

Business Provisions

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Commercial Code

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Traders and Businesses General Provisions Applicable to Traders Chapter 1. Provisions Applying to Persons Carrying on a Trade

Art 1.- Scope of application of the Civil Code.

Unless otherwise provided in this Code, the provisions of the Civil Code shall apply to the status and activities of persons and business organizations carrying on a trade.

Art.2. - Scope of application of the Maritime Code.

The relevant provisions of the Maritime Code shall apply to persons and business organizations carrying on maritime trade.

Art. 3. - Persons and business organizations

The provisions of this Code applicable to persons other than those provisions applicable to physical persons only shall apply to business organizations. Nothing shall affect the special provisions of Book II and Book V Title IV of this Code applicable to business organizations only.

Art.4. - Bodies corporate under Public Law.

- (1) Unless otherwise expressly provided by law, bodies corporate under public law, such as administrative or religious institutions or any other public undertakings, shall not be deemed to be traders even where they carry on activities under Art.5.
- (2) The provisions of sub-art. (1) shall not apply to undertakings in which bodies corporate under public law only participate.

Chapter 2. Traders

Art.5. - Persons to be regarded as traders.

Persons who professionally and for gain carry on any of the following activities shall be deemed to be traders:

- (1) Purchase of movables or immovables with a view to re-selling them either as they are or after alteration or adaptation;
- (2) Purchase of movables with a view to letting them for hire;
- (3) Warehousing activities as defined in Art. 2806 of the Civil Code;
- (4) Exploitation of mines, including prospecting for and working of mineral oils;
- (5) Exploitation of quarries not by handicraftsmen;
- (6) Exploitation of salt pans;
- (7) Conversion and adaptation of chattels, such as foodstuffs, raw materials or semi-finished products not by handicraftsmen;
- (8) Building, repairing, maintaining, cleaning, painting or dyeing movables not by handicraftsmen;
- (9) Embanking, leveling, trenching or draining carried out for a third party not by handicraftsmen.
- (10) Carriage of goods or persons not by handicraftsmen;
- (11) Printing and engraving and works connected with photography or cinematography not by handicraftsmen;
- (12) Capturing, distributing and supplying water;
- (13) Producing, distributing and supplying electricity, gas, compressed air including heating and cooling;
- (14) Operating places of entertainment or radio or television stations;
- (15) Operating hotels, restaurants, bars, cafes, inns, hairdressing establishments not operated by handicraftsmen and public baths;
- (16) Publishing in whatever form, and in particular by means of printing engraving, photography or recording;
- (17) Operating news and information services;
- (18) Operating travel and publicity agencies;
- (19) Operating business as an agent, broker, stock broker or commercial agent;

- (20) Operating a banking and money changing business;
- (21) Operating and insurance business.

Art.6. – Agricultural or Forestry undertakings.

- (1) Persons who carry on activities relating to agriculture, forestry, breeding cattle or maintaining pastureland, shall not be deemed to be traders where they sell the products of the land they exploit or use, or animals or the products of animals bred mainly from the resources of the land which the said persons exploit or use.
- (2) Such persons shall not be deemed to be traders whether the exploitation is individual or collective, such as an agricultural community or a cooperative undertaking.
- (3) Nurserymen who sell plants which grow on the land they exploit or use shall not be deemed to be traders.

Art. 7. - Agricultural products How Dealt with.

- (1) Persons who carry on activities under Art. 6 (1) shall not be deemed to be traders where they deal with their products in accordance with the usual practice of their business, so long as such dealing relates only to products of the land which they exploit or use, or to animals or products of animals bred mainly from the resources of the land which they exploit or use.
- (2) Such persons shall not be deemed to be traders whether the undertaking is individual or collective such as an agricultural community or a cooperative undertaking.

Art.8. – Fishermen and persons breeding fish, shell-fish or shells.

Fishermen and persons who breed fish or shell-fish or shells shall not be deemed to be traders where they sell the products of their fishing or breeding.

Art. 9. – Handicraftsmen.

- (1) The provisions of this Code relating to traders shall not apply to handicraftsmen.
- (2) Handicraftsmen are persons who carry on an independent activity, who live mainly on their own manual work, who may carry on their activity with the assistance of members of their family and of not more than three employees or apprentices and who buy such material only as is necessary for carrying out their activities, without setting up stocks.
- (3) Handicraftsmen may use mechanical power.
- (4) Handicraftsmen are subject to the provision of any special law relating to their activities.

Art. 10. - Business Organisations

- (1) Business organisations shall be deemed to be of a commercial nature where their objects under the memorandum of association or in fact are to carry on any of the activities specified in Art. 5 of this Code.
- (2) Share companies and private limited companies shall always be deemed to be of a commercial nature whatever their objects.

Chapter 3. Persons Capable of Carrying on a Trade

Art.11. – Persons incapable under the Civil Code.

- (1) Persons incapable under the Civil Code may not carry on any trade.
- (2) Where incapable persons carry on a trade, they shall not, subject to the provisions of Art. 14 and 15, acquire the status of traders and their acts may be invalidated in accordance with the relevant provisions of the Civil Code.

Art. 12. – Tutors.

Tutors may not carry on a trade in the name and on behalf of a minor except in the cases provided in Art.228 of the Civil Code. The same provisions shall apply to the tutor of an interdicted person.

Art. 13. – Emancipated Minors.

- (1) Notwithstanding the provisions of Art. 333 of the Civil Code, emancipated minors may not carry on a trade unless authorized in writing by the family council.
- (2) In default of authorization under sub-art. (1) emancipated minors shall not be deemed to be of age.

Art. 14. – Effect of Minority in relation to third parties.

Notwithstanding the provisions of Art. 318 of the Civil Code, where a minor who carries on a trade has caused himself to be entered in the commercial register as though he were of age, his being a minor shall not affect third parties, in accordance with Art. 121 of this Code.

Art.15. – Publication of incapacity

Where a person has been declared incapable, such incapacity shall not affect third parties unless notice of such incapacity has been entered in the commercial register (Art.121).

Chapter 4. Carrying on a Trade by Married Persons

Art.16 – Married persons may carry on trade.

Any married person may carry on a trade as though he were unmarried unless his spouse objects thereto as provided in Art. 645 of the Civil Code.

Art. 17. – Notification of objection

- (1) As between spouses an objection under Art. 16 may be notified to the trading spouse in any manner.
- (2) An objection under Art.16 shall not affect third parties, in accordance with Art. 121 of this code, unless notice of such objection has been entered in the commercial register.

Art 18. – setting aside of objection

- (1) where the trading spouse is of the opinion that the objection is not justified, having regard to the interest of the family, he may apply to the family arbitrators to set aside the objection
- (2) Where the objection is set aside by the arbitrators, a notice to this effect shall be entered in the commercial register.

Art. 19. – Debts contracted by the trading spouse.

Debts contracted by the trading spouse shall be deemed to be debts of the marriage within the meaning of Art. 659 of the Civil Code and may be recovered on the personal estate of each spouse and on common property.

Art. 20 – Effect of objection.

Where an objection under Art. 16 has been entered in the commercial register, debts contracted by the trading spouse may be recovered on his personal estate only.

Art. 21. – Cooperation of spouses.

Where spouses together carry on a trade, they shall both be deemed to be traders, unless it is shown that one of them is the employee of the other.

Chapter 5 Right to Act as a Trader

Art. 22. – Freedom to carry on trade.

Subject to such prohibitions or lawful restrictions regarding unfair competition as may be prescribed, any person or business organization has the right to carry on any trade in accordance with the provisions regulating such trade.

Art. 23. – Legal prohibitions or restrictions.

- (1) Particular persons may be restricted or prevented from acting as traders or from carrying on a particular trade by legal provisions setting up prohibitions or incompatibilities.
- (2) Specific requirements as to age, qualifications, sex, nationality or licence may be imposed by law in respect of particular traders.

Art. 24. – Effect of prohibitions and restrictions.

- (1) Persons who carry on a trade subject to prohibition or restriction or without having the prescribed qualifications shall be liable to the penalties provided by law.
- (2) Persons who carry on a trade subject to prohibition or restriction may not invoke the said prohibition or restriction to free themselves from liabilities incurred in carrying on a trade subject to prohibition or restriction. They may not hold themselves out to be traders to third parties but they shall be liable as though they were traders.

Art. 25. – Associations.

- (1) Associations may not carry on any trade.
- (2) Any violation of the provisions of sub-art. (1) shall constitute a ground for dissolution under Art. 461 of the Civil Code.

Art.26. – Business organizations carrying on trade.

No business organization shall carry on a trade which it is not permitted to carry on or which is subject to specific requirements with which the said business organization has not complied.

Art. 27. Bodies corporate under Public Law.

The cases where a trade may be carried on by administrative or religious institutions or any other public undertaking and the condition and effect of such trade shall be prescribed.

Title II. Auxiliaries and Agents

Chapter 1. Commercial Employees

Art. 28. – Definition

- (1) Commercial employees are persons who are bound to a trader by a contract of employment and who assist the trader by doing work of a non manual nature as a salesman, secretary, accountant, guardian, inspector or director.
- (2) Commercial employees are not traders.

Art. 29. – civil Code applicable.

Without prejudice to the provisions of this Code, the provisions of the Civil Code relating to contracts of employment shall apply to commercial Employees.

Art. 30. – Prohibition from carrying on private trade.

- 1) A commercial employee may not carry on, on his own behalf or on behalf of a third party, a third similar to the trade carried on by his employer. Where an employee infringes this prohibition, his employer may claim damages and may cancel or refuse to renew the contract of employment in accordance with Art. 2591 of the civil Code.
- 2) A contract of employment may only contain a prohibition from carrying on private trade upon the expiry of the contract of employment on the conditions specified in Art. 2589, 2590 and 2592 of the Civil Code.

Art.31.- Agents.

- 1) Commercial employees may act as agents by express or tacit agreement.
- 2) The revocation of the power of agency shall not result in the cancellation of the contract of employment.

Art. 32. – Powers Employee in charge of sales.

- 1) The employee in charge of the sales in a store shall be deemed to have a power of agency for the purpose of selling or receiving goods which come within the normal business activities of stores of such nature.
- 2) He may demand that goods sold by him be paid to him, unless payment is to be made to a special account.
- 3) The employee may not demand payment outside the store unless so expressly authorized or unless he produces a receipt signed by the trader.

Chapter 2. Managers

Art. 33. – Definition

- 1) A manager is a person who has been authorized, expressly or tacitly, to carry out acts of management and to sign in the name of the trader.
- 2) A manager is not a trader.

Art 34. – Publicity.

- 1) Where a manager has been appointed, the trader shall cause an entry to be made in the commercial register.
- 2) The manager shall have power to act by virtue of his appointment, notwithstanding that the provisions of sub-act, (1) have not been complied with.

Art 35. – Powers of Manger.

- 1) In his relations with third parties, the manager shall be deemed to have full power to carry out all acts of management connected with the exercise of the trade, including the power to sign a negotiable instrument.
- 2) Unless expressly authorized to do so, he may not sell or pledge immovable property, nor may he sell, hire or pledge a business.

Art. 36. – restriction on powers.

- 1) The powers of a manager may be limited to the management of a branch. Such a restriction shall not affect third parties in accordance with art. 121 of this Code unless notice of such restriction has been entered in the commercial register.
- 2) Any other restriction shall not affect third parties.

Chapter 3. Commercial Travellers and Representatives

Art. 37. – commercial travelers.

- (1) A commercial traveler is a person, domiciled at the place where the head office of the business is situate and bound to a trader by a contract of employment, who is entrusted by the trader with visiting clients and offering to them goods or services in the name and on behalf of the trader.
- (2) Unless otherwise agreed, contracts entered into by a commercial traveler shall be of no effect unless confirmed by trader.
- (3) Commercial travelers are not traders.

Art..38. – Commercial representatives

- (1) A commercial representative is a person, not domiciled at the place where the head office of the business is situate and bound to a trader by a contract of employment, who is entrusted by the trader with visiting clients in a specified area and offering to them goods or services in the name and on behalf of the trader.
- (2) Unless otherwise agreed, contracts entered into by commercial representatives shall become effective without confirmation by the trader.
- (3) Commercial representatives are not traders.

Art. 39 – Private business

- (1) Unless otherwise provided in the contract of employment, commercial travelers and representatives may not carry on private business. Where they carry on private business, they shall lose their compensation as provided in Art, 42 and 43.
- (2) The provisions of Art. 30 (2) shall apply where commercial travelers and representatives have been authorized to carry on private business.

Art. 40. – Acting on behalf of other traders.

- (1) Unless otherwise agreed, commercial travelers and representatives may not act on behalf of traders other than the trader to whom they are bound. Where they act on behalf of other traders, they shall low their compensation as provided in Art. 42 and 43.
- (2) In no case may they act on behalf of a trader selling goods or offering services similar to the goods sold or the services offered by the trader to whom they are bound.

Art. 41. – Remuneration

- (1) Commercial travelers and representatives shall be paid by salary on commission or both.
- (2) The remuneration shall be fixed by the contract of employment or, where not fixed, by custom.

Art. 42. – Compensation in case of termination of contract.

Where the trader terminates the contract without good cause, commercial travelers and representatives who are bound by a contract entered into for an undefined period of time shall be entitled to fair compensation fixed in accordance with Art. 2583 of the Civil Code.

Art. 43. – Compensation on account of client introduced.

Where a contract entered into for an undefined period of time is terminated by the trader or where a contract entered into for a specified period of time is not renewed by the trader, no fault being attributable to the commercial traveler or representative, the commercial traveler or representative shall be entitled to compensation equal to the profit derived from the customers introduced or goodwill created or extended by him.

Chapter 4. Commercial Agents

Art. 44. – Definition.

- (1) A commercial agent is a person or business organization, not bound to a trader by a contract of employment and carrying out independent activities, who is entrusted by a trader with representing him permanently in a specified area and dealing or making agreements in the name and on behalf of the trader.
- (2) Unless otherwise provided in the agency agreement, contracts entered into by a commercial agent shall become effective without confirmation by the trader.
- (3) A commercial agent normally acts as agent and may act as broker. He is a trader.

Art. 45. – Commercial agent exclusive agent.

Unless otherwise provided in the agency agreement, a commercial agent shall be the exclusive agent of the principal in the area specified in the agreement.

Art. 46. - Duties of commercial agent.

- (4) A commercial agent shall safeguard the principal's interests with the care due by a good trader.
- (5) He shall:
 - (a) carry out all instructions of the principal;
 - (b) inform the principal of all contracts negotiated or entered into by him;
 - (c) send to the principal periodical reports on his activities and all such information as may be required on the state of affairs with in the area where he acts.
3. Where the agency agreement comes to and end, a commercial agent may not take advantage of or disclose trade secrets revealed to him by the principal or of which he learned in the course of his duties as an agent.

Art. 47. – Prohibition from carrying on private trade

- (1) A commercial agent carry on private trade which is not similar to the trade carried on by the principal. The agency agreement may be cancelled and damages may be due where the agent carries on trade similar to the trade carried on by the principal.
- (2) Unless otherwise provided in the agency agreement, a commercial agent may not act in the area specified in the agreement on behalf of traders other than the principal.
- (3) In no case may a commercial agent act, in the area specified in the agency agreement, on behalf of traders who carry on a trade similar to the trade carried on by the principal. The agency agreement may be cancelled and damages may be due where the agent disregards this prohibition.

Art 48. – Duties of principal.

The principal shall, to the best of his ability, enable his agent to carry out successfully his duties under the agency agreement, in particular by making all necessary information and samples available to him.

Art. 49. - Repayment of expenses.

Unless otherwise agreed, current costs and expenses of the agency shall be borne by the commercial agent and are not subject to repayment by the principal. The agent shall only be entitled to the repayment of expenses occasioned by dealings made on behalf of the principal and of such special expenses as were made by him on the order of the principal.

Art. 50. – Remuneration

- (1) A commercial agent shall receive remuneration for all dealings negotiated or made by him. Unless otherwise provided, he shall receive remuneration for all dealings made, in the area where he acts, either by the principal himself or by another agent of the principal.
- (2) A commercial agent shall receive remuneration even where dealings made by him are not carried out by the principal.
- (3) The remuneration shall be fixed in the agency agreement or, where not fixed, by custom.

Art. 51. – Agent personally to carry out his duties.

A commercial agent may not assign the agency agreement and may not substitute a third party for himself, as an agency agreement is made on the basis of the personal qualifications of the agent.

Art. 52. – Termination of agency agreement.

- (1) An agency agreement shall terminate:
 - (a) where the period of time for which it was entered into expires;
 - (b) where the agent, being a person, dies, becomes incapable or is declared bankrupt;
 - (c) where the business organization acting as agent is wound-up.
- (2) Either party to an agency agreement made for an undefined period of time may terminate it on notice. Notice need not be given where there is good cause for termination.
- (3) The period of notice shall be fixed in the agency agreement or, where not fixed, by custom. It shall not be less than one month during the first year of service and not less than two months after the first year.

Art. 53. – Compensation due in case of termination.

Where the principal terminates without good cause and agency agreement entered into for an undefined period of time, the agent shall receive fair compensation which shall be fixed having regard in particular to the time for which he acted on behalf of the principal and to the customers introduced or goodwill created or extended by him.

Art. 54. – Uncompleted business upon termination

- (1) Whenever an agency agreement terminates, the agent or his heirs or the business organization having acted as agent shall receive remuneration for all contracts negotiated or entered into prior to the termination of the agreement.
- (2) Upon termination of the agreement, all remunerations and expenses due shall be paid forthwith by the principal.

Art. 55. – Prohibition from carrying on similar private trade on termination of the agreement.

- (1) The agency agreement may provide that, upon termination of the agreement, the commercial agent shall not carry on the same trade as the principal or act as commercial agent or representative for a trader carrying on the same trade as the principal.
- (2) Notwithstanding any provision to the contrary, any such prohibitions shall not be effective for more than five years.

Chapter 5. Commercial Brokers

Art. 56 – Definition.

- (1) A commercial broker is a person or business organization who, independently professionally and for gain, brings parties together for the purpose of their entering into an agreement such as a contract of sale, lease, insurance or carriage.
- (2) A commercial broker is a trader, regardless of the parties he brings together and of the nature and object of the contract for the completion of which he acts as and intermediary.

Art. 57. – Notice to parties.

- (1) Unless customary or otherwise agreed, a commercial broker shall, where the parties have agreed to enter into a contract, inform both parties of the terms of the proposed contract.
- (2) Unless customary or otherwise agreed, the proposed contract shall not become effective unless it is confirmed by both parties.

Art. 58. – Liability of broker.

A commercial broker shall be liable for any damage he causes to either party.

Art. 59. – Remuneration

- (1) A commercial broker shall receive remuneration when the contract for the completion of which he acted as an intermediary is entered into whether such contract is performed or not.
- (2) Unless customary or otherwise agreed, the remuneration shall be paid only by the party having required the services of the broker.

- (3) The remuneration shall be fixed in the agreement, or where not fixed by custom. The court may reduce the agreed remuneration where it appears excessive and disproportionate to the services rendered by the broker.

Chapter 6. Commission Agents

Art. 60 – Definition.

- (1) A commission agent is a person or business organization who, independently, professionally and for gain, undertakes to buy or to sell in his name, but on behalf of the principal, goods, movables or any other thing of a similar nature, or to enter in his name but on behalf of the principal into a contract of carriage of goods.
- (2) A commission agent is a trader regardless of the parties and of the nature and object of the contract.

Art. 61. – Civil Code applicable.

The provisions of Art. 2234-2252 of the Civil Code shall apply to contracts of commission.

Art.62. – Stock brokers.

- (1) Stock brokers are commission agents.
- (2) Unless otherwise provided by law, they shall be subject to the provisions relating to contracts to contracts of commission.

Title III. Accounts

Chapter 1. Keeping of Accounts Compulsory

Art 63. Traders and Business Organizations.

- (1) Any person or business organization carrying on trade shall keep such books and accounts as are required in accordance with business practice and regulations having regard to the nature and importance of the trade carried on.
- (2) The provisions of Act. 66-70 of this Code shall apply.

Art. 64. – Petty traders.

Petty traders may be exempted from keeping accounts on such conditions as may be prescribed.

Art. 65. – Special rules applicable to business organisations.

Nothing in this Title shall affect the special provisions of Book II of this Code applicable to business organisations.

Chapter 2. Books and Accounts to be kept

Art. 66 – Entry of dealings.

- (1) Every trader shall keep a journal where he shall make daily entries of all his dealings regardless of the nature of such dealings or of the manner in which they were carried out.
- (2) He may at least once a month balance the proceeds of such dealings and shall in such a case preserve all documents necessary for checking these dealings day by day.

Art 67. – Inventory and balance sheet.

- (1) When beginning to carry on his trade, every trader shall prepare an inventory and a balance sheet.
- (2) A trader shall also, at the end of each financial year, prepare an inventory of his assets and liabilities and balance his accounts for the purpose of preparing the final balance sheet and the profit and loss account. The balance sheet and the profit and loss account shall be entered in special books.

Art. 68. – Keeping of books.

- (1) The books required under Art. 66 and 67 shall be kept in chronological order without any blanks or alterations.
- (2) They shall be given a serial number and initialed by the prescribed authority. The number of pages of which the books consist shall be specified by the prescribed authority on the last page of each book.

Art. 69. – Preservation of books.

All books and accounting documents shall be preserved for ten years from the date of the last entry in such books or from the date of such documents.

Art. 70. Correspondence.

Originals of all letters, messages or telegrams received and copies of all letters, messages or telegrams sent shall be filed and preserved for ten years.

Chapter 3. Books and Accounts Admissible Evidence

Art.71. – Evidence in favour of party keeping books.

Where a dispute arises between traders as to their commercial activities, the court may, notwithstanding the provisions of Art. 2016 of the Civil Code admit as evidence in favour of a party books and accounts which have been kept by such party according to the provisions of the preceding Articles.

Art. 72. - Evidence against party keeping books.

- (1) Books shall prove against the party producing them.
- (2) A party who avails himself of books may not conceal any part of such books that may contradict his claim.

Chapter 4. Keeping of Accounts

Art. 73. – Scope of application of this Chapter

- (1) The provisions of this Chapter shall apply to all commercial business organisations and to all persons carrying on a trade on such conditions as may be prescribed.
- (2) Special requirements may be prescribed in respect of certain kinds of traders or business organizations. These requirements may differ according to the nature and importance of the trade carried on.

Art. 74. – Assets in the balance sheet.

- (1) The balance sheet shall show, as assets, all the debit balances and, as liabilities, all the credit balances.
- (2) The assets shall appear in the following order.
 - (a) Establishment expenses;
 - (b) Fixed assets;
 - (c) Stocks;
 - (d) Short term or liquid assets;
 - (e) The results (Debit balance of the Profit and Loss Account).

Art. 75. – Liabilities in the Balance Sheet.

The liabilities shall appear in the following order;

- (1) The proper capital account and reserves;
- (2) Profits brought forward and renewal funds;
- (3) Provisions and long term debts; personnel pension funds, if any;
- (4) Short term debts;
- (5) The results (Credit balance of the Profit and Loss Account).

Art. 76. – Amortisations, provisions, adjustment accounts.

- (1) Amortisations and provisions for depreciation shall appear under the respective headings of the assets in the balance sheet.
- (2) The adjustment accounts shall appear in the assets or liabilities side of the balance sheet following the accounts to which they relate.

Art. 77. – Establishment expenses.

Establishment expenses are expenses made on the formation of the undertaking or on the undertaking acquiring its permanent means of working.

Art. 78. – Fixed assets.

- (1) Fixed assets consist of assets used for working, assets not so used, assets completely amortised, and assets in course of being amortised.
- (2) Assets used in working are any assets acquired or manufactured by the undertaking not for sale or for transformation but to be used in a lasting manner as instruments of work.

- (3) Assets not used for working are any assets acquired or manufactured by the undertaking by virtue of the employment of capital and not for use as instruments of work.
- (4) Assets completely amortised are those still in use but whose value is entirely written off.
- (5) Assets in course of being amortised are those which are still not written off at the end of the financial year.

Art.79. – Stocks

Stocks are goods, materials, supplies, semi-finished and finished products, works in progress and packing materials.

Art. 80. – Capital and reserves.

- (1) The capital is the original value of the elements put at the disposal of the undertaking by the owner or partners by way of contributions in cash or in kind.
- (2) All profits preserved for the undertaking and not forming part of the capital shall constitute a reserve.

Art. 81. – Balance carried forward.

The balance carried forward is made up of previous years' profits which have not been distributed or transferred to reserves, or of previous years losses which have not been covered by subsequent profits.

Art. 82. – Amortisations and provisions.

- (1) Amortisation is the accounting measurement of the loss sustained by the fixed assets that necessarily depreciate with time.
- (2) The provisions for risks are intended to provide for definite risks, namely clear precise losses, which are foreseen at the end of the financial year.
- (3) The provisions for depreciation are intended to provide for the reduction in the value of some of the assets which can reasonably be expected.

Art. 83. – Adjustment accounts.

The adjustment accounts are intended to correct debts and amounts owing not written in ordinary accounts so that only those effective debts and monies owing appear at any particular financial year.

Art. 84. – Valuation.

- (1) Fixed assets shall appear in the balance sheet at their value of origin or if they have been revalued at their revaluation.
- (2) Merchandise, materials, suppliers, packing materials in stock at the date of inventory shall be valued at their cost price.
- (3) Immovable assets shall appear in the balance sheet at their purchase price.
- (4) Wastes (remains of materials and refuse proceeding from manufacture) shall be valued at the ruling price at the date of inventory or in the absence of a ruling price at their probable value of realization.
- (5) Products or works in progress shall appear at their cost on the day of the inventory.

Art. 85. – Provisions for depreciation.

If the real value of merchandise, materials, semi-finished products, finished products and packing materials in stock on the day of the inventory is less than the cost price, the trader or commercial business organization shall constitute equivalent provisions for depreciation.

Title V. Businesses
Chapter 1. General Provisions.

Art 124. Definition.

A business is an incorporeal movable consisting of all movable property brought together and organized for the purpose of carrying out any of the commercial activities specified in Art. 5. of this Code.

Art. 125. – Traders and business

- (1) Every trader operates a business.
- (2) A trader may operate several businesses for the purpose of carrying out various commercial activities.
- (3) A trader may operate a business in the capacity of owner, usufructuary of lessee. Only the person who operates the business shall be deemed to be a trader and the owner or lessor of the business shall not be regarded as a trader.

Art. 126. – Principal business and branches.

- (1) A business may consist of one principal business or of a principal business with branches or agencies which shall be deemed to be part of the business.
- (2) The head office of the business shall be at the place where the trader operates his principal business.
- (3) Where a branch or agency is sold or let out for hire without the principal being sold or let out for hire, such sale or lease shall be deemed to be a sale or lease of a business and the head office of such business shall be at the place where the assignee or lessee operates the branch or agency.

Chapter 2. Elements of a business

Section 1. Consistency of a Business

Art. 127 – Goodwill and incorporeal elements.

- (1) A business consists mainly of a goodwill.

A business may consist of other incorporeal elements such as:

- (a) the trade-name;
- (b) the special designation under which the trade is carried on;
- (c) the right to lease the premises in which the trade is carried on;
- (d) patents or copyrights;
- (e) such special rights as attach to the business itself and not to the trader.

Art. 128. – Corporeal elements.

A business may consist of corporeal elements such as equipment or goods.

Art. 129. – Assets and liabilities.

- (1) A business shall normally not include the assets and debts of the trader, with the exception of the right to the lease of the premises.
- (2) Nothing in this Article shall affect the special rules provided in Art. 2587 of the Civil Code and in Art. 159 and 673 of this Code.

Section 2. Goodwill and Unfair Commercial Competition

Art. 130 – Definition of goodwill.

The goodwill results from the creation and operation of a business and is of a value which may vary according to the probable or possible relations between a trader and third parties who may require from him goods or services.

Art. 131. – Preservation of goodwill.

A trader may preserve his goodwill by instituting proceedings for unfair competition or by setting up the legal or contractual prohibitions provided in Art. 30, 40, 47, 55, 144, 158, 159, 204 and 205 of this Code.

Art. 132. – Unfair commercial competition.

A trader may claim damages under Art. 2057 of the Civil Code from any person who commits and act of competition which amounts to a fault.

Art. 133. – Cases of unfair competition.

- (1) Any act of competition contrary to honest commercial practice shall constitute a fault.
- (2) The following shall be deemed to be acts of unfair competition:
 - (a) any acts likely to mislead customers regarding the undertaking, products or commercial activities of a competitor;
 - (b) any false statements made in the course of business with a view to discrediting the undertaking, products or commercial activities of a competitor.

Art. 134. – Effect of unfair competition.

- (1) The court may, in cases of unfair competition:
 - (a) order that damages be paid by the unfair competitor; and
 - (b) make such orders as are necessary to put an end to the unfair competition.
- (2) The court may in particular:

- (a) order the publication, at the costs of the unfair competitor, of notices designed to remove the effect of the misleading acts or statements of the unfair competitor to cease this unlawful acts in accordance with Art. 2120 of the Civil Code.
- (b) order the unfair competitor to cease this unlawful acts in accordance with Art. 2122 of the Civil Code.

Section 3. Trade-Names

Art. 135. – Definition

- (1) A trade-name is the name under which a person operates his business and which clearly designates the business.
- (2) The relevant provisions of Book II of this Code shall apply to firm-name used by business organizations.

Art. 136. – Family Name of trader or assumed name.

The trade-name may be the trader's family name, with or without his surname, or an assumed name, but all business papers shall be signed by the trader in his own name.

Art. 137. – Trader's Name.

- (1) Every trader may carry on his trade under his family name, with or without his patronymic: Provided that Art. 45 of the Civil Code shall apply where such name or patronymic is likely to create confusion in a manner prejudicial to the interests of another trader.
- (2) Where proceedings for unfair competition are instituted by reason of confusion created by the use of the trader's name, the court may order that damages be paid by the trader who created confusion and may; in addition, prohibit such trader from using the assumed name.

Art. 139. - Assignment of trade-name.

- (1) The trade-name may not be assigned except together with the business to which it refers.
- (2) The trade name of such trader and by the new trader unless it is followed by the name of such trader and by the words "successor" or "lessee". The new trader may only use his own name in signing commercial papers.

Section 4. Distinguishing Marks

Art. 140. – Definition

- (1) A distinguishing mark is the name, designation, sign or emblem affixed on the premises where the trade is carried on and which clearly designates the business.
- (2) The use of a distinguishing mark is not compulsory.

Art. 141. – Choice of distinguishing mark.

- (1) A trader may choose any distinguishing mark.
- (2) Damage may be claimed on the round of unfair competition where the distinguishing mark is likely to create confusion in a manner prejudicial to another trader having used an identical or similar distinguishing mark.

Section 5. Right to the lease of the premises

Art. 142. – Civil Code applicable.

Without prejudice to the provisions of this Section, the provisions of the Civil Code shall apply to the right to the lease of the premises in which the trade is carried on.

Art. 143. – Nature of the trade carried on.

Where the contract of lease specifies the nature of the trade to be carried on by the lessee, the contract may be cancelled where the lessee carries on a different trade.

Art. 144. – Prohibition of trade by the lessor.

- (1) After the contract of lease has been entered into, the lessor may not carry on in the same building a trade similar to the trade carried on by the lessee.
- (2) Where the lessor disregards the prohibition provided in sub-art(1), he shall be liable for damages and his business may be closed.

Art. 145. – Prohibition from assigning or sub-letting.

- (1) Notwithstanding the provisions of Art. 2959 of the Civil Code, any provision in the contract of lease which prevents the lessee from assigning the contract of lease or from sub-letting the premises to the person who buys his business, or which makes such assignment or sublease dependent on the lessor's consent, shall be of no effect.
- (2) Any provision which prevents or restricts a trustee in bankruptcy from exercising his rights under Art. 1062 of this Code shall be of no effect.

Art. 146. – Termination of contract of lease.

- (1) Where a business is mortgaged, the lessor shall inform the creditors when he terminates the lease or he intends amicably to terminate the lease or to enforce a provision for termination made in the contract. The lease shall terminate not earlier than one month following such notice to the creditors.
- (2) Where notice is not given, the termination of the contract of lease shall not affect creditors having secured rights on the business.

Art. 147. – Lessee declared bankrupt.

- (1) Any clause in the contract of lease providing that the contract shall terminate as of right where the lessee is declared bankrupt shall be of no effect.
- (2) Where the lessee is declared bankrupt, the trustee may exercise his rights under Art. 1040 and 1062 of this Code and the lessor may exercise his rights under Art. 1060 and 1061 of this Code.

Section 6. Patents and Literary or Artistic Copyright

Art. 148. – Patents.

- (1) A business may consist of patents relating to registered inventions, trade-marks, designs and models.
- (2) Patents shall be subject to the provisions of special laws.

Art. 149. – Literary and artistic copyright.

- (1) A business may consist of literary or artistic copyright.
- (2) The provisions of Art. 1647 – 1674 of the Civil Code shall apply to literary or artistic copyright.

Chapter 3. Sale of a business

Section 1. General Provisions.

Art. 150 – Civil Code applicable

Without prejudice to the provisions of this Chapter, the provisions of Art 2266-2367 of the Civil Code shall apply to the sale of a business.

Art. 151. – Scope of application of this Chapter.

- (1) the provisions of this Chapter regarding the sale of a business shall apply:
 - (a) to any sale or assignment, even under a disguised form:
 - (b) to any sale by auction at the request of joint owners
 - (c) to any distribution accompanied by compensation, where such sale, assignment or distribution relates to a business or its goodwill or to a branch or agency assigned without the principal business being assigned or the goodwill of such branch or agency.
- (2) The provisions of this Chapter shall not apply to the sale of individual parts of a business other than the goodwill, unless such sale entails or conceals the sale of the business or of the goodwill of a business.

Sections 2. Formalities

Art.152. – Sale to be in writing.

The sale of a business shall be null and void unless evidenced in writing.

Art. 153. – Particulars in the contract of sale.

The contract of sale shall specify:

- (1) the turnover and profits made during the last three financial years or since the business was created or acquired by the seller, where such creation or acquisition took place less than three years before the sale;
- (2) Where the business is carried on in premises let out for hire, the date on which the contract of lease was made and is to expire and the same and address of the lessor;
- (3) The mortgages on the business, if any.

Art. 154. Cancellation of the contract.

- (1) The court may cancel the contract of sale on the application of the buyer where it is of opinion that the buyer was injured by the failure to comply with any of the requirements provided in Art. 153.
- (2) The court may cancel the contract of sale or reduce the price of the sale on the application of the buyer where it is of opinion that the buyer was injured by any inaccurate statement made under Art. 153.
- (3) Proceedings under sub-art. (1) and (2) shall be instituted during the year within which the contract was made.

Section 3. Duties of the Seller

Art. 155. – Duty to hand over.

- (1) The seller shall hand over the business to the buyer.
- (2) Unless otherwise agreed, the sale of a business implies the sale of all the constituent parts of such business.
- (3) The seller shall enable the buyer to take over the goodwill by handing to him all necessary documents and information.
- (4) The provisions of the Civil Code and of special laws shall apply to the assignment of patents and copyrights.

Art. 156. – Books and accounts.

- (1) On the day of the sale, the seller and the buyer shall check all accounts and prepare an inventory of all accounting documents and books.
- (2) The seller shall retain all his books and accounting documents and the correspondence sent or received by him, but he shall, notwithstanding any provision to the contrary, keep them available for inspection by the buyer for a period of two years.

Art. 157. – Commercial correspondence.

The seller shall hand to the buyer all correspondence relating to the business which he may receive after the sale of the business.

Art. 158. – Seller prohibited from competing.

- (1) During five years from the sale, the seller shall refrain from doing any act of competition likely to injure the buyer. He may not carry on, in the vicinity of the business he sold, a trade similar to the trade carried on by the buyer.
- (2) The contract of sale may specify the extent of such prohibition which shall in no case exceed five years.

Art 159. – Right of subsequent buyer.

A prohibition under Art. 158 shall be deemed to be an element of the business and may be enforced by the buyer and his heirs and by any subsequent buyer.

Section 4. Duties of the Buyer

Art.160. – Duty to pay the price.

The buyer shall pay the price in the manner provided in the contract or, where so special provision is made, in cash. Notwithstanding any agreement to the contrary, the provisions of Art. 162 of this Code shall apply.

Art. 161. – Publication of the sale.

The buyer shall ensure that notice of sale is published in accordance with the provisions of Art. 164 -170 of this Code.

Art. 162. – Prohibition from disposing of proceeds of sale.

- (1) After the sale, the price of the sale shall not be paid to the seller until the period of time for making applications to set aside expires or, where any such application has been made, until the rights of the creditors have been settled by agreement or by the court and such creditors have been paid.
- (2) Until that time, no payment or assignment of the claim shall affect the rights of the seller's creditors.
- (3) The contract of sale may provide that the buyer shall deposit the price of the sale with a third party. Any such deposit shall discharge the buyer from his liabilities to the seller but the buyer shall remain liable to the seller's creditors.

Art.163. – Guarantee of the seller.

Until he is fully paid, the seller shall be secured by a legal mortgage and shall have the right to cancel the contract as provided in Art. 173-176 of this Code.

Section 5. Publication of the Sale and Rights of the Seller's Creditors

Art. 164. – Publication of the sale.

- (1) Where a business is sold, the buyer shall ensure that a notice to this effect is published in the official commercial gazette and in a news paper empowered to publish legal notices circulating in the Teklay Guezat where the head office of the business is situate.
- (2) Where the business sold comprises branches or agencies situate in different places, the notice under sub-art. (1) shall be published in a newspaper empowered to publish legal notices circulating in the Taklay Guezat where each branch or agency is situate.

Art. 165. – Particulars to be published.

Notice under Art. 164 shall show:

- (a) the names and addresses of the seller and buyer;
- (b) the objects and address of the business;
- (c) the objects and address of any branch or agency which may have been sold with the business;
- (d) the date and nature of the contract of sale;
- (e) the price of the sale;
- (f) the address for service at the place where the business is situate.

Art. 166. – Time within which to publish notices.

- (1) Notices under Art. 164 shall be published during the month within which the sale took place.
- (2) Late notice shall be valid, but the buyer may be liable for any damage caused to the seller or to the seller's creditors by reason of the delay.

Art. 167. – application to set aside.

- (1) Within one month from the publication of the last notice, any creditor of the seller may, even where his claim is not due, move the court to set aside the proceeds of the sale and shall notify the buyer at his address for service.
- (2) The application shall show the name and address of the creditor and the amount and basis of the claim.
- (3) Where notices under Art. 164 have not been published or did not contain all the particulars required under Art. 165, an application to set aside may be made at any time.
- (4) Until the application is decided on, the buyer or third party with whom the proceeds of the sale have been deposited may not dispose thereof and the provisions of Art. 162 shall apply.

Art. 168. – Application rejected.

The buyer may the court to reject an application which is not correct in form, or which is late or made without good cause.

Art. 169. – Distribution of the proceeds of the sale.

- (1) The proceeds of the sale shall be distributed by agreement or by order of the court between the creditors having a claim secured by the business and the creditors having made an application to set aside.
- (2) The surplus, if any, shall be handled to the seller.

Art.170. – Overbid by creditors.

- (1) Creditors under Art. 169 (1) may move the court to order that the business be sold by auction where the price of the sale is insufficient to meet their claims.

- (2) The court shall order the sale by auction and the price of the sale shall be higher by one tenth than the price specified in the contract of sale.
- (3) Where no third party presents himself at the sale, the business shall be sold to the creditor making the highest bid.

Chapter 4. Mortgage of a business **Section 1. General Provisions**

Art. 171. – Mortgage possible.

- (1) A business may be mortgaged.
- (2) Mortgage of a business flows from the law or a contract.
- (3) Any mortgage, whether legal or contractual, shall be registered.

Art. 172. – Mortgage under the law.

- (1) The following persons shall have their claims secured by a legal mortgage on the business:
 - (a) the seller of a business, for so long as the price of the sale has not been fully paid to him;
 - (b) the creditors of bankrupt trader.
- (2) The relevant provisions of Book V of this Code shall apply to a mortgage under sub-art. (1) (b).

Section 2. Mortgage of the seller and action for the cancellation of the contract of sale

Art. 173 – Legal mortgage.

- (1) Where a person sells a business and the price of the sale is not fully paid to him, the payment of the price or such part thereof as is still due shall be secured by a legal mortgage on the business sold.
- (2) The provisions of sub-art. (1) shall not apply unless the sale was made in writing and the mortgage has been registered in the manner provided by law during the month within which the sale took place.

Art. 174. – Action for the cancellation of the contract.

The seller who is not fully paid may cancel the contract of sale. The cancellation of the contract shall not affect third parties unless the mortgage has been registered as provided by law and the possibility of bringing an action for cancellation has been entered in the register in which the mortgage was registered.

Art. 175. – Registration of legal mortgage.

- (1) The entry of the legal mortgage in the register shall show:
 - (a) the names and addresses of the seller and buyer;
 - (b) the date and nature of the contract of sale and the price of the sale;
 - (c) the amount of the purchase price paid;
 - (d) the conditions for demanding payment and the rate of interest;
 - (e) the possibility of bringing an action under Art. 174;
 - (f) the objects and address of the business;
 - (g) the scope of the mortgage;
 - (h) the address of any branch or agency mortgaged with the principal business, if any.
- (2) The mortgage shall apply to such parts only of the business as are expressly specified in the entry.

Art. 176. – Bringing of action for cancellation.

- (1) The seller who cancels the contract on the ground that he has not been fully paid (Art.174) shall, whatever the part of the price still due, take back the whole business in its condition on the day of cancellation, but not including new parts acquired after the contract of sale was made.
- (2) The increase or reduction in the value of the parts sold shall be taken into account in settling the rights of the seller and buyer.

Section 3. Contractual Mortgage

Art. 177. – Conditions of contractual mortgage.

- (1) Any person who is capable under civil law and who owns a business may mortgage such business notwithstanding that he does not operate it himself.
- (2) The mortgage shall be in writing and shall be registered during the month within which the mortgage deed is drawn up.

Art. 178. – Registration.

- (1) The entry of the mortgage in the register shall show:
 - (a) the names and address of the mortgagor and mortgagee;
 - (b) the date and nature of the mortgage deed;
 - (c) the claim secured by mortgage, the conditions on which it may become due and the rate of interest;
 - (d) the objects and address of the business;
 - (e) the scope of the mortgage;
 - (f) the address of any branch or agency mortgaged with the principal business, if any.
- (3) The mortgage shall apply to such parts only of the business as are expressly specified in the entry.

Section 4. Manner of Registering Mortgages

Art. 179. – Place of registration

- (1) The mortgage shall be registered by the official entrusted by the Ministry of Commerce and Industry with keeping in each Taklay Guezat the register of mortgages of business.
- (2) The mortgage shall be entered in the register kept in the Taklay Guezat within whose jurisdiction the business is situate.
- (3) Where the business comprises branches or agencies situate outside the jurisdiction of the Taklay Guezat, the mortgage shall be entered in the register kept in each Taklay Guezat within whose jurisdiction each branch or agency is situate.

Art. 180. – Removal of the business.

- (1) A debtor who wishes to remove his business shall inform the secured creditors. The debt shall become due immediately where such notice is not given or removal is effected earlier than one month from such notice.
- (2) Creditors may exercise their rights under Art. 188 where they are of opinion that the removal would reduce the value of the business.
- (3) Where creditors agree to the removal and the business removed remains within the same area of jurisdiction, the creditors shall apply for the entry in the register to be varied accordingly. Where the business is removed to another place, the creditors shall ensure that a new entry is made in the register kept in the Taklay Guezat within whose jurisdiction the new head office is situate.
- (4) Where an entry is varied or a new entry is made under sub-art. (3), such varied or new entry shall have effect as from the day of the original entry.

Art. 181. – Principal claim and interest.

Registration shall have the effect of securing two years interest in the same rank as the principal claim.

Art. 182. – Duration of registration.

Registration shall secure the claim for five years from the date of registration and shall cease to have effect where not renewed before the expiry of five years.

Art. 183. Cancellation of registration.

Registration shall be cancelled either where all interested parties so agree in writing or following a final judgment by the court.

Art. 184. Communication of entries to third parties.

Any person on payment of the prescribed fee may require the official in charge of the register of mortgages to deliver to him a copy of any extract from the register or, where there is no entry for which he is searching, a certificate to the effect that there is no entry.

Art. 185. Liability.

The official in charge of the register of mortgages shall be liable for failing to make the entries he is required to make and for any error or omission committed in delivering a copy or a certificate under Art. 184.

Art 186. – Regulations.

- (1) Regulations shall specify:
 - (a) the manner of keeping registers of mortgages;
 - (b) the manner of making or canceling entries.
- (2) The fees to be paid on registration and on delivery of extracts or certificates under Art. 184 shall be prescribed by law.

Section 5. Rights of Secured Creditors

Art. 187. – Business assigned or let out for hire.

- (1) Notwithstanding any provision to the contrary, the debtor may assign his business or let it out for hire.
- (2) It may be provided that the mortgage shall become due on the business being assigned or let out for hire. Such provision shall be of no effect unless it is entered in the register.

Art. 188. – Reduction of the guarantee.

Where the debtor reduces or is likely to reduce the value of the business in particular by removing it, by failing to pay the rent of the premises in which the trade is carried on or by reducing the stocks, any secured creditor may demand that new sureties be produced and, where not produced, may move the court to order that his claim be paid forthwith.

Art. 189. – Attachment of business.

- (1) A secured creditor whose claim is not paid on becoming due may move the court to order attachment of the business with a view to causing it to be sold by auction. Attachment may not be effected earlier than one month from the creditor having demanded payment and not having been paid.
- (2) Any provision to the effect that a credit may, failing payment, attach the business or cause it to be sold without complying with the requirements of the law, shall be of no effect.

Art. 190. – Right to follow the business.

- (1) A secured creditor may claim the business from a third party, as the mortgage follows the business into whatever hands it may fall.
- (2) The third party may avoid attachment by paying fully all secured creditors.

Art. 191. – Scope of mortgage.

- (1) The mortgage charges the business in its condition at the time of attachment, whatever the importance or value of its parts at that time.
- (2) The mortgage shall apply to such parts only of the business as are expressly specified in the entry.

Art. 192. – Preferred rights.

- (1) Secured creditors shall have a preferred right on his proceeds of the sale of a business.
- (2) As between secured creditors, rights shall rank in accordance with the date on which such rights have been registered. Mortgages registered on the same day shall rank concurrently.
- (3) The legal mortgage of the seller shall rank before contractual mortgages.

Art. 193. – Mortgages may be set up against the creditors of a bankrupt person. The relevant provisions of Book V of this Code shall apply where registered mortgages on a business are set up against the creditors of a bankrupt person.

Chapter 5. Hire of a Business

Art. 194. – Civil Code applicable.

- (1) A business may be let out for hire.
- (2) Without prejudice to Art. 195-205 of this Code, the provisions of Art. 2896-2974 of the Civil Code shall apply where a business is let out for hire.

Art. 195. – Publication of the contract of lease.

- (1) A contract of lease shall not affect the rights of third parties unless it is in writing and it is published, on the application of either party, in the official commercial gazette and in a newspaper empowered to publish legal notices circulating at the place where the head office of the business is situate.
- (2) Notices published under sub-art. (1) shall show:
 - (a) the names and addresses of the lessor and lessee;
 - (b) the date and nature of the contract;
 - (c) the objects and address of the business;
 - (d) the period of time for which the contract is entered into.

Art. 196. – registration.

The owner of the business let out for hire shall cause his name to be struck off and the lessee shall cause his name to be entered in the commercial register in accordance with the provisions of Title IV of this Book.

Art. 197. – Liability of the lessor.

Until the provisions of Art. 195 and 196 have been complied with and within one Month from such formalities having been completed, the owner shall be jointly and severally liable with the lessee for any debt incurred by the lessee in operating the business.

Art. 198. – Particulars on business papers.

The contract of lease may be cancelled where the lessee fails to add the word “lessee” on all his business papers.

Art. 199. – Duties of lessee.

The contract of lease may be cancelled where the lessee fails to pay the agreed rent on the agreed day or does not operate the business with the care due by a good trader and in accordance with the objects of such business.

Art. 200. Guarantee.

- (1) In addition to the rent, the contract of lease may provide that the lessee shall produce sureties to guarantee the fulfillment of his obligations towards the lessor or third parties.
- (2) Notwithstanding any provision to the contrary, the sureties shall be fully returned to the lessee upon the termination of the lease, where the lessee has fulfilled his obligations and no application is made by the creditors within the period of time specified in Art. 202 (3).

Art. 201. – Lessee personally to carry out his duties.

The lessee may not assign the contract of lease without the written consent of the lessor, as a contract of lease is made on the basis of the personal qualifications of the lessee.

Art. 202. – Termination of contract of lease to be published.

- (1) Where the contract of lease terminates, notices to this effect shall be published as provided in Art. 195(1).
- (2) Notices published under sub-art(1) shall show:
 - (a) the names and addresses of the lessor and lessee;
 - (b) the objects and address of the business;
 - (c) the date of termination of the contract;
 - (d) the amount of the guarantee under Art. 200, if any.
- (3) The owner of the business shall be liable to third parties where the sureties under Art. 200 are returned to the lessee earlier than one month from the publication of the last notice.

Art. 203. – Debts of lessee shall become due.

Any claim which a creditor may have against the lessee shall become due on the termination of the contract of lease.

Art. 204. – Prohibition of trade by the lessor.

- (1) During the currency of the contract of lease, the owner of the business may not compete with the lessee by creating or acquiring a business having similar objects.
- (2) Where the owner disregards the prohibition provided in sub-art (1), he shall be liable for damages and his business may be closed.

Art. 205. – Prohibition of trade by the lessee.

- (1) The parties may agree that, upon the termination of the contract of lease, the lessee shall not compete with the owner of the business by carrying on a trade similar to the trade carried on by the owner.
- (2) Any such prohibition shall not be effective for more than five years.

Chapter 6. Contribution of a Business to a business organization

Art.206. – Contribution to be published.

Where a business is contributed to a business organization being formed or in operation, notices to this effect shall be published as provided in Art. 195 (1).

Art. 207. Particulars to be published.

Notice published under Art. 206 shall show:

- (1) the name and address of the contributor;
- (2) the objects and address of the business contributed;
- (3) the firm-name, nature and head office of the business organization to which the contribution is made;
- (4) the date of the memorandum of association.

Art. 208. – Objection to contribution.

- (1) During the month within which the last publication under Art. 206 was made any creditor of the contributor may, even where his claim is not due, send a notice to the head office of the business organization to which the contribution was made to the effect that he objects to the contribution.
- (2) Where no publication was made or it is invalid, a creditor may make his objection at any time.

Art. 209. – Steps taken by partners.

- (1) Within one month from an application under Art.208 being made, any partner may move the court to dissolve the business organization under formation or to cancel the contribution made to the business organization in operation.
- (2) Where an application under sub-art. (1) is not made, the business organization shall be jointly and severally liable with the contributor where the contribution is cancelled.

Book II Business Organizations

Title I. General Provisions

Art. 210.- Business organization defined.

- (1) A business organization is any association arising out of a partnership agreement.
- (2) Any business organization other than a joint venture shall be deemed to be a legal person.

Art. 211. - Partnership agreement

A Partnership agreement is a contract whereby two or more persons who intend to join together and to cooperate undertake to bring together contributions for the purpose of carrying out activities of an economic nature and of participating in the profits and losses arising out thereof, if any.

Art. 212. - Different business organizations.

- (1) There are six forms of business organizations under this Code:
 - (a) ordinary partnership;
 - (b) joint venture;
 - (c) general partnership;
 - (d) limited partnership;
 - (e) share company;
 - (f) private limited company;
- (2) Special provisions applicable to cooperative organizations may be prescribed.

Art. 213.- Commercial business organizations.

- (1) Any business organization other than an ordinary partnership may be a commercial business organization within the meaning of Art. 10 (1) of this Code.
- (2) Where a commercial business organization is created in the form of an ordinary partnership or where the form of the organization is not specified, the commercial business organization shall be deemed to be a general partnership.

Art. 214.- Formation to be in writing.

The formation of any business organization other than a joint venture shall be of no effect unless it is made in writing.

Art 215.- Void provisions.

- (1) Any provision giving all the profits to one partner shall be of no effect.
- (2) Any provision relieving one or more of the partners of his share in the losses shall be of no effect.

Art. 216.- Agents.

- (1) A business organization shall acquire rights and incur liabilities by its agents in accordance with the provisions relating to agency.

- (2) A business organization shall act in legal proceedings by its agents.
- (3) Any summons to be served on a business organization shall be served at the head-office.

Art. 217.- Dissolution under the law or by agreement.

Any business organization shall be dissolved:

- (a) where its purpose has been achieved or cannot be achieved;
- (b) where the partners agree to dissolution prior to the expiry of the term for which the business organization was formed;
- (c) where the term for which the business organization was formed expires, unless the partners agree to continue the business organization.

Art. 218.- Dissolution by the court.

- (1) Notwithstanding any provision to the contrary, a business organization may be dissolved for good cause by the court on the application of a partner.
- (2) There shall be good cause in particular where a partner seriously fails in his duties or becomes through infirmity or permanent illness or for any other reason incapable of carrying out his duties or where serious disagreement exists between the partners.

Art. 219.- Publicity.

- (1) Any business organization other than a joint venture shall be made known to third parties.
- (2) Such publicity shall be made:
 - (a) by a notice published in a newspaper empowered to publish legal notices; and
 - (b) by the deposit of two copies of the documents provided in Art.221with the official in charge of the commercial register; and
 - (c) by registration in the commercial register.

Art. 220.- Publications of notice.

A notice under Art. 219 (2) (a) shall be published in a newspaper empowered to publish legal notices circulating at the place where the head-office is situated.

Art. 221.- Deposit of documents.

- (1) A deposit under Art.219 (2) (b) shall be made with the official in charge of the commercial register at the place where the head-office is situated.
- (2) Two copies of the memorandum and all complementary documents, if any, shall be deposited.
- (3) The official shall keep one copy of the documents deposited and shall send the second copy to the Department of the central commercial register provided in Art. 90 of this Code.
- (4) Any person may, on payment of the prescribed fee, require the official in charge of a local or of the central commercial register to deliver to him a copy of all entries relating to a business organization.

Art. 222. - Registration.

- (1) The application for registration in the commercial register shall be deposited with the documents specified in Art. 221.
- (2) The provisions of Art. 95-99 of this Code shall apply. The official in charge of the register shall examine whether the legal conditions relating to the formation of the business organization have been fulfilled.

Art. 223. - Effect of publicity.

A business organization shall have no legal existence nor personality until all the provisions of this Code relating to publicity have been complied with and registration is published in accordance with Art. 87 of this Code.

Art. 224. Modifications.

- (1) Any modification in the memorandum of association shall be deposited.
- (2) Any modification of a fact published and registered, shall be published and the entry shall be corrected in accordance with Art. 108 of this Code.

Art. 225. Branches.

- (1) Where a business organization comprises branches or agencies situated in places other than the place where the head-office is situated, the provisions of this Code relating to publicity shall be complied with in each place where a branch or agency is situated.
- (2) Registration in the commercial register shall be made by way of summary registration and shall refer to the principal registration.
- (3) A summary registration shall contain the same particulars as a principal registration and shall show the address of the branch and the name of the manager of the branch.

Art. 226. Cancellation of registration.

Where a business organization is dissolved and wound-up, the liquidators shall apply for the registration of the business organization in the commercial register to be cancelled. The business organization shall have no legal personality after cancellation has been published in the Official Commercial Gazette.

Title II. Ordinary partnership

Chapter 1. General Provisions

Art.227. – Definition

A partnership is an ordinary partnership within the meaning of this Title where it does not have characteristics which make it a business organization covered by another Title of this Code.

Art. 228. – Joint ownership.

- (1) The provisions of this Title shall not apply to joint ownership, where property is held by several persons for reasons outside their control.
- (2) Joint owners may agree to create a partnership for the management of the property jointly owned.

Chapter 2. Contributions

Art.229. – Nature and amount.

- (1) Each partner shall make a contribution, which may be in money, debts other property or skill.
- (2) Property or the use of property may form a contribution.
- (3) Unless otherwise agreed, contributions shall be equal and of the nature and extent required for carrying out the purposes of the partnership.

Art. 230. Guarantee.

- (1) Where property is contributed, the contributing partner shall carry out the duties of a seller.
- (2) Where the use of property is contributed, the contributing partner shall carry out the duties of a lessor.
- (3) Where a partner contributes a debt, he guarantees only the existence of the debt and not the solvency of the debtor, unless otherwise agreed.

Art, 231. Risks.

- (1) Where property is contributed, the risks shall pass to the partnership in accordance with the provisions relating to sale.
- (2) Where the use of property is contributed, the risks shall remain with the contributing partner.

Art. 232. – Interest.

Where money is contributed, the contributing partner shall be liable to the partnership for interest thereon where payment is made after the due date.

Chapter 3. Management of the Partnership

Art. 233. Modification of the agreement.

- (1) The partnership agreement may be varied only with the consent of all the partners.
- (2) The partnership agreement may contain a clause providing for the variation of a particular clause with the consent of the majority of the partners.

Art. 234. – Majority.

- (1) Where the law or the partnership agreement provides that a decision may be taken by a majority of the partners, the majority means a majority of the individual partners.

- (2) The partnership agreement may provide that the majority shall be calculated on a majority holding in the partnership.

Art. 235- Special acts.

The consent of all the partners shall be required for the appointment of an attorney or the carrying out of any act which goes beyond normal partnership practice.

Art. 236. – Appointment of managers.

All the partners shall have a right to act as managers, unless the partnership agreement or a decision of the partnership has appointed one or more of the partners or a third party to be the manager.

Art. 237. More than one manager.

- (1) Where several persons have been appointed managers and their duties have not been specified or where it has not been specified that they act jointly, they may each carry out acts of management.
- (2) Each manager may object to dealings contemplated by other managers.
- (3) The objection shall be decided on by a majority vote of all the partners.

Art. 238. Joint management.

- (1) Where joint managers have been appointed, decisions shall be taken jointly.
- (2) Where an act of management is of an urgent nature and the other joint managers cannot be consulted, one joint manager may act alone.

Art. 239. – Manager appointed under partnership agreement.

A partner appointed as manager under the partnership agreement may carry out all acts of management in disagreement with the other partners in the absence of fraud.

Art. 240. – Revocation of the statutory manager.

- (1) The appointment of a manager appointed under Art. 239 may not be revoked or his powers restricted by the other partners, save for good cause.
- (2) Where there is good cause, the appointment may be revoked notwithstanding any provision to the contrary in the partnership agreement.
- (3) Gross breach of duty or unfitness to exercise powers of management shall constitute good cause under this Article.

Art. 241. – Rights and duties of managers.

- (1) The provisions relating to agency shall apply to the rights and duties of managers.
- (2) Managers shall be jointly and severally liable to the partners for failure to carry out their duties according to law or under the partnership agreement.
- (3) Where liability has been incurred and such liability is not due to the fault of a manager, the manager shall have a right of action against the person through whose fault the liability was occasioned.

Art. 242. – Unauthorized agency.

Where a person holds himself out to be a manager of a partnership or where a manager exceeds his powers, the rules relating to unauthorized agency shall apply.

Chapter 4. Rights and Duties of Partners

Art. 243. – Duties of the partners.

- (1) Every partner shall, in conducting partnership business, use the diligence and skill which he used in conducting his private affairs.
- (2) Every partner shall be liable to the other partners in respect of any damage which he has caused by his default. Any benefit which he has procured for the partnership in handling other business may not be set off against such damage.

Art. 244. – Duty to obtain.

No partner may handle, either for his own benefit or for a third person, any business which would be contrary or prejudicial to the partnership.

Art. 245. – Use of partnership property.

- (1) Property, debts and rights brought into or acquired by the partnership shall belong to the partners in common under the terms of the partnership agreement.

- (2) Every partner may use partnership property in accordance with usual partnership practice.
- (3) No partner may use partnership property against the interests of the partnership or so as to prevent his co-partners from using such property in accordance with their rights.

Art. 246. – Necessary expenses.

Every partner may require his partners to share such expenses as may be necessary to preserve the partnership property.

Art. 247. – Advance or Loans.

- (1) A partner who makes an advance of funds to the partnership shall be entitled to interest.
- (2) A partner who borrows funds from the partnership shall pay interest.
- (3) He may, where appropriate, be liable to pay damages in addition to interest.

Art. 248. – Right to check books and papers.

Every partner shall, notwithstanding any provision to the contrary in the partnership agreement, have the right to check the state of the firm's business, to consult the books and papers of the partnership and to draw up a statement of the financial position.

Art. 249. – Reports.

- (1) Where a partnership continues for more than one year, the partners may require a report on the management to be prepared at the end of each year.
- (2) Any provision in a partnership agreement for reports to be submitted at intervals exceeding twelve months shall be of no effect.

Art. 250. – Association with third parties.

- (1) No partner may introduce a third party as a partner without the consent of the other partners.
- (2) Where a partner gives an interest in his partnership share to a third party or assigns his share to him, the third party does not become a partner and has no right under Art. 248.

Art. 251. – Profit sharing.

- (1) The partners shall share all profits which, by their nature, are partnership profits.
- (2) Unless otherwise agreed, every partner may require that the profits be distributed immediately after approval of the management report.

Art. 252. – Manner of distributing profits and losses.

- (1) Unless otherwise agreed, every partner shall have an equal share in the profits and losses, irrespective of his contribution.
- (2) If the agreement specifies either the share in the profits or the share in the losses, this provision shall apply equally to the share of profits and losses.

Art. 253. – Distribution by a third party

- (1) Where the partners agree to refer the distribution of profits to one of them or to a third party, such distribution may only be challenged as being inequitable.
- (2) No claim shall be entertained where the partner who considers himself to be aggrieved by the distribution has not challenged such distribution within three months of his becoming aware thereof, or where such partner has initiated the execution of the distribution.

Art. 254. – Contribution of skill.

Notwithstanding the provisions of Art. 215, provisions may be made to the effect that a partner who contributes skill only shall share in the profits and not in the losses.

Chapter 5. Relations of the partnership with third parties.

Art. 255. – Creditors of the partnership.

- (1) The creditors of the partnership may claim against partnership assets.
- (2) They may also claim against the personal property of the partners who shall, unless otherwise agreed, be jointly and severally liable to them for the obligations of the partnership. A partner who is sued on his personal property may require, as though he were a guarantor, that the creditor first detain the property of the partnership.

- (3) Any provision relieving the partners or some of them of joint and several liability may not be set up against third parties unless it is shown that such parties were aware of such provision. Notwithstanding any provision to the contrary, the partners who acted in the name of the partnership shall always be jointly and severally liable.

Art. 256. – Personal creditors.

- (1) Personal creditors of the partners may attach the share in the profits due to their debtor.
- (2) They may take all steps necessary to protect the share due to their debtor upon the winding-up of the partnership.
- (3) If the personal property of their debtor is not sufficient to indemnify them, they may require that, within three months from the date of their demand, the debtor's share in the partnership be disposed of.

Art. 257. Set-off.

A person who is a debtor of the partnership may not set off a debt against one of the partners.

Chapter 6. Dissolution and winding-up of partnership

Art. 258. – Partnership for an undefined period.

- (1) Where a partnership is entered into for an undefined period or for the life of one of the partners, or where the power to dissolve on notice is provided in the agreement, every partner may bring about its dissolution by giving six months notice.
- (2) Notice to dissolve shall be given in good faith and not be unseasonable.
- (3) Notice to dissolve shall be deemed to be unseasonable where the situation is not determined and the dissolution of the partnership should be postponed.

Art. 259. – Withdrawal of a partner.

Where a partner has given notice to dissolve under Art. 258, his partners may prevent dissolution by paying out his share, and the partnership shall continue as between the other partners.

Art. 260. – death, incapacity or bankruptcy.

- (1) A partnership shall be dissolved where one of the partners dies or is no longer able, under the law, to be a partner.
- (2) A partnership shall be dissolved where a partner is declared bankrupt or where one of his personal creditors causes his share to be disposed of under Art. 256 (3).
- (3) The partnership may by agreement continue as between the remaining partners, or with the heirs or representatives of the deceased, incapable or bankrupt partner.

Art. 261. – Expulsion of a partner.

The court may order the expulsion of a partner for good cause and the partnership shall continue as between the remaining partners.

Art. 262. – Paying out partner leaving.

- (1) Where a partner leaves a partnership and the partnership continues as between the other partners, the rights of the partner who has left shall be settled in cash, on the basis of the value of his rights on the day when he leaves the partnership.
- (2) A partner who leaves the partnership shall share in the profits and losses arising from dealings completed or outstanding on the day when he leaves.
- (3) He shall be liable to third parties for all dealings made prior to his leaving.

Art. 263. – Powers of managers after dissolution.

- (1) The managers shall retain on dissolution their powers until they have made arrangements for the dissolution.
- (2) During dissolution, they may only exercise such powers as are necessary to complete the dissolution.

Art. 264. – Appointment of liquidators.

- (1) After dissolution, the winding-up shall be carried out by one or more liquidators, appointed under the partnership agreement or by all the partners.
- (2) Failing the agreement of the partners, the court shall appoint liquidators.

Art. 265. – Duties and responsibilities of liquidators.

- (1) Unless otherwise provided in the partnership agreement or by law, the liquidators shall have the same duties and responsibilities as managers.
- (2) The appointment of liquidators may be revoked by the decision of all the partners, or by the court at the request of one partner.

Art. 266. – Inventory.

- (1) The managers shall hand over to the liquidators the property of, and documents relating to, the partnership and render and account of their management up to the date of handing over.
- (2) The liquidators shall draw up an inventory of the assets and liabilities of the partnership.

Art. 267. – Powers of the liquidators.

- (1) The liquidators shall take all steps necessary to complete the winding-up of the partnership.
- (2) The liquidators may sell the property of the partnership, represent the partnership in legal proceedings and may compromise or refer to arbitration any matters in issue.
- (3) The liquidators may not undertake new business in the name of partnership but may complete business already started.

Art. 268. – Settlement with creditors.

- (1) The liquidators shall pay the creditors of the partnership, where necessary calling upon the partners for contributions.
- (2) They shall settle with the partners debts which they hold against the partnership and restore to partners property whose use only was contributed to the partnership.

Art. 269. – Restitution of contributions.

- (1) A partner who has contributed property may not claim it back in kind.
- (2) He shall have a claim to the value of his contribution as accepted in the partnership's accounts.
- (3) If the value has not been so fixed, restitution shall be made on the basis of the actual value at the time the contribution was made.

Art. 270. – Distribution of profits and losses.

- (1) Where there is a surplus after all claims have been met and contributions returned, the surplus shall be distributed among the partners.
- (2) Where the assets are insufficient to repay contributions after payment of debts, expenses and advances, the loss shall be distributed among the partners.
- (3) The distribution of profits and losses is to be made among the partners in equal shares, where no other proportion has been specified in the partnership agreement.

Title III. Joint Venture

Art. 271. Definition.

A joint venture is an agreement between partners on terms mutually agreed and is subject to the general principles of law relating to partnerships.

Art. 272. – Absence of divulgation

- (1) A joint venture is not made known to third parties.
- (2) A joint venture agreement need not be in writing and is not subject to registration and other forms of publication required in respect of other business organizations.
- (3) A joint venture does not have legal personality.
- (4) Where a joint venture is made known to third parties, it shall be deemed, insofar as such parties are concerned, to be an actual partnership.

Art. 273. – Contributions.

Unless otherwise provided, every partner owns his contribution.

Art. 274. – Shares.

- (1) A joint venture may not issue negotiable securities.
- (2) Unless otherwise provided, shares may be assigned only with the agreement of all the partners.

Art. 275. – Management.

- (1) A joint venture shall be managed by one or more managers, who need not be partners.

- (2) Where no manager is appointed, all the partners shall have the status of managers.
- (3) The appointment of a partner as manager may not be revoked without good cause.
- (4) The powers of the manager shall be specified in the memorandum of association. The provisions relating to these powers may not be set up against third parties.

Art. 276. – Partners who are not managers.

- (1) The manager is known to third parties. He shall be fully responsible for the liabilities of the joint venture.
- (2) Partners who are not managers shall meet liabilities only to the extent fixed in the memorandum of association.
- (3) The partners may supervise the work of the manager.
- (4) In a commercial joint venture, partners who are not managers and who take part in the management shall be jointly and severally liable as between themselves and with the manager.
- (5) Every partner shall deal with third parties in his own name.

Art. 277. – Duty to account.

A manager shall account to the partners. Any provision relieving him from this duty shall be of no effect.

Art. 278. – Grounds for dissolution.

- (1) A joint venture may be dissolved on one of the following grounds:
 - (a) the expiry of the term fixed by the memorandum of association, unless there is provision for its extension;
 - (b) the completion of the venture;
 - (c) failure of the purpose or impossibility of performance;
 - (d) a decision of all the partners for dissolution taken at any time;
 - (e) a request for dissolution by one partner, where no fixed term has been specified;
 - (f) dissolution by the court for good cause at the request of one partner;
 - (g) the acquisition by one partner of all the shares;
 - (h) death, bankruptcy or incapacity of partner, unless otherwise lawfully agreed;
 - (i) a decision of the manager, if such power is conferred upon him in the memorandum of association.
- (2) The provisions of this Article shall apply notwithstanding any provision to the contrary in the memorandum of association.

Art. 279. Expulsion of a partner.

- (1) Where dissolution is requested for reasons attributable to one partner, the court may, on the application of the other partners, order the expulsion of the partner at fault in lieu of dissolution.
- (2) The memorandum of association may provide for expulsion.
- (3) A partner who is expelled shall be paid what is due to him on the day of expulsion.

Title IV. General partnership.

Art. 280. – Nature of general partnership.

- (1) A general partnership consists of partners who are personally, jointly, severally and fully liable as between themselves and to the partnership for the partnership firm's undertakings. Any provision to the contrary in the partnership agreement shall be of no effect with regard to third parties.
- (2) Where the partnership is a commercial partnership, each partner shall have the status of a trader.
- (3) The partnership shall have a firm-name.
- (4) The provisions of Art. 282 shall apply where partnership shares are assigned or transferred.

Art. 281. – Firm-name.

- (1) The firm-name shall consist of the names of at least two of the partners followed by the words "General partnership", and may not contain names of persons who are not partners.
- (2) Where a partner who is mentioned in the firm-name ceases to be a partner, the firm-name shall be changed accordingly.
- (3) Where a person not being a partner permits his name to be used in the firm-name, he shall be liable as a full partner.

Art. 282. – Rules concerning shares.

- (1) A share may be assigned or transferred where all the partners agree.
- (2) The memorandum of association may provide that approval shall be given by a majority of the partners.
- (3) Unless the firm's creditors agree, a partner who has assigned his share shall be liable for the firm's debts up to the date of assignment.

Art. 283. Granting of beneficial interest in share to third party.

- (1) A partner may without approval grant to a third party the beneficial rights and interests in his share.
- (2) Such grant shall not bind the partnership.
- (3) The third party has none of the rights of a partner.

Art. 284. – Memorandum of association.

The memorandum of association shall be drawn up by the partners. It shall contain:

- (1) the name, address and nationality of each partner;
- (2) the firm-name;
- (3) the head office and branches, if any;
- (4) the business purposes of the firm;
- (5) the contributions of each partner, their value and the method of valuation;
- (6) the services required from persons contributing skill;
- (7) the share of each partner in the profits and in the losses and the agreed procedure for allocation;
- (8) the managers and agents of the firm;
- (9) the period of time for which the partnership has been established.

Art. 285. – Publication of notice and registration.

- (1) A notice published under Art. 219 (2) (a) and 220 shall contain the particulars specified in Art. 284 (1) - (6), (8) and (9).
- (2) The same particulars shall appear on the application for registration in the commercial register. The application shall be signed by the manager or a person acting on his behalf.

Art. 286. – Undertakings of partnership.

The partnership may acquire rights and liabilities and sue or be sued under its firm-name.

Art. 287. – Administration of partnership.

- (1) The partnership shall be administered by one or more managers who may or may not be partners.
- (2) Where no manager is appointed, each partner shall be a manager.

Art. 288. – More than one manager.

- (1) Where all the partners are managers, or where several persons have been appointed managers and their duties have not been specified, or it has not been specified that they act jointly, they may each carry out acts of management.
- (2) Where the memorandum provides for the separation of duties of the managers, such separation shall only affect third parties where it has been entered in the commercial register or if it is shown that the third parties were aware of such separation.
- (3) Each manager may object to dealings contemplated by other managers. Such objection shall be decided on by a majority vote of all the partners.

Art. 289. – Scope of duties of managers.

- (1) Managers may, in accordance with the law, act for and bind their firm.
- (2) Any provisions restricting the extent of these powers shall only affect third parties where such provisions have been entered in the commercial register or if it is shown that the third parties were aware of such provisions.

Art. 290. – Manager's exercise of powers.

- (1) Where a manager acts in the firm-name for his own profit, the partnership shall be liable to third parties in good faith. Where it is shown by the firm that the third party was aware of the improper use of the firm-name by the manager, the manager alone shall be liable.
- (2) Where a manager deals with a third party without using the firm-name, he shall be deemed to have acted on his own behalf. The firm shall be liable where the third party can show that the manager was transacting business for the firm.
- (3) A manager who acts outside the scope of his employment shall alone be liable.

Art. 291. – Dealings with the partnership.

Except with the special approval of the partners, a manager may not have dealings with the firm on his own behalf.

Art. 292. – restrictions on private trade.

(1) Unless otherwise agreed, no partner may carry out transactions on behalf of a third party or on his own behalf which relate to business carried on by his firm, nor may he be a partner with joint and several liability in the management of a firm carrying on similar business.

(2) An unlimited agreement under sub-article (1) shall be valid for one year only.

Art. 293. – Dismissal of manager.

(1) A manager appointed in the memorandum of association or following an amendment of the memorandum may only be dismissed by the court for good cause.

(2) A manager not appointed as provided in sub-art. (1) may be freely dismissed by the partners.

Art. 294. – Liability of partners.

No action may be taken against individual partners for debts due by the partnership until after payment has been demanded from the partnership: provided that an action for the repayment of fictitious dividends may be brought directly against individual partners.

Art. 295. – Other provisions applicable.

The provisions of Art. 227-232, 233 (1), 235, 248,249,258,260,267-270 of this Code shall apply to general partnerships.

Title V. Limited Partnership

Art. 296. – Nature of limited partnership.

A limited partnership comprises two types of partners: general partners in full liable personally, jointly and severally and limited partners who are only liable to the extent of their contributions.

Art. 297. – Firm-name.

(1) A limited partnership shall have a firm-name.

(2) This name shall consist of the names of the general partners, with the words “Limited Partnership” added.

(3) Where a limited partner allows his name to be included in the firm-name, he shall be liable to third parties in good faith as though he were a general partner.

Art. 298. Memorandum of association.

The memorandum of association shall contain the particulars required by Art. 284 and particulars showing who are general or limited partners.

Art. 299.- Publication of notice and registration.

(1) A notice published under Art. 219 (2) (a) and 220 shall contain the particulars specified in Art. 284 (1) - (6), (8) and (9) and 298.

(2) The same particulars shall appear on the application for registration in the commercial register. The application shall be signed by the manager or a person acting on his behalf.

Art. 300. – General partners.

The general partners in a limited partnership shall have the same rights and obligations as partners in a general partnership and only they may be appointed managers.

Art. 301. – Limited partners.

(1) Action may be taken by a firm’s creditor to compel limited partners to subscribe their contribution.

(2) Limited partners need not repay dividends received by them in good faith after approval of the firm’s balance sheet.

(3) Limited partners may not act as managers even under a power of attorney. A limited partner who contravenes this rule shall be fully jointly and severally liable for any liabilities arising out of his

activities. Where appropriate, he may be declared jointly and severally liable in respect of some or all the firm's undertakings.

- (4) A limited partner shall not be deemed to act as manager when he:
 - (a) consult with other partners;
 - (b) deals with the firm;
 - (c) investigates managerial acts;
 - (d) gives advice and counsel to the firm;
 - (e) gives permission to do acts outside the manager's powers.
- (5) Limited partners may be employed in the firm and bind themselves by contracts of employment.
- (6) Limited partners may inspect the books of the firm and may call for the accounts.
- (7) Unless otherwise agreed, nothing affecting a limited partner shall be a ground for dissolution.

Art. 302. – Assignment of shares.

Shares may not be assigned except with the agreement of the managers and the majority of the limited partners.

Art. 303. – Other provisions applicable.

Without prejudice to the provisions of the preceding Articles, the provisions of art. 227-232,233(1), 235,248,249,258,260,262-270,282,283,286-291,293 and 294 shall apply to limited partnerships.