executive regulation provided for in article (1200) of this law.

Article 1200
The executive regulation organizing the export and import

The executive regulation shall define the provisions organizing the export and import particularly the following:

- 1- Definition of the detailed rules, conditions and formalities organizing the export and import and prohibition and restriction of the commodities and goods.

- 2- Division of the imported commodities into categories.
- 3- Organization of exporters and importers register, rules and formalities of the entry thereto.
- 4- Conditions for export and import of needs of the foreign companies and their branches in Great Jamahiriya and the necessary measures

Article 1201
Modes of payment

The payment operations related to export and import shall be effected according to the approved banking modes.

Article 1202
Judicial officer

The officials in respect of whom a resolution shall be issued by the general people committee upon presentation of the concerned secretary shall have the capacity of the judicial officer in verifying the crimes provided for in this book.

Article 1203
Penalties

Without prejudice to any aggravating penalty provided for in penal code or any other law, any one who contradict the provisions of the article (1195) of this law shall be amerced by a financial fine not less than (1000 LD) one thousand dinars.

In case of issuance of the final rejection by the competent controlling authorities to grant the release of the imported commodities and goods, the importer should re-export the rejected goods within maximum fifteen days from the date of notification of the rejection.

If the importer did not comply with re-export within the said limited time he shall be amerced by a fine not less than (1000 LD) one thousand dinars and not more than (5000 LD) five thousand dinars with confiscation of the commodities and goods and he shall bear all the expenses to be resulted for disposing thereof.

The productive and servicing units shall be amerced, in case of contradicting the article (1196) of this law, by a fine not less than (1000 LD) one thousand

dinars and not exceeding (5000 LD) five thousand dinars with confiscation of the commodities imported by contradiction.

The foreign companies which are permitted to practice the activity in Jamahiriya shall be amerced , in case of contradicting the article (1197) of this law, be a fine not less than (5000 LD) fived thousand dinars and not more than (15000 LD) fifteen thousand dinars with confiscation of the commodities imported by contradiction.

Anyone who provided false data for entry into the exporters and importer register set out in article 1999) of this law shall be amerced also by a fine not less than (1000 LD) one thousand dinars and not more than (5000 LD) five thousand dinars.

Book Nine **Scales: dry measures and measurements**

Section One **Legal measurement units**

Article 1204 **Units system**

The international units system shall be taken as a basis of the Libyan measurement units and the related Libyan standard specifications shall define the units and symbols of the international system.

Article 1205 **National standards**

The National centre for specifications and standards approves national standards embodying measurement units to be defined by need and shall be kept according the applicable scientific rules and shall be dependent on the international standards.

Article 1206 **Use of measurement unit**

The units of the international system for units shall be used in all the Libyan measurements for example:

- 1- All the commercial transactions which include directly or indirectly any measurements.
- 2- Documents related to jurisdiction, documentation, accounts, tenders, conditions and all the formal documents.
- 3- All what are related to prices, services, announcements, information, education, industry, health, public safety, laboratories and specifications.
- 4- All the foreign transactions. However, in case of dealing with a country using a system of unit other than the inter nation system of unit.

The units used by that country may be written down beside the units of the international system of unit.

Article 1207
Measuring tools and instruments

The measuring tools and instruments which use the result by indication must be given the units of the international system of units.

Section Two
Control over measurements

Article 1208
Conditions satisfaction

The measuring tools and instruments which are subject to compulsory control under this law should satisfy the measurement conditions provided for in this law for each of :-

- 1- The new or locally manufactured or imported measuring tools and instruments.
- 2- Circulated measuring tools and instruments
- 3- Measuring tools and instruments after repairing or modification.

Article 1209
Compulsory control

The measuring tools and instruments to be defined by the executive regulation provided for in article (1227) shall be subject to compulsory control.

The measuring tools and instruments that are not satisfying the requirements and conditions set out in article (1208) of this law shall not be used.

Article 1210
Classification of the compulsory control

The compulsory control over the measuring tools and instruments shall be classified as following:

- 1- Approval of the forms of the measuring tools and instruments locally manufactured or imported.
- 2- First verification of the correctness of the locally manufactured or imported measuring tools and instruments.
- 3- Periodical verification.
- 4- Verification after repairing or modification.
- 5- Monitoring the use of the measuring tools and instruments and its methods with intention to ensure application of provision of this book.

Article 1211
Application of control methods

The Libyan standard specifications shall define the control method over the measuring tools.

Article 1212
Seal and imprint

The measuring tools and instruments which satisfy the requirements and conditions set out in article (1208) shall be given seals of this control or shall be provided with corresponding certificates of the legal measuring tools or instrument.

The measuring tools and instruments which are not corresponding to the requirements and conditions set out in article (1208) shall be given the seal of rejection until they are modified or repaired.

In all the cases the rejected measuring tools and instruments which are referred to in paragraph (2) of this article may not be used. The existence of those rejected tools and instruments in work place shall be considered as god as their use.

The center shall define the shapes and descriptions of the seals of control over the measuring tools and instruments.

The legal seals of control shall not be put on measuring tools and instruments except by the persons who are legally entrusted with such job.

Article 1213 **Control over measurements**

The measurement which are referred to in article (1206) of this law shall be subject to the control. The executive regulation provided for in article (1227) of this law shall define the methods of control to which these measurements and the authority entrusted therewith shall submitted.

Article 1214 **Control over the quantities of the products and the packed materials**

The quantities of the products and packed materials offered for circulation which are bearing data tags showing expressly or symbolically the fixed quantity of these products shall be subject to control.

The center shall define the standard methods and requirements under which the verification of the correctness of the quantities of the products, packed materials and the limits of allowance shall be effected.

Article 1216 **Manufacture, sale and repairing of the measuring tools and instruments**

The executive regulation provided for in article (1227) of this law shall define the conditions necessary for granting licensing for practicing the activity of import or export or manufacture or repair or sale or lease of the measuring tools and instruments included in the provisions of this law.

The said authorities shall be subject to the continuous legal control in the manner to be defined by the executive regulation provided for in article (1227) of this law.

Section Three **Distribution of powers**

Article 1217 **The authority executing the provisions of this book**

The concerned authority shall execute the provisions set out in this book.

The concerned secretary may also entrust other concerned authorities or of special scientific category of the measuring tools and instruments, provided that these authorities shall be approved for performance of such type of activity. The executive regulation provided for in article (1227) of this law shall define the requirements of approval of the said authorities.

Article 1218 **The authority concerned with Specifications and standards**

The authority which is concerned with specifications and standards shall assume the following assignments:

- 1- Drawing up, approval and maintaining the national standards according to the applicable scientific rules.
- 2- Research in and development of the national standards and drawing up annual plans and programs in the field of execution of the national system for measurement and standardization.
- 3- Preparation and adoption of the technical rules related to standardization and measuring tools and instruments which are subject to control.
- 4- Definition of methods and systems of control over the measuring tools and instruments and standardization of the measurements in progress during the commercial and other transactions.

- 5- Preparation and adoption of specifications and guides of the methods of testing measuring tools and instruments.
- 6- Determination of measuring tools and instruments subject to compulsory control.
- 7- Approval of samples of measuring and standardization tools and instruments.
- 8- Determination and adoption of the shapes of the seals to be put on measuring and standardization tools and instruments in indication of satisfying the kinds of the control referred to in the article (1210).
- 9- Determination and adoption of the form of control and standardization certificates.
- 10- Determination of the qualifications and expertise required to be met by the personnel entrusted with control.
- 11- Expressing the opinion regarding the issues, related to implementation of provisions of this book, to be presented to it.

Section Four **Penalties**

Article 1219 **Lack of legal seals**

Any one possessed with intention of trade or use a measuring tool or instrumental not bearing the legal seals indicating satisfaction of requirements of the categories defined in this book shall be amerced by a fine not less than one thousand (1000 LD) dinars and not more than three thousand (3000 LD) dinars.

Article 1220 **Tampering with standardized instruments**

Anyone who introduced intentionally modification to the legal measuring tools and instruments which have been standardized shall be amerced by a fine not less than three thousand (3000 LD) dinars and not more than five thousand (5000 LD) dinars.

Article 1221
Recidivism

The penalty provided for in articles (1219), (1220) shall be doubled in case of recidivism.

Article 1222
Dealing conclusively with unstandardized instruments

Any who repaired legal measuring tools and instruments without being permitted to do so shall be amerced by a fine amounting to five hundred (500 LD) dinars.

Article 1223
Hindering Assignments of the judicial officers

Anyone who prevented the judicial officers from performing their assignments shall be penalized by imprisonment for a period not less than one month and not exceeding six month and by a fine not less than one thousand (1000 LD) dinars and not more than two thousand (2000 LD) dinars or by both penalties.

Section Five
Final provisions

Article 1224
Capacity of the judicial officers

The persons for who a resolution shall be issued by the general people's committee shall have the capacity of the judicial officers. In this regards, they shall have the right to verify the violations of these provisions. To this end they shall have the right to access to the public and private.

Article 1225
Standardization fees

The control jobs shall be against a financial fees to be fixed by a resolution of the concerned secretary with exception of control works which aim at verification of application of provisions of this book.

Article 1226
Coordination on specifications and standards affairs

Coordination shall be effected between the authorities concerned with specifications and standards according to what is to be defined by the executive regulation provided for in article (1227) particularly the following matters:

- 1- Laboratories.
- 2- Measuring equipment and instruments uses in measurement and standardization operations
- 3- Personnel in the field of measurement and standardization.

Article 1227
Executive regulation

The rules and procedures necessary for implementation of provisions of this book shall be organize by a resolution to be issued by the general people's committee.

Book Ten
Trademarks and particulars

Chapter One
General provisions

Article 1228
Definition

The trade mark is anything characterizing a product or a service from another. Product or a service from another. Particularly it include the names which take a distinctive shape, signatures, words, letters, figures, drawings, symbols, trade names,, stamps, seals, pictures salient engravings and a groups of colors which take a respective and distinctive shape.

The trademark may be compound of more than one of said elements. The mark may also be acoustic.

Article 1229
The fact which bring about the right of ownership

One who registered the trademark shall be considered its owner either as per provisions of this section and shall have the right of singularity and use thereof for products or commodities or services for which the mark is registered. He shall always have the right to take all the actions including the precautionary actions necessary for protecting the trademark.

Dispute on the ownership of the mark may not be allowable if used continuous by the person who has registered for at least five years from the date of registration without bringing a lawsuit for a judgment on its validity.

Article 1230
Trade marks office

An office shall be established at the concerned sector to be called the trademarks office to be concern with acceptance of application, keeping the records and granting certificates indicate the registration according to provisions of this section.

Article 1231
Right to mark registration

Any natural or legal person and company on foundation time shall have the right to submit an application to the trade marks office for registration of the trade mark according to provisions of this section.

Such right shall be established also for foreigners who have a true activity centre in one of the member countries of the international intellectual property organization or which deal with Jamahiriya reciprocally.

Article 1232
Registration object

The following shall not be considered as a trademark or an element thereof:

- 1- Marks free from any distinctive feature or compose or composed of expression, or words or data which are nothing than nomenclature to be given by the tradition to products or drawing or their normal pictures.

- 2- The marks which have already been registered or which resemble them as well as mottos and trade names owned by others or which proved that they are fabricated or forged.
- 3- Indecent marks or violating the public order.
- 4- General mottos, information and other symbols of the country or other countries or regional or international organizations as well as any imitation thereof
- 5- Identical or similar marks or symbol of religious natures.
- 6- Symbols of Red Crescent or Red Cross or other similar symbols, as well as their imitated marks.
- 7- Names and pictures of the third parties unless they agreed for their use.
- 8- Particulars of honors which the registration application does not prove their attachment.
- 9- Names and geographical indication which their nature to mislead the other to make confusion to him or which include false data about the source of the commodities and services or of their other features.
- 10- Marks and formal stamps of the countries which deal reciprocally with Jamahiriya regularly control over their commodities, services or their guarantee if the trademark which contain those marks and stamps are intended to be used in commodities or service of the same genre or services of the same genre.

Article 1233
Historical land marks

The engineering drawings of the building and other historical landmarks may not be taken and trademark as well as various technical works except with permission of the owner of the right thereto.

Provided that if the engineering drawing is a historical landmark characterized by a famousness indicating the source of the commodity or the service, any person may take it as a mark on condition that he shall introduce amendment to it so as to enable its characterization from other marks which bear the same historical land mark.

Article 1234
The famous mark

The marks shall be considered famous if they remember the public of the producer or the service which they represent even if they are not their clients. But if the mark is known among its clients only, this shall not make it a famous mark.

Article 1235
Protection of the famous mark

The famous mark in Jamahiriya is protected to his owner even without legal lodgment thereof.

He shall raise objection to its lodgment or to claim for revocation of registration of a mark approximate or similar to it during five years from the date of lodgment of the mark if affected good faith.

He shall also have the right to claim for compensation for the damages arising out of the illicit competition for bringing the criminal lawsuit for falsification or imitation of a famous mark in bad faith it is stipulated that it shall be lodged according to provisions of the law in Jamahiriya

Article 1236
Rejection of registration

The office of the trade mark shall reject the application for registration of a mark corresponding to the famous mark.

The same provision applies to the applications of registration which flow in respect of goods or services not similar to those which shall be used the famous marks for their characterization if they use the mark un similar goods and services which are in their nature to make the person think of existence between the owner of the famous mark and those, goods and services.

Article 1237
Group mark

Any legal person or group entry shall have the right to lodge a collective trade mark characterizing a product or a service of a group of persons even if each of them have no commercial activity respective to him. Any member in this group shall have the right to use the group mark.

The group mark shall not be registered except after definition of the conditions organizing the joint use by the entity, particularly the guarantee of the products quality, right and obligations of members, and penalties resulting from application of the group trade mark in a manner not complying with conditions agreed upon such mark shall not be transferable.

Article 1238
Quality mark

The bodies authorized by the concerned authorities to practice the control jobs over the products or inspection thereof shall register marks concerning with indication of control measures or to inspect those products as to their source or element of their composition or method of their production or specification or nature or any other feature distinguishing them.

The mark owner shall have the right to permit third parties to use it according to conditions to be defined by him. He shall have the right also to withdraw thereof. Their use after withdrawal shall be considered as illicit use. The penalties provided for in this section shall be applied to any who violates the same.

Article 1239
Correlated marks

If the marks owned by one person are identical similar and allocated for goods and products of the same genre or of an identical genre the marks are considered correlated.

The correlation shall include the mark and its elements which have distinctive feature which require to be registered alone.

Chapter Two
Registration declaration and striking out

Article 1240
Application for registration

The application for registration of the mark shall be presented to the trade marks office according to terms and condition legally established.

Article 1241
Extent of registration

The mark shall be registered from one or more categories of the products services defined according to this section.

Article 1242
Scope of the mark

The legal protection for the mark of products and services mentioned in the lodgment application as well as the products and services similar to them.

The products and services shall be considered similar if they are approximate to its function or use or give an impression to the public that they are from the same source.

Article 1243
Priority of entry

If the application for registration of a mark is lodged in one of the member countries in the international intellectual property organization, or which deal with Jamahiriya reciprocally, the applicant or any one whose right are transferred to him, may submit, during the next six months, to the trade marks office in Jamahiriya, a similar application related to the same mark shall be applied to the same products or service included in the previous application. All that shall be according to the terms and conditions provided for in this section and the executive regulation provided for in article (1270). In this the date of submission of the first application in the foreign country shall be considered in priority determination.

Article 1244
Multiplicity of entry application

If two persons or more have applied for registration of the same mark or similar marks of one category of products or service at the same time. The procedures shall be suspended until one of them submits a formal assignment from his disputants or an enforceable judgment having the force of the adjudicated object.

Article 1245
Additional conditions

The trademarks office shall have the right to decide whatever restriction and amendments it deems necessary for defining and explaining the mark to avoid confusion with another registered mark or which application for its registration has been lodged.

In case of rejection or conditional acceptance, the office shall notify the applicant, in writings, within thirty days from the date of its issuance by a registered letter of the reasons of its decision along with statement of the relative facts.

If the applicant did not implement the conditions imposed by the office within six months he shall be considered as assigning his application.

Article 1246
Complaint against the decision

The applicant shall have the right to complain against the decision of the trademarks office within thirty days from date of being notified thereof. Such limited time shall apply even if the applicant refused to receive to receive the notice.

The complaints shall be considered by a committee to be constituted by the concerned secretary. Its resolutions may be challenged before the administrative judicial department at the courts of appeal.

The executive committee provided for in article (1270) shall define the rules of constitution of the committee and procedure of submission, consideration and settlement of the complaints.

Article 1247
Declaration of the mark

The trade marks registration office must, in case of acceptance of the mark, declare it according to provisions of this section.

Anyone who has interest therein may raise a written objection to the mark registration by another to be served to the trademarks office including the reasons of the objection in the limited time be fixed by the executive regulation provided for in article (1270)

The office shall notify the registration applicant by a copy of the objection notice in the limited time to be fixed by the executive regulation provided for in article (1270) otherwise it shall be considered as assignment of the registered application.

The office shall issue its resolution on the objection referred to in the second paragraph of this article after hearing both the litigant parties. It may include the compulsory acceptance of the conditions.

It deems necessary for registration of the mark, in its resolution, the office resolution may be challenged before the administrative judicial departments at the courts of appeal.

Article 1248
Registration of the mark

The mark shall be registered by a resolution of the office and the registration shall be effective from the date of presentation of the application. The registration should be declared in the executive regulation provided for in article (1270).

Article 1249
Certificate of registration of the mark

The office shall grant the owner of the registered mark a certificate with following particulars:

- 1- Serial number of the mark.
- 2- Date of the application and date of registration.
- 3- Trade name or name and surname of the owner of the mark, his domicile and nationality
- 4- A picture identical to the mark.
- 5- Statement of products or services for which the mark is allocated.

Article 1250
Amendments to the mark

The owner of the registered mark shall have the right to request introduction of any amendment to the mark which shall not prejudice its essential nature.

He shall require also introduction of any amendment by deletion without addition to the statement of the products of the mark.

The resolution of acceptance or rejection of the amendment shall be issued according to the conditions established acceptance of registration of original resolutions. In this respect the provisions prescribed for objection, complaint, appeal and publication of these resolutions shall be applied.

Article 1251
Perusal of marks

Any person shall have the right to see the registered marks or to procure extracts or copies therefrom according to rules, procedures and fees to be fixed by the executive regulation provided for in article (1270).

Chapter Three
Disposal of the mark

Article 1252
Disposal of the mark independently

The mark may be transferred or mortgaged or deciding the right of usufruct thereto or destrained with the commercial shop or the activity project in which the mark shall be used for characterizing its product and services or without it.

In case of transfer of the mark alone the transfer and the receiver of the mark should the actions necessary for protecting the third parties in a manner to be explained by the executive regulation.

Article 1253
Extent of the disposal

Disposal of ownership of a commercial shop or activity project shall include the marks registered in the name of the transferred which are of close relation with the shop or the project unless otherwise agreed upon.

If the ownership of the shop or the activity project is transferred without the mark, the transfer may continue in manufacturing and trading in the same products for which the mark has been registered unless otherwise agreed upon.

Article 1254
Partial transfer

In cases where the mark shall be transferred to another party, the transfer shall not be partial or related to some products or services of the same or similar category which are included in the transferred mark without the others. The transfer shall not be determined geographically, but the mark transfer shall include all country territory.

Article 1255
Fees of Mark Transfer

The fees of transfer or replacement of the mark may be a fixed amount or a certain portion of the dealing size. The two parties shall have the right to define the payment by installment or all at once.

The contract of transfer and utilization of the mark shall govern the method or organisation of the value added to it at expiry of the contract between the parties.

Article 1256
Disposal Pleading

The transfer of the mark or decision of the right of utilization or mortgage shall not be a pleading against the others except after endorsing thereof in the register and declaration in the manner to be decided in the executive regulations of this Law.

Article 1257
Protection Duration

The protection duration resulting from registration of the mark is (10) ten years. It shall be extended for similar period or periods upon request of the concerned party at each time during the last year of the protection duration.

After expiry of that duration for a period not exceeding (6) six months, the concerned party may submit an application for renewal of the protection period, otherwise the trademark office shall strike it off.

The trademark may be registered again after being struck off, to its owner only during (3) three years from the date of striking off according to the conditions and the same actions established for registration.

Article 1258
Striking Off the Mark

Based on request of the concerned party, the Court of the First Instance may pass an order for striking off the registration if it is appeared to it that the mark has not been seriously used for five successive years, except if the mark owner submitted a justification of non-utilization thereof.

The mark which has been struck off may not be registered again except after expiry of (3) three years from the date of striking off.

Article 1259
Re-Registration of the Mark

If the mark striking off was for execution of a final judicial judgment for its registration without right, it may be registered to the owner of the right thereto immediately on striking off.

Article 1260
Registration in Bad Faith

If a remark is registered in bad faith us using the relations of the former dealing between the concerned parties or to anticipate the results of the negotiation between them the interested party may claim for striking off the registration.

Article 1261
Declaration of the Striking Off and the Renewal

The declaration of the striking off or the renewal of registration shall be effected in the method to be decided by the executive regulation of this Law.

Article 1262
Corrections of Registration

The Court of the First Instance shall adjudicate upon request of the concerned party by addition of any statement that its recording in the register may be neglected or wrongly recorded or deleted or amendment to any statement set out in the register if not corresponding to the truth.

The trademarks office shall pass an order from the judge of the summary justice for effecting the corrections set out in the previous paragraph.

Chapter Four
Penalties

Article 1263
Falsification of the Mark

Anyone who committed one of the following acts shall be penalized by imprisonment for a period not exceeding two years and a fine not less than (LD 1,000) one thousand Libyan Dinars and not more than (LD 10,000) ten thousand Libyan Dinars or by the both penalties:

- 1- Falsification of a mark which has been registered according to the Law.
- 2- Placing in a bad faith, on his products a mark owned by other.
- 3- Sale or offer for sale or circulation or possession for sale or introducing in the country with aim of trading in a falsified mark or products on which a falsified mark is place in his knowledge.

Article 1264
Imitation of the Mark

Anyone who imitated or used a registered trademark in bad faith shall be penalized by the same penalty set out in the previous Article.

Article 1265
Precautionary Measures

The owner of the trademark or anyone who have the right to disposal or Utilisation thereof may, at any time even before bringing any civil or criminal lawsuit, bring about, depending on a petition accompanied by a formal certificate indicating registration of the mark, an order from the chief of the Court of the First instance for taking the necessary precautionary measures particularly:

- 1- Drawing up a minutes of a detailed list of machinery and tool to be used or being used in commitment of a crime, product or goods or shops titles or wrappings or papers or others on which the mark subject matter of the crime is placed as well as the goods imported from abroad on their importation.
- 2- Sequestration of the objects mentioned in previous item, provided that the sequestration shall not be imposed except after submission of a security by the applicant which shall be estimated preliminary by the judge for compensation of the sequestered party when necessary. The sufficiency of the security submitted by the detainer may be disputed after imposition of the sequestration according to provisions provided for in the civil and commercial code of procedure.

Article 1266

The order issued by the judge may include delegation of an expert or more to assist the Process Server in his job. The precautionary measures taken by the Mark owner shall be considered null and void if not followed by bringing of a civil or criminal lawsuit shall be brought within (10) ten days following the issuance of the order with observance of the distance limited time.

Article 1267
Compensation of the Detained Party

The defendant should declare his lawsuit to the detainer and the Court Clerical Office with which the security for claiming compensation is deposited within (90) ninety days starting from expiry of the limited provided for in Article (1266) if the detainer did not bring his lawsuit or from the date of issuance of the final judgment on detaining lawsuit related to the mark.

In both case, the security shall not be paid to the detainer except after issuance of the final judgment on detained lawsuit or after expiry of the limited time established for bringing this lawsuit without being brought,

unless the judgment issued on detaining lawsuit includes consideration of the security subject matter.

Article 1268
Judgment by Confiscation or Destruction

The Court may issue a judgment by confiscation of the detained objects on any civil or criminal lawsuit or the objects to be detained latter on for reducing their value from compensations or fines or to dispose thereof in any other way deems appropriate by the Court. The Court may pass also on order for publication of the judgment in one newspaper or more at the cost of the judged person.

It may also pass an order for destruction of the illegal marks or pass an order when necessary for destruction of products wrappings, bundling equipment, shops titles and other objects which bear those marks as well as the machines and tools used particularly in falsification or imitation process and shall issue an order for all the above even in case of judgment by innocence.

Chapter Five
Final Provisions

Article 1269
Capacity of the Judicial Officer

The officials of the concerned authority whose nomination is to be by a resolution of the General People's Committee shall have the capacity of judicial officers to verify what shall be fallen of the crimes provided for in this law and regulations issued thereunder.

Article 1270
The Executive Regulation Organizing the Trademarks

The executive regulation organising the trademarks shall be issued by a resolution of the concerned authority to state the detailed provisions, and shall provide particularly for the following:

- 1- Organisation of the trademarks registration office and keeping its register.

- 2- Terms and conditions related to administrative measures.
- 3- Division of all the products or the services for registration, into categories according to their types or gendre.
- 4- Terms and conditions related to declaration and provided for in this section.
- 5- Fees regarding delivery of pictures, certificates and stipulated fees.
- 6- Statement of the various procedures provided for in this section.

Article 1271
Temporary Protection

The mark placed on products exposed in national or international exhibitions shall be granted a temporary protection, such protection shall not result in extension of the duration provided for in Article (1257) of this Section.

The executive regulation provided for in Article (1270) shall define the terms, conditions and procedures of granting that mark.

Section Two
Commercial Statements

Chapter One
Provisions of the Commercial Statement

Article 1272
Element of Commercial Statement

In implementation of provisions of this Section, each clarification related directly or indirectly to the following shall be considered as a commercial statement:

- 1- Number or amount or measure or entity or capacity or weight or date of production or extent of validity of the products.
- 2- The authority or the country in which they have been produced.
- 3- Method of their manufacture or protection.

- 4- Elements incorporated in their composition.
- 5- Name and capacity of the manufacturer or producer.
- 6- Existence of patents or the intellectual property rights or any preferences or gifts or commercial or industrial characteristics.
- 7- Name or shape or the identification number by which some products are normally identified.

Article 1273
Conformity of Statements

The commercial statement should be conform in all respect either they are placed on the same products or on shops or storehouses or existing on them or on their titles or wrappings, or covers, or invoices or papers of the letters or means of information etc., which are used in offering the products to the public.

In all cases, the following information should be mentioned:

- 1- Name of the commodity producer or supplier.
- 2- Contact address
- 3- Country of origin.

Article 1274
Prevention of Misleading the Public

The name or title of the goods may not be placed on products imported from a country other than the manufacturing or producing country unless they are accompanied by accurate statement written in clear letters of the country or the authority which has manufactured or produced them.

The persons residing in an authority of special famousness in production or manufacturing of some products who trade in similar production imported from another authority may not place their marks thereon if in their nature to mislead the public as to source of the products, even if the marks do not contain the names of these persons or their addresses unless the arrangements capable of preventing any ambiguity are taken.

Article 1275
Cases of Existence of More than One Factory to One Manufacturer

The manufacturer may not use the name of the place in which he has a main factory of products to be produced to his credit in another place unless such name is coupled with indication of the latter place in a manner to prevent any ambiguity.

Article 1276
Use of Geographical Names

Some products may be given geographical names which have become public word indicating the genre of a product not its sources

Article 1277
Use of Characteristics

The characteristic such as medals or certificates or gifts or honourable degrees may not be mentioned whatever their kind would be either acquires in fairs or competitions or granted by the presidents of countries or governments or public departments or scientists bodies or scientific societies, except for products which these characteristic apply and for the persons and trade names which they have acquired or to whom their right are passed. The same shall include a true statement with their dates, kinds, fairs or competitions in which they have been granted.

Anyone who participated with others in exposing of products shall not use the characteristics given to the joint exhibited articles to his own products unless he explained the source and the kind of those characteristics in a clear manner.

Chapter Two
Products Value

Article 1278
Factors Incorporated in Estimation of the Products Value

If the quantity or size or measure or capacity or weight or country of origin of the products or element incorporated in their composition or date of their manufacture or their validity or name or descriptions of the manufacturer or producer are factors incorporated in estimation or their value. The import or

sale or offer for sale of those products may be prevented by a resolution of the concerned secretary unless they bear one or more of these statements. Such resolution shall define the way in which these statements shall be placed on the products and the measures which shall be compensated by when the same is impossible provided that such statements shall be written in Arabic.

Article 1279
Products having Relation with Health and Environment

If the goods or products have violation or relation with human or animal or environment health according to which is to be defined by the competent Control Authorities, then the statement of the elements incorporated in their composition must contain the following:

- 1- Mentioning these elements and the percentage of their content therein.
- 2- Statement whether the commodity is transformed (genetically modified) or containing some of the same.
- 3- Statement whether that commodity was containing materials forming a certain danger and the extent of its gravity.
- 4- Statement whether the commodity has been processed with radiation.

Article 1280
Penalties

Anyone who violated the provisions of Articles (1273, 1274, 1275, 1277, 1279) shall be penalized by imprisonment for a period not exceeding one year and a fine not less than (LD 1,000) one thousand Libyan Dinars and not more than (LD 5,000) five thousand Libyan Dinars. In case of recidivism a judgment must be passed by imprisonment and the judgment shall be published or posted up. The factory or the shop shall be closed for a period not less than (15) fifteen days and not more than (6) six months. In all the cases the dissenting goods should be confiscated.

Article 1281
Judicial Officers

The Officer who shall be nominated by a resolution to be issued by the General People's Committee shall have the capacity of the judicial officers to verify what is to be occurred of the crimes provided for in this book.

Book Eleven
Competition and Protection of the Consumer

Section One
Competition

Chapter One
General Provisions

Article 1282
Objectives

This Section treats the definition or provisions applied to freedom of prices, putting an end to the monopoly, organisation of commercial competition and definition of the rules of their protection for development of the economic activity and ensuring transparency and honest in transactions and respecting the rules of commercial sincerity.

Article 1283
Scope of Application

The provisions of this Section apply to all the commercial activities which shall be practiced by natural or moral persons. Its provisions shall apply also to any economic activity to be executed outside Great Jamahiriya and shall result in effects inside Great Jamahiriya.

Article 1284
Fixing of Prices

The prices of goods and services shall be fixed according to competition principles with exception of the following:

- Prices of goods and services which shall be fixed by a resolution of the Competent Secretary
- Prices of goods and services which shall be fixed by a resolution of the General People's Committee in a temporary manner in order to face an emergency case or a natural disaster, provided that these measures shall be revised within a period not exceeding (6) six months for the beginning of their application.

In the both previous cases the resolutions issued for fixing the prices of those goods and services should include the rules related to them and determination of the penalties established for their violation.

Chapter Two **Illegal Competition**

Article 1285 **Acts and Practices in Violation of Competition**

In compliance with provision of the previous article, all the explicit and implicit acts and agreements aiming at prejudicing the competition principles shall be prohibited under provisions of this Law. The market rules shall be applied or suspended or influenced particularly:

- Agreements or works which aim at or lead to fixation of goods and services prices.

Or representing a prejudice to the rules of supply and demand either by increasing or decreasing the prices.
- Prevention or hindrance of practicing the commercial activity within the market to put an end to the entry or exit of other practitioners.
- Sharing the markets or sources of goods and services or clients on geographical, or quantitative or seasonal basis.
- Rejection of sale and purchase or restricting thereof by additional restrictions or suspending thereof on conditions not related to goods and services object of dealing.
- Connivance in submission of offers, tenders, bids and public auctions or in drawing up conditions of unjustified acceptance.
- Exclusivity in concession contracts and commercial agency except in exceptional cases which shall be authorized by the Competent Secretary following the opinion of the competition council.

- Dumping by selling the imported goods (similar to goods produced locally or having the same specifications), at a price less than their sale price on national market of the exporting country or at a price less than the actual cost in such a manner that causing damage or threatening therewith or remarkably hindering production of such goods on local market.

The agreements which are to be concluded in violation of provisions of this section shall be considered null and void.

Article 1286 **Illegal Competition in Intellectual Property Field**

The following competition acts are illegal:

- 1- Falsification and imitation of the registered trademarks
- 2- Infringement upon the trade name and motto registered in the Commercial Register.
- 3- Utilization of others achievements and procuring the undisclosed information by illegal ways such as espionage, theft and fraud.
- 4- Non-respecting the rules organizing the registered drawings and industrial samples.
- 5- Infringement on author's rights, adjacent rights, sound compilations and broadcasting programs as well as infringement upon information systems (electronic) and piracy, attempt to breakthrough their coding system and attempt to inflict damage to the information programs (electronic).

Article 1287 **Control and Domination over the Market**

The Commercial project shall be considered on control or domination position when taking exclusive possession of the relative market share exceeding the percentage to be fixed by a resolution of the Competent Secretary, provided that such percentage shall not exceed, in all the cases, (30%) thirty percent of that market.

The control may be measured through the following bases:

- 1- Market shares.
- 2- Annual turnover (dealing size).
- 3- Assets size.
- 4- Number of personnel.
- 5- Ability of the projects to raise the prices over or under the competitive level for an important period of time.

Article 1288
Prohibition of Control Aspects

All the practitioners of the commercial activities who are in positions allowing them to influence or having influence on the market activity and control over the abuse of those positions to perform acts for prejudicing or suspending or preventing the competition particularly the following acts:

- Fixing the prices of sale and purchase of the goods and services in a manner contrary to the market rules and leading to violation of the competition principles.
- Abstention from selling or purchasing or concealing or monopolizing the goods or services or abstention from trading therein inasmuch as creating untrue abundance or shortage therein in view of manipulation and influence on prices.
- Rejection of dealing with one of the commercial activity practitioners or imposition of discriminative conditions of unequal performance.
- Utilization of the economic subordination position for imposing dealing conditions which are in their nature to suspend the competition principles.
- Interference in any form whatsoever to suspend the process of production, manufacturing, development and distribution of goods and service or to suspend their entry to the market.

Article 1289
Economic Blocs

All the practitioners of the commercial activities are prohibited from constitution of blocs which shall lead to influencing and controlling the market activity inasmuch as to exceed the percentage to the fixed by the resolution of the Competent Secretary, provided that such percentage shall not exceed, in all the cases, (30%) thirty percent. They shall be prohibited also from sharing the markets or the clients or sources of the raw materials or supplies on bases contrary to the competition principles, with exception of the following acts:

- 1- Acts contributing to creation of technical or economic progress and leading to reduction of costs or improvement of production and distribution conditions in a manner which shall result in realization of the public interest and bring about a fair interest to consumers.
- 2- Acts which are in their nature to allow for improvement of the competitive position to some small units with engage in an economic activity.

In all the cases, for obtaining an exception, it is stipulated than an application shall be submitted to the Competent Secretary for consideration. The submission of the application and the method of its consideration shall be shown by the regulation of procedures.

Article 1290
Commercial Concentration Operation

The competent Secretary shall present to the Competition Council each plan of concentration of the commercial projects that in their nature to prejudice the competition, particularly creation or enhancement of a position that controlling or dominating the market.

Article 1291
Sale at Less than the Cost Price

All the practitioners of the economic activities shall be prohibited from sale of goods and services at prices less than their cost with exception of:

- Goods which are subject to damage or threatened by easy deterioration.
- Seasonal goods and services

Chapter Three **The Competition Council**

Article 1292 **Establishment of the Council**

Under this Law, a Council enjoying legal personality and independent financial obligation to be called (the Competition Council) shall be established and shall operate under supervision of the General People's Committee.

Article 1293 **Constitution of the Council**

The Council shall be composed of:

- 1- A Chairman among the personalities reputed by honesty and competency in legal or economic fields at not less than (13) thirteenth scale.
- 2- The Chairman shall have a deputy, an expert in company's field at not less than the scale of a manager of department at the General People's Committee of Audit Authority.

The Chairman and his deputy shall work full time for (4) four years renewable for one time.

The Council includes also (6) six members experience in the legal or economic fields, provided that one of them shall be at least advisor in the Court of appeal and shall be nominated for nonrenewable (3) three years.

The Council includes also three members engaging in production activity or distribution or provision of services to be nominated by the general union of the Chambers of Commerce, Industry, Agriculture and Trades

The Chairman, his deputy and members of the Council and their financial remunerations shall be fixed by a resolution to be issued by the General People's Committee upon proposal of the competent Secretary.

Article 1294
Powers of the Council

The Council shall be concerned with following:

- 1- Consideration of complaints and acts violating the competition, issue of resolutions necessary therefor including resolutions on termination of the practices violating the competition rules or temporary closing of the convicted projects for a period not exceeding (3) three months.
- 2- Performance of inquiries and investigations based on complaints to be brought to it or by its own initiative if it has evidences inspiring with existence of practices which in their nature to prejudice or limit the competition rules.
- 3- Provision of the opinion and advise on what is to be referred to it by the competent Secretary as to issues related to competition and constitution of Commercial blocs.
- 4- Taking of actions and arrangements necessary for preventing or suspending any acts or limiting any damages facing the local production due to dumping of the local market which in their nature to prejudice the competition principles.
- 5- Giving opinion and drawing up proposals, assisting in preparation of bills and organizational resolutions related to competition.
- 6- Submission of proposals to the competent Secretary for taking the resolutions necessary for treating the condition of the block or control over the market, including amendment and cancellation of agreements or contracts under which the concentration or the control has been realized. It shall have the right also to issue an order for taking actions necessary for division at the companies to prevent the market control cases.
- 7- The Council shall refer the subject matter of the complaint to the Public Prosecution if it is found that it constitutes one of the crimes provided for in this Law.
- 8- Submission of an annual report to the Secretary of the General People's Committee and the competent Secretary containing the Council activity and to be supported by opinions and recommendations.

Article 1295
Necessity of Consultation

The Competition Council shall be necessarily consulted by the General People's Committee in any bill or organizational provision related to creation of a new system or modification of an existing system aiming at:

- 1- Imposition of quantitative restrictions on practicing of a trade or entry to market.
- 2- Constitution of monopolies or advisory rights or other rights in Great Jamahiriya.
- 3- Imposition of uniform practices related to prices and conditions of sale.
- 4- Granting subsidies from the State or the local communities for engaging in economic activities.

Article 1296
Implementation of the Council Resolutions

The Competent Secretary shall take the action necessary for execution of resolutions of the Competition Council issued against the violators particularly the orders directed for putting an end to the practices violating the competition and the temporary closing at the shops object of the committed violation.

Article 1297
Immunity

The cases other than flagrante delicto the lawsuit may not be brought against the Chairman, his deputy and members of the Council or investigation with them in connection with their acts in the Council except after permission therefor of the General People's Committee.

Article 1298
Cases of Dismissal

The Chairman or his deputy or members of the Council shall not be dismissed during their tenure except in the following cases

- 1- Permanent disability to perform their duties.

- 2- Repeated negligence in performing their functions.
- 3- Abuse of their positions.
- 4- Issuance of a judgment against them in a crime or felony violating the honour or faith or security.
- 5- Issuance of a judgment of bankruptcy against them.

Article 1299

Authorities which may bring a Complaint to the Council

All the practitioners of the commercial activities may resort to the Council for complaining in respect of acts related to prejudice to competition principles.

The under-mentioned authorities may notify also of the prohibited practices under provisions of this Law and bringing of complaints in their respect.

- 1- The Competent Secretary upon a report recommending thereof by the concerned department after having conducted the primary investigations confirming commitment of one of the acts or practices violating the competition principles.
- 2- Chambers of Commerce, Industry, Agriculture and their General Union.
- 3- Consumer's protection societies which engage in their activity according to the applicable legislations.
- 4- Professional societies, associations, syndicates, occupational and specific unions.
- 5- Any group of at least (25) twenty-five consumers

Article 1300

Internal System of the Council

- The Council shall have the sufficient number of staff for performing its duties. The Chairman of the Council shall assume their nomination and shall have the authority of the managing director over them.
- The organizational structure of the Council shall be formed by a resolution to be issued by the General People's Committee upon proposal of the Council.

- The Council shall assume drawing up of its internal system and organization of progress of its jobs.

Chapter Four **Penalties**

Article 1301 **Penalties Resulting from Acts and Practices Violating the Competition**

The legal person who commits one of the practices provided for in Article (1285) of this law shall be amerced by a fine not less than (LD 1,000) one thousand Libyan Dinars and not more than (LD 5,000) five thousand Libyan Dinars.

The natural persons who have taken the prohibited resolutions may be judged by imprisonment for a period not less than (6) six months.

Article 1302 **Penalties Resulting from Control Prohibition**

The legal person who commits one of the practices provided for in Article (1288) of this Law shall be amerced by a fine not less than (LD 5,000) one thousand Libyan Dinars and not more than (LD 15,000) five thousand Libyan Dinars.

The natural persons who have taken prohibited resolutions may be judged by imprisonment for a period not exceeding one year.

Article 1303 **Penalties Resulting from Economic Blocs**

Anyone who constituted a prohibited block or involved therein according to provisions of Article (1289) shall be amerced by a fine not exceeding (3%) three percent of the size of the annual dealing of the concerned projects. The natural persons who have taken prohibited resolutions may be judged by imprisonment for a period not less than one year.

Article 1304
Suspension or Withdrawal of Licenses

In addition to the penalties set out in the previous Article – The judgment may be passed by suspension of licenses of practicing the commercial activity for a period not exceeding (6) six months and in case of recidivism.

Chapter Five
Final Provisions

Article 1305
Capacity of the Judicial Officers

The Officer who their nomination shall be by a resolution to be issued by the General People’s Committee shall have the capacity of the judicial officers to verify the violations provided for in this section.

Article 1306
Confidentiality of Documents

The papers, documents and instruments to be seen during the investigation into the violation shall be considered confidential and their contents should not be disclosed to any authority or used for any other purposes contrary to the applicable legislations.

Article 1307
Executive Regulation

The provisions organizing the competition shall be shown by a regulation provided that they shall contain the following:

- Procedures for bringing the complaints and submission of notifications about the practices violating the provisions of this section.
- Procedures of investigation and presentation of recommendations on the investigated violations.
- Procedures of appeal and complaint against resolutions of the Council.

Section Two
Protection of Consumer

Chapter One
General Provisions

Article 1308
Objections

The provisions set out in this section shall show the protection of the consumer rights and guarantee the honesty of the economic transactions, products safety, verification of their conformity with the approved standards and specifications.

Article 1309
Consumer Rights

The rights of the consumer shall include everything related to his total interests and desires during his endeavour to satisfy his personal needs of goods and services, particularly the following:

- 1- Health and safety on his usual use of goods and services.
- 2- Procurement of complete and correct information and data about the products and services.
- 3- Free voting on goods and services satisfying the conditions of quality and conformity with approved specifications.
- 4- Procurement of any document confirming his purchase of any commodity or receiving any service showing therein the value and date of purchase, specifications, number and quantity of the commodity which has been purchased or the type and value of the service which has been received.
- 5- Direct litigation or by consumer protection societies to protect his rights and compensation for damages which may fall on him due to using the products and services.
- 6- Constitutions and joining the consumer protection societies.

- 7- Replacement or repair or recover the price of the goods when violating the approved specifications.
- 8- Recover the fees paid for procuring the service in case of non-conformity with applicable specifications on use.
- 9- His right to availability of announcement of the prices of the goods in a prominent place and with transparency.
- 10- Providing him with advice and informing him of the cost of repair and maintenance of the goods prior to repairing process.
- 11- Informing him of the goods prices and the services recompense.
- 12- Goods distribution and flow of goods to him in a natural manner without impediments or obstacles.

Chapter Two **Safety of Products**

Article 1310 **Abidance by Specifications and Standards**

Any natural or legal person manufactures, or produces or distributes or imports or exports a product or involves in its production or manufacture or sale or supply or distribution to his credit or to the credit or third parties should abide by its production, import, transport and supply according to the approved national and international specifications and standards, and shall abide by conducting the necessary analyses in respect of goods and services at the competent Control Authorities and their approval before marketing.

Article 1311 **Prohibition of Circulation Some Products**

Without prejudice to the conditions of safety and health provide for in Articles (1310 & 1316) of this Section, Circulation of Some Products may be prohibited or submitted to special conditions for their distribution or marketing either for considerations related to the public order or due to danger on application.

The prohibited goods shall be determined by a resolution to be issued by the competent Secretary stating the reasons inasmuch as not contradict with commercial competition conditions.

Article 1312
The Cross or the Forthcoming Danger

In case of occurrence of a gross of forthcoming danger the competent Secretary shall temporarily suspend import or export or supply of a commodity on the market free of charge or against a fee or withdraw or destroy it if the destruction is the only means to prevent the danger. He may issue also warnings or attentions or precautions in respect of the goods. In case of suspicion about existence of a danger from consumption or use of goods offered on the market he may obligate the concerned parties to submit the goods for examination and testing at a competent authority.

Article 1313
Abidance by Awareness

In cases where the use of a commodity may result in damage to health and safety of the consumer, the producer shall undertake to show the proper way of using the product, method of preventing the possible damages and the method of their remedy in case of their occurrence.

Article 1314
Defects of the Commodity or the Service

If it is appeared that the commodity or the service which has been offered under circulation contains one defect or more which in its nature to harm the safety or the health of the consumer or forms a danger to him, the distributor should take the following actions immediately:

- Notify the competent authorities and inform the public by the various means of information of such defects and warning them of the risks which shall result therefrom.
- Withdraw the commodity from the market.
- Recover the sold or leased commodity and returning the paid price.
- Disposal of this commodity in safety way not harmful to environment.

Article 1315
Final Responsibility of the Professional

The distributor of the goods or services shall be responsible for the damage to be fallen to the consumer due to their use even if the identification of his supplier is confirmed.

In all the cases, no agreement shall be made on release or limitation of the distributor responsibility in this regard.

Chapter Three
Honesty of the Economic Transactions and Prevention of Deception

Article 1316

Any demonstration or attempt to demonstrate a commodity or a service in a manner other than its true appearance shall be considered as a deception either by incorporation of the deception in the product itself or by manufacturing or possession or use of tools or machines or methods contributing to deception in order to generate a return or financial gain.

The following shall be considered as acts of deception:

- 1- Manufacture or production or supply or circulation or transport or import or possession of a commodity for trading in with knowledge that it is deceived or damaged or toxic or invalid or violating the approved standard specifications.
- 2- Use of unapproved scales or dry measures or measures or tools or machines defrauding the goods and services.
- 3- Delivery or use of a quality certificate with intention of deception.
- 4- Description of goods or services or misleading in their description or declaration or offering them in a manner involving false or deceptive data.

- 5- Deceiving the consumer in making the goods and services available on the contractual dates and in modes of sale and payment.
- 6- Deception in amount of the goods either in weight or dry measure or measure or number or capacity or caliber or use of methods or means which in their nature to make thereof incorrect.
- 7- Deception in the source of the goods or method of their manufacture or preparation.
- 8- Deception in the essence of the goods and series or their nature or nationality or types or elements or their essential specification.

Article 1317
False Propaganda

Any declaration of goods or services including untrue allegations or insignias or which in their nature to provide an error shall be prevented especially when related to the below elements:

- Existence of the goods or their nature or composition or essential specifications or quantity of their active elements or type or source or quantity or method of their manufacture or date.
- Specifications, price and conditions of sale of the goods and service object of declaration.
- Conditions of use and the expected results.
- Methods and ways of sale of the goods and services.
- Identification or capacity or competency of the declarer.

Chapter Four
Consumer's Information

Article 1318
Extent of Abidance by Information

The distributor shall abide by insertion in the goods and services, the information which define their nature, type, essential specifications,

composition of their elements, precaution ought to be taken on their use, source, origin, date of manufacture and the maximum date of consumption or use, method of use, name and address of the producer and their price shall be declared in a prominent place during their presentation.

The information shall be written in Arabic language. The same may be written in more than one language, provided that the Arabic language shall be one of them in a manner which their removal shall become difficult.

Article 1319
Information of Right to Recourse

The distributor must inform the consumer of his right to recourse within (10) ten days from the date of conclusion of the contract as regards the contracts to be concluded in informatics ways (electronic) or the sale which shall be effected through offering in domiciles or work places.

Article 1320
Confirmation of the Dealing

Each distributor of a commodity or service shall abide by submission of account statement upon request of the consumer confirming dealing or contracting with him in respect of the product, provided that it shall contain his name, name of his shop, date of dealing, place, price, type of product, specifications condition, quantity, date of delivery and to be sealed and signed by him.

Article 1321
Consumer's Right to avail of the Reductions

In case the country decided reductions in taxes and fees which are incorporated into elements of the cost of the commodity or services. These reductions should be reflected at the level of his sale prices.

In case the prices are reduced by the producer or a whole State merchant in exceptional or temporary manner during the occasions and seasons, the end consumer should avail of the value of such reduction whatever the product price system.

Chapter Five
Guarantee of Goods and Services

Article 1322
Quality Insurance

Taking into consideration what is to be decided by the general rules, the distributor shall be considered as a guarantor of the goods and services which he shall provide. In case of defective goods he shall ensure repairing or replacement of the goods or repayment of their price at the consumer's option. The right to guarantee shall remain existing even if the commodity is transferred to a third party.

Any agreement for cancellation or reduction of such guarantee shall be considered null and void

Article 1323
Certificate of Guarantee

The Competent Secretary may submit some goods and services to conditions or submission of a certificate of guarantee to the purchaser with definition of the statements which should be included in such certificate.

Article 1324
Distributor's Responsibility

Any condition – wherever set out – which in its nature to relieve the distributor from his civil responsibility or reduces thereof towards the consumer shall be considered null and void.

Article 1325
Concealment of Goods and Imposition of Restrictions

Any distributor may not conceal any commodity or service or abstain from its sale or impose purchasing of another commodity or receive a price higher than its declared price.

Article 1326
Penalties

Without prejudice to any aggravating penalty provided for in the Penal Code or any other Law, anyone who violates the provisions of Articles (1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317) shall be penalized by imprisonment for

not less than one year and a fine not less than (LD 500) five hundred Libyan Dinars and no more than (LD 1,000) one thousand Libyan Dinars or by one of these penalties. The penalty shall be doubled in case of recidivism or if the deception acts are related to products dangerous to public health or medicament substances.

The shop may be closed by a judgment and prevention from engaging in the activity temporarily or final as per the cases.

The damaged or degraded or deceived or invalid materials or products as well as equipment and machine prepared for falsification and deception of the products, the forged scales, and measurers, dry measures shall be confiscated by a judgment and shall be destroyed at the expenses of the convict.

In case of commitment of one of the crimes provided for in this section in favour of a legal person the shop shall be closed and prevented from engaging in its activity temporarily or finally. The legal person shall bear the responsibility of payment of the penalties jointly with crime author.

Article 1327 **Judicial Officers**

A resolution shall be issued by the General People's Committee in respect of determination of the judicial officers for implementation of provisions of this section. The judicial officers shall have the right of access to the shops, factories, workshops, warehouses and place where various products shall be supplied or offered for sale or manufacture. They shall have the right also to see the documents, papers, records, statements of account and all the documents related to production, manufacturing, circulation and distribution of various products. They may take also samples for analysis; take the precautionary measures required by the public interest, health protection and general safety of consumers.

Book Twelve
Chambers of Commerce, Industry, Agriculture and General
Union of Chambers

Article 1328
Definition

The Chambers of Commerce, Industry and Agriculture are national institutions having legal personality and independent financial obligation. The Chambers aim at managing the agricultural, industrial, commercial and economic interests and taking the actions appropriate for booming the economic activity, serving their members, cooperation with public and national bodies for achieving the objectives of the socio-economic development.

Article 1329
Establishment of Chambers

The establishment and cancellation of Chambers shall be by a resolution of the concerned Secretary. The resolution issued for establishment of each Chamber shall define its head office, scope of its powers and the number of members of its Management Committee.

Article 1330
Powers of the Chambers

The Chambers shall exercise, within the scope of their powers, the acts and disposals that shall contribute to achievement of their purposes, in compliance with provisions of the other related legislations, particularly the following:

- 1- Organization of economic seminars, training courses, participation in activities of councils, committees and conferences regarding economic and commercial activity, giving opinion, provision of experience and technical advice on economic and commercial issues.
- 2- Gathering of information, data and statistics concerning the Commerce, Industry and Agriculture within the scope of their powers and analysis and publishing thereof in scientific manner.

- 3- Assuming the profession affairs and the joint interests of their members with public authorities within their powers.
- 4- Settlement of commercial dispute which shall arise between their members through reconciliation and arbitration based on agreement of the concerned parties.
- 5- Follow-up of the commercial, industrial and agricultural activities, monitoring the difficulties and proposal of solutions in coordination with concern authorities.
- 6- Issue of economic newsletter and commercial guide.
- 7- Issue of certificates of origin on source of the goods and national products and goods prices and all the certificates to be defined by the Competent Secretary.
- 8- Certification of papers and statements related to economic and commercial activity within the scope of their powers.

The executive regulation shall define the Chambers detailed powers.

Article 1331 **Registration in the Chambers**

Registration in the Chambers records shall be compulsory to any natural or legal person engages in commercial or industrial or servicing activity. The executive regulation shall define the duration of the registration and its fees.

Article 1332 **Renewal of Licensing**

The licensing of practicing any commercial or industrial or servicing activity may not be renewed unless the person who is under obligation to register has submitted to the authority which concerned with issuance of the license an evidence of his registration in Chamber's records and paid the prescribed fees.

Article 1333

The General Assembly of the Chambers shall be formed of a Secretary to be selected by the Competent Secretary and all the members of the Sections Committees. The General Assembly shall be concerned with the following:

- 1- Approved of the balance sheet and the final account.
- 2- Consideration of report of the Board of Directors on Chambers activities.
- 3- Consideration of the auditor's report.
- 4- Nomination and fixed the fees of the external auditor.

Article 1334
Management of the Chamber

The Chamber's Management Committee shall be composed of a number of members according to what is to be decided by the resolution of its establishment inasmuch as not exceeding twelve members. The Chamber's General Assembly shall select two third of the Management Committee member. The remaining one third and the Secretary of the Management Committee shall be nominated by a resolution of the competent Secretary. The duration of the Management Committee membership shall be (3) three years starting from the date of its approval by the Competent Secretary.

Article 1335
Powers of the Management Committee

The Management Committee is the authority which concerns with running the Chamber's Affairs, managing its matters and in doing so it shall have the right to take the resolutions and recommendations which it deems necessary for achieving the Chambers objectives particularly the following:

- 1- Proposal of the Chamber's general policy and supervision of its implementation.
- 2- Implementation of the General Assembly resolutions and recommendations.
- 3- Proposal of Chamber's organizational structure.
- 4- Proposal of internal regulations concerning the technical, administrative and financial affairs.
- 5- Preparation of annual balance sheet and final account plan.

- 6- Acceptance of donations, contribution, aids and legacies to be offered to the Chamber.
- 7- Drawing up systems and actions of reconciliation and arbitration in the Chamber.
- 8- Other issues to be decided by the executive regulation of this Law in addition to nomination of the external auditor.

The resolutions in connection with items (3, 4) shall not be applicable except after approval of the Competent Secretary.

Article 1336
Management Committee Meeting

The Management Committee shall meet based on convocation of its Secretary at least once every month or by a convocation of a number of members not less than one third. The executive regulation shall organize the measure of convocation of the committee and running of its deliberation and the quorum necessary for validity of its holding and issuance of its resolutions.

The resolution of the Management Committee must be communicated to the Competent Secretary and General Union of the Chambers of Commerce, Industry and Agriculture within (15) fifteen days from the date of their issuance.

Article 1337
Secretary of the Management Committee

The Secretary of the Management Committee shall assume follow-up of the execution of the Chamber's general policy, resolutions of the Management Committee and its representation before the third parties and jurisdiction.

Article 1338
Specific Sections

Those who are registered with Chambers of Commerce shall be classified in homogenous specific sections which the Executive Committee shall define their number, the activities of each section and the minimum number of member of the section, conditions and procedures of their affiliation.

Article 1339
Section's Committee

The members of each section shall select three from amongst its members to form the Section Committee. The Committee shall assume presentation of the section's proposals in the Chamber's General Assembly, follow-up their interest through the Management Committee. The Executive Committee shall define the powers of the Sections Committees and organization of its work.

Article 1340
Funs of the Chambers

The Chamber's Fund shall be composed of the following:

- 1- Fees decided for the Chamber according to this Law.
- 2- Real estates, properties and the owned movable values.
- 3- Revenues of establishments, proceeds of its owned investments and recompense of the services which shall provide to others.
- 4- Contributions, donations, aids and legacies to be accepted by the Management Committee which do not contradict with Chamber's objectives.
- 5- Any other legally authorized revenues.

Article 1341
Chamber's Budget

The Chamber shall have an independent budget. The Chamber's fiscal year shall start with the starting of the State fiscal year and ends with its ending. The executive regulation shall define the procedures and rules related to preparation of the balance sheet, chamber's final account and auditing procedures.

Article 1342
General Union of Chambers

The General Union of Chambers of Commerce, Industry and Agriculture shall be formed of the existing Chambers and those which shall be established in the future according to provisions of this book. The Union shall have a legal personality and an independent financial obligation.

Article 1343
Objectives of the Union

The Union aims at promoting the Commerce, Industry and Agriculture Trade and keeping the common interests of those who are engaging in those fields to serve the interest of the national economy for achieving thereof, it shall perform particularly the following:

- 1- Assuming the Chambers Affairs at various administrative, commercial, economic and all the public authorities and in talks with commercial delegation in country and outside and with related international bodies.
- 2- Follow-up Chamber's activities, drawing up rules of cooperation and coordination between them and settlement of any dispute to be arisen out between them.
- 3- Participation in economic conferences and fairs in country and outside.
- 4- Preparation of studies and researches, drawing up recommendations and proposals regarding the economy and commerce affairs and means of their activation.
- 5- Arbitration between the Chambers affiliate upon request of the concerned parties provided that the litigant parties shall not be of the same Chamber.
- 6- Proposing establishment of joint Chambers with similar Chambers in other counties and assuming responsibility of Great Jamahiriya relations therein.
- 7- Arbitration and settlement of disputes in which a foreign party is involved upon consent of the concerned parties.
- 8- Nomination of members of the General Assembly and Management Committees of the Joint Chambers of Libyan part after consent of the Competent Secretary.
- 9- Establishment and management of the public storehouses and warehouses individually or jointly with third parties.

Article 1344
Union Management

The Union Management shall be assumed by a Management Committee acting for achieving the objectives for which it has been established. It shall be assisted by an administrative and technical board which its establishment, definition of its powers and its work system shall be by a resolution to be issued by the Management Committee.

Article 1345
Formation of the Management Committee

The Union Management Committee shall be formed of:

- 1- Secretaries of the Management Committee of the Chambers of Commerce, Industry and Agriculture which have been established according to provisions of this Law.
- 2- Two members from among members of each Chamber to be selected by the concerned General Assembly.
- 3- Five members from among the experienced persons who are registered in the existing Chambers and to be nominated by a resolution of the Competent Secretary.

The tenure of the Management Committee shall be (3) three years.

Article 1346
Secretary of the Management Committee

The Secretary of the Management Committee shall be nominated from amongst its members under a resolution of the General People's Committee upon proposal of the Competent Secretary.

The Secretary of the Management Committee shall run the union's affairs and assuming responsibility of its relations with others and before the jurisdiction and other powers defined by the applicable legislations as well as those include in the executive regulation.

Article 1347
Meetings of the Management Committee

In respect of the Management Committee meetings the actions and rules applicable in the Chambers shall be applied. The resolutions of the Management Committee must be communicated to the Competent Secretary within (15) fifteen days from the date of their issuance.

Article 1348
Union's Budget

The Union shall have an independent budget. Its fiscal year shall start with the beginning of the State fiscal year and ends with its ending. In respect of the budget, final account and audit of accounts, the rules established for the chambers of Commerce, Industry and Agriculture shall be applied.

The funds of the Union shall be composed of:

- 1- (15%) of the total revenues of each Chamber of Commerce according to its approved balance sheet.
- 2- Real estates, establishments and its owned movables.
- 3- Revenues of establishments and returns of its owned investment, and fees of services which it provides to others.
- 4- Donations, contributions, aids and legacies to be accepted by the Union's Management Committee which do not contradict with its purposes.
- 5- Any other legally authorized resources.

Article 1349
Conflict of Interests

The Secretary and members of the Union's Management Committee or the Chamber or one of their relatives until the fourth degree may not conclude with the Union or the Chamber, personally or by mediation, a contract of partnership or undertaking or supply or sale or to purchase a disputable right or to act in a lawsuit or a dispute against the Chamber in any capacity whatsoever.

Article 1350
Council of Businessmen

A Council called (Council of Businessmen) shall be established to perform all what is in its nature to support the interest of the Libyan Businessmen Affiliates, and their introduction abroad to the extent that enabling them to establish a close relations with their counterparts in other countries and serve the national economy. The Council shall have a legal personality and independent financial obligation. The executive regulation shall define the rules of establishment of this Council and the specific committees which may be branched from it and the minimum number of the founders and contribution fees.

Article 1351
Exception

The provisions of this book shall not apply to Chambers of the Marine Navigation Chambers.

Article 1352
The Executive Committee

The Executive Committee organizing the provisions of this book shall be issued by a resolution of the General People's Committee upon presentation of the Competent Secretary and after proposal of the General Union of the Chambers of Commerce, Industry and Agriculture, provided that it shall contain the following validity of the duration, registration and renewal fees, definition of the actions necessary for convening the General Assembly of the Chambers, quorum necessary for validity of the meeting and taking resolutions, conditions necessary to be met by members of the Chambers Management Committee and provisions organizing the structure and internal organization of the Businessmen Council.

Book Thirteen **General Final Provisions**

Article 1353 **Definitions**

In application of provisions of this Law, the following expressions shall have the meanings mentioned against them unless the context requires otherwise.

- **Great Jamahiriya:** Great Socialist People's Libyan Arab Jamahiriya
- **Competent Sector:** The General People's Committee of the Sector authorized to implement the resolutions of the People's Congresses in the field of Economy and Trade.
- **Competent Secretary:** Secretary of the General People's Committee of the Competent Sector.

Article 1354 **Freedom of Practicing the Commercial Activity**

The members of the Community shall have the freedom of practicing the commercial activities including all the trades, professions and services either individually or in any other forms for practicing the activities provided for in this Law, after satisfying the legal conditions necessary for practicing the activity. The tools of practicing the economic activities may lease the landed properties necessary for practicing the activity. The owner of the landed property shall hire it to any of the tools of practicing the commercial activity. In respect of organising the relation between the lessor and lessee, the provisions of the lease contract provided for in the Civil Law shall apply to what is not specially provided for in this Law.

Article 1355 **Licensing the Activity Practicing**

It shall not be permissible to practice commercial activity or trade or profession or work within Jamahiriya unless after obtaining a license therefor and shall defined by a resolution of the Competent Secretary, the authority concerned with granting licenses, their classification and conditions necessary therefor, obligations and duties of the whole sale merchant, trades, activities and professions which require a particular permission prior to obtaining the referred license.

Article 1356
Violation of Licensing Condition

Anyone who engaging in a Commercial activity or a trade or a provision or a service without valid license shall be amerced by payment of the fees decided on the license of his activity in addition to a fine not more than the amount of those fees.

Any person provides wrong information or data or certificates required for obtaining the license shall be amerced by a fine not more than (LD 5,000) five thousand Libyan Dinars with withdrawal of the license which has been granted to him in violation.

Article 1357
Executive Regulations

The Executive regulation of this Law shall be issued by resolutions of the General People's Committee upon proposal of the concerned sector.

The applicable regulations shall remain in force inasmuch as not contradicting the provisions of this Law pending issuance of their substitute regulation.

Article 1358
Cancellation of Laws

The following laws shall be cancelled:

- 1- The Libyan Commercial Law issued in 1953 and its amendments.
- 2- Law No. (40) for the year 1956 regarding trademarks and its amendment.
- 3- Law No. (73) for the year 1958 regarding scales, measures and standards.
- 4- Law No. (2) for the year 1962 regarding commercial data.
- 5- Law No. (38) for the year 1968 regarding import and export.
- 6- Law No. (65) of 1970 for specifying certain provisions for merchants, and commercial companies and supervision thereof, and its amendments.

- 7- Law No. (64) for the year 1971 regarding importation.
- 8- Law No. (110) for year 1975 regarding deciding some provisions related to public bodies, establishment and public sector companies.
- 9- Law No. (17) for year 1977 regarding organization of practicing commercial activities.
- 10- Law No. (8) for the year 1984 regarding rules of commercial dealings and its amendment.
- 11- Law No. (9) for the year 1985 regarding provisions in respect of partnerships and its amendment.
- 12- Law No. (8) for the year 1988 regarding provisions related to economic activity.
- 13- Law No. (13) for the year 1989 regarding control over prices and its amendment.
- 14- Law No. (9) for the year 1992 regarding practicing of economic activities.
- 15- Law No. (15) for year 1423 PB (1993) in respect of deciding some provisions related to joint-stock companies wholly or partially owned by the community.
- 16- Law No. (4) for the year 1425 PB (1995) on prohibition of economy of speculation and its amendments.
- 17- Law No. (4) for the year 1426 PB (1996) regarding organization of importation and distribution of goods.
- 18- Law No. (21) for the year 1369 PD (2001) regarding certain provisions for practicing economic activities and its amendment.
- 19- Law No. (3) for the year 1374 PD (2006) regarding public sector companies.
- 20- Law No. (4) for the year 1372 PD (2004) regarding Chambers of Commerce, Industry and General Association of Chambers.

Any provision contrary to provisions of this Law shall also be cancelled.

Article 1359
Effectiveness of the Law

This Law shall come into force with effect from the date of its publication in the legislations code and the concerned authorities shall adjust their positions according to its provisions during (6) six months from its publication.

(Signed & stamped)
General People's Committee

Issued in Sirte on 13 Safar 1378 PD
Corresponding to 12 January 2010