

**THE COMMERCIAL LAW
NO. 12 FOR THE YEAR 1966**

INDEX

Book One Commerce in General, Merchants and Commercial Establishments	5
Part I Miscellaneous Provisions	5
Part II Commercial Activities	6
Part III Merchants	7
Chapter 1 Merchants and Their Capacity	7
Chapter 2 Commercial Books	9
Chapter 3 Commercial Registry	10
Miscellaneous Provisions	11
Part IV Business Premises and Business Name	14
Chapter 1 Business Premises	14
Chapter 2 Business Name	14
Book Two Commercial Contracts	18
Part I Miscellaneous Provisions	18
Part II Commercial Pledge and Mortgage	20
Part III Contract of Carriage	22
Part IV Commercial Agency, Commission Agency and Brokerage	24
Chapter 1 Commercial Agency	24
Chapter 2 Commission Agency	26
Chapter 3 Brokerage	28
Part V Current Account	30
Book Three Commercial Papers	36
Part I Bills of Exchange	37
Chapter 1 Formation of the Bill of Exchange	37
Chapter 2 Consideration for Payment	39
Chapter 3 Negotiation	42
Chapter 4 Stand-by Guarantee (Aval)	47
Chapter 5 Maturity	48
Chapter 6 Demand and Recourse for Non-Payment or Non-Acceptance	54
(1) Recourse of the Holder	54
(2) Protest Conditions and Time Limitations	55
Business Laws of Jordan Comm. Law No. 12 (1966) – 1 (February 1998)	
Chapter 7 Intervention	62
(1) Miscellaneous Provisions	62
(2) Acceptance by Way of Intervention	63
Chapter 8 Multiple Copies and Duplicates	65
(1) Multiple Copies	65
(2) Duplicates	66
Chapter 9 Alteration	67
Chapter 10 Time Limitations	67

Part II Promissory Note	69
Part III Cheques	71
Chapter 1 Drawing up a Cheque	71
Chapter 2 Negotiation of Cheques	74
Chapter 3 Stand-by Guarantee (Aval)	76
Chapter 4 Presentation and Discharge of Cheques	76
Chapter 5 Crossed Cheques and Cheques Credited to Account	79
Chapter 6 Recourse for Non-Payment	81
Chapter 7 Protest	81
Chapter 8 Multiple Copies	83
Chapter 9 Alteration	84
Chapter 10 Time Limitations	84
Chapter 11 Miscellaneous Provisions	85
Part IV Other Instruments Transferable by Endorsement	87
Part V Current Assets	88
Book Four Composition and Bankruptcy	90
Part I Composition	90
Part II Bankruptcy	100
Chapter 1 Declaration of Bankruptcy	100
Chapter 2 Direct Effects of the Judgment Declaring Bankruptcy	103
Chapter 3 Bankruptcy Procedures	107
(1) Bankruptcy Committee	107
(2) Management of the Bankrupt's Assets	109
(3) Proving Debts Due from the Bankrupt	116
Chapter 4 Special Bankruptcy Cases	119
(1) Conciliation	119
(2) Assembly of Creditors	127
(3) Conciliation by Abandonment of Assets	131
(4) Closure of Bankruptcy for Insufficiency of Assets	132
2 – Comm. Law No. 12 (1966) Business Laws of Jordan (February 1998)	
Chapter 5 Special Rights that may be Alleged against the Bankruptcy	132
(1) Creditors' Debts due from Several Debtors	132
(2) Recovery and Abstention from Delivery	133
(3) Creditors whose Debts are Secured by a Pledge or a Priority Right on Movable Property	135
(4) Creditors whose Debts are Secured by a Mortgage, Security or Priority over Real Estate	136
(5) The Rights of the Spouse	138
Part III Simple Court Procedures	139
Part IV Negligent or Fraudulent Bankruptcy	140
Part V Rehabilitation	142

COMMERCIAL LAW

NO. 12 FOR THE YEAR 1966

**BOOK ONE
COMMERCE IN GENERAL, MERCHANTS
AND COMMERCIAL ESTABLISHMENTS**

**PART I
MISCELLANEOUS PROVISIONS**

Article 1

1. This Law shall be cited as 'The Commercial Law' and shall enter into force within three months from the date of its publication in the Official Gazette.
2. This Law comprises, on the one hand, the provisions pertaining to commercial activities exercised by any person with any legal capacity and, on the other, the provisions that apply to persons who are engaged in commerce as a profession.

Article 2

1. Where there exists no provision in this Law the Civil Code provisions shall apply to commercial matters.
2. The application of such provisions shall be only to the extent that it does not conflict with the principles pertaining to commercial law.

Article 3

Where there is no statutory provision that could be applied the judge may resort to precedent, jurisprudence, equity and commercial custom.

Article 4

1. When determining a commercial activity, the judge shall apply the prevailing custom unless it is apparent that the parties intended to contravene the customary rules or that the custom is contrary to the imperative rules of law.
2. Special and local custom shall prevail over general custom.

Article 5

Commercial financial markets, exhibitions, markets, public stores, warehouses and all other premises designated for trade shall be governed, to the extent necessary, by special rules and Regulations.

**PART II
COMMERCIAL ACTIVITIES**

Article 6

1. The following activities shall be deemed – by virtue of their nature – to be commercial land activities:

- (a) Purchase of goods and other tangible movables for the purpose of sale at a profit whether these goods have been sold in the same condition, have been adopted or processed.
- (b) Purchase of such movables for the purpose of their hire, lease or sublease.
- (c) Sale, hire or sublease of purchased or hired items as indicated above.
- (d) Exchange, monetary barter and public and private banking business.
- (e) Supply of goods.
- (f) Industrial activities even where accompanied by agricultural investment unless the production of goods is by simple handcraft.
- (g) Air, sea and land transportation.
- (h) Brokers and intermediaries.
- (i) All types of insurance.
- (j) Public exhibitions.
- (k) Publishing undertakings.
- (l) Public warehousing.
- (m) Mines and petroleum.
- (n) Real-estate business.
- (o) Purchase of real estate for the purpose of sale at a profit.
- (p) Service agencies.

2. Activities that are similar to the above-mentioned activities in their nature or objectives are also deemed to be commercial land activities.

Article 7

The following activities are deemed to be commercial sea activities:

- (a) Every project to construct or purchase vessels ready to sail internally or externally for the purpose of commercial investment or sale, and every sale of vessels purchased in this manner.
- (b) All maritime voyages and every operation pertaining thereto, such as the sale or purchase of materials in the form of ropes, masts and supplies.
- (c) Hire of vessels or carriage contracts and maritime loans.
- (d) All contracts related to maritime commerce such as contracts pertaining to crews' wages and salaries for their work on commercial vessels.

Article 8

1. All activities that are carried out by a merchant for commercial purposes are deemed to be commercial from a legal point of view.

2. Where in doubt, activities carried out by a merchant are deemed to be commercial unless proved otherwise.

**PART III
MERCHANTS**

**CHAPTER 1
MERCHANTS AND THEIR CAPACITY**

Article 9

1. Merchants are:

(a) Persons whose profession is to carry out commercial activities.

(b) Companies whose objectives are commercial.

2. As for companies whose objectives are civil but have taken the form of ordinary 1 and limited liability companies they shall be governed by all the obligations of merchants described in Chapters two and three of this Part.

Article 10

Individuals who carry out a simple trade or simple handicraft with negligible general costs and in which they depend on their physical abilities to make a living rather than cash capital such as peddlers, day-to-day sellers or those who perform some land or sea transportation shall not be subjected to the duties pertaining to the keeping of commercial books nor provisions pertaining to adjudication of bankruptcy and composition that are provided for in this Law.

Article 11

Every person who advertises in newspapers or circulars or by any other means the opening of his premises for conducting business is deemed to be a merchant even if trade is not his normal profession.

Article 12

A person who conducts trade casually shall not be deemed to be a merchant; however, the transaction itself shall be governed by the provisions of the Commercial Law.

Article 13

The Government and its Departments, municipalities, committees, clubs and associations which have acquired a legal personality shall not be deemed merchants even if they carry on commercial business; however, the transactions themselves shall be governed by the provisions of the Commercial Law.

Article 14

Where business is carried on by a public functionary or judges who are legally prohibited there from they shall be encompassed by the statutory provisions pertaining to bankruptcy and composition.

Article 15

Commercial capacity shall be governed by the provisions of the Civil Code.

CHAPTER 2 COMMERCIAL BOOKS

Article 16

Every merchant shall keep at least the following three books:

-Daily book: in which he must register day-by-day all transactions relevant in any way to his business and register in bulk month-by-month his personal and family expenditures.

(b) Copies of telegrams book: in which he must copy all incoming and outgoing letters and telegrams.

(c) Inventory and balance sheet: these must be prepared at least once every year.

Article 17

The compulsory books must be organized in chronological order and must not contain any blank spaces, any writing in the margins, any deletions or writing between the lines.

Article 18

The above-mentioned books must be numbered and signed by the Controller of the Commercial Registry.

Article 19

The merchant shall keep the books for ten years after the closure thereof.

Article 20

The books shall be delivered, in whole or copies thereof, to the court in cases of inheritance, distribution of assets of joint properties, company composition and bankruptcy and in the cases provided for in the Law of Civil Procedures.

Article 21

1. Except for the above-mentioned cases 2 it is always possible to submit the commercial books or request their submission in order to deduce there from that which is related to the dispute.
2. A judge may, ex -parte, order the submission of such books for the same purpose.

CHAPTER 3 COMMERCIAL REGISTRY

Article 22

1. The Commercial Registry enables the public to obtain sufficient information on all merchants and commercial enterprises in the Kingdom.
2. It is also a means of publication for the purpose of rendering the information existing therein effective against third parties where a statutory provision to that effect exists.
3. Merchants and commercial enterprises are granted a period within which they have to effect registration in the Commercial Registry in accordance with this Law and the Regulations issued hereunder.

Article 23

The Commercial Registry and the procedure of registration shall be organized in accordance with the regulations issued by virtue of this Law.

Article 24

Every merchant or commercial corporation that has a head office outside the Kingdom and a branch or agency in the Kingdom must be registered in the Commercial Registry within one month after the opening of the branch or agency provided that the agent or director of the branch or agency is Jordanian, taking into account the provisions of the Companies Law regarding the registration of foreign companies.

Article 25

Companies shall be governed by the Law that regulates their incorporation.

Miscellaneous Provisions

Article 26

1. Upon the death of a merchant or upon ceasing to engage in commercial activities and where he has not disposed of his business premises, his registration in the Commercial Registry shall be cancelled.
2. This cancellation shall be effected immediately by virtue of a decision by the Controller of the Commercial Registry.

Article 27

1. Where no time limit has been described in the preceding provisions for an entry registered in the Commercial Registry, an application for its registration shall be submitted within one month from the date of the document or business that requires registration.
2. As for decisions and judgments, the time limit shall commence from its date of issuance.

Article 28

All entries and registrations in the Commercial Registry shall be effected after the submission of a declaration in accordance with the form provided for in the applicable regulations.

Article 29

The Controller of the Commercial Registry may not decline to effect any entries except where the submitted declarations do not contain all the information required.

Article 30

1. Every person may request a copy of entries in the Registry in return for a fee to be determined in the applicable regulations.
2. The Controller of the Registry may, if necessary, issue a certificate that no entry exists.
3. The Controller shall certify the true copy of the original.

Article 31

The following may not appear in the copies delivered by the Controller of the Registry:

- (a) The decisions adjudicating bankruptcy if the bankruptcy order has been lifted.
- (b) Court decisions concerning attachment or appointment of a judicial receiver where a judgment to revoke these decisions was rendered.

Article 32

Every merchant or enterprise obliged to register must state the place and number of registration in their correspondence, invoices, receipt vouchers, brochures and all printed material issued thereby.

Article 33

1. Every merchant, agent of an enterprise or its manager who does not apply within the time limits provided for to effect the registration of the compulsory entries or does not print what is required to be printed on his correspondence, invoices and other printed materials issued by his enterprise shall be liable to a fine not exceeding twenty Dinars.

2. The decision to fine is vested in the Magistrate Court upon the request of the Controller of the Registry in accordance with the Law.
3. The court shall order the effecting of the entry within fifteen days, and if the defendant does not effect the registration within that period a fine of oneDinar per day shall be imposed for every day in which the non-compliance with the order continues.

Article 34

1. Every person submitting advertent misrepresentation for the registration or entry thereof into the Registry shall be punished by the relevant court with a fine of not less than ten Dinars and not exceeding one hundred Dinars and imprisonment for a period of not less than one month and not exceeding six months or either penalty.
2. These penalties shall not prevent the imposition of other penalties that could be inflicted in accordance with other special laws and the Penal Code in relation to crimes ensuing from such misrepresentation.
3. The Criminal Court that issues the verdict may order the correction of the above-mentioned entry in the manner it decides.

Article 35

1. Entries registered, be they compulsory or voluntary entries, are effective as against third parties from the date of registration.
2. The imposition of the above-mentioned penalties shall not preclude the effectiveness of the preceding paragraph.

Article 36

Every person, natural or legal, enjoys, during litigation or during the follow-up of any commercial rights before any governmental department or corporation, the legal capacity that he/she/it acquires by virtue of the Civil Code or the Companies Law in force.

Article 37

The Court of First Instance is the court empowered to adjudicate any dispute arising between the Controller of the Registry and relevant parties in relation to registration and entry in the Registry upon application submitted thereto. The Court will deliver its decision after hearing both parties; this decision shall be contestable in accordance with the applicable legal procedures.

PART I V BUSINESS PREMISES AND BUSINESS NAME

CHAPTER 1 BUSINESS PREMISES

Article 38

1. Business premises legally consist of the merchant's premises and the rights pertaining thereto.
2. The business premises encompass a number of tangible and intangible assets that are different in each particular case, and are in particular the clients, business name, the emblem, the right to lease, trademark, patents, designs, industrial equipment, furniture and goods.

Article 39

The rights of the investor in the business premises in relation to the assets in the preceding Article shall be determined by the special laws pertaining thereto or the general principles of rights.

CHAPTER 2 BUSINESS NAME

Article 40

1. Every merchant shall carry out his transactions and sign papers pertaining to the business in a specific name that is called the business name.
2. The business name shall be displayed at the entrance of his business premises.

Article 41

1. A business name is made up of the name of the merchant and his surname.
2. The name must be clearly different from those previously registered.

3. A merchant may add whatever he wishes to the name, provided that it does not lead to misconceptions as to his identity, commercial status, reputation, financial standing, the existence of the company or its type.

Article 42

If a merchant wishes to register a branch in an area different from where his business name is registered and where another merchant has registered the same name, the merchant shall add to his name anything that distinguishes it from that already registered in the area.

Article 43

1. A business name may not be separated and disposed of independently of the business premises.
2. Disposition of the business premises does not encompass the business name unless provided for explicitly or impliedly.

Article 44

1. A person to whom ownership of a business name is transferred shall be liable for any ensuing obligations, and shall own the rights arising there from.
2. In the event that the contracts provide otherwise, they shall not be valid against third parties unless registered in the Commercial Registry or the relevant persons have been duly notified.
3. The above-mentioned liability shall terminate after the elapse of five years from the date of disposition.

Article 45

Unless an agreement to the contrary is registered in the Commercial Registry, a person to whom the premises were disposed of without the business name shall not be liable for the predecessor's obligations.

Article 46

1. A successor to a business name shall add to it that which denotes such succession.
2. If a person agrees that his business name shall be used by the successor contrary to the above, he shall be liable for any obligations entered into by the successor under that name, provided that the creditors are unable to retrieve their rights from the successor upon execution of a judgment against him.

Article 47

1. Every person who intentionally uses the business name of another in brochures, covers, letters and commercial papers, packages, goods or any other objects without any right thereto and every person who sells or displays for sale goods that are marked with a business name of another in the above manner, shall be liable to imprisonment for a period of not less than three months and not exceeding one year or a fine of not less than fifty Dinars and not exceeding two hundred Dinars.
2. The public prosecution of the crimes stated in this Article shall be dependant upon the initiation of a civil lawsuit by a personal claimant.
3. The lawsuit commenced by a personal claimant may be withdrawn after its initiation, in which case public prosecution shall be barred.
4. In any event, criminal proceedings may be initiated by the Public Prosecutor if the public interest so necessitates.

Article 48

Every person who contravenes the provisions of Articles (40) and (41) shall be subjected to a fine not exceeding ten Dinars.

Article 49

1. Where a business name is used in a manner contrary to the provisions provided for in this Chapter, any interested person may request the prohibition of such use or the cancellation of the business name if it is registered.
2. Any aggrieved persons may apply for indemnification against any sustained damages whether the name was used intentionally or negligently.

Article 50

1. The business names of companies shall conform to the specific legal provisions provided for each type of company.
2. The provisions in this Chapter shall be applicable to such business names to the extent that they are not in conflict with the Companies Law in force.

BOOK TWO COMMERCIAL CONTRACTS

PART I MISCELLANEOUS PROVISIONS

Article 51

Proof of commercial contracts is not, prima facie, governed by the limited rules governing civil contracts and thus they may be proved by any means of proof with due consideration to special statutory rules.

Article 52

1. In commercial matters the date of an ordinary instrument may be proved by any means against third parties.
2. The date of negotiable instruments and the date of endorsement thereof are deemed to be true until proved otherwise.

Article 53

1. Persons who are debtors in one commercial obligation are, prima facie, presumed to be jointly liable.
2. This presumption is applicable to guarantors of the commercial debt.

Article 54

In proving the equitable and current price, stock markets and pricing methods are relied upon unless otherwise agreed.

Article 55

Every commercial obligation having as its objective the performing of an act or service shall not be deemed gratuitous. If the parties thereto do not determine a fee, commission or brokerage the creditor is entitled to the prevalent fees in that profession.

Article 56

1. The court in commercial matters may not grant grace periods except in exceptional circumstances.
2. The party who applied to the court for rescission of a contract may not request specific performance thereafter, whereas the party who applied for specific performance may request revocation instead.
3. Performance of an obligation is not accepted after the institution of a lawsuit to rescind the contract.

Article 57

The non-performance of one of the obligations in the contracts that have sequential obligations shall grant the performing party the right to demand rescission of the contract concerning all obligations which have not been executed. The above shall not preclude such party from demanding compensation.

Article 58

1. In commercial matters the right to bring an action lapses after a period of ten years if no shorter period is provided for.
2. The right to benefit from court decisions that are res-judicata shall lapse after fifteen years.

Article 59

1. Contracts of sale, loan, insurance and all other contracts whose rules are not defined in this Law shall be governed by the Civil Code and custom.
2. Stock market transactions, whether concerning financial papers or goods, shall be governed by the rules of those contracts whose form they adopt and by the special regulations of commercial stock markets.
3. As for contracts concerning maritime commerce these shall be governed by the Commercial Maritime Law.

PART II COMMERCIAL PLEDGE AND MORTGAGE

Article 60

Commercial pledges and mortgages are governed by the provisions hereby stated and are a means by which to secure the commercial debt.

Article 61

1. Except for the following restrictions commercial pledges and mortgages are proved by all means of proof.
2. The mortgage of an instrument payable to a specific person is effected by the registration of the mortgage in the records of the issuer of the instrument and on the instrument itself.
3. Where the instrument is issued to the order of a person, the mortgage is effected by endorsement of the instrument and writing on its reverse 'value is mortgaged' or any other phrase to the same effect.
4. Mortgages or pledges pertaining to ordinary debts are effected in all cases by an instrument with a fixed date to be notified to the debtor whose debt was secured.

Article 62

1. A pledge deed is not effective if the pledged object remains with the debtor thereby demonstrating that it constitutes part of his free wealth upon which he may be able to obtain extra credit facilities; rather, the pledged object must be delivered to the creditor and remains in his possession or in the possession of a third party on his account.
2. It is sufficient to constitute delivery to hand over the keys of the premises containing the goods and pledged object provided that the premises do not carry a sign with the name of the debtor, or to deliver a document describing the objects in accordance with the prevailing custom.
3. His account: i.e. the creditor's account.

Article 63

The creditor (pledgee) shall deliver to the debtor upon request a receipt describing objects delivered in kind, their quantity, weight and all distinguishing marks.

Article 64

1. Where the pledged objects or instruments are defined by kind, the pledge deed remains valid even if such objects or instruments have been replaced by others of the same kind.
2. Where the pledged objects or instruments are not defined by kind, the debtor may request that they be retrieved and replaced with the consent of the creditor provided that the original pledge deed grants such a right.

Article 65

1. A creditor must utilize for the benefit of the debtor all the rights associated with the objects or instruments delivered to him under pledge.

2. If the instruments so delivered are credit instruments granting the right of option, the debtor who wishes to utilize his right of option shall deliver the money to the creditor at least two days before maturity.

Article 66

If the subject of the pledge are instruments whose price was not paid in full, the debtor, if requested to pay, shall pay the creditor at least two days before maturity otherwise the creditor may resort to the sale of such instruments.

Article 67

1. Upon non-payment at maturity the creditor may bring an action before the competent court and upon acquiring judgment and its execution the creditor receives his rights from the proceeds of the pledged object by way of priority.

2. Every provision in a pledge or mortgage contract by which the creditor is granted the right to acquire the pledged or mortgaged object or dispose thereof without the above-mentioned procedures, shall be deemed to be null and void.

PART III CONTRACT OF CARRIAGE

Article 68

A carriage contract is a reciprocal contract whose main objective is to secure the transport of a person or an object from one place to another.

Article 69

Carriage is merely a type of hired labour or a commitment and by necessity is an onerous contract. The person performing such a contract is called a carrier and in particular a carriage commissioner if he engages in carriage as a normal profession.

Article 70

Unless the parties explicitly or impliedly agree to defer conclusion until after delivery, a carriage contract is concluded when the parties agree on its elements and terms even if the object to be carried has not yet been delivered to the carrier by the consignor.

Article 71

1. Where the consignment composes of goods, the consignor must clearly state to the carrier the address of the consignee, the place of delivery, the number of packages, their weight, contents and the period within which delivery should be made and the route to be followed.

2. Where the packages contain valuable objects, the consignor shall notify the carrier of their existence and their value.

Article 72

1. The carrier is liable for the destruction, defect and shortage of objects except by reason of force majeure, defect in the consignment or a fault on the part of the consignor.

2. The burden of proof as regards these exceptions lies with the carrier unless he declares a reservation upon receipt of the goods in relation to a defect in packing. This reservation constitutes a presumption in the carrier's favour which may be contested by the consignor or consignee when necessary.

Article 73

A consignee may bring an action directly against the carrier in relation to the contract between the consignor and the carrier, by which action the consignee may demand delivery or indemnity, where necessary, for the non-accomplishment of work required in whole or in part.

Article 74

The carrier shall immediately notify the consignee of the arrival of the goods.

Article 75

The carrier has a priority right over the goods from which he may collect his freight and other related charges; in addition, he has a right of lien over such goods.

Article 76

The right to bring an action against the carrier lapses after one year from the date of delivery in the case of defect, and from the date in which the goods should have been delivered in the case of total loss or late delivery.

Article 77

1. Contracts to carry persons and goods are both concluded by (mere) consent.

2. Such contracts obligate the carrier to deliver the passenger safely to the agreed destination within the agreed period of time; if an emergency occurs the liability ensuing there from is excluded if the carrier can show a case of force majeure or a fault on the part of the aggrieved party.

Article 78

Declared luggage is covered by the contract of carriage of passengers; hand luggage, however, is not and the carrier is not liable for it unless the aggrieved party can prove that the carrier committed a specific fault.

Article 79

1. The rules governing private transportation shall also be applicable to public transportation.
2. Carriage by air is governed by the provisions provided for in this Part and the Civil Code, taking into consideration any other provisions pertaining thereto in the Civil Aviation Law in force or other international conventions on aviation that are enforceable in the Kingdom.

PART IV COMMERCIAL AGENCY, COMMISSION AGENCY AND BROKERAGE

CHAPTER 1 COMMERCIAL AGENCY

Article 80

1. An Agency is deemed commercial if it pertains to commercial transactions.
2. In particular, the contract is called a commission agency and is governed by the following Chapter when the agent is to act in his own name or under a business name for the account of his principal.
3. Where the agent is to act in the name of the principal, his rights and obligations shall be governed by the relevant provisions in the Civil Code.

Article 81

1. In commercial transactions the agent is owed a commission unless otherwise provided.
2. Where the commission is not agreed upon in the agreement it shall be determined according to the profession tariff, custom or specific circumstances.

Article 82

The commercial agency, even if it contains a general power of attorney, does not permit non-commercial transactions except where explicitly provided for.

Article 83

An agent who has received instructions concerning a part of the work shall be deemed to be unrestricted in the other parts.

Article 84

The agent shall pay interest on the principal's money from the day on which he should have delivered or deposited the money in accordance with the instructions of the principal.

Article 85

Where the contract contains the elements of agency and the main elements of employment contracts at the same time, as in contracts between a merchant and his different agents such as local representatives, sales representatives, agents, branch or agency managers, the provisions of the Labour Law are applicable in respect of the relationship between the merchant and his agent and the principles of agency shall apply as regards third parties.

Article 86

1. Commercial representatives are deemed to be employees or agents in accordance with the implications deduced from their contract by reference to their independence as regards work.
2. In any case, upon rescission of contract, even if it was lawful, they may avail themselves of the statutory or customary notice period, provided that commercial representation is their sole profession.
3. Where the commercial representative is an agent for several trading houses and has offices, a business entity, employees, administration and general expenditures he may be deemed an owner of a project worthy of commercial representation and therefore he himself becomes a merchant.

CHAPTER 2 COMMISSION AGENCY

Article 87

1. A commission agent is a person who undertakes to conclude in his own name, but for the account of his principal, a sale or purchase and other commercial transactions in return for a commission.
2. The rules of agency shall apply to the commission agency contract taking into account the provisions set out in this Chapter.

Article 88

1. A commission agent who contracts in his own name acquires the rights ensuing from the contract and is obligated directly vis-a-vis other contracting parties, as if the contract pertains to him personally. Such parties may avail themselves against him of all defenses ensuing from their personal relation-ship and may not bring direct action against the principal.

2. The relationship between the principal and the commission agent or his creditors shall be governed by the rules of agency.

Article 89

1. The commission agent must himself execute the orders given to him by the principal unless he is authorized by contract or custom to appoint a substitute or there were circumstances necessitating such substitution.
2. In such event the principal may bring direct action against the substitute.

Article 90

A commission agent may not contract with himself in the name of the principal except with the latter's consent.

Article 91

If the commission agent loans or grants credit to third parties without the principal's consent he shall bear the risk ensuing there from.

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 92–95

Article 92

1. Except for the case provided for in the preceding Article, a commission agent is not liable for the non-payment or non-performance of the obligations of the parties with whom he contracted unless he acts as their guarantor (del credere) or where the commercial custom in the place where he resides so provides.
2. A (del credere) commission agent who guarantees the other contracting party deserves a special commission called a 'guarantee commission'.
3. Such commission is determined, when not agreed upon, by reference to the customs of the place where the agreement was concluded.

Article 93

1. While resorting to the provisions of the preceding Article, the commission shall fall due upon the conclusion of the transaction even if the other party does not perform the obligations that should be executed by him unless the non-performance thereof is due to a fault on the part of the commission agent.
2. The commission shall also fall due where the non-conclusion of the transaction is due to the fault of the principal.
3. In transactions not concluded due to other reasons, a commission agent may only demand in return for his diligence the indemnity imposed by local custom.

Article 94

Unless otherwise agreed, the commission is calculated by reference to the gross value of the transaction including additional costs.

Article 95

1. The commission agent may recover all expenses, loans and costs incurred for

the benefit of the principal with interest.

2. In addition, he may claim an indemnity in return for storage and transportation expenses but may not claim wages for his employees.

Business Laws of Jordan Comm. Law No. 12 (1966) – 27
(February 1998)

ARTS. 96–99 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 96

1. The commission agent shall have a priority right over the value of goods consigned to him, or goods stored or deposited from which he may recover all loans, overdrafts or payments made whether before or after receipt of the goods or during their existence in his possession.

2. The priority right comes into existence upon consignment of the goods, their storage or deposit.

3. This priority right does not come into existence except after fulfilling the condition provided for in Article (71) of this Law.

4. The original amount of the debt shall be included in the priority right together with interest, commission and expenses.

5. Where the goods are sold and delivered for the account of the principal, the commission agent may recover from its value the amount of his debt before any of the principal's other creditors.

Article 97

The principal who revokes the agency and the commission agent who does not execute the agency shall be liable for indemnity if such revocation or non-execution is without justifiable cause.

Article 98

A person who undertakes to consign goods or return them for the account of his principal in return for remuneration and in his own name, is deemed to be a commission agent but shall be governed in relation to consignment of goods by the provisions governing the carriage commissioner.

CHAPTER 3

BROKERAGE

Article 99

1. A brokerage contract is a contract by which a person referred to as 'broker' undertakes to instruct the other party to conclude a financial agreement or

28 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 100–102

to act as his intermediary in the negotiating of the contract in return for remuneration.

2. The rules of agency shall generally apply to brokerage.

Article 100

1. Where the remuneration to be paid to the broker is not determined by

agreement or by an official tariff, it shall be determined in accordance with custom or by the court according to the (particular) circumstances of the case.

2. Where it appears that the agreed remuneration does not correspond to the nature of the transaction and the efforts required for such a transaction, the court may reduce it to the equitable remuneration for the service provided.

Article 101

1. The remuneration to be paid to the broker shall fall due once the information provided or the negotiation conducted leads to the conclusion of an agreement.

2. Where the contract is conditional upon a certain pre-condition, then the remuneration shall not fall due until this condition has been satisfied.

3. Where there is a stipulation that the broker shall recover the expenses that he has incurred, he shall be reimbursed for stipulated and even for non-stipulated expenses.⁴

Article 102

The broker loses every right to remuneration and to recover expenses incurred if he acts for the benefit of the other contracting party in conflict with his obligations or if he induces the other party to promise him remuneration in circumstances which are prohibited by good faith.

4. In either case the broker shall be reimbursed.

Business Laws of Jordan Comm. Law No. 12 (1966) – 29
(February 1998)

ARTS. 103–107 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 103

A broker may not act as an intermediary for persons known to have a lack of credit worthiness or when he knew that they lacked contractual capacity.

Article 104

1. A broker must register all transactions concluded through him noting their provisions and special conditions and must retain documents related thereto and produce an identical copy thereof to either party upon request.

2. In sale by sample he has to retain the sample until the transaction has been concluded.

Article 105

Intermediation and brokerage on the stock exchange and goods markets are governed to the extent necessary by special legislation.

PART V

CURRENT ACCOUNT

Article 106

What is meant by a current account is an agreement between two persons that whatever a party delivers to the other in instalments, money, goods or commercial papers representing ownership, shall be registered in an account for the benefit of the paying party and constituting a debt on the part of the receiver without either party having the right to claim from the other that which is delivered in each instalment separately so that the final balance shall constitute, solely upon the

termination of the account, a debt which is due and payable.

Article 107

1. The extent of the current account depends on the intent of the contracting parties: they may choose to include all of their transactions or only a part thereof.

30 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 108–111

2. A current account may permit overdrafts on the part of one or both parties, in the latter case neither party may lend to the other unless the first has sufficient funds. In any event, it is not permissible for the balance of the account to be in credit for his benefit.

Article 108

The existence of the current account does not preclude one party from demanding from the other the commission earned for an act done and the reimbursement of the expenses related to the current account which shall be recorded in the account unless otherwise agreed.

Article 109

1. Payment by means of a commercial instrument is not deemed to have been effected until the value has been received, unless otherwise agreed.
2. Where the value of the instrument is not paid upon maturity the receiver may, while retaining it as a security and while availing himself of the rights vested therein, record its value for the account of the depositor thereof.
3. In the event of the bankruptcy of the depositor of the document the receiver may not, notwithstanding any agreement to the contrary, record it in the account except after the date of maturity and proof of non-payment.
4. If the instruments are so recorded, the receiver must deduct the amounts claimed from the bankrupt in accordance with the instalments paid by the signatories to these instruments.

Article 110

All payments shall generate interest for the benefit of the depositor to be paid by the receiver calculated in accordance with the legal rate, if not otherwise determined by agreement or custom.

Article 111

1. If a debt due to one party is entered into the current account, it shall lose its special characteristics and independent existence, thereby becoming incapable

Business Laws of Jordan Comm. Law No. 12 (1966) – 31
(February 1998)

ARTS. 112–114 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

of being separately paid, set-off, claimed, enforced in any manner or separately subjected to time limits.

2. Personal or real securities related to debts entered into the current account

shall terminate unless otherwise agreed between the parties.

Article 112

1. Neither party is deemed to be a debtor or creditor of the other party before the termination of the current account.
2. The suspension of the current account shall be the sole indicator of the state of the legal relationship between the two parties and shall evidently produce the collective set-off for all debt and credit entries in the account and shall determine who is the debtor and who is the creditor.

Article 113

1. The account is suspended and balanced upon the dates of maturity determined by the contract, or in accordance with local custom, or otherwise at the end of each six-month period.
2. The balance resulting from such computation constitutes a net debt due and payable. If such balance is transferred to another account, it shall attract an interest from the date of balancing at the rate determined in the current account. Otherwise, (it shall attract interest) at the legal rate.
3. Legal action for the rectification of accounts as a result of a mistake, omission, repetition or other corrective action must be brought within six months.

Article 114

The contract will be terminated at the time stipulated in the agreement. If no such date has been agreed upon, the contract shall be terminated according to the will of either party, and will also be terminated at the death of any party or if any party becomes bankrupt or no longer has contractual capacity.

32 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 115–118

Article 115

1. The bank that receives a deposit in the form of money becomes the owner thereof and has to repay its equivalent value in one or more instalments upon first demand by the depositor, in accordance with the agreed dates or the prior notice stipulated in the contract.
2. Evidence regarding all transactions pertaining to the deposit and its recovery has to be in writing.
3. The interest will accrue where necessary from the date following every deposit, if it is not a public holiday, up until the date that precedes the return of each sum, unless otherwise agreed.

Article 116

1. If the bank deposit is in the form of financial papers, the ownership thereof is retained by the depositor unless it is proved that the contrary is intended.
2. This intention is presumed if the depositor has granted the bank in writing, and without limitation, the right to dispose of such papers and has recognized the bank's right to return papers of the same kind.
3. The rules of agency shall apply to bank deposits if the banks undertake to manage the deposited financial papers in return for commission.

Article 117

1. The rules pertaining to the renting of objects shall apply to deposits in bank-deposit boxes or sections thereof.
2. The bank shall be responsible for the safety of the bank-deposit boxes.

Article 118

1. In contracts for financial credit, the issuer of the credit undertakes to place a certain sum of money at the disposal of the applicant who may use it in whole or in instalments according to his requirements within a specified period of time.

Business Laws of Jordan Comm. Law No. 12 (1966) – 33
(February 1998)

ARTS. 119–121 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. Unless otherwise agreed, the sum returned or paid by the applicant during the life of the contract shall be added to the balance placed at his disposal.

Article 119

1. The issuer of the credit may revoke the contract if the applicant has become insolvent or was so at the time when the contract was entered into without the knowledge of the issuer.
2. Should a significant part of the personal or real-estate security provided by the applicant be reduced, the issuer of the credit may demand additional security, reduce the amount of credit available or withdraw the credit as deemed necessary.

Article 120

Where the security provided is in the form of a pledge or real-estate mortgage, the registration of the pledge or mortgage taken at the time when the contract was entered into will become secured on the date of 5 all overdrafts which later occur by reason of issuing the credit.

Article 121

1. Where the bank credit is designated for the reimbursement of a third party and the bank confirms the credit to the beneficiary thereof, it is not permissible thereafter for it to be revoked or altered without the consent of the third party, and the bank becomes directly and ultimately liable to that third party to accept the papers and projected settlement.
2. The bank may recover all amounts paid or expenses incurred while performing that which it was required to perform with agreed interest or legal interest, if no such agreement exists, accruing from the date of payment (of such amounts).
3. A commission may also be charged.
5. The original Arabic text is incomplete.

34 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ART. 122

Article 122

Banking transactions not provided for in this Chapter shall be governed by the provisions of the Civil Code pertaining to the different contracts (ensuing from the above-mentioned transactions or contracts in which these transactions are encompassed.)⁶

6. Brackets provided in the original text.

Business Laws of Jordan Comm. Law No. 12 (1966) – 35
(February 1998)

ART. 123 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

BOOK THREE

COMMERCIAL PAPERS

Article 123

Commercial papers are negotiable instruments by virtue of the provisions of this Law and include the following:

(a) A bill of exchange, also called a draft or policy: this is an instrument written in accordance with conditions stated in the law incorporating an order addressed from a person, the drawer, to another, the drawee, to pay to the order of a third party, the beneficiary or bearer, a certain sum on sight or at a fixed or determinable date.⁷

(b) A documentary draft, which is also called a draft and known as a promissory note: this is an instrument written in accordance with the conditions stipulated for in this Law incorporating an undertaking by one person, the drawer, to pay a certain sum on sight or at a fixed or determinable date to the order of another person who is the beneficiary or the bearer.⁸

(c) A cheque: this is an instrument written in accordance with conditions stipulated in this Law incorporating an order addressed from one person, the drawer, to another recognized person, the drawee, to pay to a third party, to his order or to the bearer of the cheque, the beneficiary, a certain sum on sight.

(d) A bearer draft or drafts which are transferable by endorsement which are dealt with in Parts IV and V of this Book.

7. To be referred to hereinafter as 'bill'.

8. To be referred to hereinafter as 'a promissory note' or 'note'.

36 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 124–125

PART I

BILLS OF EXCHANGE

CHAPTER 1

FORMATION OF THE BILL OF EXCHANGE

Article 124

A bill of exchange comprises the following elements:

- (a) The words 'Bill of Exchange, Draft or Policy' written in the text and in the same language.
- (b) Unconditional order to pay a certain sum of money.
- (c) The drawee's name.
- (d) Date of maturity.
- (e) Place of payment.
- (f) Name of payee or to his order (holder).
- (g) Date and place of drawing the bill.
- (h) Signature of the issuer (drawer).

Article 125

A bill that does not contain one of the above-mentioned particulars is not a bill of exchange except in the following cases:

- (a) A bill that does not bear the date of maturity shall be deemed to be payable on sight.
- (b) Where a bill does not bear the place of payment, the place stated by the drawee's name is deemed to be the place of payment and his domicile at the same time.
- (c) Where a bill does not bear the place of payment by the drawee's name or anywhere else on the bill, the place of business of the drawee or his permanent residence is deemed to be the place of payment.
- (d) Where a bill does not bear the place of the drawing thereof, the place stated by the drawer's name is deemed to be the place where it was drawn up. If no place is explicitly stated by the drawer's name, the place of the drawing thereof shall be the place where it was actually signed.
- (e) Where a bill does not bear the date when it was drawn up, the actual date of the delivery thereof to the beneficiary or the holder is deemed to be the date when it was drawn up.

Business Laws of Jordan Comm. Law No. 12 (1966) – 37
(February 1998)

ARTS. 126–129 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

- (f) Where the text does not incorporate the words 'Bill of Exchange' or 'Draft' or 'Policy' but the context indicates that it is so then it is deemed to be a bill of exchange.

Article 126

1. A bill may be drawn to the order of the drawee himself.
2. It may also be drawn on him.
3. It may also be drawn on the account of a third party.

Article 127

It is permissible to stipulate that the bill be paid at the domicile of a third party, whether at the normal domicile of the drawee or any other domicile.

Article 128

1. A drawer of a bill payable on sight or after a certain period of time may stipulate that interest be added to the amount of the bill.
2. Such a stipulation will be deemed void if it appears on other types of bills.

3. The interest rate must be stated, otherwise the stipulation is deemed to be void.

4. The interest shall accrue from the date of the bill unless otherwise provided.

Article 129

1. If the amount of the bill is written in figures and words simultaneously, in the case of discrepancy, the written words shall prevail.

2. In the event that the figures and words are repeated, and there is a discrepancy therein, the lesser sum shall prevail.

38 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 130–133

Article 130

1. The liability of signatories to the bill shall not be affected by the bill bearing other signatures of incapacitated persons lacking contractual capacity, of forged signatures, signatures of fictitious persons or signatures that do not render the signatories or the persons in whose name the bill was signed liable for any reason.

2. In determining the capacity of a person liable on the bill the laws of his country will be applied. Nevertheless, if a drawer is rendered liable by a bill and the elements of capacity were established by virtue of the laws of the place where the commitment was issued, the commitment shall be held valid even if he lacks capacity in accordance with the laws of his country.

Article 131

1. A person signing a bill on behalf of another without authority is rendered personally liable.

2. Upon fulfilling his obligations, the rights that would have been transferred to the person on whose behalf he has signed the bill are thereby transferred to him.

3. The same rule applies to a person who acts ultra vires.

Article 132

1. The drawer guarantees acceptance and payment of the bill, and may exonerate himself from guaranteeing acceptance.

2. Every stipulation amounting to an exoneration from the guarantee of payment is void.

CHAPTER 2

CONSIDERATION FOR PAYMENT

Article 133

1. The drawer or the person ordering the drawing of the bill for the benefit of his own account must provide the drawee with consideration for payment.

Business Laws of Jordan Comm. Law No. 12 (1966) – 39
(February 1998)

ARTS. 134–138 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. This does not exonerate the drawer from his personal liability towards the endorser and the holder of the bill.

Article 134

Consideration for payment exists if the drawee is indebted to the drawer or to the person ordering the drawing at the date of maturity of the bill for a certain sum of money due and equivalent at least to the amount of the bill.

Article 135

The property of the consideration for payment will be transferred by the force of law to the successive holders of the bill.

Article 136

1. The drawer must deliver to the holder of the bill the documents required in order to obtain consideration for payment even if a protest is submitted after the date designated so that in the event that the drawer becomes bankrupt his trustees in bankruptcy become liable.
2. In all cases, any costs ensuing therefrom shall be borne by the holder.

Article 137

In the event that the drawer becomes bankrupt, the holder of all creditors shall be entitled to recover the consideration for payment that is available with the drawee without any objections even if the bankruptcy occurs prior to the date of maturity of the bill.

Article 138

1. Where the drawee becomes bankrupt and the consideration for payment was a debt, this debt would then form part of the bankrupt estate.
2. If, for the purposes of payment (of the bill), the drawee is in possession of a chattel which could be restituted in accordance with the rules of bankruptcy such as goods, commercial or financial papers or cash, the holder of the bill shall have priority in recovering his rights from the value of such chattel.

40 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 139–140

Article 139

In the event that several bills have been drawn for the same consideration for payment, the value of which is not sufficient to repay all (bills), the following rules shall be applied:

- (a) If the bills were drawn up at the same date, the bill bearing the drawee's acceptance shall have priority.
- (b) If none of the bills bear the drawee's acceptance, the bill for which consideration for payment is designated shall have priority.
- (c) As for all other bills and regarding the rights of their holders to recover, the dates of drawing (the bills) shall be taken into account. The holder of the bill with the earliest date shall have priority. Bills incorporating a stipulation of non-acceptance shall have the lowest ranking.

Article 140

1. Unless proved otherwise, acceptance of the bill by the drawee is prima facie

- evidence of the existence of consideration for payment.
2. Such acceptance is evidence of the right of consideration for payment against the endorsers.
 3. The drawer is (the person) responsible for proving, in the case of denial, whether the bill was accepted or not, that the drawee had consideration for payment at the date of maturity.
 4. If he is not able to so prove, he shall guarantee payment even if a protest is submitted after the time limitation.
 5. In the preceding case, if the drawer does prove the existence of consideration and the continuation of the existence thereof to the date on which a protest should have been submitted, his obligation is reduced by a value equal to such consideration, unless it was used for his benefit.
- Business Laws of Jordan Comm. Law No. 12 (1966) – 41
(February 1998)

ARTS. 141–144 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966
CHAPTER 3
NEGOTIATION

Article 141

1. A bill is negotiable by endorsement even if the word ‘to order’ is not expressly stated therein.
2. A bill whose owner inserts the phrase ‘not negotiable’ or any other similar phrase is negotiated in accordance with the rules of assignment provided for in the Civil Code.
3. Endorsement is permissible even to the drawee whether he has accepted the bill or not. Its endorsement to the drawer and to any other person bound by the bill is also permissible. They will all be entitled to endorse it.

Article 142

1. Without prejudice to the provisions of Article (154), an endorsement must be unconditional. Every pre-condition is deemed to be void.
2. Partial endorsement shall be void.
3. Endorsement to the bearer is deemed to be a blank endorsement.

Article 143

1. The endorsement must be on the bill itself or in a document attached thereto.
2. The endorser must sign it.
3. It is permissible for the endorsee not to be named and an endorsement may be effected by mere signature of the endorser ‘in blank’, in which case an endorsement is not valid unless it is written on the back of the bill or in the attached document.

Article 144

1. An endorsement transfers all the rights ensuing from the bill.

42 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 145–147

2. If an endorsement is in blank the holder may:

- (a) Fill in the blank space by adding his name or another party's name.
- (b) Endorse the bill in blank or to another person.
- (c) Deliver it as it stands to another person without filling in the blank space or endorsing it.

Article 145

1. An endorser shall guarantee acceptance and payment of the bill unless other-wise stipulated.
2. He may preclude endorsement, in which case he shall not be responsible for payment regarding any persons to whom the bill was transferred by a sub-sequent endorsement.

Article 146

1. A holder in possession of the bill is deemed to be its lawful owner if he proves that he is entitled to the right thereto by an unbroken chain of endorsements even if the last endorsement is blank.
2. Crossed endorsements in this regard are deemed to be void.
3. If an endorsement in blank is followed by another blank endorsement, the endorser of the latter is deemed to be the person to whom the right to the bill was transferred by (the first) endorsement.
4. Should the possessor of the bill lose such possession by accident, its holder, upon proving that he is entitled to the right thereto in accordance with the preceding paragraph, is not obliged to return it unless he has obtained it in bad faith or by gross negligence.

Article 147

Persons against whom an action as regards the bill is brought may not avail themselves against the holder of any defences ensuing from their personal relationship with the drawer or preceding holders unless the holder has acquired the bill in order to cause harm to the debtor.

Business Laws of Jordan Comm. Law No. 12 (1966) – 43
(February 1998)

ARTS. 148–150 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 148

1. Where an endorsement contains the phrases 'value for collection', 'for receipt', 'for procurement' or any other phrase that indicates representation, the holder shall directly acquire all rights ensuing from the bill. However, he may not endorse it except on the basis of representation.
2. Persons liable in such a case may not avail themselves against the holder of any defences except those permissible against the endorser.
3. The effect of the delegation of powers arising from the endorsement shall not be terminated by reason of the death of the principal or by the occurrence of (an event) which results in the loss of the principal's contractual capacity.

Article 149

1. Where an endorsement of a bill that contains the phrase 'value as security',

'value as pledge or mortgage', or any other phrase indicating security, the holder thereof may exercise all the rights arising therefrom.

2. Should he endorse it, such endorsement is deemed to be a delegation of powers.

3. Persons liable under the bill may not avail themselves against the holder of any defences based on their personal relationships with the endorser unless the holder has obtained the bill with the intention of causing harm to the debtor.

Article 150

1. An endorsement subsequent to the date of maturity shall be governed by the same rules as are applicable to endorsement prior to the date of maturity.

2. An endorsement subsequent to the submission of a protest against non-payment or occurring after the lapse of the designated period for the sub-mission of such a protest, shall only give rise to the effects pertaining to assignment provided for in the Civil Code.

3. Unless proved otherwise, an endorsement that is not dated is deemed to have occurred before the date of submitting a protest.

44 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 151–155

Article 151

Endorsements may not be pre-dated, otherwise such an act is deemed to be forgery.

Article 152

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

Article 153

1. A drawer of a bill may stipulate the presentation thereof for acceptance at a certain date or on no date at all.

2. He may stipulate the non-presentation thereof unless (the bill) was payable by a person other than the drawee or payable at a place other than the domicile of the drawee or it was payable after a fixed period after sight.

3. He may also stipulate the non-presentation of a bill for acceptance before a fixed date.

4. Unless the drawer stipulates its non-presentation for acceptance, the endorser may stipulate the presentation of the bill for acceptance at a fixed date or without any date.

Article 154

1. Bills payable after the lapsing of a fixed period of time must be presented for acceptance within one year from that date (of issue).

2. The drawer may reduce such a period or extend it.

3. Endorsers may reduce such a period.

Article 155

1. The drawee may request representation of the bill for acceptance on the day following the date of first presentation.

ARTS. 156–158 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. Interested parties may not contend that the request was denied unless it was evidenced by the protest document.

3. The holder of the bill presented for acceptance is not obliged to deliver it to the drawee.

Article 156

1. Acceptance must be stated in the bill itself, and is expressed by the term 'accepted' or any other similar term accompanied by the signature of the drawee.

2. The mere signature of the drawee on the face of the bill is deemed to represent acceptance.

3. In the event that the bill falls due after the lapsing of a fixed period of time after sight, or that it must be presented within a specified period pursuant to a special stipulation, the date of acceptance must be stated at the date of signature unless the holder has requested the date to be on the date of presentation thereof.

4. If the bill is not dated, the holder, in protection of his rights of recourse against the drawer and endorsers, may prove that the bill did not bear a date by a protest presented at an (effective) date.

Article 157

1. Acceptance may not be conditional.

2. The drawee may confine acceptance to a part of the amount of the bill.

3. Should the acceptance text imply a modification of any of the particulars of the bill, such a modification is deemed to be a rejection of such particulars.

4. Notwithstanding (the above), an acceptor remains liable for the content of the acceptance text.

Article 158

1. If the drawer names a place for payment other than the drawee's domicile without naming the other person at whose place payment should be made, the

46 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 159–161

drawee may name such person upon acceptance, otherwise he shall be obliged to pay at the place of payment.

2. If the bill falls due, (the drawee) may state in the acceptance text an address within the location at which payment should be made.

Article 159

1. Upon acceptance of the bill, a drawee becomes liable to pay (its value) upon maturity.

2. If the drawee fails to pay, the holder, even if he was the drawer, may have

recourse against the acceptor by a direct action in which he claims [all] that which ensues from the bill pursuant to Articles (195) and (196) of this Law.

Article 160

1. In the event that the drawee deletes his acceptance on the bill before returning it, it is deemed not to have been accepted.
2. Unless proved otherwise, any deletion is considered to have been made before the bill is returned.
3. Notwithstanding (the above), in the event that the drawee has notified his acceptance in writing to the holder or any other signatory, he becomes liable against them in accordance with the terms of the acceptance text.

CHAPTER 4

STAND-BY GUARANTEE (AVAL)

Article 161

1. The amount of the bill may be guaranteed, wholly or partially, by a stand-by guarantor.
2. This guarantee may be provided by any person including the signatories to the bill.

Business Laws of Jordan Comm. Law No. 12 (1966) – 47
(February 1998)

ARTS. 162–164 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 162

1. A stand-by guarantee must be written on the bill or the paper attached thereto.
2. Such a guarantee must be written in the following terms: ‘accepted as stand-by guarantee’, or any other similar phrase accompanied by the guarantor’s signature.
3. The guaranteed party must be named otherwise it will be deemed to be for the benefit of the drawer.
4. Such a guarantee is deemed valid if the guarantor signs the face of the bill unless he is the drawer or drawee.
5. A stand-by guarantee may be provided in a separate document indicating the place where it was given.
6. A stand-by guarantor on a separate document is liable only towards the party guaranteed.

Article 163

1. The guarantor is liable as regards the same obligations as the guaranteed party.
2. The obligation to guarantee is valid even if the guaranteed obligation was void for any reason whatsoever, unless it was by reason of a defect in the formalities.
3. Where a stand-by guarantor pays the amount of the bill, the rights ensuing therefrom are transferred to him against the guaranteed party and persons liable to him by virtue of the bill.

CHAPTER 5

MATURITY

Article 164

1. A bill which has matured may be drawn and be payable:
48 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 165–167

- (a) On sight.
 - (b) After a certain period of time has elapsed.
 - (c) After the lapsing of a certain period which was from the date of the bill.
 - (d) At a fixed date.
2. A bill is void if it contains a different date of maturity or it falls due on successive dates.

Article 165

1. A bill which matures on sight is payable upon presentation.
2. It must be presented for payment within one year of its date.
3. The drawer may reduce such a period or extend it.
4. Endorsers may reduce such a period.
5. The drawer may stipulate the non-presentation of the bill payable on sight before a fixed date, in which case the presentation period is calculated from such date.

Article 166

1. The end of the period upon which payment is due in the case of a bill payable after the lapsing of a fixed period of time shall begin to run from the date of acceptance or the date of the protest document.
2. In the event that a protest has not been submitted, an undated acceptance is deemed to have occurred in relation to the acceptor at the last day of the period designated for the presentation for acceptance.
3. All of the above rules shall be (applied) without prejudice to Article (154) of this Law.

Article 167

1. A bill drawn for a month or more from its date or on sight shall fall due at the corresponding date in the month in which payment must be made.

Business Laws of Jordan Comm. Law No. 12 (1966) – 49
(February 1998)

ARTS. 168–169 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. Where no corresponding date subsists in the month in which payment must be made, (the bill) shall fall due on the last day of such month.
3. Where a bill is drawn for a month and a half or for a certain number of months plus a half month from its date or on sight, calculation shall commence on the basis of the full months.
4. If the date of maturity is at the beginning, the middle or the end of a month, it shall be taken to mean the first, fifteenth or the last day of the month respectively.

5. The phrases 'eight days' or 'fifteen days' shall not be taken to mean a week or two weeks but eight or fifteen actual days respectively.

6. The phrase 'half a month' shall mean fifteen days.

Article 168

1. Where a bill is due at a fixed date in a country whose calendar differs from that of the country where it was issued, the date of maturity is deemed to be in accordance with the calendar of the country of payment.

2. Where a bill is drawn between two countries whose calendars differ and is due after the lapse of a period from its date, the date of issue shall be pre-dated to the corresponding date of the calendar of the country of payment and the date of maturity shall be calculated accordingly.

3. The presentation date shall be calculated in accordance with the preceding paragraph.

4. The rules provided herein shall not apply where the bill states (expressly), or where it could be deduced from its particulars, that the intention is to apply other rules.

Article 169

1. A holder of a bill payable on a fixed date, after a fixed period therefrom or on sight shall present it for payment on its date of maturity.

50 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 170–172

2. Presentation of the bill to a clearing house is deemed to be presentation for payment.

Article 170

1. A drawee upon payment of a bill may request the holder to deliver the bill to him signed in a manner which indicates payment.

2. A holder may not refuse partial payment.

3. Where payment is partial, a drawee may request evidence of such payment in the bill itself and request a release document for the sum paid.

4. Every partial sum of the initial amount paid releases (to that extent) the drawer, endorsers and stand-by guarantors. The holder may submit a protest as regards the unpaid balance.

Article 171

1. A holder of a bill is not obliged to receive its value before maturity.

2. If a drawee pays before maturity, he shall be responsible for such an act.

3. Any person paying upon the date of maturity is (thereby) released unless it was effected in mala fide or due to gross negligence.

4. The sequence of endorsements must be verified.

5. The drawee is not obliged to verify the authenticity of the signatures of the endorsers.

Article 172

1. Where a bill is payable in a currency not circulated in the Hashemite Kingdom of Jordan, its value may be paid in the Jordanian currency at the rate of

exchange calculated upon maturity.

2. If the debtor fails to pay the bill when due, the holder may opt to claim the value of the bill calculated at the Jordanian value at the date of maturity or at the date of payment.

Business Laws of Jordan Comm. Law No. 12 (1966) – 51
(February 1998)

ARTS. 173–174 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

3. The prevailing custom at the place of payment shall be applied when determining the value of the foreign currency. The drawer may stipulate the calculation of the sum payable at a rate provided for in the bill.

4. The preceding rules shall not apply where the drawer stipulates that payment should be in a certain foreign currency.

5. If the amount of the cheque is determined in a currency bearing a mutual name in two countries and whose value in the country of issue differs from that in the country of payment, payment shall be assumed to be in the currency of the country of payment.

Article 173

1. If a bill is not presented for payment at the date of maturity, each debtor (by virtue thereof) may deposit its value at the competent court in the country of the place of payment or at a licensed bank therein.

2. The costs incurred as well as any consequences arising therefrom shall be borne by the holder. The clerk of the competent court or bank shall issue a document evidencing the date of the bill, its date of maturity, the name of the initial beneficiary and any other information required in deposit documents (in general) and must deliver this document to the depositor.

3. If the holder demands payment from the debtor, the latter is only obliged to deliver the deposited document against delivery of the bill.

4. The holder by virtue of such document shall be entitled to receive the deposited sum.

5. If the depositing debtor does not deliver the deposited document to the holder, he shall be liable to pay the bill's value.

Article 174

Objection to payment of the bill's value is not permissible unless it is lost or its holder has become bankrupt.

52 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 175–179

Article 175

If an unaccepted bill is lost, a person entitled to its value may demand payment by presenting any of its other copies.

Article 176

If the lost bill was accepted, a demand for payment may not be made by presenting

a copy thereof except by court order and provided that a guarantor is provided.

Article 177

A person who has lost a bill, whether accepted or not, and was not able to present any other copy thereof, may request a court order to pay provided he proves ownership and provides a guarantor.

Article 178

In the event of non-payment of a lost bill after the demand thereof pursuant to the preceding two Articles, the owner, in order to protect his rights, must prove (non-payment) by means of a protest submitted on the day after the date of maturity of the bill which must be notified to the drawer and endorsers on the dates and forms provided for in Article (183) of this Law.

Article 179

1. In order for an owner of a lost bill to obtain a copy thereof, he must demand this from the person who endorsed it to him.
2. The endorser is then obliged to cooperate with (the holder) and allow him to use his name so as to demand the same from the previous endorsers and so on until the demand has reached the drawer.
3. Expenses incurred therefrom shall be borne by the owner of the lost bill.
4. Every endorser upon receiving the second copy from the drawer shall affix his endorsement in writing thereon.

Business Laws of Jordan Comm. Law No. 12 (1966) – 53
(February 1998)

ARTS. 180–181 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

5. Demand of payment by means of a second copy is not permissible except by a court order and by providing a guarantor in accordance with the provision of Article (177).

Article 180

The obligations of a guarantor pursuant to Articles (176), (177) and (179) terminate after three years have elapsed, if no demand is made or court actions are brought during this period.

CHAPTER 6

DEMAND AND RECOURSE FOR NON-PAYMENT OR NON-ACCEPTANCE

(1) Recourse of the Holder

Article 181

1. If a bill is not honoured upon the date of maturity, the holder of the bill shall have recourse against the endorsers and drawer and any other person liable by virtue thereof.
2. He shall have the right of recourse against them before maturity in the following cases:
 - (a) In the event of non-acceptance of the bill, in whole or in part.
 - (b) In the event of the bankruptcy of the drawee, whether he has accepted the bill or not.

And in the event of his inability to pay his due debts, even if such inability is not proved by a court order, and in the event that the attachment of his

property was not effective.

(c) In the event of the bankruptcy of the drawer of a bill bearing a stipulation of non-presentation for acceptance.

3. Guarantors, upon recourse against them in the events provided for in paragraphs (b) and (c) above may apply to the Head of the Court of First Instance/Civil Division in their place of domicile requesting the grant of a (grace) period for the payment within three days from the date of recourse. If
54 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ART. 182

the Head of the Court finds the request to be justified, he may determine in his judgment the period of time in which payment of the bills must be made, provided it does not exceed the date of maturity.

4. Such judgment shall be final and may not be appealed against by any means.

(2) Protest Conditions and Time Limitations

Article 182

1. Dishonour or non-acceptance shall be established by an official document called 'protest against non-acceptance or non-payment'.

2. A protest against non-acceptance must be submitted at the date designated for presentation of the bill for acceptance.

3. If the first presentation of the bill for acceptance pursuant to the first paragraph of Article (164) of this Law has occurred on the last day of the period designated for such presentation, the protest may be submitted on the following day.

4. In the case of a bill payable at a fixed date or after the lapsing of a certain period from its date or on sight, the protest against non-payment must be submitted within the two business days following its date of maturity.

5. In the case of a bill payable on sight, the protest against non-payment must be submitted in accordance with the conditions provided for in the preceding paragraphs pertaining to protest against non-acceptance.

6. The protest against non-acceptance shall suffice as a replacement of presentation of the bill for payment and of protest against non-payment.

7. In the event that the drawee suspends payment, whether he has accepted the bill or not, [and in the event that the attachment of his property was not effective], the holder shall not have recourse against the guarantors except after presentation of the bill to the drawee for payment and after submission of the protest against non-payment.

8. In the event of the bankruptcy of the drawee, whether he has accepted the bill or not, and in the event of the bankruptcy of the drawer of a conditional bill

Business Laws of Jordan Comm. Law No. 12 (1966) – 55
(February 1998)

ART. 183 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

upon presentation for acceptance, the presentation of the adjudication of the bankruptcy judgment shall suffice to enable the holder to exercise his rights of recourse against the guarantors.

Article 183

1. A holder of a bill shall notify his endorser and the drawer of the non-acceptance or non-payment within four business days following the protest date or the date on which he presented (the bill) for acceptance or payment where there is a stipulation for recourse without expenses.
2. Every endorser shall, within two days following the receipt of the notice, notify his endorser of such notice and indicate the names and addresses of the persons who have issued previous notices, and so on from one endorser to the other until the drawer has been notified.
3. The preceding time limitations shall begin to run from the date of receipt of the previous notice.
4. The time limitations for each endorser shall begin to run from the date of the receipt of the notice from his endorser.
5. Where a signatory to the bill is notified pursuant to the above paragraphs, his stand-by guarantor must be notified within the same period (of time).
6. If an endorser fails to state his address, or fails to do so in a legible manner, notification of his endorser shall be sufficient.
7. It is permissible for a person under a duty to notify to do so in any manner, even by returning the bill itself.
8. That person must prove that he has sent such notice within the prescribed time limitations.
9. The time limitation is deemed to have been observed if the notice is sent within such period by registered mail accompanied by a notice of receipt.
10. Failure to send the mentioned notice or to present the bill for acceptance, payment or protest, within the prescribed time limits, shall not entail the loss of the rights of those who have failed to do so.

56 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 184–185

However, they shall be liable for the damages resulting from their omission or failure provided that such damages do not exceed the amount of the bill.

Article 184

1. The drawer, any endorser or stand-by guarantor may exonerate the holder upon demand by recourse to presentation of a protest against non-payment or non-acceptance where the bill bears the phrase 'demand without expenses' or 'without protest' or any other similar phrase accompanied by the signature of the person inserting such a stipulation.
2. Such a stipulation shall not exonerate the holder from presenting the bill at the prescribed dates or from sending the required notices.
3. Any person in dispute against the holder who is relying on the failure to act within these dates must prove such failure.

4. If the drawer inserts such a stipulation it shall apply to all endorsers.
5. If the stipulation is inserted by an endorser or a stand-by guarantor it shall apply to him only.
6. If the holder presents a protest notwithstanding such stipulation, he shall bear solely the expenses incurred thereby if it was inserted by the drawer.
7. If the stipulation is inserted by an endorser or a stand-by guarantor, recourse against all signatories for protest expenses is permissible.

Article 185

1. The drawer of a bill, its acceptor, endorser and stand-by guarantor are jointly liable towards its holder.
2. The holder shall have recourse against them jointly and severally without having to adhere to the sequence of their obligations.
3. This right is granted to each signatory to the bill who has paid its value.

Business Laws of Jordan Comm. Law No. 12 (1966) – 57

(February 1998)

ARTS. 186–188 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

4. A person who brings an action against any person obligated (by virtue of the bill) will not be precluded from claiming from the others even if their obligation has arisen subsequently to the (obligations of) the persons against whom the action was initially brought.

Article 186

1. A holder may claim the following from any person against whom he has a right of recourse:
 - (a) The unaccepted or unpaid amount of the bill with interest if stipulated.
 - (b) Interest calculated at the legal rate from the date of maturity regarding bills drawn and payable in the territory of the Hashemite Kingdom of Jordan and at the rate of 6 per cent for other bills.
 - (c) Protest and notice expenses and any other costs incurred.
2. If the right of recourse is exercised before the date of maturity, a sum equivalent to the official discount rate applicable in the Hashemite Kingdom of Jordan at the date of recourse and at the place of domicile of the holder shall be deducted from its value.

Article 187

A person discharging a bill may demand the following from its guarantors:

- (a) All that he has paid.
- (b) Interest on the sum paid calculated at the legal rate from the date of payment regarding bills drawn and payable in the Hashemite Kingdom of Jordan and calculated at the rate of 6 per cent for all other bills.
- (c) Any expenses incurred.

Article 188

1. Every person liable (by virtue of the bill) against whom the right of recourse was, or would have been, exercised may request, in the event of his discharging the bill, to receive the bill with the protest document accompanied by a release document.

2. Every indorser who has paid the bill may request that his endorsement and those of subsequent endorsers be deleted.

58 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 189–190

Article 189

1. In the event of recourse against any person liable for the unaccepted sum, a person discharging such a sum may request from the holder that proof of payment be provided by issuing a release document.

2. In addition, the holder must deliver to the person discharging the unaccepted sum a true copy of the bill, indicated by the holder as being such, and the protest document to enable him to demand the sum he has paid from third parties.

Article 190

Subject to paragraph 10 of Article (183) of this Law:

(a) The rights of a holder of a bill against endorsers, the drawer and other persons liable by virtue thereof, except for the acceptor, shall be barred by the lapsing of specific time limitations prescribed for the performance of the following:

(1) Presentation of bills payable on sight or after the lapsing of a specific period.

(2) Presentation of the protest against non-acceptance or non-payment.

(3) Presentation of the bill for payment in the event that it incorporates stipulation: 'recourse without expenses'.

(b) Lapse of time against the drawer is not valid unless he proves that he has provided consideration for payment at the date of maturity, in which case the holder shall have recourse against the drawee only.

(c) If the bill is not presented for payment on the date stipulated by the drawer, the rights of the holder shall be barred by reason of non-acceptance or non-payment unless it could be deduced from the stipulation that the drawer intended only to exonerate himself from guaranteeing the acceptance.

(d) The stipulation to present the bill for acceptance may benefit only the endorser, if it was inserted by this endorser.

Business Laws of Jordan Comm. Law No. 12 (1966) – 59
(February 1998)

ARTS. 191–192 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 191

1. If the non-presentation of the bill or the protest document within the prescribed time limits is due to reasons beyond one's control, such limits shall be extended.

2. The holder of a bill must notify his endorser without any delay of such forceful event and must evidence such notice by date and signature in the bill or the

attached document.

3. The addressee of the notice must notify his endorser in sequence pursuant to Article (183) of this Law.

4. The holder must submit the bill for acceptance or payment after the termination of the forceful event and shall submit a protest, if necessary.

5. Should the force majeure continue for a period exceeding thirty days calculated from the date of maturity, recourse against the persons liable is permissible without the need to present the bill or submit a protest.

6. If the bill is payable on sight or after the lapsing of a certain period of time, the thirty days shall begin to run from the day on which the holder notified his endorser of the occurrence of the event, even if this day precedes the last day for presentation.

7. If the bill is payable after the lapsing of a certain period of time, the period after which the bill becomes payable shall be added to the thirty-day period (referred to in paragraph (6) of this Article).

8. Matters pertaining to the holder personally or to the person requesting presentation or submitting a protest shall not be deemed to amount to force majeure.

Article 192

1. The submission of a protest against non-acceptance and non-payment shall be made in accordance with the formalities provided in the Law of Civil Procedures through the Notary Public.

9. It is noted that the legislature has used different terms to describe the same event: force majeure

and forceful event which describe what is referred to in paragraph 1 of this article as 'reasons

beyond control'.

60 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 193–196

2. The protest must be addressed to the domicile of the person liable for the discharge of the bill or to his last known domicile, and to the domicile of the persons designated in the bill to discharge it, if necessary, and to the domicile of the acceptor by way of interference.

3. All of the above must be (noted) in one document.

Article 193

A protest document shall incorporate a duplicate of the bill and any acceptance phrases or endorsements, and shall name the person recommended to accept or discharge the bill when necessary. It must also include the notice to pay its value in addition to an indication of the presence or absence of the person responsible for acceptance or payment, the reasons for abstaining from payment or acceptance, the failure to sign or abstention therefrom and the notification by the Notary Public to pay.

Article 194

No measure shall be valid as a substitute for a protest except in the event of the loss of the bill, in which case the provisions of Articles (175) to (180) shall apply.

Article 195

The Notary Public charged with effecting the protest shall keep a true copy for the addressee of the protest, and shall register the protest documents in full on a day by day basis in date order in a special duly numbered and signed register.

Article 196

1. Unless otherwise stipulated (in the bill), every person having a right of recourse against any guarantor by virtue of the bill may recover its value by drawing a new bill payable on sight at the guarantor's domicile.
2. The recovery bill shall include the amounts described in Articles (186) and (187) of this Law and any stamp duties or commission paid.
3. If the drawer of the recovery bill is the holder (of the original bill), its value shall be determined on the same basis as for determining the value of a bill payable on sight drawn from the place where the initial bill was due to be paid or the place where the domicile of the guarantor is located.

Business Laws of Jordan Comm. Law No. 12 (1966) – 61

(February 1998)

ARTS. 197–199 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

4. If the drawer thereof is one of the endorsers (of the original bill), its value is determined on the same basis for determining the value of a bill payable on sight drawn from the place where the domicile of the drawer of the recovery bill or the place where the domicile of the guarantor is located.

Article 197

Where several recovery bills exist, recourse against the drawer of the initial bill and every endorser thereof shall be permissible for the expenses incurred in relation to one recovery bill only.

Article 198

The holder of a bill in relation to which a protest against non-payment has been submitted may, in addition to his right of recourse and after following the required formalities, attach the movable property of each person liable by virtue of the bill after obtaining permission from the competent court and in accordance with the procedures provided for in the Law of Civil Procedures.

CHAPTER 7

INTERVENTION

(1) Miscellaneous Provisions

Article 199

1. The drawer of a bill, its endorser and stand-by guarantor may appoint a person to accept or pay the bill when necessary. This person shall be called 'the appointee'.
2. It is also permissible that the bill be accepted or paid in accordance with the conditions provided for hereunder, by any person intervening for the benefit of any debtor against whom a claim could be brought.
3. The intervening party may be a third party, the drawee or any other person

liable by virtue of the bill. However, an acceptor may not be the intervening party.

62 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 200–202

4. An intervening party must notify such intervention to the person to whose benefit it was made within the following two business days, otherwise he shall be liable for compensation for any damages ensuing from his negligence provided that such compensation does not exceed the value of the bill.

(2) Acceptance by Way of Intervention

Article 200

1. Acceptance by way of intervention exists in all cases where a holder of a bill that must be presented for acceptance has a right of recourse before the date of maturity.
2. Where a person is appointed in the bill to accept it or to pay its value when necessary at the place of payment, the holder shall not have recourse before maturity against the appointing party nor subsequent signatories unless such a bill is presented to the appointee who then refuses to accept it and such a refusal has been evidenced in a protest document.
3. The holder in other cases may reject acceptance by way of intervention.
4. If the holder concurs with the acceptance by way of intervention, he loses his right of recourse before maturity against the person to whose benefit acceptance was made and the latter's subsequent endorsers.

Article 201

1. Acceptance by way of intervention must be in writing on the bill itself and signed by the intervening party.
2. The acceptance text must name the beneficiary of such intervention otherwise it shall be deemed to be for the benefit of the drawer.

Article 202

1. The acceptor by way of intervention is liable against the holder and subsequent endorsers of the beneficiary of such intervention for all the obligations of the latter.

Business Laws of Jordan Comm. Law No. 12 (1966) – 63
(February 1998)

ARTS. 203–206 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. The beneficiary of such intervention and his guarantors, upon paying the sum described in Article (187) of this Law and notwithstanding the acceptance by way of intervention, may receive from the holder the bill, the protest document and the release document, if any.

Article 203

1. A bill may be discharged by way of intervention in all cases where the holder of such a bill has the right of recourse at or before maturity against persons

liable by virtue of the bill.

2. Such a discharge is effected by paying the whole sum that should have been paid by the beneficiary of the intervention in order (for the latter) to be released.

3. Payment must be made not later than the last day for the presentation of the protest against non-payment.

Article 204

1. If the parties accepting the bill by way of intervention or the persons appointed to pay have a domicile at the place of payment, the holder must present it to all of them and submit a protest against non-payment, if necessary, no later than the day following the last day for submitting such a protest.

2. Subject to paragraph (10) of Article (183) of this Law, if such a protest is not submitted within the prescribed period, the person appointing the paying party or the person to whose benefit acceptance was made and all subsequent endorsers shall be released from all their obligations.

Article 205

If the holder rejects payment from the intervening party his rights of recourse against any person who would have been released by such payment shall be barred.

Article 206

1. Payment by way of intervention must be evidenced by a phrase indicating the receipt of the value to be written on the bill and also indicating the beneficiary of such payment, otherwise it shall be deemed to be for the benefit of the drawer.

64 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 207–208

2. The bill must be delivered to the paying party along with the protest document, if any.

Article 207

1. A person paying by way of intervention shall acquire all the rights ensuing from the bill against the beneficiary of such payment and against any parties liable to the latter by virtue of the bill. However, the paying party may not endorse the bill.

2. Endorsers subsequent to the beneficiary of such payment shall be released.

3. Should several persons wish to pay by way of intervention, priority shall be given to the payment which leads to the release of the greatest number of persons among those liable by virtue of the bill.

4. A person intervening to pay knowing that such intervention contravenes the preceding provision shall be barred from his right of recourse against the party that would have been released except for such intervention.

CHAPTER 8

MULTIPLE COPIES AND DUPLICATES

(1) Multiple Copies

Article 208

1. A bill may be drawn in several copies that are identical to each other.
2. Every copy must be numbered, otherwise each shall be deemed to be a separate bill.
3. A holder of a bill which does not indicate therein that it is the sole copy may request additional copies at his own expense.
4. In realizing the above, he must refer to his endorser who shall cooperate in referring him back to the previous endorser in sequence, finally reaching the drawer.
5. Every endorser shall endorse the new copies.

Business Laws of Jordan Comm. Law No. 12 (1966) – 65
(February 1998)

ARTS. 209–211 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 209

1. The payment of one copy of a bill is a valid release even if there exists no stipulation that such payment invalidates other existing copies.
2. Notwithstanding the above, the drawee remains liable for the payment of each accepted copy that he has not retrieved.
3. The endorser who endorsed copies of the bill to different persons and his subsequent endorsers shall be liable for all copies bearing their signatures that have not yet been retrieved.

Article 210

1. A person presenting a copy for acceptance must indicate in the other copies the party in whose possession that copy is.
2. The latter must deliver it to the lawful holder of any other copy. In the event that he refuses to deliver it, the holder shall not have a right of recourse unless he proves the following by means of a protest document:
 - (a) That the copy presented for acceptance was not delivered to him when requested.
 - (b) That acceptance or payment was not made under another copy.

(2) Duplicates

Article 211

1. A holder of a bill may make duplicates thereof.
2. Such duplicates must be identical to the original bill including any endorsements or other details therein; it must also indicate that the copying of the original bill has ceased at that point.
3. A duplicate copy may be endorsed and guaranteed by a stand-by guarantor in the same manner applicable to the original (bill).
4. This duplicate shall be governed by the same rules governing the original (bill).

66 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 212–214

Article 212

1. The duplicate of the bill must indicate the possessor of the original thereof.
2. The latter shall deliver the original to the lawful holder of the duplicate. Should he refuse to do so, the holder of the duplicate shall not have the right of recourse against the endorsers or stand-by guarantors unless it is evidenced in the document that the original was not delivered to him upon his request.
3. If the duplicate, after the last endorsement, incorporates the phrase 'from this point forward endorsements may only be on the duplicate' or any other similar phrase, every endorsement on the original (bill) thereafter shall be deemed to be void.

CHAPTER 9 ALTERATION

Article 213

If the text of the bill has been altered, persons signing the altered bill shall be liable in accordance therewith, and the signatories prior to such alteration remain liable in accordance with the original text.

CHAPTER 10 TIME LIMITATIONS

Article 214

1. Every action arising from the bill against its acceptor shall be barred after five years have elapsed from the date of maturity.
2. Actions by the holder against the drawer or endorsers shall be barred by the lapsing of two years from the date of protest presented within the prescribed time limit or from the date of maturity if the bill incorporates a stipulation as regards recourse without expenses.

Business Laws of Jordan Comm. Law No. 12 (1966) – 67
(February 1998)

ARTS. 215–218 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

3. Actions by endorsers against one another shall be barred by the lapsing of one year from the day on which the endorser discharged the bill or from the day on which the action was brought.

Article 215

1. Time limitations shall not run in the event of bringing action except from the date of the last procedure taken.
2. Time limitations shall not run if the debt is confirmed by a judgment, if the debtor admits liability in a separate document or if a person liable for the debt discharges a part thereof.

Article 216

Any interruption in the running of time limitations shall be effective only towards the person against whom the interrupted procedure was taken.

Article 217

Notwithstanding the lapse of the prescribed time limits for a bill and other commercial papers, the creditor may bring action within the normal civil time limitations to claim the [right] for which the commercial paper was given. The

(commercial) paper shall be accepted as evidence in such action.

Article 218

1. If the date of maturity falls on a public holiday, a demand for payment shall not be permissible except on the following business day.
2. No other procedure in relation to the bill may be taken, in particular in relation to presentation for acceptance or submission of protest except on a business day.
3. In the case that the last day of the period within which a specific procedure must be taken falls on a holiday, shall such limit extend to the following business day.
4. Public holidays falling within a prescribed time limit shall be calculated as forming part of such limit.

68 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 219–223

Article 219

When calculating the legal or agreed time limits, the first day shall not be counted.

Article 220

No grace periods may be granted by law or by the court in the events provided for in Article (190) and (200) of this Law.

Article 221

1. The term signature in this Book shall mean signature, stamp or fingerprint.
2. Two witnesses must evidence that the person signing by stamp or fingerprint has signed in their presence and in full knowledge of what he has signed.

PART II

PROMISSORY NOTE

Article 222

A promissory note comprises the following particulars:

- (a) An order of the phrase 'to the order of' or 'promissory note' written in the text of the note and in the same language in which the note has been written.
- (b) An unconditional undertaking to pay a certain sum of money.
- (c) Date of maturity.
- (d) Place of payment.
- (e) Name of payee.
- (f) Date of issuing the note and the place thereof.
- (g) Signature of the issuer.

Article 223

A note failing to bear any of the particulars provided for in the preceding Article shall not be deemed to be a promissory note except in the following cases:

Business Laws of Jordan Comm. Law No. 12 (1966) – 69
(February 1998)

ARTS. 224–225 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

(a) A note not bearing the date of maturity shall be deemed to be payable on sight.

(b) If the place of payment is not indicated in the note, the place stated by the issuer's name shall be deemed to be concurrently the place of payment and the domicile of the issuer.

(c) If the place of payment of the note is not stated by the issuer's name or in any other place in the note, the place of business of the issuer or his place of residence shall be deemed to be the place of payment.

(d) A note failing to bear the place of issue thereof shall be deemed to have been issued in the place stated by the issuer's name. If no place is explicitly stated, the place of issue shall be deemed to be the place where the note was actually signed.

(e) If the note fails to bear the date of issue, the true date of delivery of the note to the beneficiary or holder shall be deemed to be its date of issue.

(f) If the note fails to bear the words 'promissory note' and it may be deduced from its content that it is a promissory note, then it shall be deemed as such.

Article 224

Provisions pertaining to a bill of exchange in relation to its endorsement, maturity, payment, recourse for non-payment, protest, discharge by intervention, duplication, alteration, time limitations, official holidays, calculation of time limitations, prohibition of granting (grace) periods by law or by the court as well as interim attachments shall be applied to promissory notes to the extent that they are consistent with the nature thereof.

Article 225

The provisions pertaining to bills of exchange payable at the domicile of a third party or at a place other than the place of domicile of the drawee as well as stipulation regarding (payment of) interest, and provisions relating to discrepancies in the particulars of the amount payable, results emanating from signature and the signature of an unauthorized person or signature ultra vires, shall be applicable to promissory notes.

70 – Comm. Law No. 12 (1966) Business Laws of Jordan

(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 226–228

Article 226

The provisions of bills of exchange pertaining to a stand-by guarantee shall also be applicable to a promissory note. Consequently, where the guaranteed party is not stated in the text it shall be deemed to be for the benefit of the issuer of the note.

Article 227

1. The issuer of a promissory note shall be liable for the same obligations as an acceptor of the bill.

2. A promissory note payable after a period from sight must be presented to its issuer within the limit provided for in Article (154) so as to insert a dated indication of the sight thereof accompanied by his signature.

3. Such a time limit shall begin to run from the date of such indication.

4. If the issuer refuses to insert the above-mentioned indication, such a refusal must be established by a protest from which date the period of sight shall begin to run.

PART III

CHEQUES

CHAPTER 1

DRAWING UP A CHEQUE

Article 228^[1]

1- cheque comprises of the following particulars:

(a) The word 'cheque' written in the text and in the same language in which the cheque has been drawn up.

(b) An unconditional order to pay a certain sum of money.

(c) The name of the drawee.

(d) Place of payment.

(e) Date of issue and the place thereof.

(f) Signature of the drawer.

2- The date shown on the might be deferred from its issuance date. But such a check (deferred check) is not payable and cannot be accepted prior to the date shown on the check.

Business Laws of Jordan Comm. Law No. 12 (1966) – 71
(February 1998)

ARTS. 229–231 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 229

A document failing to incorporate any of the above-mentioned particulars shall not be deemed to be a cheque except in the following cases:

(a) If the place of payment is not stated, the place stated by the name of the drawee shall be deemed to be the place of payment. If several places have been stated by the drawee's name, the cheque shall be payable at the first place stated.

(b) If a cheque fails to bear any of the particulars (mentioned in the preceding paragraph) or any other particulars, it shall be deemed payable at the place where the drawee's headquarters is located.

(c) If the cheque fails to bear the place of issue, the place stated by the drawer's name shall be deemed to be the place of issue. If the place of issue is not stated, the place of delivery of the cheque to the beneficiary shall be deemed to be the place of issue.

(d) If the word 'cheque' is not inserted (in a document) but it may be deduced from its appearance that it is a cheque, then it shall be deemed as such.

Article 230

1. Cheques may only be drawn on banks.

2. Documents issued in the Hashemite Kingdom of Jordan payable therein and drawn against institutions other than banks in the form of cheques shall not be deemed to be valid cheques.

Article 231^[2]

1. No cheque may be issued unless the drawer has, with the drawee, at the time of payment, (a sum of) money against which he could draw cheques pursuant to an express or implied agreement between the drawer and drawee.

2. The drawer of a cheque or the person ordering another to draw it for his account shall provide consideration for payment.

3. Notwithstanding (the above), the drawer for the account of another (person) remains personally liable to the endorsers or holder only.

72 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 232–234

4. The onus shall be solely on the drawer to establish, in a case of denial, that the drawee had consideration for payment at the time of payment. He shall not guarantee payment thereof even if a protest is submitted after the prescribed dates.

Article 232

1. No phrase of acceptance shall be incorporated in a cheque. If such an acceptance is inserted it shall be deemed to be void.

2. The drawee may insert a mark on the cheque, such mark shall be deemed to indicate the existence of consideration for payment on the date of such mark.

Article 233

1. A cheque may be drawn:

(a) To a named payee with express stipulation to his order or without it.

(b) To a named person with a stipulation of 'not to the order of' or any other phrase to the same effect.

(c) To the bearer of the cheque.

2. A cheque drawn for the benefit of a named person incorporating the phrase 'or to bearer' or any other phrase to the same effect shall be deemed to be a bearer cheque.

3. Cheques incorporating the phrase 'not negotiable' shall only be paid to holders receiving them accompanied by such stipulation.

Article 234

1. A cheque may be drawn to the order of the drawer himself.

2. It may be drawn to the order of another person.

3. It may not be drawn on the drawer himself except where it is drawn by one establishment on another where both establishments are owned by the drawer himself provided that it is not payable to the bearer.

Business Laws of Jordan Comm. Law No. 12 (1966) – 73
(February 1998)

ARTS. 235–239 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 235

Every stipulation regarding interest in a cheque shall be deemed to be void.

Article 236

It is permissible to stipulate that a cheque be paid at the domicile of a third party, whether at the place where the domicile of the drawee is, or in any other places provided that such third party is a bank.

Article 237

The provisions of Articles (138) and (139) pertaining to bills of exchange shall apply to cheques.

Article 238

The drawer shall guarantee payment, and every stipulation by which the drawer exonerates himself from such guarantee shall be deemed to be void.

CHAPTER 2

NEGOTIATION OF CHEQUES

Article 239

1. A cheque made payable to a named payee is negotiable by endorsement even if it does not expressly incorporate the words 'to order'.
2. A cheque made payable to a named person incorporating the phrase 'not to the order of' or any other similar phrases shall be governed as regards its negotiation to the provisions of assignment provided for in the Civil Code.
3. Endorsement is valid even if to the drawer himself or any other person liable (by virtue of the cheque), and all such persons shall be entitled to endorse it (thereafter).

Article 240

1. An endorsement must be unconditional. Any condition upon which an endorsement is pending shall be deemed to be void.
2. Partial endorsement is void, and so is an endorsement by the drawee.
3. Endorsement to the bearer shall be deemed to be a blank endorsement.
4. Endorsement to the drawee shall not be deemed to be a defect unless the drawee has several corporations and the endorsement is to the benefit of a corporation other than that on which the cheque was drawn.

Article 241

The provisions of Articles (143), (144), (145), (146), (147) and (148) of this Law pertaining to bills of exchange shall apply to cheques.

Article 242

Endorsement of a cheque payable to the bearer renders the endorser liable in accordance with the provisions pertaining to recourse. However, endorsement does not render a cheque payable to the order of a person.

Article 243

1. Endorsement subsequent to a protest or the lapsing of the date of presentation of the cheque shall only have the effect of assignment provided for in the Civil Code.
2. Unless proved otherwise, an undated endorsement shall be deemed to have been made prior to the submission of a protest or prior to the date mentioned in the preceding paragraph.
3. Endorsements may not be pre-dated otherwise they shall be deemed to be a

forgery.

Business Laws of Jordan Comm. Law No. 12 (1966) – 75
(February 1998)

CHAPTER 3

STAND-BY GUARANTEE/AVAL

Article 244

The provisions of Articles (161), (162), (163) pertaining to bills of exchange shall apply to cheques except for the provision in Article (162) in relation to the permissibility of a stand-by guarantee from the drawee.

CHAPTER 4

PRESENTATION AND DISCHARGE OF CHEQUES

Article 245^[3]

Canceled

Article 246

1. A cheque drawn in the Hashemite Kingdom of Jordan and payable therein must be presented for payment within thirty days.
2. If it is drawn outside the Kingdom and payable therein, it must be presented within sixty days if its place of issue is in Europe or any other country on the Mediterranean coast, and within ninety days if its place of issuance is in any other country.
3. Such dates shall begin to run from the date stated in the cheque as its date of issue.

Article 247

Where a cheque is drawn between two countries with different calendars, the date of issue shall be computed by reference to the calendar of the country of payment.

76 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 248–251

Article 248

Presentation of a cheque to a clearing-room shall be deemed to be presentation for payment.

Article 249

1. The drawee may discharge a cheque even after the dates prescribed for its presentation.
2. Objection by the drawer against such discharge shall not be accepted except in the event of loss of the cheque or bankruptcy of the holder.
3. If, notwithstanding this prohibition, the drawer raises an objection based on other reasons, the court, upon a request by the holder, shall order the withdrawal of such objection despite the filing of a suit.

Article 250

The effects of the provisions regarding cheques shall not be affected by reason of the death of the drawer or loss of his contractual capacity or bankruptcy after the

issuing of the cheque.

Article 251

1. Upon discharging a cheque, the drawee may demand its delivery from the holder who should sign it (thereby releasing the drawee).
2. A holder may not refuse partial payment and may, where consideration for payment is less than the cheque's amount, request payment to the extent of the amount of such consideration.
3. Where payment is partial, the drawee may request that such a payment be evidenced on the cheque and a release document be issued.
4. Every amount paid as part of the original value of a cheque shall release the drawer, endorser and stand-by guarantors thereof. The holder shall submit protest against the balance of (the original amount).

Business Laws of Jordan Comm. Law No. 12 (1966) – 77
(February 1998)

ARTS. 252–254 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 252

1. If several cheques have been drawn at the same time and if the amount of money with the drawee is insufficient to discharge them all, regard shall be given to the dates of issue thereof.
2. If the presented cheques were issued from the same cheque-book and have the same date of issue, priority shall be given to the cheque with the number that precedes the numbers of the other cheques.

Article 253

1. Subject to Article (270), discharging a cheque without objection by any person shall be deemed to be valid.
2. If the drawee discharges a negotiable cheque, he shall be obliged to verify the sequence of the endorsements. However, he shall not be obliged to verify the authenticity of the signatures of the endorsers.

Article 254

1. If the payment of a cheque is in a currency not in circulation in the Hashemite Kingdom of Jordan, it may be paid on the prescribed date for presentation in Jordanian currency at the rate of exchange calculated on the date of payment.
2. If payment is not effected at the date of presentation, the holder shall have the choice of demanding the value of the cheque in Jordanian currency at the prevailing rate on the date of presentation or payment.
3. If a cheque is presented for the first time after the date prescribed for presentation, the valid rate shall be that of the date on which the presentation period has elapsed.
4. The custom prevailing in the Hashemite Kingdom of Jordan for calculating foreign currency shall be applied. However, the drawer may determine in the cheque the rate on which basis the payable amount shall be calculated.
5. The preceding provisions shall not apply where the drawer stipulates payment to be effected in a certain foreign currency.

78 – Comm. Law No. 12 (1966) Business Laws of Jordan

(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 255–256

6. If the amount of the cheque is determined in a currency bearing a mutual name in two countries and whose value in the country of issue differs from that in the country of payment, discharge shall be assumed to be in the currency of the country of payment.

Article 255

The provisions of Articles (175), (177), (178), (179) and (180) pertaining to bills of exchange shall apply to cheques.

CHAPTER 5

CROSSED CHEQUES AND CHEQUES CREDITED TO ACCOUNT

Article 256

1. The drawer or holder of a cheque is entitled to cross it.
2. This crossing shall have the effects provided for in the following Article.
3. Crossing is made by two parallel lines on the face of the cheque.
4. Crossing may be general or special.
5. If no words are written between the two lines or the word 'bank' or any word to the same effect has been written therein, the crossing shall be deemed to be general.
6. If a bank's name has been written between the lines the crossing shall be deemed to be special.
7. A general crossing may be converted into a special crossing; however, the special crossing cannot be converted into a general crossing.
8. The deletion of a crossing or of the name of the bank shall be deemed to be void.

Business Laws of Jordan Comm. Law No. 12 (1966) – 79

(February 1998)

ARTS. 257–259 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 257

1. Adrawee may not discharge a cheque generally crossed except to his customer or to a bank.
2. The drawee may not discharge a specially crossed cheque except to the designated bank or to his customer if the designated bank is the drawee (itself).
3. Notwithstanding the above, the designated bank may resort to another bank to receive the value of the cheque.
4. A bank may not acquire a crossed cheque except from one of its customers or from another bank. It may not receive its value for the account of other than these persons.
5. If a cheque bears several special crossings, the drawee shall not discharge it unless it bears two crossings one of which was to the effect that its value is to be received via a clearing-house.

6. If the drawee or bank does not observe the above mentioned provisions it shall be liable for damages to the extent of the value of the cheque.

Article 258

1. A drawer of a cheque and the holder may prohibit cash payment thereof by inserting the phrase 'to be credited to account' (or any other similar phrase) on the back of the cheque; in such event the cheque shall not be paid by the drawee except by its credit in the books 'by crediting the account, by transfer or by clearing'. Credit in the books shall be a valid discharge.

2. Deleting the phrase 'to be credited to the account' shall be void.

3. If the drawee fails to follow the preceding provisions, it shall be liable for compensatory damages to the extent of the value of the cheque.

Article 259

The provisions of the preceding Article shall apply to cheques incorporating a stipulation to credit to account issued outside the Hashemite Kingdom of Jordan.

80 – Comm. Law No. 12 (1966) Business Laws of Jordan

(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 260–263

CHAPTER 6

RECOURSE FOR NON-PAYMENT

Article 260

1. The holder of a cheque shall have recourse against the endorsers, drawer and other persons liable by virtue thereof if it is presented within the prescribed time, is dishonoured and non-payment is established by any of the following methods:

(a) By an official protest document.

(b) By a dated declaration by the drawee written on the cheque itself stating the date of presentation.

(c) By a declaration issued by the clearing house stating that the cheque was duly presented and dishonoured.

2. Unless otherwise provided, the two declarations referred to in paragraphs (b) and (c) of this Article shall also be named 'protest'.

CHAPTER 7

PROTEST

Article 261

1. Non-payment must be established by the means provided for in the preceding Article before the lapsing of the prescribed period for submitting the protest.

2. If the submission occurs on the last day of such a period, non-payment may be established on the following business day.

Article 262

The provisions of Articles (183), (184) and (185) of this Law pertaining to bills of exchange shall apply to cheques.

Article 263

The holder of a cheque may claim the following from any person against whom he has a right of recourse:

ARTS. 264–266 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

- (a) The unpaid amount of the cheque.
- (b) Interest calculated from the date of presentation at the legal rate for cheques drawn and payable in the Hashemite Kingdom of Jordan, and at the rate of 6 per cent for other cheques.
- (c) Expenses and any other costs incurred by a protest and notices.

Article 264

A person discharging a cheque may claim the following from its guarantors:

- (a) The amount he paid.
- (b) Interest on the amount paid calculated at the legal rate from the date of payment for cheques drawn and payable in the Hashemite Kingdom of Jordan, and at the rate of 6 per cent for other cheques.
- (c) Any expenses incurred.

Article 265

The provisions of Articles (188), (192) and (193) of this Law pertaining to bills of exchange shall be applied to cheques.

Article 266

1. If the presentation of cheques, the submission of a protest or any of its substitutes has not been effected within the prescribed periods by reason of an uncontrollable event, such periods shall be extended.
2. The holder must notify his endorser of such an event without delay, and must establish this notice by a dated signature on the cheque or the document attached thereto.
3. The addressee of such a notice shall inform his endorser and so on in sequence in accordance with Article (183) of this Law.
4. The holder shall, without delay, after the termination of the uncontrollable event present the cheque for payment and shall, if necessary, submit a protest or any other equivalent measure.

82 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 267–269

5. Should the *force majeure* subsist for more than fifteen days calculated from the date on which the holder notified his endorser of the occurrence thereof, even if such date falls before the lapsing of the period during which the cheque has to be presented, recourse against any of persons liable (by virtue of the cheque) shall be permissible without having to present the cheque, protest or a substitute for protest.
6. Matters that are strictly personal and which pertain only to the holder of the cheque or to the person requesting presentation of the cheque or submission of the protest or its substitute are not considered to be uncontrollable events.

CHAPTER 8 MULTIPLE COPIES AND DUPLICATES

Article 267

1. With the exception of bearer cheques, a drawer may draw duplicate copies of a cheque if it is drawn in one country and is payable in another or in an overseas part thereof or vice versa, or is drawn and payable in one part or different overseas parts of the same country.
2. If a cheque is drawn with more than one copy, the number thereof shall be indicated on each copy, otherwise each copy shall be deemed to be a separate cheque.

Article 268

The provisions of Article (209) of this Law pertaining to bills shall apply to cheques.

CHAPTER 9 ALTERATION

Article 269

The provisions of Article (213) pertaining to bills of exchange shall apply to cheques.

Business Laws of Jordan Comm. Law No. 12 (1966) – 83
(February 1998)

ARTS. 270–272 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 270

1. The drawee shall be solely liable for damages ensuing from a forged or altered cheque if no fault could be attributed to the drawer whose name appears on the document.
2. In particular, a drawer is at fault if he fails to exercise due diligence in safeguarding the cheque-book delivered to him.

CHAPTER 10 TIME LIMITATIONS

Article 271

1. Any action by the holder of a cheque against the drawee shall be barred after a period of five years calculated from the date of termination of the period during which a cheque must be presented for payment.
2. Any action by the holder against the endorsers and the drawer and other persons liable (by virtue of the cheque) shall be barred after a period of six months from the date of termination of the period of presentation (of the cheque).
3. Any action by the persons liable for payment (by virtue of the cheque) against one another shall be barred after a period of six months calculated from the date on which payment by a person liable (by virtue of the cheque) was effected or from the date in which action was brought against him in recourse.
4. Any action against the drawer who has not provided consideration for payment or who had provided it but subsequently withdrew it, in whole or in part, and all actions against persons liable (by virtue of the cheque) who have been

unlawfully enriched shall not be barred by the lapsing of the preceding time limitations.

Article 272

The provisions of Articles (215), (216), (217) and (220) of this Law pertaining to bills of exchange shall apply to cheques.

84 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 273–275

CHAPTER 11

MISCELLANEOUS PROVISIONS

Article 273

A debt is not deemed to be a novation by the acceptance of the cheque by a creditor in settlement of his debt and the original debt remains in existence with all its securities until the value of the cheque is paid.

Article 274

The provisions of Article (198) of this Law pertaining to bills of exchange shall apply to cheques.

Article 275

1. A fine not exceeding 50 Dinars shall be imposed on every person who inserts an untrue date on a cheque and every person who draws a cheque against an institution other than a bank.

2. The same fine shall be imposed on the first endorser of the cheque or its holder, if they insert on the cheque a date subsequent to the actual date of endorsement or presentation.

3. Neither party may claim such a fine from any other party.

4. The same fine shall also be imposed on every person issuing a cheque which does not have full consideration for payment before it is issued.

5. Such a fine shall be imposed in addition to the provisions of the Penal Code, if necessary.

6. A fine not exceeding 5 Dinars shall be imposed on every person who draws up a cheque and does not indicate its place of issue, as well as every person who issues an undated cheque. The same fine shall be imposed on the first drawer or holder if the cheque does not bear the place of issue or its date, and every person who pays such a cheque or receives it by way of set-off.

7. A cheque is not deemed to have omitted the place of issue if the events provided for in Article (229) of this Law occur.

Business Laws of Jordan Comm. Law No. 12 (1966) – 85
(February 1998)

ARTS. 276–280 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 276

1. Every bank that has consideration for payment and has delivered to the creditor a blank cheque-book by which payment from the funds is to be made

shall indicate on each page of the cheque-book the person to whom it was delivered.

2. For every infringement of this Article a fine not exceeding 5 Dinars will be imposed.

Article 277

A fine of not less than 5 Dinars and not exceeding 50 Dinars shall be imposed on the drawee who knowingly declares that a consideration for payment exists when such consideration for payment is less than the actual amount.

Article 278

1. In the event that a criminal prosecution is brought against the drawer pursuant to Article (275) of this Law, the personal claimant may request a judgment from the competent criminal court for a sum equal to the value of the cheque without prejudice to his right to damages.

2. (The person claiming damages) shall be entitled to claim his rights before the ordinary courts if he so chooses.

Article 279

Every bank that *mala fide* refuses to honour a cheque duly drawn and against which there exists a consideration for payment and no objection against the discharging thereof has been made shall be liable for any damages sustained by the drawer by reason of such refusal and for damages to (the drawer's) financial reputation.

Article 280

The word 'bank' in this Law shall mean all persons and corporations licensed to practice the business of banking.

86 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 281–284

Article 281

The provisions under the Part pertaining to cheques which refer to provisions under the Part pertaining to bills of exchange shall not be applied except to the extent that it is not inconsistent with the nature of the cheque.

PART IV

OTHER INSTRUMENTS TRANSFERABLE BY ENDORSEMENT

Article 282

1. Every instrument by which its signatory undertakes to deliver a sum of money or a quantity of chattels identified by kind at a fixed date and place shall be transferable by endorsement if it explicitly incorporated upon issue the phrase 'to the order of'.

2. Unless otherwise provided in the law or in the instrument itself, such endorsement shall be governed by the provisions of Article (141) *et seq.* pertaining to the endorsement of promissory notes.

3. The debtor may not avail himself of any defences other than those arising from the instrument itself and those that he has against a *bona fide* claimant unless the claimant is acting in *mala fide*.

4. The debtor is not obliged to discharge the instrument except against delivery of the instrument in which receipt is stated.

Article 283

Unless it may be otherwise induced from the intention of the parties, if a prom-issory note, bill of exchange or any other endorsable instrument was delivered in settlement of a debt, it shall not be deemed to be novation of the agreement.

PART V

CURRENT ASSETS

Article 284

Subject to the provisions of the Companies Law, stocks, debentures, income bonds and other negotiable instruments that are issued in multiple quantities and which Business Laws of Jordan Comm. Law No. 12 (1966) – 87 (February 1998)

ARTS. 285–287 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

grant entitlement to a right at equal value and which could be priced in a financial market, may be issued in certificate or bearer forms.

Article 285

1. If the instrument is issued to bearer, its transfer is effected by mere delivery.
2. Every holder of such an instrument shall be entitled to exercise all the rights pertaining thereto. As long as the debtor has not received any legal objection, his payment to the holder shall discharge him from the debt.
3. The debtor may not avail himself against the holder of the instrument of any defences other than those based on nullity of the instrument or those arising from the text of the instrument itself.

Article 286

1. If the instrument is in certificate form, the right of its owner is established by the registration of the name in the records of the corporation issuing the instrument.
2. Ownership of the instrument is established upon such registration.

Article 287

1. The disposal of an instrument in certificate form is effected by a declaration evidencing the transfer, registered in the records (of the corporation issuing the instrument) and signed by the person disposing of the document or his legal representative.
2. The debtor corporation is entitled, before registration of the disposal, to demand from the person giving the declaration that proof be provided as to his identity and legal capacity.
3. Such disposal entitles the new owner whose name is registered to a direct and personal right. The debtor corporation may not use against him any defences in connection with previous owners of the instrument.

88 – Comm. Law No. 12 (1966) Business Laws of Jordan (February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 288–289

Article 288

Certificate instruments may include detachable papers which give the holder the right to receive any dues, disbursements or dividends 'and are called mixed instruments'.

Article 289

1. Current asset instruments issued to the order of a particular person shall be transferable by endorsement.
2. Endorsement thereof shall be governed by the rules which govern the endorsement of bills of exchange unless there exist other provisions arising from the laws and regulations or from the nature of the document itself.

Business Laws of Jordan Comm. Law No. 12 (1966) – 89
(February 1998)

ARTS. 290–292 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

BOOK FOUR

COMPOSITION AND BANKRUPTCY

PART I

COMPOSITION

Article 290

Any merchant may, before suspending payment (of his debts) or during ten days after suspension, submit a petition to the Court of First Instance within whose jurisdiction his head office is situated requesting that his creditors be contacted in order to offer them composition (in avoidance of) bankruptcy.

Article 291

1. The merchant shall present in support of his petition duly organized compulsory books of commerce for a minimum of three years, or from the start of his commercial activities if the period is less than three years, accompanied by a certificate witnessing his registration in the Register of Commerce and a detailed and approximate report of his business activities as well as a list of all his creditors with reference to the amount of the debts owed and the creditors' addresses.
2. The merchant shall clarify the reasons behind his request for composition and shall show the rate of distribution that he intends to offer for his creditors or the reasons behind not immediately stating his proposals and shall determine the personal and real securities that he offers to his creditors.
3. In any case, the proposed rate may not be less than 30 per cent of the original debt if the time limit for payment is one year, 50 per cent if the time limit for payment is 18 months or 75 per cent if the time limit for payment is three years.

Article 292

1. The Court after hearing the Prosecutor's case shall decide in the chambers to reject his petition:

90 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ART. 293

(a) Where the petitioner has failed to present the books and documents mentioned in the preceding Article.

(b) Where the petitioner has been previously convicted of an offence of fraudulent bankruptcy, forgery, theft, abuse of confidence, fraud or mis-appropriation of public funds or has failed to fulfil his obligation under a previous composition or where he has previously been adjudicated bankrupt and has not settled all his debts or has not fulfilled the obligation of composition.

(c) Where he has not proposed enough security to distribute his proposed rate.

(d) When he has absconded after the closure of his trading premises or where he has misappropriated or reduced by way of fraud part of his assets.

2. In all of the above cases, if the merchant has suspended payment of his commercial debts, the court will decide on its own initiative whether or not to declare him bankrupt.

Article 293

1. If the court is satisfied that the petition is legal and acceptable, it shall order by way of a final and non-contestable decision, the creditors be called before a delegated judge to discuss and debate the proposed composition.

2. If the court consists of one judge, he shall perform the duties of the delegated judge.

3. The judge may delegate all or part of his above stated duties to any district judge in the same jurisdiction.

4. The delegated judge shall determine the place, date and time of the meeting within a maximum of thirty days from the date of the court decision and will decide on the date on which the decision should be announced and notified to the creditors.

5. He shall also appoint an authorized person who is not a creditor whose duties shall be to control the management of the commercial venture, examine the credit and debt situation and perform an investigation into the conduct of the debtor and present a report to the body of creditors thereafter.

Business Laws of Jordan Comm. Law No. 12 (1966) – 91

(February 1998)

ARTS. 294–295 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

6. The delegated judge, furthermore, shall appoint a date for the petitioner, not exceeding five days thereafter, for the completion of the report which includes the names of the creditors, if the merchant proves in his petition that he is unable to present the said report immediately.

7. Upon the request of the delegated judge, reference will be made to the court judgment which shall be signed by the judge or his clerk and shall be entered at the end of the records in the books of the merchant to be returned to him thereafter.

Article 294

1. The clerk shall announce the judgment on the notice board in the court and its summary shall be published in the Official Gazette and shall be entered in the Register of Commerce, and all the above shall be done on a date fixed in the judgment.
2. And where the list of names of the creditors has not been completed or it was considered important to further publicize the adjudication, the court may decide to publish the judgment in an additional newspaper.
3. The court may decide to publish the summary in a foreign newspaper if this is necessary.
4. The clerk shall serve on each creditor a notice that states the name of the debtor, the name of the delegated judge, the name of the authorized person and the date of the judgment concerning the calling of the creditors and the place and date of the meeting and a summary of the debtor's proposals. Notification shall be effected via the Court bailiff, registered mail or by telegram, depending on the destination.
5. The documents that prove adjudication and notification to the creditors shall be enclosed with the file.

Article 295

1. From the date of lodging the petition until the decision that authenticates the composition has become *res judicata*, no creditor who has an instrument dated prior to the date of the decision may commence or proceed with the procedures 92 – Comm. Law No. 12 (1966) Business Laws of Jordan (February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 296–298

- of execution or acquiring priority on the assets of the debtor or register a mortgage or a priority right over real estate subject to avoiding such procedure.
2. The time limits for prescription, and for the non-admissibility of actions which were interrupted due to the above procedures, shall remain suspended.
 3. Unsecured debts shall be considered due and the interest thereon shall be suspended against the creditors only.
 4. As for amounts due as taxes, even if they were preferred debts, they shall not be governed by any of the legal effects stated in this Article.

Article 296

1. During the process of composition the debtor shall continue to manage his assets and shall carry out all ordinary actions which are required for his commercial activities under the supervision of the authorized person and the authority of the delegated judge.
2. They shall have the right to review the books of commerce at any time.

Article 297

1. Donations, other gratuitous payments and guarantees performed by the debtor during the composition procedure shall not be effective as against the creditors.
2. The same rule shall apply if the debtor has borrowed money, even if it was by way of promissory notes, if he has made a settlement, an arbitration or effected

a sale contract that does not fall within his commercial activities, or has effected a mortgage or a priority right over real estate without permission from the delegated judge who may not grant permission for the above unless its benefits are clear.

Article 298

1. Where the debtor is in breach of the above two Articles, or it has been proved that he has concealed part of his assets or fraudulently did not name some of the creditors or committed fraud in general, the delegated judge shall inform the court and the court shall decide whether or not to declare him bankrupt.

Business Laws of Jordan Comm. Law No. 12 (1966) – 93
(February 1998)

ARTS. 299–300 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. This provision shall not deter the inflicting of criminal penalties for the merchant's criminal actions.

Article 299

1. After reviewing the debtor's books and documents and according to the information that has been collected, the person authorized by the Court shall ascertain the accuracy of the documents of the debtors and the creditors, insert the needed amendments and state the amounts due from and to the debtor.

2. The person authorized by the Court may demand, if necessary, clarification from the parties concerned.

3. The person authorized by the Court shall, without delay, make a detailed report on the commercial situation of the debtor and his activities and shall present it to the court registry three days before the date of the composition meeting.

Article 300

1. The delegated judge shall head the creditor's meeting.

2. Every creditor may appoint a proxy who shall hold a written power of attorney which may be written on the notice of the meeting or the telegram.

3. The debtor or his legal representative shall attend the meeting in person and may not appoint a proxy except on serious circumstances to be verified by the delegated judge.

4. After reading the report of the authorized person, the debtor shall offer his final proposals.

5. Where the foregoing procedures have not been completed by the fixed date, the procedures shall be adjourned by the force of law until the nearest working day, without having to inform the creditors, or even those who were absent.

The above procedure shall be followed until the proceedings are completed.

94 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 301–302

Article 301

1. Every creditor may state the reasons in support of his belief that certain debts are disputed or that the debtor is not eligible to benefit from composition and that his proposals should not be accepted.
2. The debtor may present a response and shall make all the clarifications that are required of him.
3. A summary of all the above shall be included in the minutes and all documents shall be attached thereto.

Article 302

1. The composition must be accepted by the majority of the creditors who have voted, provided that the said majority holds at least two-thirds of the unsecured debts and the debts that are not mortgaged or secured by real estate or chattels.
2. Creditors holding securities, mortgage or priority rights over immovables or chattels may form part of the said majority provided that they have relinquished the said securities.
3. The said relinquishment may be confined to a part of the security of the debts and its collaterals provided that such part is fixed and is not less than one-third of the total debts.
4. Participation in voting without a declaration of relinquishing part of the security and an acceptance of composition, shall imply relinquishment of all securities.
5. The court shall calculate the increase that might occur in the assets of the debtor due to such voting and such acceptance.
6. The effects resulting from relinquishing the security, mortgage or priority rights over movable or immovable property shall terminate, even if the relinquishment is partial, if composition is not effected or has been invalidated.

Business Laws of Jordan Comm. Law No. 12 (1966) – 95
(February 1998)

ARTS. 303–306 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 303

1. The debts of the bankrupt's spouse, relatives and in-laws to the fourth degree are not counted in the majority debt provided for in the preceding Article.
2. Persons who obtained those debts by acquisition or by auction during the year prior to the application for composition are prohibited from voting.
3. The disposition of debts occurring after the decision to call the creditors does not grant a right to vote on the terms of the composition.

Article 304

1. The delegated judge shall note in the minutes the creditors who have accepted the composition. All such creditors shall sign the minutes.
2. Those (creditors) who have accepted the composition either by letter or by telegram addressed to the delegated judge or his clerk within five days after the meeting shall be counted as part of the majority.

3. The clerk shall make note of their acceptance in the margin of the minutes and shall attach it thereto.

Article 305

Prior to the signing, the delegated judge shall decide to call all related persons to attend a meeting before the court, in order to authenticate the composition, to take place on a date not exceeding twenty days thereafter.

Article 306

1. The person authorized by the Court shall present a reasoned report on the possibility of acceptance of the composition to the court registry three days before the date set for authentication.

2. The delegated judge shall present this report during the court hearing.

3. The debtor and the creditors may take part in the discussion.

96 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 307–309

4. The court may request the authorized person to attend in chambers in order to obtain clarification from him after notifying the debtor and the involved creditors thereof.

Article 307

The court shall assess, during the provisional authentication, the importance and value of the declared debts in order to ensure that the required majority is reached, and shall take into account other judgments that may be entered and become *res judicata*.

Article 308

1. If the court considers that the debtor is eligible to benefit from the composition and that the objections stated in the above Articles do not overrule the required majority and that the proposed composition is not less than the minimum legal requirement, is legal and its execution is guaranteed, it shall then decide to authenticate the judgment.

2. The court shall determine in the same judgment the proportion to be distributed in relation to the declared debts.

3. If the court refuses to authenticate the composition it has to make a declaration of bankruptcy on its own initiative.

Article 309

1. Before performing all the obligations involved in composition, the debtor may not sell and mortgage his real estate, grant a priority right and, in general, dispose of part of his assets in a way which is contrary to the requirements of his commercial or industrial activities, unless otherwise agreed upon in the terms of composition or in a judgment issued according to the above-stated conditions and authenticated by the court.

2. Any act performed by the debtor which is contrary to this prohibition shall be considered ineffective as against the creditors of debts prior to the composition being authenticated.

Business Laws of Jordan Comm. Law No. 12 (1966) – 97

(February 1998)

ARTS. 310–312 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 310

1. The judgment rejecting or accepting the composition shall be duly announced.
2. Such announcement shall be in accordance with the rules determined herein-after for a judgment declaring bankruptcy.

Article 311

1. Dissenting creditors may object to the authentication of the composition within five days from the date of finalizing the final minutes.
2. Their objection shall include the reasons therefor and shall be notified to the debtor and the person authorized by the court.
3. Appeal may only be permissible by the debtor himself or by the objecting creditors.
4. The time limit for appeal shall be fifteen days.
5. When the judgment has become *res judicata* the duties of the authorized person shall be terminated, unless the terms of composition clearly state that the authorized person shall oversee the execution thereof.
6. The expenses and costs of inspection shall be determined by the delegated judge and any agreement to the contrary shall be void.

Article 312

1. Authentication of the composition shall be binding on all creditors.
2. The creditors, including those who have accepted the terms of composition, shall reserve all their rights against the partners of the debtor in the debt, its surety and persons to whom the bankrupt has disposed of the debt in order. However, they may participate in the discussion in order to present their comments concerning the composition.

98 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 313–315

Article 313

1. The court may, upon a request by any creditor submitted within three years of the announcement of the authentication decision, avoid the composition procedure and make a declaration of bankruptcy if it is proved that the debtor has fraudulently overstated of debts due or concealed a significant portion of his assets.
2. No other action to avoid the composition after its authentication may be accepted.
3. If the composition is declared void by the court, the sureties who have not participated in the fraud shall be discharged from their liabilities ensuing from the composition agreement and the real estate mortgage shall become unenforceable by the force of law and any other securities instituted by the deed itself.

Article 314

If the debtor fails to perform the obligations provided under the composition agreement, every creditor may, after recourse against the sureties and after availing himself of the rights provided by way of security, request the rescission of the composition and to have the debtor declared bankrupt.

Article 315

1. It is permissible to provide in the composition agreement that the merchant may not be fully discharged of the relinquished part of his debt by virtue of this agreement unless he remains insolvent.

2. The validity of such a provision shall be limited to a duration of five years provided that the value of the debtor's assets exceeds the debts due by at least 25 per cent.

Business Laws of Jordan Comm. Law No. 12 (1966) – 99
(February 1998)

ARTS. 316–318 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

PART II

BANKRUPTCY

CHAPTER 1

DECLARATION OF BANKRUPTCY

Article 316

Subject to the application of the rules in Part I, every merchant who has suspended payment of his commercial debts and every merchant who does not affirm his credit worthiness except in ways that are clearly unlawful shall be considered bankrupt.

Article 317

1. Bankruptcy is declared by a judgment of the Court of First Instance within whose jurisdiction the head office of the commercial enterprise is situated.

2. The judgment entered in this regard shall as a matter of urgency be executory.

3. Where several courts have decided to declare the same merchant bankrupt, a reference (court) shall be appointed.

4. The court which has delivered the bankruptcy judgment shall have jurisdiction to hear all cases which arise therefrom.

Article 318

1. The merchant may bring action in court *ex parte*.

2. The action shall be filed within twenty days from the date of suspension of payment (debts) under penalty of being convicted of the misdemeanour of negligent bankruptcy.

3. He shall present, at the same time, a detailed balance-sheet to which he attests that it reflects accurately the current state of his assets and debts.

100 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 319–322

Article 319

1. The action may also be filed in court by one or more creditors.
2. The date for a court hearing may not exceed three days from the date of filing the statements.
3. In cases of urgency, such as where the debtor has closed his trading premises and absconded or if he has concealed a major part of his assets, the creditors may apply to the court in chambers where the court may issue a judgment without serving a notice of attendance on the other party.

Article 320

1. The court may order that precautionary measures be taken to safeguard creditors' rights upon request during the hearing or *ex parte*.
2. The court, if necessary, may declare bankruptcy *ex parte*.

Article 321

1. A merchant may be adjudged bankrupt after his death or after cessation of trading within one year following his cessation or death, if his suspension of payment (of the debts) was prior to his death or cessation.
2. The successors of the merchant may not request declaration of bankruptcy.

Article 322

1. The judgment declaring bankruptcy shall include the date for suspension of payment (of the debts).
2. The court may backdate the date for suspension of payment (of the debts) to an earlier date by means of a judgment or several judgments which alter the said date issued according to the report of the delegated judge, *ex parte* or at the request of any interested party, especially upon the request of the creditors. Each creditor may apply to the court separately.

Business Laws of Jordan Comm. Law No. 12 (1966) – 101
(February 1998)

ARTS. 323–324 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

3. The above request shall not be accepted after the period prescribed in Article (337) has elapsed, after which period the date that was fixed for suspension of payment shall be irrevocably fixed and may not be altered by any creditor.
4. In any case, the date of suspension of payment may not be backdated to more than 18 months prior to the judgment declaring bankruptcy.

Article 323

1. The judgment by which bankruptcy is declared and the judgments concerning the alteration of the date of suspension of payment (of the debts) shall be published within five days from the date of issue thereof by the trustees in bankruptcy in the hall of the court that passed the judgments and at the closest stock exchange centre, if any, and at the entrance of the bankrupt's business premises.
2. A summary thereof shall be published in a daily newspaper on the same date.
3. This publication should occur in the same place where the declaration or bankruptcy took place and in other places where the bankrupt has commercial premises.

4. The above judgments must be registered in the Commercial Registry and the Public Prosecutor must be notified thereof.

Article 324

1. Unless otherwise provided in this Law, the above judgments are contestable by all means of appeal.
2. All bankruptcy matters shall also be contestable in the same manner.
3. The time limit for a judgment to be contested shall commence from the date following the rendering of the judgment. Time limitations pertaining to judgments subject to procedures regarding their publication or summaries thereof in newspapers shall commence from the date that follows the completion of such procedures.
4. Any appeal by the bankrupt shall not suspend the above-mentioned time limitations.

102 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 325–327

CHAPTER 2

DIRECT EFFECTS OF THE JUDGMENT DECLARING BANKRUPTCY

Article 325

1. The names of merchants who have been declared bankrupt and have not been rehabilitated shall be listed in a list on every entrance of the court and in the stock exchange, if any.
2. Where the merchant was dead at the time of declaring him bankrupt, his name shall not be listed.
3. In any case, the name of a merchant shall be crossed out 6 months after his death.

Article 326

A bankrupt forfeits his political rights and may not be a candidate nor an elector to political municipal councils or professional assemblies, he may not perform any public function or assignment.

Article 327

1. The declaration of bankruptcy shall entail the surrender by the bankrupt of the management of his property including any assets he may possess during the bankruptcy to the trustees in bankruptcy.
2. In particular, the bankrupt may not sell any of his assets, discharge debts or collect his dues unless the discharge is for a commercial paper and in good faith.
3. He shall be banned from contracting or initiating a case before courts except as a third party in the cases that are brought against the bankruptcy trustee.
4. However, he shall be able to take all precautionary measures in order to protect his rights.

Business Laws of Jordan Comm. Law No. 12 (1966) – 103
(February 1998)

ARTS. 328–331 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 328

1. The said surrender shall not include the rights that relate to the bankrupt personally as a householder or the rights that are related to pure moral interest.
2. However, the involvement of trustees in bankruptcy in the case is acceptable where it leads to judgment of an amount of money.
3. In addition, the said surrender shall not include the money that the law has determined to be non-attachable or the profits that the bankrupt may acquire by his own activities in accordance with what the delegated judge might consider reasonable for enabling the bankrupt to support himself and his dependants.

Article 329

1. The declaration of bankruptcy entails the suspension of individual actions brought by the ordinary creditors and those holding general priority rights.
2. After the bankruptcy declaration, actions may only be brought against the trustees in bankruptcy without discriminating between commercial and public debts.

Article 330

1. The declaration of bankruptcy suspends the running of interest on debts not secured by priority rights, a mortgage on real estate or a pledge over movable property in respect of the assembly of creditors only.
2. Interest on secured debts may not be claimed except from the proceeds of sale of the assets offered as security for such debts.

Article 331

1. The declaration of bankruptcy shall render all debts due from the bankrupt.
2. The preceding provision shall not include the bankrupt's partners in the obligation.

104 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 332–333

3. Creditors with priority rights shall benefit from such provision.
4. Debenture holders with rewards at the time of payment should immediately produce them in the bankruptcy as stated in Part I regarding composition.

Article 332

1. Where the bankrupt is the owner of real estate or easements attached to such immovable property, the declaration of bankruptcy shall be governed by the rules of publication pertaining to mortgages and priority rights on real estate.
2. The declaration of bankruptcy shall be registered in the Real Estate Register by the trustees in bankruptcy.
3. This registration shall, from the date of registration onwards create a compulsory security for the benefit of the assembly of creditors.

Article 333

1. The following disposals, which the debtor effects after the date of suspension of payment (of the debts) as determined by the court or the lapsing of twenty days prior to this date, are void *vis-a-vis* the assembly of creditors:

(a) Gratuitous acts and disposals other than customary small gifts.

(b) The payment of debts before maturity, irrespective of the manner of such payment.

(c) Payment of matured cash debts by means other than in cash, bills of exchange, promissory notes or transfers and in general every payment for consideration.

(d) The creation of priority rights or mortgages on the assets of the debtor or a pledge on movable property from those assets in order to secure previous debts.

2. Where payment occurs for value by way of disposal of property it shall only be invalid against the creditor who contracted with the bankrupt and this invalidity shall not affect the rights of those to whom the property passed from the debtor for consideration, provided that they were acting in good faith.

Business Laws of Jordan Comm. Law No. 12 (1966) – 105
(February 1998)

ARTS. 334–337 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 334

Every payment for matured debts which the debtor effects and any disposal for value effected after the date of suspension of payment and before the declaration of bankruptcy, may be invalidated if the persons who received payment from the debtor or contracted with him were aware that the bankrupt had already suspended payment (of his debts).

Article 335

1. The invalidity of the above-mentioned acts permits, if necessary, the filing of an application for restitution.

2. Where payment is by a bill of exchange or a cheque, this application may only be filed against the payee of the bill or the cheque.

3. Where payment is by a promissory note this application may only be filed against the first endorser.

4. In both cases, it must be proved that the person from whom restitution is sought was aware that the bankrupt had suspended payment (of his debts) at the time of issuing the instrument.

Article 336

1. The registration of priority rights, mortgages or pledge after the registration of the bankruptcy judgment shall be void *vis-a-vis* the assembly of creditors.

2. It shall be voidable (the registration that took place after the suspension of payment or within the twenty days prior to the suspension) if more than fifteen days have elapsed between the date of establishing the mortgage, pledge or priority and the date of registration and if the delay has caused damage to the creditor.

Article 337

The cases of annulment provided for in Articles (333), (334) and (335) will no longer apply after eighteen months have elapsed from the date of entering the bankruptcy judgment.

106 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 338–341

CHAPTER 3

BANKRUPTCY PROCEDURES

(1) Bankruptcy Committee

Article 338

1. The management of the assets of the bankrupt shall be handed over to a trustee in bankruptcy who is appointed by the court and in return of remuneration.
2. The declaration of bankruptcy shall include the appointment of one or more trustees.
3. The number of trustees may, at any time, be increased to three.
4. Their fees and remuneration shall be determined by the delegated judge according to their own tariffs.
5. The debtor and the creditors may contest the order by which these fees and remuneration have been determined within eight days and the court shall settle the issue in the chambers.

Article 339

The delegated judge may, at any time, appoint one or more creditors who nominate themselves for this task.

Article 340

It is not permissible to appoint a trustee in bankruptcy who is a relative (to the bankrupt) or an in-law to the fourth degree.

Article 341

A trustee in bankruptcy may be added or substituted, if necessary. The delegated judge shall inform the court if such a need arises and the latter shall be responsible for the appointment.

Business Laws of Jordan Comm. Law No. 12 (1966) – 107
(February 1998)

ARTS. 342–347 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 342

1. Where several trustees are appointed, they should only act collectively.
2. However, the delegated judge may grant one or more trustees special per-mission to perform specific administrative duties severally in which case the permitted trustee shall be solely responsible therefor.

Article 343

1. If any objection is raised against some of the activities of the trustees, the delegated judge shall decide on the objection within three days.

2. The decision of the delegated judge shall be promptly executed.

Article 344

1. The delegated judge may suggest, *ex parte* or upon the presentation to him of a complaint by the bankrupt or a creditor, to dismiss one or more trustees.

2. Where the delegated judge does not issue a decision within eight days, the complaint may be brought before the court.

3. The court shall hear the report of the delegated judge and the trustee comments in chambers and shall issue a decision regarding the dismissal of the trustee.

Article 345

Decisions concerning the appointment or dismissal of the trustees in bankruptcy may not be contested in any manner.

Article 346

The court shall appoint one of its members to act as a delegated judge in the judgment declaring bankruptcy.

Article 347

The delegated judge shall be entrusted, in particular, with the task of expediting and safeguarding the bankruptcy process and its management. He shall submit a
108 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 348–351

report to the court regarding any disputes arising from the bankruptcy and which are within the jurisdiction of the court.

Article 348

1. The decisions of the delegated judge shall be submitted to the court registry as soon as they are delivered.

2. These decisions may be contestable before the court by any interested person.

3. The court may review them *ex parte*.

4. Objections shall be submitted to the court registry by means of a formal plea within five days of the date of the decision and the court shall reach a non-contestable decision within eight days thereafter.

Article 349

The court may, at any time, replace the delegated judge by another member, such a decision and the appointment of the replacement shall be not contestable.

Article 350

1. If the court consists of one judge only, he shall also perform the duties of the delegated judge.

2. He may assign his duties, wholly or partially, to one of the district judges in his jurisdiction.

(2) Management of the Bankrupt's Assets

Article 351

1. The court, in determining the declaration of bankruptcy, shall order seals to be placed on various objects.

2. The court, at all times, may summon the bankrupt to appear and may arrest him.

ARTS. 352–354 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

3. In any case, the bankrupt may not leave his domicile without the permission of the delegated judge.
4. If the delegated judge believes that the bankrupt's assets can be inventoried in one day, he may proceed immediately without ordering any seals to be placed.
5. The delegated judge shall seal the necessary objects and may delegate a district judge in the same jurisdiction to do so at the place where the seals should be placed.

Article 352

Seals may be placed on the warehouses, offices, containers, files, books, papers and movables of the bankrupt and his belongings.

Article 353

Where seals are not placed before the appointment of the trustees in bankruptcy, they shall demand the placement of the seals.

Article 354

1. The delegated judge shall order, upon the request of the trustees in bankruptcy, that seals should not be placed on the following or shall otherwise permit their release: clothing, furniture and the essential belongings of the bankrupt and his family.
2. The release of the permitted objects shall take place in accordance with the list submitted to (the delegated judge) by the trustees in bankruptcy.
3. The delegated judge may order that seals should not be placed on:
 - (a) Perishable goods and objects whose value is subject to immediate depreciation.
 - (b) Objects required for the running of the trading premises, if it is not possible to terminate the operation of the business without prejudice to the creditors.

110 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 355–357

4. Objects mentioned in the previous paragraph shall be immediately inventoried and their value shall be shown in a list prepared by the trustees in bankruptcy and in the presence of the delegated judge and a report shall be prepared of all the above.

Article 355

1. The delegated judge may grant the trustees leave for the sale of perishable goods, and objects whose value is subject to immediate depreciation or which require exorbitant expense for their maintenance.
2. The court may not permit investment in the business premises by the trustees

in bankruptcy, except upon the recommendation of the delegated judge and where the public and creditor interest so necessitate.

Article 356

1. The delegated judge shall separate commercial books from other sealed objects and shall deliver them to the trustees in bankruptcy after they acknowledge having received them by signing at the end of the inventory and a summary of their condition (when so delivered) shall be noted in the minutes.
2. The delegated judge shall also separate negotiable instruments shortly to mature, or which are ready for acceptance or which require precautionary measures to be performed and shall deliver them to the trustees in bankruptcy for collection after stating their description.
3. Other debts shall be collected by the trustees in bankruptcy and a receipt voucher given.
4. Incoming letters addressed to the bankrupt shall be delivered to the trustees who shall open them, and the bankrupt may, if present, supervise the opening of such letters.

Article 357

The bankrupt and his dependants may obtain from the bankrupt estate a living allowance which shall be determined by the delegated judge.

Business Laws of Jordan Comm. Law No. 12 (1966) – 111
(February 1998)

ARTS. 358–362 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 358

1. The trustees in bankruptcy shall call for the sealing of the commercial books and suspend the account in the presence of the bankrupt.
2. If he does not appear, a summons shall be served on him within forty-eight hours.
3. He may appoint a representative by a special letter provided that he states the reasons for his non-appearance and these reasons are acceptable to the judge.

Article 359

Where the bankrupt has not submitted a balance sheet, the trustees in bankruptcy shall prepare it without delay in accordance with the commercial books, letters and information that they have access to and shall deposit it at the court registry.

Article 360

The delegated judge may hear the testimony of the bankrupt, his clerks, employees and any other person either concerning the balance sheet or the bankruptcy and its conditions.

Article 361

Where the determination of bankruptcy takes place after the death of the merchant or if the bankrupt dies after having been declared bankrupt, his widow, children and successors shall have the right to be present or appoint a representative to act on their behalf and to substitute the bankrupt in the preparation of the balance sheet and other bankruptcy procedures.

Article 362

The trustee in bankruptcy shall demand the lifting of the seals in order to conduct an inventory of the assets of the bankrupt in his presence or after duly notifying him within three days from the date of placing the seals or from the date of bankruptcy judgment if such a measure occurred prior to the judgment.

112 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 363–365

Article 363

1. The trustees in bankruptcy shall prepare an inventory in original duplicate in the presence of the delegated judge, to be signed by the delegated judge, and one of which is to be deposited in the court registry within twenty-four hours, the other being retained by the trustees.
2. The trustees may request the assistance of any person for the purpose of organizing the inventory and for evaluating the assets.
3. A verification of the property on which no seals were placed or objects which were separated from the sealed objects and inventoried, with their value being estimated shall take place.

Article 364

1. Where the declaration of bankruptcy is effected after the death of the bankrupt and no inventory was prepared before the declaration, the inventory shall be prepared immediately as described in the preceding Article in the presence of the bankrupt's successors or after duly serving a notice on them to attend.
2. The same provision shall apply if the bankrupt dies before the commencement of the inventory.

Article 365

1. The trustees in bankruptcy shall in every case of bankruptcy submit to the delegated judge within fifteen days from the date of their appointment a report or a statement of account on the ostensible state of the bankruptcy, its circumstances, main causes and a description thereof.
2. The delegated judge shall submit, without delay, the report with his comments to the Public Prosecutor.
3. If he fails to do so within the prescribed period, he shall inform the Public Prosecutor of the reasons for the delay.

Business Laws of Jordan Comm. Law No. 12 (1966) – 113
(February 1998)

ARTS. 366–370 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 366

The Public Prosecutor may travel to the domicile of the bankrupt in order to be present during the inventory and may request, at any time, that he has access to all the documents, books and papers relevant to the bankruptcy.

Article 367

When the inventory has been completed, the assets, funds and debt instruments

that are required from the bankrupt, as well as books, papers, the debtor's furniture and his belongings shall be delivered to the trustees in bankruptcy who shall acknowledge having received them by duly signing at the end of the list of inventory.

Article 368

1. The trustees in bankruptcy shall from the time of their appointment carry out all actions needed to safeguard the rights of the bankrupt against his debtors.
2. They shall also request the registration of the mortgages and securities over the debtor's properties if the bankrupt has not so requested and the trustees shall perform the registration in the name of the assembly of creditors and shall enclose with their request a certificate that proves their appointment.
3. They shall also request the registration of the compulsory securities that concern the assembly of creditors.

Article 369

The trustees in bankruptcy, under the supervision of the delegated judge, shall continue to collect the debts that are due to the bankrupt.

Article 370

1. The delegated judge may, after hearing the testimony of the bankrupt or after he has been duly summoned, permit the trustees to sell movable property and other goods.
2. The sale shall be either by agreement or by auction through the Execution Department.

114 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 371–372

3. The delegated judge may, after hearing the testimony of the bankrupt and seeking the opinion of the supervisors, if any, permit the trustees, in special circumstances, to sell immovable property especially those that are not required for the running of the business in accordance with the prescribed procedures for the sale of property after the report of the assembly of creditors has been prepared.

Article 371

1. Proceeds from such sale or collection shall immediately be deposited with the bank that is permitted to accept deposits from the State after deducting amounts determined by the delegated judge as expenses.
2. The delegated judge shall acknowledge this deposit within three days from the date of receipt.
3. If the trustees were unduly late in depositing the amount, they shall be liable to pay interest on the amounts not deposited.
4. The amounts deposited by the trustees or by third parties for the bankruptcy account may not be withdrawn except pursuant to an order by the delegated judge. If there are any objections thereto then the trustees may obtain a judgment against such objections.
5. The delegated judge may order that payment should be effected directly from

the bank to the creditors of the bankruptcy according to a distribution schedule organized by the trustees and the delegated judge shall order its implementation.

Article 372

1. The trustees in bankruptcy may, after leave from the delegated judge and after duly serving notice on the bankrupt, make settlements in every dispute concerning the assembly of creditors, including specific rights and cases concerning real-estate.
2. Where the subject of a settlement does not have a fixed value or its amount exceeds fifty Jordanian Dinars, the settlement shall be authenticated by the court.

Business Laws of Jordan Comm. Law No. 12 (1966) – 115

(February 1998)

ARTS. 373–374 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

3. The bankrupt shall be invited to be present at the time of authentication and shall have the right to object to it, which is sufficient to suspend the settlement if it pertains to real-estate.

4. The trustees in bankruptcy may not perform any relinquishment, revocation or submission except in the same manner.

(3) Proving Debts Due from the Bankrupt

Article 373

1. The creditors may, upon declaration of bankruptcy, deliver to the trustees in bankruptcy their instruments of debt with a statement showing their debts and the amounts thereof. The creditor or his representative shall sign the statement and enclose his proxy.

2. The proxies shall be given a receipt acknowledging delivery of the enclosed documents.

3. The documents may be sent to the trustees in bankruptcy by registered mail with a receipt.

4. After the settlement committee has met, the trustees shall return the received documents to the creditors and shall only remain responsible for the documents for a period of one year from the date of such meeting.

Article 374

1. Where the creditors whose names are entered in the balance sheet fail to present their documents within eight days from the date that follows the declaration of bankruptcy, they shall be notified at the end of the said period through a notice published in a newspaper or by letter by the trustees stating that they should present their documents with a detailed statement to the trustees in bankruptcy within fifteen days from the date of the publication.

2. The foregoing period shall be extended with regard to creditors who reside outside Jordanian territory in accordance with the rules as set out in the Law of Civil Procedures provided that such extension does not exceed sixty days.

116 – Comm. Law No. 12 (1966) Business Laws of Jordan

(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 375–377

Article 375

1. The investigation of the debts shall be conducted by the trustees in bankruptcy, assisted by the supervisors, if any, subject to the approval of the delegated judge and in the presence of the bankrupt or, (if he is not present), after duly serving notice on him to attend.
2. Where the trustees in bankruptcy object to the debt in whole or in part, they shall notify the creditor accordingly by registered mail.
3. The creditor will be granted thirty days to present written or oral explanation.

Article 376

1. When the investigation of the debts is completed, the trustees shall deposit at the court registry, within a maximum of three months from the date of declaration of bankruptcy, a statement of debts investigated, and a summary of the decision rendered by the delegated judge in accordance with their suggestion regarding each debt.
2. The clerk shall inform the creditors of the deposit of the statement by means of a notice published in newspaper and by sending each creditor a letter stating the amount of his debt as it appears in the statement.
3. In very exceptional circumstances, the time limitations stated in paragraph (1) may be extended by an order by the delegated judge.

Article 377

1. Every creditor who has proved his debt or whose name has been included in the balance sheet, may within thirty days of the publication referred to in the preceding Article, deposit his request or objection to the statement in writing submitted by himself or by a representative at the court registry.
 2. The bankrupt shall be granted the same right.
 3. After the lapsing of the said period and in accordance with the trustees' recommendations, with the reservation of the requests and objections that are presented to the court, the delegated judge shall determine the final statement
- Business Laws of Jordan Comm. Law No. 12 (1966) – 117
(February 1998)

ARTS. 378–381 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

of debts to be implemented by the trustees by signing the following declaration regarding undisputed debt statements:

In accordance with the evidence of Mr. _____ or Company _____ he/it has been accepted as a creditor (ordinary, preferential or mortgaged) in the bankruptcy for an amount of _____

Article 378

1. The disputed debt shall be transferred by the clerk to the Court of First Instance for review in a hearing that shall take place within thirty days from the date of publication that is stated in Article (376) and shall be decided in accordance with the delegated judge's report.

2. The date of the hearing shall be served on the parties by registered letter which shall be sent by the clerk at least three days before the date of the hearing.

Article 379

1. The Court may provisionally decide to accept the creditor's participation in the discussion on the amount to be determined by the decision itself.

2. The said decision may not be contested in any manner.

Article 380

The creditor whose objection deals only with his priority rights or real-estate mortgage shall be accepted in the discussion of bankruptcy as an ordinary creditor.

Article 381

1. The creditors who have failed to be present or to present their debt documents within the prescribed time limits, whether known or unknown, shall not participate in the distribution of the bankrupt estate. However, their right to object shall remain valid until the distribution of the estate is completed and they shall bear the expenses of their objections.

118 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 382–384

2. Such objection shall not suspend the execution of distribution ordered by the delegated judge. However, if a new distribution is ordered before their objections are settled, they shall participate therein, to the degree estimated provisionally by the Court which shall be reserved until their objections are settled.

3. If they were accepted as creditors thereafter, they may not claim a share of the distributions ordered by the delegated judge, but they may deduct from the undistributed assets the amounts pertaining to their debts from previous distributions.

Article 382

Documents that were duly issued by a commercial company shall not be governed by the process of investigation of debts.

CHAPTER FOUR

SPECIAL BANKRUPTCY CASES

(1) Conciliation

Article 383

1. The delegated judge shall, within three days following the closure of the lists of debts or within three days following the decision of the court in accordance with Article (379), where a dispute has arisen, invite the creditors whose debts have been proved to negotiate the terms of conciliation.

2. The notices in newspapers and the letters of invitation shall mention the purpose of the meeting.

3. As for the creditors whose debts have been provisionally accepted, they shall be invited by registered mail within three days following the court decision

pertaining to them.

Article 384

1. The conciliation meeting shall be chaired by the delegated judge at the time and place determined by him.

Business Laws of Jordan Comm. Law No. 12 (1966) – 119
(February 1998)

ARTS. 385–386 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. Creditors whose debts have been accepted finally or provisionally shall attend the meeting in person or by proxies constituted by ordinary letters.

3. The bankrupt shall be invited to the meeting and shall attend in person and may not appoint a representative except on grounds which are acceptable to the delegated judge.

Article 385

1. The trustees in bankruptcy shall present to the conciliation meeting a report on the state of the bankruptcy, the information thereon and procedures carried out in this regard.

2. The testimony of the bankrupt shall be heard.

3. The report of the trustees in bankruptcy which includes their signatures shall be presented to the delegated judge, who shall prepare the minutes of the meeting and the resolutions that were issued by the conciliation committee.

Article 386

1. 10 The creditors present at the meeting may not accept conciliation after bankruptcy unless the following conditions have been met under the penalty of invalidity (of the conciliation):

(a) Conciliation shall be concluded with the consent of a number of creditors who constitute the majority and hold two thirds of the final or provisional debts.

(b) The bankrupt's spouse, relatives, in-laws to the fourth degree and the persons to whom the bankrupt has effected a disposal in accordance with the rules set out in the Part I under composition shall not participate in the voting.

10. Paragraph (2) is missing in the Original Arabic text published in the Official Gazette. 120 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 387–389

Article 387

Creditors holding a mortgage, security over real-estate or security over movables may not participate in voting unless they have abandoned their securities in accordance with the rules set out in Part I under composition.

Article 388

1. Conciliation shall be concluded at the same meeting, otherwise it shall be void.

2. Where only one of the two majorities referred to in Article (386) has been attained, deliberations shall be adjourned for eight days after which no extension shall be granted.
3. Creditors who attended or were validly represented in the first meeting of conciliation and signed the minutes thereof shall not be obliged to attend the second meeting, the resolutions passed and consents given by them in the first meeting shall remain valid, save where they attend and amend the same in the last meeting.
4. The signature of the creditors in the minutes of the conciliation meetings may be substituted by their signatures on the voting card which shall be attached to the minutes.

Article 389

1. Conciliation may not be concluded if the bankrupt has been convicted of the offence of fraudulent bankruptcy.
2. Where investigations have commenced with regard to the offence of fraudulent bankruptcy, the creditors shall be called to decide if they wish to reserve their rights to deliberation on conciliation until the bankrupt has been acquitted and accordingly to postpone the conclusion of conciliation until the end of the criminal procedure.
3. The said postponement shall not be decided unless the majorities stated above have been met.

Business Laws of Jordan Comm. Law No. 12 (1966) – 121
(February 1998)

ARTS. 390–392 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

4. Where it is necessary to proceed with deliberations after the period of postponement, the rules stated in the previous Article shall be applied to the new deliberations.

Article 390

1. Where the bankrupt has been convicted of the offence of negligent bankruptcy, conciliation may be concluded.
2. Where criminal procedures have been commenced, the creditors may postpone deliberations on the conciliation until their termination in accordance with the provisions of the preceding Article.

Article 391

1. All creditors who had the right to participate in the conciliation and all creditors whose rights were later proved as well as the representative of the debenture holders' assembly may object to conciliation.
2. The objection must be reasoned and shall be notified to the trustees in bankruptcy and to the bankrupt within eight days following conciliation or the meeting of the debenture holders' assembly, otherwise it shall be deemed to be void. A summons to appear at the court's first hearing shall be accompanied therewith.
3. Where the bankrupt has one trustee who has objected to the conciliation, he shall request the appointment of a new trustee and shall, in regard to the

latter trustee, apply the provisions of this Article.

Article 392

1. The conciliation shall be presented to the court for approval by the party most precipitant and the court may not approve of the conciliation before the period of eight days stated in the preceding Article has elapsed.
2. If any objections have been presented within the said period, the court shall settle the objections and the plea for conciliation in one and the same judgment.
3. If the objection is accepted, the judgment by which the conciliation is invalidated shall be effective against all interested parties.

122 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 393–396

Article 393

In all cases, and before deciding on the approval, the delegated judge shall prepare a report on the description of the bankruptcy and the possibility of approving conciliation.

Article 394

1. If the above rules are not applied or if it has become evident that there exist reasons concerning public interest or the creditors' interests that prevent authentication of the conciliation, the court shall decline to authenticate.
2. The court may also decline to authenticate the conciliation if it includes a provision that allows the Head of the court to appoint one or more supervisors to the execution and release of a mortgage on real estate pertaining to the assembly of creditors, if they have approved of it, and the supervision of the liquidation of assets.

Article 395

1. The conclusion of the conciliation after authentication shall be binding on the creditors whether they are mentioned in the balance sheet or not and whether or not their debts were fixed. It shall also be binding on creditors residing outside Jordanian territory and on those who were accepted provisionally in the deliberations regardless of the amount that will be fixed later in the final decision.
2. Conciliation shall not be effective against creditors holding securities or a mortgage, if they have not abandoned them and against ordinary creditors if their debts occurred during the period of the bankruptcy.

Article 396

1. As soon as the authentication of conciliation has become *res judicata* as mentioned in Article (326), the consequences of bankruptcy shall cease except for political rights provided for in Article (326).
 2. The trustees in bankruptcy whose mission terminates shall submit their account to the bankrupt in the presence of the delegated judge so that it may
- Business Laws of Jordan Comm. Law No. 12 (1966) – 123
(February 1998)

ARTS. 397–400 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

be discussed and approved. The trustees shall submit to the bankrupt all his funds, books, papers and his belongings against a receipt of acknowledgement.

3. The delegated judge shall prepare minutes of all the above and his mission shall terminate.

4. If a dispute arises the Court shall decide thereupon.

Article 397

1. The conciliation may include dates of payment of consequential instalments.

2. It may also include the discharge of the debtor from a major or minor part of his debt; however, such a discharge will leave the debtor with natural obligations 11 .

3. The conciliation agreement may include a stipulation of payment if the debtor becomes solvent in accordance with the conditions stated in Part I under composition.

Article 398

Securities in real estate for the assembly of creditors shall remain as security for the amount of the debt that is stated in the composition agreement.

Article 399

The creditors may otherwise require one or more guarantors to secure the performance of the terms of the conciliation agreement.

Article 400

As long as the amount stated in the conciliation agreement is not fully paid, the debtor may not perform any ordinary act which is not required by the normal running of his business, unless otherwise stipulated in an agreement concluded in accordance with the relevant provisions of Part I under composition.

11. A natural obligation is a legal obligations that cannot be enforced due to insufficient evidence or prescription.

124 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 401–404

Article 401

1. No action shall be accepted for the purpose of invalidating the conciliation after authentication, unless it was based on fraud revealed after authentication and was due to concealment of the assets of the bankrupt or an exaggeration of the debts owed.

2. Any creditor may file this action within five years from the date on which the fraud was revealed.

3. The conciliation agreement shall become void if the bankrupt is convicted of the offence of fraudulent bankruptcy.

4. The annulment of the conciliation agreement shall discharge the guarantors who did not participate in the fraud.

Article 402

1. If a complaint is initiated by the Public Prosecutor against the bankrupt, after the authentication of the conciliation, for the offence of fraudulent bankruptcy and a notice of temporary or permanent arrest is issued, the court may order any precautionary measures within its discretion.
2. The above measures shall be cancelled by the force of law upon a decision not to prosecute the debtor or if he has been acquitted or released.

Article 403

1. Where the bankrupt fails to implement the terms of the conciliation, a case for the rescission thereof may be filed in court.
2. If there were guarantors, they shall be present at the hearing or shall be duly invited to attend.

Article 404

1. When the court reviews the judgment of fraudulent bankruptcy, it shall appoint a delegated judge and a trustee or trustees in bankruptcy and shall state the said appointment in its judgment to annul or rescind the conciliation agreement.

Business Laws of Jordan Comm. Law No. 12 (1966) – 125
(February 1998)

ARTS. 405–407 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. The said trustees may place the necessary seals.
3. They shall, under the supervision of the delegated judge and in accordance with the old inventory list, review the financial papers and documents and when necessary they shall carry out a complementary inventory.
4. They shall also prepare an additional balance sheet.
5. They shall, without delay, invite the new creditors, if any, and shall require them to present the documents setting out their debts within fifteen days for the purpose of investigation and shall publish this invitation and the summary of the judgment of their appointment in the local newspapers.
6. The investigation of the debt shall be effected in conformity with the procedures stated in this Law.

Article 405

1. The presented debt documents shall be investigated immediately in conformity with the preceding Article.
2. The debts already investigated and accepted shall not be re-investigated, subject to the right to reject such debts or reduce their amounts, if they have already been discharged fully or partially.

Article 406

After the completion of the above-mentioned activities, the creditors shall be invited to consider whether the trustees shall be maintained or replaced if a new conciliation agreement is not concluded.

Article 407

Disposals of the bankrupt effected after the authentication of the conciliation agreement and prior to its annulment or rescission shall remain valid unless

effected with the intention of causing damage to the creditor's rights.
126 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 408–409

Article 408

1. [The rights of the creditors constituted prior to the conclusion of the conciliation shall be restored to them as against the bankrupt only]. The assembly of creditors may not join (in such rights) except to the following extent:

(a) If at the time of distribution they had not received any sum of the percentage, they would then enter at the full amount of their debt.

(b) If they had received part of such percentage, they would then enter at an amount proportional to the part of the percentage to which they were promised.

2. The provision of this Article shall apply where a second bankruptcy occurs not preceded by an annulment or rescission of the conciliation agreement.

(2) Assembly of Creditors

Article 409

1. Where no conciliation has been concluded, the creditors shall certainly be in a state of union.

2. The delegated judge shall immediately deliberate with the creditors on the issues of the bankruptcy and consider whether the trustees in bankruptcy should be maintained or replaced. Creditors with priority rights and creditors holding a mortgage, securities over real estate or movables may take part in the deliberations.

3. Minutes of the statements of the creditors and their comments shall be prepared.

4. After reviewing the said minutes the Court shall appoint trustees for the assembly.

5. The trustees in bankruptcy whose duties are terminated shall present to the new trustees an account in the presence of the delegated judge and after duly serving notice on the bankrupt.

Business Laws of Jordan Comm. Law No. 12 (1966) – 127
(February 1998)

ARTS. 410–412 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 410

1. The creditors shall be consulted as to the possibility of granting the debtor a sum of money in the form of aid from the bankruptcy estate.

2. If the majority of the present creditors agree to grant such aid, the trustees shall suggest an amount and the delegated judge shall decide on the amount in his judgment.

3. No other party, except the trustees, may object to the said judgment before the Court.

Article 411

1. The assembly of creditors shall be represented by the trustees in bankruptcy and they shall perform the bankruptcy activities.
2. The creditors may authorize them to continue to invest the available assets.
3. The creditors in their decision shall determine the time and the extent of investment and shall also determine the amounts that should be left to the trustees to cover expenses and costs.
4. The above decision shall only be made in the presence of the delegated judge or by a majority of the creditors representing three-quarters in number and three-quarters of the total amount of the debt.
5. The above decision is subject to objection from the bankrupt or the objecting creditors.
6. However, the said objection shall not necessarily suspend execution.

Article 412

1. Where the activities of the trustees lead to obligations that exceed the assets of the assembly, the creditors who allowed the said obligations shall be personally liable for the amounts exceeding their shares of the said assets.
2. However, their liability shall not exceed the limits of the authorization they granted and their liability shall be in proportion to their debts.

128 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 413–417

Article 413

1. The trustees shall collect unpaid debts.
2. Notwithstanding any objections by the bankrupt, they may accept settlement according to the conditions that were previously accepted.
3. As for the disposal of all the bankruptcy assets against a lump sum, it shall be presented to the creditors' assembly in a meeting called by the delegated judge at the request of the trustees or any of the creditors. However, the trustees shall obtain permission from the court in this respect.

Article 414

The trustees shall proceed to sell the movable assets of all kinds including the trading premises under the supervision of the delegated judge and without the need to invite the bankrupt in conformity with the procedure prescribed for the sale of movables [during the preparatory period].

Article 415

If no compulsory sale procedures have been commenced prior to the creation of the assembly, the trustees shall be solely authorized to effect the sale. They shall so commence within eight days with leave from the delegated judge and through the Execution Department where the real estate is located.

Article 416

1. The trustee shall determine the conditions by virtue of which the auction shall proceed. The sale shall proceed according to the rules relating to compulsory sales.
2. A final sale (by auction) shall free the assets from all liens and mortgages.

Article 417

1. The delegated judge shall invite the assembly of creditors to a meeting at least once in the first year, and during the following years if required.

Business Laws of Jordan Comm. Law No. 12 (1966) – 129
(February 1998)

ARTS. 418–421 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. The trustees shall submit their management account at the meeting.

Article 418

The bankruptcy estate shall be distributed among all the creditors according to the proportions of their fixed debts after deducting the expenses of managing the bankruptcy, any financial aid granted to the bankrupt or his dependants and the amounts paid to the creditors with priority rights.

Article 419

1. The trustees shall submit to the delegated judge a monthly report on the situation of the bankruptcy and the amounts deposited at the bank which is designated to accept State deposits.

2. The delegated judge shall, if necessary, order the distribution of the assets to the creditors and determine the amounts thereof and shall also be responsible for the notification thereof to all the creditors.

Article 420

1. The trustees may not effect any payment except against the provision of a debt instrument proving the debt (paid) and shall note on the instrument the actual amount paid or ordered to be paid.

2. Where the submission of the debt instrument was not possible, the delegated judge may order payment after reviewing the minutes of the investigation of debts.

3. In all cases, the creditors must admit receipt of payment in the margin of the distribution list.

Article 421

1. After the conclusion of the bankruptcy, the delegated judge shall invite all creditors to a meeting.

2. In this final meeting the trustees shall submit their accounts and the bankrupt shall be present or duly notified.

130 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 422–424

3. Creditors shall express their opinion regarding the justifications put forward by the bankrupt, and minutes thereof shall be prepared, which shall include each creditor's statements and comments.

4. At the end of this meeting the assembly shall be dissolved by the force of law.

Article 422

1. The delegated judge shall submit to the Court the decision of the creditors

concerning the discharge of the bankrupt and a report on the state of the bankruptcy and its conditions.

2. The court thereafter shall render a judgment on whether the bankrupt is discharged or not.

Article 423

A bankrupt who has been convicted of an offence of fraudulent bankruptcy, fraud, theft, deception, misuse of trust or misappropriation of public funds may not be discharged.

(3) Conciliation by Abandonment of Assets

Article 424

1. Conciliation may be concluded by the bankrupt abandoning all or some of his assets.

2. The conditions for this conciliation are the same as those provided for in Part I under Composition.

3. However, a denial of possession on the part of the bankrupt regarding the abandoned assets shall not be terminated by the conclusion of conciliation, but the assets shall be sold by trustees appointed in the same manner as the assembly of trustees.

4. The sale and distribution of the assets shall be governed by the same rules which are applicable to the case of assembly.

Business Laws of Jordan Comm. Law No. 12 (1966) – 131
(February 1998)

ARTS. 425–427 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

5. Any surplus of the proceeds of sale of the abandoned assets which exceed the debts shall be refunded to the debtor.

(4) Closure of Bankruptcy for Insufficiency of Assets

Article 425

1. Where the bankruptcy procedures are suspended for insufficiency of assets before authentication of the conciliation or the creation of the state of assembly, the court may, according to the report of the delegated judge or *ex parte*, decide upon the closure thereof.

2. This decision shall vest each creditor with a right to initiate individual actions.

Article 426

1. The bankrupt, as well as any interested person, may apply to the Court to reverse the decision if he proves the availability of sufficient assets to pay the expenses of the bankruptcy or if he grants to the trustee in bankruptcy an adequate sum to cover the same.

2. In all cases, the expenses of the case filed in accordance with the preceding Article shall be paid first.

CHAPTER 5

SPECIAL RIGHTS THAT MAY BE ALLEGED AGAINST THE
BANKRUPTCY

(1) Creditors' Debts due from Several Debtors

Article 427

A creditor holding a debt instrument signed, indorsed or jointly guaranteed by the bankrupt and his partners in the obligation who are also bankrupts shall participate in the distribution with each assembly of creditors and his participation shall be for the initial amount of their debt until it is recovered.

132 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 428–431

Article 428

1. It shall be absolutely prohibited for bankrupts who are jointly liable for one obligation to have recourse against one another for shares paid, unless the aggregate amount of such shares paid by the said bankrupt exceeds the principal debt and ancillary debts.
2. In such cases, the surplus shall be refunded to other persons liable and who are guaranteed by the remaining partners in the obligation with due regard to the order of their obligation.

Article 429

1. Where a creditor holds instruments issued jointly by the bankrupt and others and has collected part of his debt before declaration of bankruptcy, he may not participate in the assembly of creditors except in respect of the remaining part of his debt after relinquishing the part paid and shall retain his right concerning the remaining part against the partner or the guarantor.
2. As for the partner or the guarantor who has paid part of the debt, he may participate in the assembly of creditors in respect of the amount so paid on behalf of the bankrupt.

Article 430

1. Notwithstanding the conciliation agreement, the creditors shall have the right to initiate actions against the partners of the bankrupt in the obligations to demand all their debts.
2. The said partners may participate in the authentication of the conciliation in order to express their comments.

(2) Recovery and Abstention from Delivery

Article 431

1. Any person claiming ownership of goods in possession of the bankrupt shall request their recovery.

Business Laws of Jordan Comm. Law No. 12 (1966) – 133
(February 1998)

ARTS. 432–435 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. The trustees in bankruptcy shall accept the recovery request upon its acceptance by the delegated judge.
3. If a dispute arises, the court shall decide thereupon after reviewing the report of the delegated judge.

Article 432

1. Commercial instruments and other unpaid instruments that were found in the possession of the bankrupt at the time of commencing the bankruptcy action, in particular, may be redeemed if their owner has delivered them to the bankrupt for collection of their value and were so kept at the disposal of the owner or their delivery was for a specific discharge.

2. Banknotes deposited with the bankrupt are also recoverable if the depositor is able to establish their identity.

Article 433

1. It is permissible to request recovery of the goods in whole or in part, if they were delivered to the bankrupt as bailment and for sale for the account of their owner provided that they exist [in kind].

2. It is also permissible to request recovery of the price of such goods, in whole or in part, if it was not paid or a set-off in this regard was effected in a current account between the bankrupt and the purchaser.

Article 434

The vendor may withhold goods and other movable property which are then sold if they have not been delivered or sent to the bankrupt or to a third party for his account.

Article 435

1. A vendor may recover goods that are sent to the bankrupt in order to invoke his right to withhold possession, if they have not yet entered the warehouse of the bankrupt or warehouse of his agent who has been assigned to sell them for his account or any other place over which the bankrupt has ostensible authority.

134 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 436–440

2. However, the request for recovery shall not be permissible where the goods have been sold on a second time before their arrival to a *bona fide* third party without an intention to cause damage.

Article 436

Where the purchaser received the goods before being declared bankrupt, the vendor may not object by filing an action for rescission, recovery or use his right of priority.

Article 437

In the cases where the vendor invokes his right to withhold possession of the goods, the trustees in bankruptcy may, subject to leave from the delegated judge, request delivery of goods after paying the agreed price to the vendor.

Article 438

1. Where the trustees fail to request delivery, the vendor may rescind the sale provided he pays to the assembly of creditors any advance payments received.

2. He may claim damages for rescission and participate for this purpose in the assembly of ordinary creditors.

Article 439

The rights of recovery pertaining to the spouse of the bankrupt shall be determined according to the rules stated below.

(3) Creditors whose Debts are Secured by a Pledge or a Priority Right on Movable Property

Article 440

Creditors of the bankrupt who have legally obtained a pledge or a priority right on movable property will have their names listed with the assembly of creditors for the record only.

Business Laws of Jordan Comm. Law No. 12 (1966) – 135
(February 1998)

ARTS. 441–444 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 441

The trustees, after obtaining leave from the delegated judge, may at any time recover the pledged objects for the account of the bankrupt after settlement of the debt.

Article 442

1. Where the trustees do not recover the pledged objects and the creditor has sold it at a price exceeding the amount of the debt, the trustees shall receive the surplus.

2. Where the price was less than the amount of the debt, the pledgee shall participate in respect of the balance of his debt in the assembly of creditors as an ordinary creditor.

Article 443

1. The trustees shall present to the delegated judge a list of the creditors who claim a priority right on movable property and the delegated judge may order, where necessary, the payment of their debts from the amounts collected first.

2. Where a dispute arises regarding priority, the dispute shall be settled by the court.

(4) Creditors whose Debts are Secured by a Mortgage, Security or Priority over Real Estate

Article 444

Where a distribution of the proceeds (of the sale) of real estate is made before distributing the proceeds (of the sale) of movables or both at the same time, the creditors holding priority rights, securities or mortgages on real estate and who have not recovered all their debts from the proceeds (of the sale) of real estate may participate in respect of the remaining balance of their debts with ordinary creditors in the distribution of assets pertaining to the assembly of creditors, provided that their debts have been investigated in accordance with the above procedures.

136 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 445–447

Article 445

Where one or more distribution of the proceeds of movables is made before distributing the value of real estate, creditors holding priority rights, securities or mortgages on real estate or those whose debts were investigated may participate in the distribution in proportion to the aggregate amount of their debts provided that they reserve, where necessary, the deductibles provided for in the following Articles.

Article 446

1. After effecting the sale of the real estate and the final distribution for the account of creditors holding priority rights, mortgages or securities on real estate according to their rank, it is not permitted for any person [who is eligible by reason of his rank] to receive his entire debt from the proceeds of the mortgaged real estate except after deducting the amount which he had received from the assembly of ordinary creditors.
2. As for the amounts so deducted, they shall not be available for the assembly of creditors holding mortgages or securities on real estate, but shall be refunded to the assembly of ordinary creditors for whose benefit these amounts are deducted.

Article 447

The following rules shall apply to creditors holding mortgages or securities on real estate who have received only a portion of their debts from the distribution of the value of the real estate:

- (a) Their rights shall be finally determined in the assets allotted for the assembly of ordinary creditors regarding the remaining balance of their debt after deducting their share from the distribution of the proceeds of the sale of the real estate.
- (b) The surplus that they have received in the previous distribution shall be deducted from their share of the value of the real estate and shall be refunded to the assembly of ordinary creditors.

Business Laws of Jordan Comm. Law No. 12 (1966) – 137
(February 1998)

ARTS. 448–452 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

Article 448

Creditors who do not receive any amounts from the proceeds (of the sale) of the real estate shall be deemed ordinary creditors, and shall, accordingly, be governed by all procedures concerning the assembly of creditors.

(5) The Rights of the Spouse

Article 449

1. If one spouse is bankrupt, the other shall recover the real estate and movables [in kind] which he/she proves title thereto prior to his/her marriage and also properties that were transferred to him/her without consideration during the marriage.
2. He/she may also recover property that he/she purchased during his/her marriage with money received in the above-mentioned manner, provided that the

deed of sale explicitly states the use to which the money is put and that the spouse proves its sources.

Article 450

As an exception to the case provided for in the second paragraph of the preceding Article, the properties that were purchased by the spouse for value during the marriage shall be considered purchased with the other spouse's money and will thus be entered into the assets of the bankruptcy, unless the spouse proves other-wise.

Article 451

Where the spouse has discharged debts for the account of the other spouse, the legal presumption shall be that he/she discharged those debts with the monies of the other spouse, unless otherwise established.

Article 452

Where the spouse was a merchant at the time of the marriage or where he/she was at that time without a profession and subsequently became a merchant during the same year, all real estate that he/she already owned at the time of marriage, 138 – Comm. Law No. 12 (1966) Business Laws of Jordan (February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 453–455

acquired by will or inherited or acquired as a gift shall be subjected to compulsory security for the rights and debts of the other spouse.

Article 453

1. The wife whose husband was a merchant at the time of the marriage or was at that time without a profession, but became a merchant during the first year after marriage may not file any case against the bankruptcy in order to claim the benefits provided for in the marriage deed.
2. In which case, creditors may not claim against the benefits that were granted by one spouse to the other in the above-mentioned deed.
3. Gifts between spouses during marriage shall be void.

PART III

SIMPLE COURT PROCEDURES

Article 454

Where it is evident from the balance sheet submitted by the bankrupt or from later information that the value of the assets of the bankruptcy is not in excess of two hundred and fifty Jordanian Dinars and it is apparent that the average required to be distributed will not possibly exceed 10 per cent, the court may, *ex parte* or upon application by the creditors, order that the simple procedures be applied to the bankruptcy.

Article 455

The simple procedures differ from the ordinary procedures in the following aspects:

- (a) The time limits for the presentation of the debt instruments, objections, appeals and other time limits provided for in Articles (324), (338), (374), (391) and (404) of this Law shall be reduced by one half and where the time limit is fifteen days it shall be reduced to eight days.

(b) Seals shall not be placed.

(c) Supervisors shall not be appointed.

Business Laws of Jordan Comm. Law No. 12 (1966) – 139
(February 1998)

ARTS. 456–459 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

(d) The delegated judge shall settle all disputes concerning debts and reserve the right to appeal when necessary before the Court of Appeal.

(e) The delegated judge may endorse all settlements.

(f) Only one distribution of liquidated assets is effected.

(g) The delegated judge shall settle all disputes connected to the account of the trustee in bankruptcy and his allowances.

PART I V

NEGLIGENT OR FRAUDULENT BANKRUPTCY

Article 456

Criminal courts shall have jurisdiction over offences of negligent or fraudulent bankruptcy upon the request of the trustee in bankruptcy, any creditor or the Public Prosecutor and the provisions of Penal Code shall be applied.

Article 457

1. The expenses of the negligent bankruptcy suit filed by the Public Prosecutor shall not be charged to the account of the assembly of creditors.

2. In the case of the conclusion of a conciliation agreement, the Public Treasury may not demand from the bankrupt any expenses until the expiry of the periods granted in the said agreement.

Article 458

The assembly of creditors shall bear the expenses of the action filed by the trustees in bankruptcy in the name of creditors, if the bankrupt is acquitted, and the Public Treasury shall bear the expenses if he is convicted and shall retain the right of recourse against the bankrupt according to the preceding Article.

Article 459

The trustees may not file a case for negligent bankruptcy nor act as a personal claimant in the name of the assembly of creditors unless they obtain authorization from the majority of the present creditors.

140 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 460–464

Article 460

The Public Treasury shall pay for the expense of the criminal action filed by any creditor if the bankrupt is convicted, and the personal claimant shall pay the expenses if the bankrupt is acquitted.

Article 461

1. It is not permitted in any event that the expenses of the negligent bankruptcy case be borne by the assembly of creditors.

2. If one or more creditors is a personal claimant, the expenses of the action in the event that the bankrupt is acquitted shall be paid by such claimant.

Article 462

In fraudulent or negligent bankruptcy cases, the criminal court shall settle the following matters even if the bankrupt is acquitted:

(a) The court shall *ex parte* order a refund of all assets, rights and shares that were fraudulently misappropriated to the assembly of creditors.

(b) The court shall order the payment of damages and shall fix an amount in its judgment.

Article 463

1. Every agreement concluded between one of the creditors and the bankrupt or any other person by which a creditor shall receive special benefits for voting in the Committee of Bankruptcy or by which a creditor shall receive special benefits from the bankrupt estate, shall be deemed void against every person including the bankrupt.

2. The creditor shall refund the benefits so received to their lawful owner.

Article 464

1. The criminal case of fraudulent or negligent bankruptcy shall not alter any of the general rules concerning the management of the bankruptcy.

Business Laws of Jordan Comm. Law No. 12 (1966) – 141

(February 1998)

ARTS. 465–467 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. In which case, the trustees shall deliver to the Public Prosecutor all documents, instruments, papers and information required therefrom.

Article 465

1. The trustees shall have the right to review, at any time, the documents, instruments, and papers that they delivered to the criminal court.

2. They may obtain summaries thereof or request official copies to be sent to them by the (court) clerk.

3. Documents, instruments and papers in respect of which reservation no order was announced shall be delivered to the trustees against receipt after the verdict has been rendered.

PART V

REHABILITATION

Article 466

1. After the lapsing of a period of ten years from the date of declaration of bankruptcy, the bankrupt may be rehabilitated by the force of law without having to take any specific measure provided he has not been negligent or fraudulent.

2. Rehabilitation in the above stated manner shall not affect the function of the trustees if their duties have been accomplished nor the rights of creditors if the bankrupt was not completely discharged.

Article 467

1. The bankrupt who has settled all his due debts, interest and expenses thereon

shall be rehabilitated by the force of law.

2. He may not be required to pay interest for a period exceeding five years.

3. Rehabilitation in respect of a partner in a partnership which has been declared bankrupt shall be effected if such partner proves that he has settled, in

142 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 468–471

accordance with the above (provision), his share of the debt in the company even if he has obtained a special settlement.

4. If one or more creditors has disappeared, was absent or declined to receive payment, the amount due to such creditor shall be deposited at the bank that is authorized to receive State deposits. Evidence of such a deposit shall be equivalent to a receipt voucher.

Article 468

A bankrupt who is known for his credibility may be rehabilitated:

(a) Where he has completely settled all the instalments that he has promised in the conciliation agreement and the same shall apply to a partner in a partnership that has been declared bankrupt, if he has obtained a special settlement from the creditors.

(b) Where the bankrupt proves that the creditors have fully discharged him from his debts or have, by a majority, accepted his rehabilitation.

Article 469

1. An application for rehabilitation shall be presented together with receipt vouchers and supporting documents to the Public Prosecutor in the jurisdiction of the court which declared the bankruptcy.

2. The Public Prosecutor shall transfer all the documents to the court which declared the bankruptcy and shall require it to review them.

Article 470

The clerk shall send, by registered mail, the application for rehabilitation to all the creditors whose debts have been accepted in the bankruptcy or by a later judgment and which have not been completely settled.

Article 471

1. Every creditor who has not received his prescribed share in the conciliation agreement or has not discharged his debtor shall have the right to object to the rehabilitation by filing a plea in the court registry with the supporting documents within one month from the date of sending the notice to him.

Business Laws of Jordan Comm. Law No. 12 (1966) – 143
(February 1998)

ARTS. 472–474 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

2. The objecting creditor may participate in the hearing on rehabilitation.

Article 472

1. After the expiry of the prescribed time limits, the result of the investigations

of the above-mentioned objections presented by the creditors shall be pre-sented to the Public Prosecutor who has received the application.

2. He shall present it to the court together with a justified opinion.

Article 473

1. Where necessary, the court shall call the applicant who seeks rehabilitation and the objectors to hear their testimony in the chambers.

2. Each party may appoint a lawyer.

3. In the case of full settlement of debts, the court shall only review the presented documents and, if they are found to be in compliance with the law, may order rehabilitation.

4. Where rehabilitation is optional, the court shall decide on the basis of the particular circumstances of the case.

5. The final judgment shall be announced in open court.

6. The judgment shall be communicated to the applicant, the objecting creditors and the Public Prosecutor and they shall have the right to appeal within fifteen days from the date of being informed of the judgment.

7. After consideration of the case, the Court of Appeal shall render judgment, in accordance with the above procedures, and its decision may not be contested.

Article 474

1. Where the application is rejected, it may not be presented again, save after a period of one year.

144 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

COMMERCIAL LAW NO. 12 FOR THE YEAR 1966 ARTS. 475–479

2. Where the application is accepted, the judgment issued by the Court of First Instance or the Court of Appeal shall be registered in the file of the court that declared the bankruptcy and the court where the applicant resides.

3. The judgment shall also be sent to the Public Prosecutor who received the application for rehabilitation and shall be noted in the special file.

4. The judgment shall also be registered in the Commercial Registry.

Article 475

Bankrupts who have been convicted of the offence of fraudulent bankruptcy, theft, fraud or misuse of trust may not be rehabilitated, save where they have obtained criminal rehabilitation.

Article 476

Rehabilitation may be granted to the bankrupt after his death.

Article 477

All companies licensed or registered pursuant to the Companies Law in force shall be subject to the procedures of liquidation and dissolution provided for therein. Other civil companies shall be subject to the rules of liquidation provided for in the Civil Code.

Article 478

The Council of Ministers, with the approval of His Majesty the King, may enact

the necessary regulations for implementing the provisions of this Law.

Article 479

1. The following laws shall be repealed on the date of entry into force of this Law:

- (a) Ottoman Commercial Law issued on 8 January 1266 and its appendix of 9 March 1276, Bankruptcy Procedures Law issued on 21 November 1323 and Cheques Law issued on 24 October 1332 and all amendments thereto. Business Laws of Jordan Comm. Law No. 12 (1966) – 145 (February 1998)

ART. 480 COMMERCIAL LAW NO. 12 FOR THE YEAR 1966

(b) Palestinian Bill of Exchange and Cheques Law and all amendments thereto.

(c) Palestinian Brokers Law.

(d) Palestinian Bankruptcy Law.

(e) All provisions which are in conflict with the provisions of this Law.

2. Notwithstanding the repeal of the said laws:

(a) The litigation or procedures duly commenced in accordance with the provisions of previous laws, provided that the provisions of this Law shall be applied thereto to the extent possible, shall be deemed valid, at the time this Law enters into force.

(b) The validity of contracts, papers, commercial books which were drafted prior to the entry into force of this Law shall be governed by the provisions of the laws that were in force at the time of their drafting.

(c) This repeal shall not affect the rights and obligations that arose in accordance with the repealed laws and prior to the entry into force of this Law.

(d) The provisions of this Law concerning prescription shall apply to all time limits which did not fully elapse at the time of entry into force of this Law. However, the repealed provisions shall apply to the commencement, cessation and interruption of time limitations for the periods prior to the date of enforcement of this Law.

Where this Law determines a shorter period of prescription than that determined in the repealed law, the new time limit shall apply from the date of enforcement of this Law, even if the previous time limit has commenced prior thereto.

Where the remaining period of the time limit stated in the repealed law is shorter than the time limit provided for in this Law, the time limit shall prescribe with the lapsing of such remaining period.

(e) The affairs of merchants, their commercial books and their registration in the Commercial Registry shall be adjusted in accordance with the provisions of this Law and the regulations issued hereunder within a maximum period of four months from the date of entry into force of this Law.

Article 480

The Prime Minister and Ministers are entrusted with the implementation of the provisions of this Law.

146 – Comm. Law No. 12 (1966) Business Laws of Jordan
(February 1998)

^[1] As emended by the Israel military order No. (889) for the year 1981, (order about emending the commercial law No.12 for the year 1966). Issued at 20/01/1981. Volume No.48, P.859.

^[2] As emended by the Israel military order No. (889) for the year 1981, (order about emending the commercial law No.12 for the year 1966). Issued at 20/01/1981. Volume No.48, P.859.

^[3] This article is canceled by the Israel military order No. (889) for the year 1981, (order about emending the commercial law No.12 for the year 1966). Issued at 20/01/1981. Volume No.48, P.859. The canceled article was:

1. A cheque is payable on sight, and every stipulation to the contrary shall be deemed to be void.
2. A cheque presented for payment before the date stated as its date of issue must be paid on the date of such presentation.