CIVIL CODE OF THE REPUBLIC OF UZBEKISTAN

Has been put into effect from March 1, 1997 by the Resolution of the Oliy Majlis of the RUz No. 257-I dated 29.08.96

Amendments have been introduced to the Civil Code in accordance with Laws of the Republic of Uzbekistan of December 27, 1996; August 30, 1997; May 1, 1998; December 25, 1998; by the fifteenth Part of the Law of the Republic of Uzbekistan of August 20, 1999; Point 13 of Section I of the Law of RU No. 175-II of December 12, 2000; Section V of the Law of RU No. 271-II of August 30, 2001; Section VIII of the Law of RU No. 320-II of December 07, 2001; Section VII of the Law of RU No. 405-II of August 30, 2002; Section XIII of the Law of RU No. 447-II of December 13, 2002; Section XIII of the Law of RU No. 482-II of April 25, 2003; Section IX of the Law of RU No. 568-II of December 12, 2003; Section IX of the Law of RU No. 621-II of April 30, 2004; Section IX of the of RU No. 671-II of August 27, 2004; Article 2 of the Law of the RUz No. ZRU-28 dtd 04.04.2006, Article 1 of the Law of the RUz No. ZRU-52 dtd 18.09.2006, Article 1 of the Law of the RUz No. ZRU-77 dtd 08.01.2007, Article 2 of the Law of the RUz No. ZRU-83 dtd 05.04.2007, Article 2 of the Law of the RUz No. ZRU-91 dtd 13.04.2007, Article 3 of the Law of the RUz No. ZRU-109 dtd 14.09.2007, Article 1 of the Law of the RUz No. ZRU-127 dtd 14.12.2007, Article 3 of the Law of the RUz No. ZRU-138 dtd 28.12.2007 Article 12 of the Law of the RUz No. ZRU-197 dtd 31.12.2008 Article 4 of the Law of the RUz No. ZRU-255 dtd 14.09.2010 Article 5 of the Law of the RUz No. ZRU-257 dtd 17.09.2010 Article 1 of the Law of the RUz No. ZRU-260 dtd 22.09.2010 Article 3 of the Law of the RUz No. ZRU-312 dtd 26.12.2011 Article 2 of the Law of the RUz No. ZRU-313 dtd 30.12.2011 Article 6 of the Law of the RUz No. ZRU-223 dtd 22.09.2009 Article 1 of the Law of the RUz No. ZRU-325 dtd 20.04.2012 Article 1 of the Law of the RUz No. ZRU-322 dtd 10.04.2012 Article 6 of the Law of the RUz No. ZRU-345 dtd 29.12.2012

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Civil legislation is based on the recognition of the equality of the participants in the relations regulated by it, the

inviolability of ownership, freedom of contract, the impermissibility of arbitrary interference by anyone in private affairs, the necessity of the unhindered exercise of civil rights, the guaranty of restoration of violated rights and their judicial protection.

Citizens (physical persons) and legal entities acquire and exercise their civil rights by their own will and in their own interest. They are free in the establishment of their rights and duties on the basis of contract and in determining any conditions of contract not contradictory to legislation.

Goods, services and financial assets may be freely moved about on the whole territory of the Republic of Uzbekistan.

Limitations of the movement of goods and services may be introduced in accordance with legislation, if this is necessary to guaranty safety, protection of the life and health of people, or the preservation of nature and of cultural values.

Article 2. Relations regulated by civil legislation

Civil legislation determines the legal status of the participants in civil commerce, the bases for the origin and the procedure for the exercise of the right of ownership and other rights in things, of rights to the results of intellectual activity, regulates contractual and other obligations and also other property relations and related entities non-property relations.

Citizens, legal entities and the state are the participants in relations regulated by civil legislation.

The rules established by civil legislation shall be applied to relations with the participation of foreign citizens, persons without citizenship, and foreign legal entities, unless otherwise provided by the Law.

Personal non-property relations and personal relations not connected with property are regulated by civil legislation unless otherwise provided by legislation acts or follows from the nature of these relations.

Civil legislation is applied to family, labor relations, relations

on use of the natural resources and the preservation of nature satisfying to characteristics indicated in Paragraph 1 of the present Article when these relations are not regulated by special legislative acts.

Civil legislation is not applied to property relations based on administrative subordination of one party to another, including tax and other financial and administrative relations, unless otherwise provided by legislation.

Article 3. Civil legislation acts

Civil legislation consists of the present Code, other laws and other acts of legislation regulating the relations indicated in Paragraphs 1, 4 and 5 of Article 2 of the present Code.

Norms of civil law contained in other laws must correspond to the present Code.

Ministries, agencies and other state authority may issue acts regulating civil relations in the cases and within the limits provided by the present Code, other laws and other legal acts.

Article 4. Effects of civil legislation in time

Acts of civil legislation do not have retroactive force and are applied to relations that have arisen after they were put into effect.

The Law applies to relations that arose before it was put into effect only in the cases when this is directly provided by a Law.

With respect to relations that arose before putting them into effect of an act of civil legislation, the act is applied to rights and duties that arose after it was put it in effect.

If after conclusion of the contract a Law is passed which is establishing obligatory other rules for parties, than those that were in force under conclusion of the contract, the conditions of concluded contract remain valid with the exception of cases when it is established in a Law that its action is applied to relations arose from earlier concluded contracts.

Article 5. Application of civil legislation by analogy

In cases when the relations provided by Paragraphs 1, 4 and 5 of Article 2 of the present Code are not directly regulated by legislation or agreement of parties then the norm of civil legislation regulating similar relationships (analogy of the Law) shall be applied to such relations.

In case of impossibility of use of analogy of Law, rights and duties of the parties shall be determined proceeding from the general principles and sense of civil legislation (analogy of law) and requirements of good faith, reasonableness, and justice.

Application by analogy of norms limiting civil rights and establishing liability shall not be allowed.

Article 6. Customs of business intercourse. Local customs and traditions

A custom of business intercourse is a rule of conduct that has taken form and is widely applied in any area of entrepreneurial activity and is not provided by legislation, regardless of whether or not it has been fixed in any document.

Local customs and traditions shall be applied to relations regulated by civil legislation in the absent of corresponding norms in it.

Customs of business intercourse, local customs and traditions contradicting provisions of legislation or a contract either of which is obligatory for participants in the respective relation shall not be applied.

Article 7. Civil legislation and international treaties and agreements

If an international treaty or agreement establishes rules other than those stipulated by civil legislation, the rules of the international treaty and agreement are applied.

Chapter 2. The origin of civil rights and duties. The exercise and protection of civil rights

Article 8. Bases for the origin of civil rights and duties

Civil rights and duties arise from the bases provided by

legislation, and also from the activities of citizens and legal entities which, although not provided by it, but by the effect of general principles and sense of civil legislation, engender civil rights and duties.

Civil rights and duties arise:

1. from contracts and other transactions provided for by a Law, and also from contracts and otherwise transactions that, although not provided for by a Law, do not contradict it;

2. from acts of state bodies and bodies of local self-government that are provided by a Law as a basis for the origin of a civil rights and duties;

3. from a judicial decision that has established civil rights and duties;

4. as the result of acquiring property on bases allowed by a Law;

5. as the result of the creation of works of scholarship, literature, art, of inventions, and of other results of intellectual activity;

6. as the result of causing harm to another person;

7. as the result of unjust enrichment;

8. as the result of other activities of citizens and legal entities;

9. as the result of events with which legislation connects the occurrence of civil-law consequences.

Property rights subject to state registration arise from the time of registration of the respective rights to the property, unless otherwise established by a Law.

Article 9. Exercise of civil rights

Citizens and legal entities at their discretion exercise the civil rights belonging to them including the right for their protection.

Refusal by citizens and legal entities to exercise rights belonging to them shall not entail termination of these rights, with the exception of cases provided by a Law.

Exercise of civil rights must not violate rights and interests of other persons protected by a Law. The good faith, reasonableness, justice of actions of participants in civil relations shall be allowed.

In case of exercise of their rights, citizens and legal entities

must respect moral principles and moral standards of a society, and entrepreneurs must also observe rights of business ethics.

Actions of citizens and legal entities directed to cause harm to another person, abuse of a legal right allowed in other forms and also exercise of a right in contravention of its destination are not allowed.

In case of failure to observe the requirement provided by Paragraphs 3, 4 and 5 of the present Article, the court may refuse the person to protect the right belonging to him.

Article 10. Judicial protection of civil rights

Protection of civil rights shall be conducted, in accordance with the jurisdiction over cases established by procedural legislation, or by a contract, a court, a commercial court, or arbitration tribunal (hereinafter - court).

Protection of civil rights by an administrative procedure shall be conducted only in cases provided for by a Law. A decision adopted by an administrative procedure may be appealed in court.

Article 11. Means of protection of civil rights

The protection of civil rights shall be conducted by the way of:

recognition of a right;

reinstating the situation that existed before the violation of the right and stopping the activities that violated the right or created a threat of its violation;

declaration a transaction as invalid and application of the consequence of its invalidity;

declaration of an act of a state body or a body of local self-government as invalid;

self-protection of a right;

a judgment for specific performance of an obligation;

compensation of losses;

compensation of a penalty;

recovery of penalty;

compensation for moral harm;

termination or alteration of a legal relation;

non-application by the court of an act of a state body or a body of local self-government that contradicts a Law.

The protection of civil rights may be also exercised by other manner provided by a Law.

Article 12. Declaration of the invalidity of an act of a state body or a body of local self-government

An act of a state body or a body of self-government not corresponding to legislation and violating civil rights or interests protected by a Law of a citizen or legal entity may be declared invalid by a court.

In case of declaration by a court of an act as invalid, the violated right shall be subject to protection in the other manners provided by Article 11 of the present Code.

Article 13. Self-protection of civil rights

Self - protection of civil rights is allowed.

The means of self-protection must be proportional to the violation and not go outside the bounds of the actions necessary for stopping the violation.

Article 14. Compensation for losses

A person whose right has been violated may demand full compensation for the losses caused to him unless a Law or a contract provides for compensation for losses in a lesser amount.

Losses means the expenses that the person whose right was violated made or must make to reinstate the right that was violated, the loss of or injury to his property (actual damage), and also income not received that this person would have received under the usual conditions of civil commence if his right had not been violated (forgone benefit).

If the person who has violated a right has received income thereby, the person whose right has been violated has the right to demand- along with other losses - compensation for forgone benefit in a measure not less than such income.

Article 15. Compensation for the losses caused by state bodies and bodies of local self - government

Losses caused to a citizen or legal entity on as the result of illegal actions (or inactions) of state bodies, bodies of local self- government of citizens, or officials of these bodies including the

promulgation of an act of a state body or a body of local self-government of citizens that does not correspond to legislative act of a state body or of bodies self- government of citizens are subject to compensation by the state or bodies self- government of citizens. Compensation of losses by a decision of a court may be entrusted to officials of state bodies, bodies of self- government of citizens by fault of which losses were caused.
(SubSection 1 amended by item 13 of Section 1 of the Republic of Uzbekistan of December 15, 2000, No.175-II.)

SubSection 2. Persons

Chapter 3. Citizens (physical persons)

Article 16. Definition of a citizen (physical persons)

Citizens (physical persons) are citizens of the Republic of Uzbekistan, citizens of other countries, and also persons without citizenship.

The provisions of the present Code shall be applied to all citizens unless otherwise established by a Law.

Article 17. The legal capacity of a citizen

The capacity to have civil rights and duties (civil legal capacity) is recognized in equal measure for all citizens.

The legal capacity of a citizen arises from the time of his birth and is terminated by death.

Article 18. The content of the legal capacity of citizens

Citizens:

may have property by right of ownership; inherit and will property; have deposits in a bank; conduct entrepreneurial activity; a peasant (farmer's) farming operation and any other activity not forbidden by a Law; use hired labor; create legal entities; make transactions and participate in obligations; demand compensation for harm; select a place of residence and occupation; have right for creators of works of science,

literature and art, invention, and other results of intellectual activity protected by a Law.

Citizens may also have other property rights and personal non-property rights.

Article 19. The name of a citizen

A citizen acquires and exercises rights and duties under his own name, including his family name and given name, also his patronymic unless otherwise follow from a Law or ethnic custom.

In cases and by the procedure provided by a Law, a citizen can use a pseudonym (made up name).

A citizen has the right to change his name by the procedure established by a Law. Change of a name by a citizen is not a basis for terminating or changing his rights and duties acquired under previous name.

A citizen has the duty to take the necessary measures to notify his debtors and creditors of the change of his name and bears the risk of consequence caused if these persons lack information on his change of name.

A citizen who has changed his name has the right to demand the entry, at his expense, of the respective changes in documents formalized in his former name.

A name acquired by a citizen at birth and also a change of the name are subject to registration in keeping with the procedure established for registration of acts of civil status.

Acquiring rights and duties under the name of another person is not allowed.

Article 20. Protection of a name

A person may demand to terminate violation from a violator and refutation if his right for bearing own name is contested or his interests are violated in connection with unlawful use of his name. If violation is wittingly made, an aggrieved person may additionally demand compensation for losses. Income received by a violator may be required as

compensation. An aggrieved person has also the right for compensation of moral damage in the case of intended violation.

Demands on termination of actions or refutation indicated in Paragraph 1 of the present Article may be laid down by a person who is not a carrier of a name or personal honor but who has interest in termination of actions or refutation according to family status for worthy of protection. This person may also try to fulfill the requirements on protection of a name and honor of another person after his death. Demands for compensation of losses on violation of a name and honor after death are not recognized.

Article 21. Place of residence of a citizen

The place of residence is the place where a citizen permanently or primary lives. The place of residence of minors who have not attained the age of fourteen years or of citizens who are under guardianship is the place of residence of their legal representatives- parents, adopted parents or guardians.

Article 22. The dispositive capacity of a citizen

The capacity of a citizen by his actions to acquire and exercise civil rights and to create for himself civil duties and to fulfill them (dispositive capacity) arises in full with the attainment of majority, i.e., on the attainment of the age of eighteen.

In the case when a Law allows entry into marriage before attaining the age of eighteen, a citizen who has not attained the age of eighteen acquires dispositive capacity in full from the time of entry into marriage.

Dispositive capacity acquired as the result of conclusion of marriage is retained in full also in case of dissolution of the marriage before attaining the age of eighteen.

In case of declaration of a marriage as invalid, the court may adopt a decision on the loss by the minor spouse of full dispositive

capacity from a time determined by the court.

Article 23. Non-allowance of limitation of the legal capacity and the dispositive capacity of a citizen

No one may be limited in legal capacity and dispositive capacity other than in the cases and by the procedure established by a Law.

Nonobservance of the conditions and procedure established by a Law for the limitation of the dispositive capacity of citizens shall entail the invalidity of the act of the state that has established the respective limitation.

A full or partial renunciation by a citizen of the legal capacity or of the dispositive capacity and other transactions directed at the limitation of legal capacity or dispositive capacity are void, with the exception of cases when such transactions are permitted by a Law.

Article 24. Entrepreneurial activity of a citizen

A citizen has the right to conduct entrepreneurial activity from the time of state registration as an individual entrepreneur.

The rule of the present Code shall be applied to entrepreneurial activity of citizens conducted without the formation of a legal entity, unless otherwise follows from legislation, or the nature of the legal relation.

A citizen conducting entrepreneurial activity without the formation of a legal entity and in violation of the requirements of Paragraph 1 of the present Article shall not have the right to rely, with respect to transactions made by him in such a case, on the fact that he is not an entrepreneur. A court may apply to such transactions the rules of the present Code on obligations connected with the conduct of entrepreneurial activity.

Article 25. Property liability of a citizen

A citizen shall be liable for his obligations with all property belonging to him, with the exception of property upon which, in accordance

with a Law, execution may not be levied.

Article 26. Insolvency (bankruptcy) of an individual entrepreneur

An individual entrepreneur who is not in a position to satisfy the demands of creditors connected with his conduct of entrepreneurial activity may be declared insolvent (bankruptcy) by the procedure established.

In the conduct of proceedings for the declaration of an individual entrepreneurial activity bankrupt, his creditors on obligations not connected with his conduct of entrepreneurial activity also have the right to present their claims. The claims of these creditors not presented by them in these proceedings shall remain in force after the termination of bankruptcy proceedings for an individual entrepreneur.

The claims of the creditors of an individual entrepreneur in case of his declared bankrupt shall be satisfied by the procedure provided by Article 56 of the present Code.

The bases and procedure for declaration by a court of an individual entrepreneur bankrupt or for his declaring his own bankruptcy shall be established by a Law.

Article 27. Dispositive capacity of minors of the age of fourteen to eighteen years

Minors of the age of fourteen to eighteen years may conduct transactions, with the exception of those listed in Paragraph 3 of the present Article, with the written consent of their parents, adapted parents or curators.

A transaction conducted by such a minor shall also be valid in case of its later written approval by his parents, adopted parents or curators. Minors of age of fourteen to eighteen years have the right, independently, without the consent of parents, adopted parents or curators:

1. to dispose of their wages, scholarship, and other income;

2. to exercise the rights of a creator of a work of scholarship, literature, or art, an invention or of other result of their

intellectual activity protected by a Law;

3. in accordance with a Law, to make deposits in credit institutions and to dispose of them;

4. to conduct small everyday transactions and other transactions provided by Paragraph 2 of Article 29 of the present Code;

Minors of the age of fourteen to eighteen years independently bear property liability for transactions conducted by them in accordance with Paragraphs 1 and 2 of the present Article. For harm caused by them, such minors bear liability in accordance with he present Code.

Where sufficient bases are present, a court on petition of parents, adoptive parents, or a curator, or of a body of guardianship and curatorship, may limit or deprive a minor of the age of fourteen to eighteen years of the right to independently dispose of his wages, scholarship, or other income, with the exception of cases when the minors has acquired legal capacity in full scope in accordance with Paragraph 2 of Article 22 or Article 28 of the present Code.

Article 28. Emancipation

A minor who has attained the age of sixteen years may be declared of full dispositive capacity, if he is working under a labor contract, or with the consent of his parents, adoptive parents, or curator is engaged in entrepreneurial activity.

The declaration of a minor as of full dispositive capacity (emancipation) is made by decision of a body of guardianship and curatorship with the consent of both parents, adoptive parents, or curator or, in the absence of such consent, by decision of a court.

Parents, adoptive parents, or curator do not bear liability for the obligations of an emancipated minor, in particular for obligations that have arisen as a result of his having caused harm.

Article 29. Dispositive capacity of infants

For minors who have not attained the age of fourteen years (infants), transactions with the exclusion of those indicated in

Paragraph 2 of the present Article may be conducted in their name only by their parents, adoptive parents, or guardians.

Minors of the age of six to fourteen years have the right to conduct independently:

1. very small everyday transactions;

2. transactions directed at acquiring a cost-free benefit requiring neither notarial certification nor state registration;

3. transactions for disposition of assets provided by the legal representative or by a third person with the consent of the legal representatives, for a particular purpose or for free disposition.

Property liability under transactions of an infant, including under transactions conducted by him independently, is borne by his parents, adoptive parents, or guardians, unless they prove that the obligation was violated without their fault. These persons, in accordance with a Law, shall also be liable for harm caused by infants.

Article 30. Declaration of a citizen as lacking dispositive capacity

A citizen who has as the result of mental disorder (mental illness, dementia) cannot understand the signification of his actions or control them may be declared by a court as lacking dispositive capacity by the procedure established by legislation, and guardianship shall be established over him.

Transactions in the name of a citizen who has been declared lacking dispositive capacity shall be made by his guardian.

If the bases by virtue of which a citizen was declared lacking dispositive capacity have ceased to exist, the court shall recognized him as having dispositive capacity, and the guardianship established over him shall be terminated.

Article 31. Limitation of the dispositive capacity of a citizen

A citizen who, as the result of abuse of liquor or narcotic substances, puts his family in a difficult financial situation may be limited by a court in dispositive capacity by the procedure established

by civil procedure legislation. Curatorship shall be established over
him. He has the right to conduct small everyday consumer transactions
independently. He may conduct other transactions and also received wages,
a pension, and other income and dispose of them only with the consent of
the curator. However, such a citizen independently bears property
liability for transactions conducted by him and for harm caused by him.

If the bases by virtue of which the citizen was limited in
dispositive capacity no longer exist, the court shall terminate
the limitation of his dispositive capacity. On the basis of a decision
of the court, the curatorship established over the citizen shall be
terminated.

Article 32. Guardianship and curatorship

Guardianship and curatorship are established for the protection
of the rights and interests of citizens lacking dispositive capacity or
not of full dispositive capacity. Guardianship and curatorship over
minors is also established for the purpose of their upbringing. The
corresponding rights and duties of guardians and curators are defined by
legislation on marriage and the family.

Guardians and curators act in protection of the rights and
interests of their wards in relations with any persons, including in
courts, without special authorization.

Guardianship and curatorship over minors shall be also
established if they lack parents or adoptive parents, if a court has
deprived the parents of parental rights, and also in cases when such
citizens for other reasons have been left without parental curatorship,
in particular when parents avoid their upbringing or the protection of
their rights and interests.

Article 33. Recognition of a citizen
as missing

A citizen may, upon request of interested persons, be recognized
missing by a court if in the course of a year, at the place of his

residence, there is no information on the place where he is staying.

In case it is to determine the day of receipt of the last information on the missing person, the start of the calculation of the time period for recognition as missing is considered the first day of the month after that in which the last information of the missing person was received , and in case it is impossible to determine this month - the first of January of the following year.

Article 34. Consequences of recognition of a citizen as missing

The property of a citizen recognized as missing, in case of the necessity of constant management of it, shall be transferred on the basis of a decision of the court to a person who shall be determined by the body of guardianship and curatorship and who shall act on the basis of contract of entrusted management made with this body.

Support for the citizens whom the missing person was obligated to support and indebtedness on other obligations of the missing person shall be paid from this property.

The body of guardianship and curatorship may, even before the expiration of a year from the day of receipt of information on the place of location of the missing citizen, appoint an administrator for his property.

The consequences of recognition of a person as missing not provided by the present Article are determined by a Law.

Article 35. Vacating a decision to recognize a citizen as missing

In case of the appearance or of the discovery of the place of location of a citizen who has been recognized as missing, the court shall vacate the decision on recognition of him as missing. On the basis of the decision of the court, the management of the property of this citizen is terminated.

Article 36. Declaration of a citizen as dead

A citizen may, upon request of interested persons, be declared

dead by a court, if at the place of his residence there is no information for three years on the place of his location or, if he disappeared under circumstances threatening death or giving a basis to assume his loss from a specific accident, there is no information for six months.

A military serviceman or other citizen who has disappeared in connection with military actions may be declared dead by a court not earlier than after the expiration of two years from the day of the end of the military actions.

The day of the death of the citizen who is declared dead shall be considered to be the day of entry into legal force of the decision of the court declaring him dead. In case of declaration of a citizen as dead who disappeared under circumstances threatening death or giving a basis to assume his loss from a specific accident, the court may recognized as the date of death of this citizen the day of his supposed loss.

The declaration a citizen as dead shall entail with respect of rights and duties of such a citizen the same consequences that his death would entail.

Article 37. Consequences of the appearance of a citizen who has been declared dead

In case of the appearance or discovery of the place of location of a citizen who has been declared dead, the court shall vacate the decision on declaring him dead.

After cancellation of the decision on declaration a citizen as dead, for three years he has the right to demand by the court procedure from any person to return remained property to him, which was passed to this person without compensation with exception of cases provided Paragraphs 2 and 4 of Article 229 of the present Code.

If the property of a citizen who was declared dead was alienated by his legal successors to third persons who to the day of the appearance of a citizen have not paid full price, the right for demand of unpaid amount shall be passed to an appeared citizen.

Persons to whom the property of a citizen who was declared dead passed under compensated transactions are obligated to return this property to him if it is proved that, in acquiring this property, they knew that the citizen who has declared dead was among the living. In case of impossibility of returning such property in kind, its value shall be compensated for.

If the property of a citizen who was declared dead passed under the right of inheritance to the state and sold, that after cancellation the decision on declaration a citizen dead, the amount received from selling the property shall be return to him.

Article 38. Registration of acts of civil status

The following acts of civil status are subjects to state registration:

1. birth;
2. death;
3. conclusion of a marriage;
4. dissolution of a marriage.

Amended by the Law of the Republic of Uzbekistan No. 729-I of December 25, 1998

Registration of acts of civil status shall be done by the agencies of registration of acts of civil laws by entry of the respective records in the books of recording of acts of civil status (the books of acts) and issuance to citizens of certificates on the basis of these records.

Events and facts - adoption, affiliation, and change family name, first name, and patronymic, change sex are reflected in acts of civil status provided by Paragraph 1 of the present Article, by putting the respective changes in them. (Amended by a Law of the Republic of Uzbekistan No. 729-I of December 12, 1998.)

Paragraphs 3, 4, 5, and 6 are considered as Paragraphs 4, 5, 6, and 7 according to the Law of Republic of Uzbekistan of December 25, 1998.

The correction and change of records of acts of civil status

shall be made by the agencies of registration of acts of civil status if there are sufficient bases and there is no dispute among interested persons.

If there is a dispute among interested persons or a refusal of an agency of registration of acts of civil status to correct or change a record, the dispute shall be decided by a court.

The annulment and reinstatement of records of acts of civil status shall be done by the agency of registration of acts of civil status, and there is a dispute among interested persons or essential discrepancy in records of acts of civil status on the basis of a decision of a court. (Amended by the Law of RU No. 729-I of December 25, 1998.)

The agencies conducting registration of acts of civil status, determining the procedure for recording of these acts, the procedure for change, reinstatement and annulling of records of acts of civil status, the forms of the books of acts and the certificates, and also the procedure and time periods for keeping the books of acts shall be determined by the Law on acts of legislation.

Chapter 4. Legal entities

§ 1. Basic provisions

Article 39. Definition of a legal entity

A legal entity is an organization that has separate property in ownership, economic management or operative administration and that is liable for its obligations with this property and that may, in its own name, acquire and exercise property and personal nonproperty rights, bear duties, and be a plaintiff and defendant in a court.

Legal entities must have an independent balance sheet or budget.

Article 40. Types of legal entities

A legal entity may be an organization pursuing the extraction of profit as the basic purpose of their activity (commercial organization) or not having the extraction of profits as such a purpose (noncommercial organization) may be a legal entity.

A legal entity that is a commercial organization may be created in the form of economic partnerships and companies, production cooperatives, and unitary enterprise and in other form provided by legislative acts.

A legal entity that is noncommercial organization may be created in the form of a social association, a social fund financed by the owner of the institution, and also in other forms provided by legislative acts.

A noncommercial organization may conduct entrepreneurial activity, within the limits corresponding to its charter purpose.

Legal entity may be amalgamated in associations (unions) and other amalgamations in accordance with a Law. (Subparagraph 2 of item 13 amended by the Law of RU No. 175-II of December 15, 2000.)

A legal entity shall act on the basis of the present Code, other legislative acts, and also a charter and other founding documents.

Article 41. Legal capacity of a legal entity

A legal entity possesses civil legal capacity in accordance with purposes of his activity provided by its founding documents.

The legal capacity of a legal entity shall arise at the time of its creation (Paragraph 4 of Article 44 of the present Code) and shall terminate at the time of completion of its liquidation (Paragraph 10 of Article 55 of the present Code).

The special legal capacity of a legal entity shall be determined by its charter, regulation or legislation.

A legal entity may conduct certain types of activity, a list of which is determined by a Law, only on the basis of special permission (license).

A legal entity may be limited in rights only in cases and by the procedure provided by a Law. A decision on limitation of rights may be appealed by the legal entity to a court.

Article 42. Origin of legal entities

Legal entities shall be created by an owner or an authorized person by him or on the basis of disposal of an authorized agency, and also by the procedure provided by legislation.

The founders of legal entity are owners of property, subjects of

the right of economical management, or operative administration or
authorized persons by them.

Article 43. Founding documents of a legal entity

A legal entity shall act on the basis of a charter or a founding
contract and a charter, or only a founding contract. In cases provided
by a Law, a legal entity that is not a commercial organization may act on
the basis of a provision for organizations of the given type.
The founding contract of a legal entity shall be made, and the
charter shall be approved by its founders.
A legal entity created in accordance with the present Code by a
single founder shall act on the basis of a charter approved by this
founder.
The charter and other founding documents of a legal entity must
indicate the name of a legal entity, its place of location (post
address), and the procedure for managing the activity of the legal
entity, and they also must contain the other information required by a
Law for legal entities of the respective type. The founding documents
of noncommercial organizations and unitary enterprises, and in cases
provided by a Law, also of other commercial organizations, must define
the object and purposes of the activity of the legal entity. (Amended by
the Law of RU of August 20, 1999.)
In the founding contract the parties (founders) obligate
themselves to create a legal entity and define the procedure for joint
activity for its founding and the conditions of transfer of their
property to it and of participation in its activity. The contract also
defines the terms and procedure for distribution of profits and losses
among the participants, for the management of the activity of the legal
entity, and for the exit of founders therefrom. The founding contract by
the concern of the founders may be included other terms.
Changes in the founding documents shall take effect for third
entities from the time of the state registration of the changes, and in

cases established by a Law from the time of notifying the agency conducting state registration of such changes. Legal entities and their founders do not have the right to rely upon the absence of the registration of such changes in relations with third persons who have acted taking these changes into account.

Article 44. State registration of legal entities

Legal entity is subject to state registration by the procedure established by legislation. The data of state registration shall be included in a single register of legal entities open for public access.

Part 2 is stated in edition of Article 2 of the Law of the RUz No. ZRU-91 dtd 13.04.2007.

The violation of the procedure for creation of a legal entity established by the Law or not correspondence of its founding documents to a Law shall entail refusal of state registration of a legal entity.

State registration of legal entities, for which informative procedure of state registration is established, shall be refused in accordance with the legislation. A refusal of state registration on the ground of inexpediency of creation of a legal entity shall not be allowed.

A refusal of state registration and also violation of period of time of registration may be appealed to a court.

A legal entity shall be considered created from the day of its state registration.

A legal entity shall be re - registered only in cases provided by a Law.

Article 45. Bodies of a legal entity

A legal entity acquires civil rights and undertakes civil duties through its bodies acting in accordance with a Law and the founding documents.

The procedure for appointment or electing organs of a legal entity shall be determined by a Law and the founding documents. In cases provided by a Law a legal entity may acquire civil rights and undertake civil duties through its participants.

A person who, by virtue of a Law or the founding documents of

a legal entity, acts in its name must act in the interests of the legal entity represented by him in good faith and reasonably. This person shall be obligated on demand of the founders (or participants, members) in the legal entity, unless otherwise provided by a Law or the contract, to compensate for the losses caused by him to the legal entity.

Article 46. The name and place of location of a legal entity

A legal entity shall have its own name, containing an indication of its organizational - legal form. The names of noncommercial organizations, unitary enterprises, and in cases provided by a Law - and other commercial organizations must contain an indication of the nature of the activity of a legal entity.

Including indications on the formal full or short name (a name of a state) in the name of a legal entity, including of such a name or elements of state symbols in document entries or advertising materials of a legal entity shall be allowed by the procedure determined by the Government of the Republic of Uzbekistan.

The place of location of a legal entity is determined by the place of its state registration unless otherwise established by the founding documents of a legal entity in accordance with a Law.

A legal entity must have a post address for making contact with it, and must notify authorized state agencies on changes of its post address. (Amended by the Law of the Republic of Uzbekistan of August 20, 1999.)

The name and place of location (the post address) of a legal entity shall be indicated in its founding documents.

A legal entity that is a commercial organization must have a firm name.

A legal entity has the exclusive right to use its firm name.

An entity, who has unlawfully used another's registered firm name, on demand of the holder of the right to the firm name, shall be obligated to stop its use and compensate for the losses caused.

Article 47. Representative offices and branches

A representative office is a separate sub-division of a legal entity located outside the place where the legal entity is located, which represents the interests of the legal entity and conducts their protection.

A branch is a separate subSection of a legal entity located outside the place of location of the legal entity and conducting all its functions or part of them, including the function of representation.

Representative offices and branches are not legal entities unless otherwise provided by a Law. They are allotted property by the legal entity that has created them and act on the basis of regulations approved by the legal entity. The heads of representative offices and branches are appointed by the legal entity and act on the basis of a power of attorney from it.

Article 48. Liability of a legal entity

A legal entity shall be liable for his obligations with all property belonging to him.

A state enterprise and an institution financed by its owner shall be liable for their obligations by the procedure and on the conditions provided by Paragraph 5 of Article 72 and by Paragraph 3 of Article 76 of the present Code.

The founder (or a participant) of a legal entity or the owner of its property shall be not be liable for the obligations of the legal entity, and the legal entity shall not be liable for the obligations of the founder (or a participant) or owner, with the exception of cases provided by the present Code or by the founding documents of the legal entity.

If the insolvency (bankruptcy) of a legal entity is caused by unlawful actions of the entity acting as the founder (or participant) or the owner of the property of the legal entity that has the right to give instructions obligatory for this legal entity then subsidiary liability for its obligations may be placed upon such entities in case of

insufficiency of the property of the legal entity. (The Law of RU No.
357-I of December 27, 1996.)

The founder (or participant) or owner of the property of a legal entity has the right to give obligatory instructions only in the case when this right is provided by the founding documents of this legal entity. (Introduced by the Law of RU No. 357-I of December 27, 1996.)

The insolvency (bankruptcy) of a legal entity shall be caused by the founder (or participant) or owner who has right to give obligatory instructions to this legal entity, only in case if he has exercised the indicated right for purposes for conducting action by the legal entity, in advance knowing, that the insolvency (bankruptcy) of a legal entity shall start owing to it. (Introduced by the Law of RU No. 357-I of December 27, 1996).

Article 49. Reorganization of a legal entity

Reorganization of a legal entity (merger, accession, division, spin-off, transformation) may be conducted by decision of its founders (or participants) or by the body of the legal entity so authorized by the founding documents.

In cases established by a Law, reorganization of a legal entity in the form of a Section of it or a spin-off from it of one or several legal entities shall be done by decision of the authorized state bodies or by decision of a court.

If the founders (or participants) of a legal entity, a body authorized by them or a body of the legal entity authorized to reorganize it by the founding documents fails to conduct the reorganization of the legal entity within the period determined by a decision of the authorized government agency, a court upon suit by the aforementioned government agency shall appoint a manager for the legal entity and delegate to him the conduct of the reorganization of this legal entity. From the time of appointment of a manager, the powers for managing the affairs of the legal entity shall pass to him. The manager

shall act in the name of the legal entity in court, compile the Section balance sheet and submit it for consideration by the court together with the founding documents arising as the result of the reorganization. Approval by the court of these documents shall be the basis for state registration of the newly arising legal entities.

In cases established by a Law, the reorganization of legal entities in the form of merger, accession, or transformation may be conducted only with the concern of authorized state agencies.

A legal entity shall be considered reorganized, with the exception of cases of reorganization in the form of accession, from the time of state registration of newly arising legal entities.

In case of reorganization of legal entity in the form of accession of another legal entity to it, the first of them shall be considered reorganized from the time of making in the single state register of legal entities of an entry on the termination of activity of the legal entity that has acceded.

Article 50. Legal succession upon the reorganization of legal entities

Upon the merger of legal entities, the rights and duties of each of them shall pass to the newly arising legal entity in accordance with the transfer document.

Upon the accession of a legal entity to another legal entity, the rights and duties of the acceding legal entity shall pass to the latter in accordance with the transfer document.

Upon the division of a legal entity, its rights and duties shall pass to the newly formed legal entities in accordance with the Section balance sheet.

Upon the spin-off from a legal entity of one or several legal entities, the rights and duties of the reorganized legal entity shall pass to each of them in accordance with the Section balance sheet.

Upon the transformation of a legal entity of one type into a legal entity of another type (a change of organizational - legal form), the rights and duties of a reorganized legal entity shall pass to the

newly arising legal entity in accordance with the transfer document.

Article 51. The transfer document and the division balance sheet

The transfer document and the division balance sheet must contain the provisions on legal succession for all obligations of reorganized legal entity with respect to all its creditors and debtors, including also obligations contested by the parties.

The transfer document and the division balance sheet must be approved by the founders (or participants) of the legal entity or by the agency that has taken decision to reorganized the legal entity and must be presented together with the founding documents for state registration of the newly arising legal entities or for entering changes in the founding documents of existing legal entities.

Failure to present the corresponding transfer document or division balance sheet together with the founding documents, and also the absence in them of terms on legal succession to the obligations of the reorganized legal entity shall entail a refusal of state registration for the newly arising legal entities.

Article 52. Guaranties of rights of creditors of a legal entity upon its reorganization

The founders (or participants) of the legal entity or the agency that has adopted a decision to reorganize the legal entity are obligated to notify the creditors of the reorganized legal entity of this in writing.

A creditor of the reorganized legal entity shall have the right to demand termination or early performance of legal obligations for which this legal entity is a debtor and compensation for losses.

If the Section balance sheet does not provide the possibility of determining legal entity, the newly arisen legal entities bear joint and several liabilities for the obligations of the reorganized legal entity to its creditors.

Article 53. Liquidation of a legal entity

Liquidation of a legal entity shall entail its termination without passage of rights and duties by way of legal succession to other entities.

A legal entity may be liquidated:

by a decision of its founders (or participants) or of the body of the legal entity empowered thereto by the founding documents, including in connection with the expiration of the time period for which the legal entity was created, with the achievement of the purpose for which it was created, or by a decision of a court in case of violations of a legislation committed at its creation if these violations have an irremediable nature;

by a decision of a court in case of conduct of activity without permission (license) or of activity prohibited by a Law, or not realization of financial and economical activity with conducting of monetary operations on bank accounts during six months (with respect to commercial and commercial intermediate enterprise for three months), with the exception of peasant farming operation and farmer's operation, and/ or not forming its charter fund at the amount provided by the founding documents within a year from the day of state registration, unless otherwise provided by legislation, and also in other cases provided by the present Code. (The Law of RU of August 20, 1999.)

A decision of a court for the liquidation of a legal entity may impose duties for the conduct of the liquidation of the legal entity on its founders (or participants) or the body empowered to liquidate the legal entity by its founding documents.

Article 54. Duties of a person who has taken a decision to liquidate of a legal entity

The founders of (or participants) a legal entity or the body that took the decision to liquidate a legal entity are obligated to report promptly about this in writing to the authorized state agency for making an entry in the single state register of legal entities of information

to the effect the legal entity is in the process of liquidation.

The founders (participants) of a legal entity or the body that has taken a decision on liquidation of a legal entity shall appoint a liquidator - a liquidation commission or a physical person and establish a procedure and a term of liquidation in accordance with the present Code. In case where a decision on liquidation of a legal entity by a court has been taken, a liquidator shall be appointed as agreed with the agency carrying out state registration of legal entities. (Part 2 is stated in edition of Point 1 of Article 1 of the Law of the RUz No. ZRU-127 dtd 14.12.2007)

From the time of appointment of a liquidator, the powers for management of the affairs of the legal entity shall pass to him. The liquidator lays before the court on behalf of the legal entity being liquidated. (Part 3 is stated in edition of Point 1 of Article 1 of the Law of the RUz No. ZRU-127 dtd 14.12.2007)

Article 55. The procedure for liquidation of a legal entity

The liquidator shall publish in mass media, in keeping with the procedure establish by the legislation, an advertisement on liquidation of the legal entity, as well as on a procedure and a term of presentation of demands by its creditors. This time of period may not be less than two months after the time of publication about liquidation. (In edition of Point 2 of Article 1 of the Law of the RUz No. ZRU-127 dtd 14.12.2007)

The liquidator shall take measures for the discovery of creditors and for the receipt of debtor indebtedness and also shall inform creditors in writing about the liquidation of the legal entity. (In edition of Point 2 of Article 1 of the Law of the RUz No. ZRU-127 dtd 14.12.2007)

After the end of the time of period for the presentation of claims by creditors, the liquidator shall compile an intermediate liquidation balance sheet, which shall contain information on the composition of the property of the legal entity being liquidated, on list of the claims presented by creditors, and also about the results of their

consideration. (In edition of Point 2 of Article 1 of the Law of the RUz
No. ZRU-127 dtd 14.12.2007)

The Part 4 is stated in edition of sub-point 2) of Article 2 of the Law of the RUz No. ZRU-28 dtd 04.04.2006

Intermediate liquidation balance sheet shall be approved by the founders (participants) of the legal entity or the body that has taken a decision to liquidate the legal entity. In case where the decision to liquidate the legal entity by a court has been taken, intermediate liquidation balance sheet shall be approved as agreed with the agency carrying out state registration of legal entities.

If monetary assets available to the legal entity (with the exception of institutions) being liquidated are insufficient for the satisfaction of the claims of creditors, the liquidator shall conduct the sale of the legal entity at a public auction by the procedure established for the execution of judicial decisions. (In edition of Point 2 of Article 1 of the Law of the RUz No. ZRU-127 dtd 14.12.2007)

Payment of monetary sums to creditors of the legal entity being liquidated shall be made by the liquidator in the order of priority established by Article 56 of present Code, in accordance with the intermediate liquidation balance sheet, beginning from the day of its approval. (In edition of Point 2 of Article 1 of the Law of the RUz No. ZRU-127 dtd 14.12.2007)

The Part 7 is stated in edition of sub-point 2) of Article 2 of the Law of the RUz No. ZRU-28 dtd 04.04.2006

After completion of settlements with the creditors, the liquidator shall make up liquidation balance sheet that shall be approved by the founders (participants) of a legal entity or an agency that has taken a decision to liquidate a legal entity. In case where a decision on liquidation of a legal entity by a court has been taken, a liquidation balance sheet is approved as agreed with the agency carrying out state registration of legal entities. (In edition of Point 2 of Article 1 of the

Law of the RUz No. ZRU-127 dtd 14.12.2007)

In case a state enterprise being liquidated has insufficient property or an institution being liquidated has insufficient monetary assets for satisfying the demands of creditors, the creditors shall have the right to apply to court with a suit for satisfaction of the remaining demands at the expense of the owner of the property of this enterprise or institution.

Property of the legal entity remaining after the satisfaction of the claims of creditors shall be transferred to its founders (or participants) having the rights in things to this property or obligation rights with respect to this legal entity unless otherwise provided by legislation.

The procedure and particularities of liquidation of enterprise non-conducting finance and economic activity from the day of state registration, and also founders, who are absent, shall be regulated by legislation. (Amended by a Law of RU of August 20, 1999.)

The liquidation of the legal entity shall be considered complete, and the legal entity shall be considered to have ceased its existence from the time of notation to this effect in the single state register of legal entities

Article 56. Satisfaction of the claims of creditors

Upon the liquidation of a legal entity, in the first priority, claims of citizens following from labor legal relations, for recovery of aliments, and payment of remuneration under the author's contracts, and also claims of citizens to whom the legal entity being liquidated is liable for causing of harm to life or health shall be satisfied by capitalization of the respective periodic payments.

Claims of other creditors shall be satisfied by the procedure and conditions provided by legislation.

Article 57. Insolvency (bankruptcy) of a legal entity

A legal entity that is a commercial organization, with the

exception of a state enterprise, and also a legal entity operating in the form of a consumer cooperative or a social foundation, may be declared insolvency (bankruptcy) by decision of a court, if it is not in a position to satisfy the claims of creditors.

The declaration of a legal entity bankrupt shall entail its liquidation.

A legal entity that is a commercial organization, and also a legal entity that is operating in the form of a consumer cooperative or a social foundation, involving characteristics of bankruptcy, shall apply to a court with application to declare its bankruptcy. (Section XIII amended by the Law of RU No. 482-II of April 25, 2003.)

The bases for a declaration by a court of a legal entity bankrupt or for a declaration by him of its own bankruptcy and also the procedure for liquidation of such a legal entity shall be established by a Law.
(Section XIII amended by the Law of RU No. 482-II of April 25, 2003.)

§ 2. Commercial organizations

Article 58. Basic provisions on business partnerships and companies

Business partnerships and companies are commercial organizations with charter (or contributed) capital broken down into the shares (or contributions) of the founders (or participants). Property created at the expense of the contributions of the founders (or participants) as well as that produced and acquired by the business partnership or companies in the process of its activity shall belong to its right of ownership.

Business partnerships and companies may be created in the form of general partnership or a special partnership, or a limited partnership or in the form of a company with limited liability or a company with supplementary liability, joint- stock company.

Individual entrepreneurs and /or commercial organizations may be participants in general partnerships and the general partners in limited partnerships.

Citizens and legal entities may be participants in business companies and contributors to limited partnerships.

State bodies do not have the right to be participants in business companies nor contributors to limited partnerships unless otherwise established by a Law.

Institutions financed by their owners may be participants in business companies and contributors to partnerships with the permission of the owner, unless otherwise provided by a Law.

A Law may forbid or limit the participation of individual categories of citizens in business partnerships and companies, except in open joint - stock companies.

Business partnerships and companies may be founders of (or participants) other business partnerships and companies with the exception of cases provided by the present Code and other laws.

A contribution to the property of a business partnerships or companies may be money, commercial paper and securities, other things, or property rights or other given rights having a monetary evaluation.

A monetary evaluation of the contribution of a participant to a business company shall be made by agreement among the founders of (or participants in) the company and, in cases provided by a Law, shall be subject to valuation by valuating organization. (In edition of Point 1 of Article 5 of the Law of the RUz No. ZRU-257 dtd 17.09.2010)

Business partnerships and also companies (except for a joint stock company) do not have the right to issue stock.

Article 59. Rights and duties of participants in a business partnership or company

Participants in a business partnership or company shall have the right:

to participate in the management of the affairs of the partnership or company with the exception of the cases provided by other laws;

to receive information on the activity of the partnership or company and to be acquainted with its books and other documentation by the procedure established by the founding documents;

to take part in the distribution of profit;

to receive, in case of liquidation of the partnership or company, the part of the property left after settlements with creditors, or its

value.

Participants in partnership or company may also have other rights provided by the present Code and other laws, the founding documents of the partnership or company. Participants in a business partnership or company are obligated:

to make their contributions by the procedure, in the amounts, by the means, and within the time periods that are provided by the founding documents;

not to divulge confidential information about the activity of the partnership or company.

Participants in a business partnership or company may also bear other duties provided its founding documents.

Article 60. Full partnership

A full partnership is one whose participants, in accordance with a contract made among them, are conducting entrepreneurial activity in the name of the partnership and bear liability for its obligations with the property belonging to them.

A entity may be a participant in only one full partnership.

The firm name of a full partnership must contain the names (or designations) of all its participants and the words " full partnership" or the name (or designation) of one or more participants with the addition of the words " and company" and the words " full partnership".

Article 61. Limited partnership

A special partnership is a partnership in which, along with participants conducting entrepreneurial activity in the name of the partnership and being liable for the obligations of the partnership with their property (general partners), there are one or more contributor- participants (limited partnerships), who bear the risk of losses connected with the activity of the partnership within the limits of the amounts of contributions made by them and do not take part in the conduct by the partnership of entrepreneurial activity.

The status of general partners participating in a limited

partnership, and their liability for the obligations of the partnership shall be determined by the rules of the present Code.

A entity may be a general partner only in one limited partnership.

A participant in a full partnership may not be a general partner in the limited partnership.

A general partner in a limited partnership may not be a contributor at the same partnership and a participant in another full partnership.

The firm name of a limited partnership must contain the names (or designations) of all the general partners and also the words "special partnership", or the name (or designations) of not less than one general partner with the addition of the words "and company" and the words " special partnership".

If the name of a contributor is included in the firm name of a limited partnership, this contributor shall become a general partner.

The rules on a general partnership shall be applied to a limited partnership to the extent that this does not contradict the rules of the present Code.

Article 62. Limited liability Company

A limited liability company is a company founded by one or several persons, the charter fund (a charter capital) of which is divided into shares of amounts determined by the founding documents. The participants in a limited liability company shall not be liable for its obligations and they bear the risk of losses connected with the activity of the company within the limits of the value of the contributions made by them.

Participants in the company who have not fully made their contributions bear joint and several liabilities for its obligations within the limits of the value of the unpaid part of the contribution of each of the participants.

The firm name of a limited liability company must contain the name of the company and the words "with limited liability".

The legal status of a limited liability company and the rights

and duties of its participants shall be determined by the present Code and other legislative acts.

Article 63. Company with supplementary liability

A company with supplementary liability is a company founded by one or several persons whose charter capital is divided into shares of amounts determined by the founding documents. The participants in such a company jointly and severally bear subsidiary liability for its obligations with their property in a multiple of the value of their contributions, which multiple are identical for all of them and is determined by the founding documents of the company. Upon the bankruptcy of one of the participants, his liability for the obligations of the company shall be distributed among the remaining participants in proportion to their contributions, unless another procedure for distributing liability is provided by the founding documents of the company.

The firm name of a company with supplementary liability must contain the name of the company and the words "with supplementary liability".

The rules of the present Code on the limited liability shall be applied to a company with supplementary liability, to the extent that the present Article does not provide otherwise.

Article 64. Joint-Stock Company

A joint stock company is a company whose charter capital is divided into a defined number of shares of stock. The participants in a joint stock company (the stockholders) shall not be liable for its obligations and bear the risk of losses connected with the activity of the company within the limits of the value of the shares of stock belonging to them.

Stockholders who have not fully paid for their shares of stock bear joint and several liabilities for the obligations of the joint-

stock company within the limits of the unpaid part of the value of the shares of stock belonging to them.

The firm name of a joint - stock company must contain its name and an indication of the fact that the company is a joint-stock company.

The legal status of a joint - stock company, rights and duties of the stockholders shall be determined in accordance with the present Code and other legislative acts.

Article 65. Open joint-stock company

A joint stock company whose participants can alienate the shares of stock belonging to them without the consent of the other stockholders is an open joint- stock company. Such a joint stock company has the right to conduct open subscription to shares of stock issued by it and to their free sale on the conditions established by legislation.

An open joint stock company must each year publish for general information an annual report, an accounting balance sheet, and a statement of profits and losses.

Article 66. Closed joint-stock company

A joint - stock company whose shares are distributed only among its founders or other previously determined group of persons is a closed joint - stock company. Such a company does not have the right to conduct open subscription to shares of stock issued by it nor otherwise to propose them for acquisition to an unlimited group of persons.

A number of participants of a closed joint-stock company shall not exceed a number of persons stipulated by the law. In case where the given number exceeds the established limit, a closed joint-stock company is liable to transformation into open joint-stock company within a year, and on the expiry of this term - it is liable to liquidation judicially if a number of shareholders is not decreased up to the established limit.

In cases provided by a Law, a closed joint - stock company may be obligated to publish for general information the documents indicated in Paragraph 2 of Article 65 of the present Code.

Article 67. Subsidiary Business Company

A business company is a subsidiary business company if another (principal) business company or partnership by virtue of dominant participation in its charter capital or in accordance with a contact made between them or in another manner has the possibility of determining decisions taken by such a company.

A subsidiary business company is a legal entity.

A subsidiary business company shall not be liable for the debts of the principle company (or partnership).

In case of insolvency (bankruptcy) of the subsidiary company due to the fault of the principle company (or partnership), the latter shall bear subsidiary liability for the debts of the subsidiary company.

The participants in (or stockholders of) a subsidiary company shall have the rights to claim compensation by the principle company (or partnership) for losses caused by its fault to the subsidiary company, unless otherwise established by legislation.

Article 68. Dependent business company

A business company is a dependant business company if another dominant company has more than twenty percent of the voting shares of stock.

A dependent business company is a legal entity.

A business company has the duty by the procedure provided by a Law to promptly publish information on acquisition by it the corresponding part of charter capital of a dependent company.

The limits of mutual participation of business companies in the charter capital of one another and the number of votes that one of these companies may exercise at the general meeting of the participants or stock-holders of another company shall be determined by a Law.

Article 69. Production cooperatives

A production cooperative is a voluntary amalgamation of citizens on the basis of membership for joint production or other business activity based on their personal participation and combining the property share contributions of its members (participants). A Law and the

founding documents of a production cooperative may provide for participation by legal entities in its activity.

Members of a production cooperative bear subsidiary liability for the obligations of the cooperative in the amounts and by the procedure provided by a Law and the charter of the cooperative.

The firm mane of a cooperative must contain its name and the words "production cooperative".

The legal position of production cooperatives, the rights and duties of their members shall be determined according to the present Code and other legislation acts.

Article 70. Unitary enterprise

A Unitary enterprise is a commercial organization not given the right of ownership of the property secured to it by the owner.

The property of a unitary enterprise is indivisible and cannot be distributed according to contributions (or parts nor participants shares), not even among the employees of the enterprise.

The charter of a unitary enterprise must contain, in addition to the information indicated in Paragraphs 4 and 5 of Article 43 of the present Code, indications of the size of the charter fund of the enterprise, the procedure and sources for forming it.

The property of a unitary enterprise belongs to it by the right of economic management or operative administration.

The firm name of a unitary enterprise must contain an indication of the owner of its property.

The management body of a unitary enterprise is the manager, who is appointed by the owner or by an agency authorized by the owner and reports to them.

A unitary enterprise shall be liable for its obligations with all the property belonging to it.

A unitary enterprise does not bear liability for the obligations of the owner of its property.

The legal status of unitary enterprises shall be determined by the present Code and other legislative acts.

The owner of the property of a unitary enterprise shall not be liable for the duties of the enterprise, with exception of cases

provided Paragraphs 3 and 4 Article 48 of the present Code. This rule shall also be applied to the liability of a unitary enterprise that has founded a subsidiary enterprise, for the obligations of the latter.

Article 71. Unitary enterprise based on the right of economic management

A unitary enterprise based on the right of economic management is created by the decision of an owner or of a state body empowered thereto.

The founding document of an enterprise based on the right of economic management is its charter, approved by the procedure established.

A unitary enterprise based on the right of economic management may create as a legal entity another unitary enterprise by transference to it by the procedure established a part of its property for economic management (a subsidiary enterprise).

The founder shall approve the charter of a subsidiary enterprise and appoint its manager.

Article 72. Unitary enterprise based on the right of operative administration

In cases provided by legislation, according to a decision of a state body, a unitary enterprise based on the right of operative administration (a state enterprise) may be formed upon a base of state property.

The founding document of a state enterprise is its charter.

The firm name of a state enterprise based on the right of operative administration must contain an indication that the enterprise is a state enterprise.

The rights of a state enterprise to the property secured to it shall be determined in accordance with Articles 178 and 179 of the present Code.

A state shall bear subsidiary liability for the obligations of the state enterprise in case of insufficiency of its property.

A state enterprise may be reorganized or liquidated in accordance with a decision of a state body by which it has been formed.

§ 3. Noncommercial organizations

Article 73. Consumer cooperative

A consumer cooperative is a voluntary amalgamation of citizens on the basis of membership with the purpose of satisfying the material (property) needs of the participants, an amalgamation formed by the combining of property share contributions by its members.

The charter of a consumer cooperative must contain, in addition to the information indicated in Paragraphs 4 and 5 of Article 43 of the present Code, data on the size of share contributions of members of the cooperative; on the composition of and procedure for making share contributions by members of the cooperative and on their liability for violating obligations to make share contributions; on the composition and competence of bodies of administration of the cooperative and the procedure for their taking decisions, including on questions decisions for which are taken unanimously or by a qualified majority of votes; on the procedure for covering by members of cooperatives of losses incurred by it.

The name of a consumer cooperative must contain an indication of the basic purpose of its activity and also either the word "cooperative", or the words "consumer union" or "consumer company".

Members of a consumer cooperative are obligated to cover, by supplementary contributions, within three months after the approval of the annual balance, losses that have been formed. In case of nonperformance of this duty, the cooperative may be liquidated by judicial procedure on demand of creditors.

Members of a consumer cooperative bear subsidiary liability for its obligations within the limits of the unpaid part of the supplementary contribution of each of the members of the cooperative.

The rules of the present Code on commercial organizations shall be applied to the commercial activity of the consumer cooperative.

The legal status of consumer cooperative, and also the rights and duties of their members shall be determined in accordance with the present Code and other legislative acts.

Article 74. Societal organizations

Societal organizations are voluntary amalgamations of citizens who have joined in the manner provided by a Law on the basis of communality of their interests to satisfy spiritual or other non-material needs.

Societal organizations have the right to conduct commercial and other entrepreneurial activity provided by their charters.

Participants in (members of) societal organization do not retain the right to property transferred by them to these amalgamations in ownership, nor to membership contributions. They shall not be liable for the obligations of the societal amalgamations in which they participate as members and these organizations shall not be liable for the obligations of their members.

The peculiarities of the legal position of societal organizations shall be determined by legislation.

Article 75. Societal funds

Article 75 amended by Section IX of the Law of RU No. 621-II of April 30, 2004

Societal funds is a non- commercial organization not having membership, founded by citizens and/or legal entities on the basis of voluntary property contributions, pursuing social, charitable, cultural, educational, and other socially - useful purposes.

Property transferred to the societal fund by its founders (a founder) or a testator is in the ownership of the fund. The founders (a founder) or its executor of inheritance shall not be liable for the obligations of the fund created by them and the fund shall not be liable for the obligations of its founders (a founder) or its executor of inheritance.

A societal fund shall use property for the purposes and objectives of the fund defined in its charter and for covering of administrative expenses. The fund in accordance with legislation may

engage in entrepreneurial activity within the limits of corresponding to charter purposes. Participation of the fund in the charter fund (or a charter capital) of commercial organizations shall be conduced by the procedure established by legislation.

A societal fund has the duty to published report annually on its activity.

The procedure for management by a societal fund and the procedure for forming its bodies shall be determined by its charter.

The charter of a societal fund, besides the information indicated in Paragraph 4 of Article 43 of the present Code, must contain the following data:

the structure, authority and the procedure of forming bodies of a fund;

the procedure for appointing officers of the fund (or election) and discharging them; sources of forming of property of a fund;

rights and duties of a fund, its representative offices and branches on operation by property;

the procedure of open of representative offices and creation of branches of a fund;

the procedure of reorganization and liquidation of a fund;

the procedure of using of property in case of its liquidation;

the procedure of putting changes and amendments in the charter of a fund.

The charter of a societal fund may contain the description of a symbol of a fund which it should be registered by the procedure established, and other provisions do not contradict with legislation.

The peculiarities of the legal status of societal funds shall be determined by legislation.

Article 76. Institutions

An institution is an organization created by the owner for the conduct of administrative, cultural and societal or other functions of a non- commercial character and financed by him in whole or in part.

The rights of an institution to property secured to it and property acquired by him shall be determined in accordance with Articles 178 and 180 of the present Code.

An institution shall be liable for its obligations with the monetary assert that are at its disposition. If they are insufficient, the owner of the respective property bears subsidiary liability for the obligations of the institution.

The peculiarities of the legal position of individual types of states and other institutions shall be determined by legislation.

Article 77. Combination of legal entities

Article 77 amended by subparagraph 3 of item 13 of the Law of RU No. 175-II of December 15, 2000

Commercial organizations for the purposes of coordination of their entrepreneurial activity and also the representation and protection of common property interests may create combinations (or unions) and other associations that are non- commercial organizations. If by decision of the participants, the implementation of entrepreneurial activity is assigned to an association (or union) and another combination, such association (or union) shall be transformed into a business company or partnership by the procedure provided by the present Code or it may create a business company for the conduct of entrepreneurial activity or participate in such a company.

Non - commercial organizations for the purposes of coordination of their activity and also the presentation and protection of common interests may create combinations in the form of associations (or unions).

An association (or union) or other combination is a legal entity.

Members of an association (or union) or another combination retain their independence and the rights of a legal entity.

An association (or union) or another combination shall be not liable for obligations of its members.

Members of an association (or union) or another combination bear subsidiary liability for its obligations in the amount and by the procedure provided by the founding documents of the association (or union) and another combination.

The name of an association (or union) and another combination

must contain an indication of the basic objects of their activity and must include the words "association", " union" or words indicating the form of a combination.

Legislation may be established the particularities of a legal status of combinations of legal entities.

Article 78. Bodies of local self-government of citizens

Bodies of local self - government of citizens as legal entities are participants of civil legal relations.

Property created or acquired by bodies of local self - government of citizens is their ownership.

The legal status of bodies of local self - government of citizens shall be determined by legislation.

Chapter 5. The state as a participant of civil legal relations

Article 79. Participation of the state in civil legal relations

The state enters into relations regulated by civil legislation on equal bases with other participants in these relations.

Bodies of state authority and executive agencies, and other special authorized agencies enter into relations regulated by civil legislation in the name of the state.

The state shall be liable for its civil legal obligations with belonging to it by right of ownership.

Article 80. Differentiation of responsibility of the state and legal entities

A legal entity formed by the state shall not be liable for its obligations. The state shall not be liable for the obligations of legal entities formed by them with the exception of cases provided by a Law.

The rules of the present Article shall not be applied to cases when the state on the base of the contract concluded by it has undertaken a surety for (or a guaranty of) the obligations of a legal entity or an indicated physical person has undertaken a surety for (or a guaranty of) the obligations of the state.

Sub-section 3. Objects

Chapter 6. General provisions

Article 81. Types of objects of civil rights

The following are objects of civil rights: things, including money and commercial papers and securities; other things; property, including property rights; works and services; inventions, industrial samples; works of scholarship, literature, art and of other results of intellectual activity, and also personal non- property rights and other material and non - material value.

Article 82. Circulability of objects of civil rights

Objectives of civil rights may be freely alienated or pass from one person to another by the procedure of universal legal succession (inheritance, reorganization of a legal entity) or in another manner, unless they are removed from circulation or are limited in circulation.

The types of objects of civil rights whose presence in circulation is not allowed (objects removed from circulation) must be directly indicated in a Law.

Types of objects of civil rights that may belong only to defined participants in circulation or whose presence in circulation is allowed by special permission (objects of limited circulation) shall be determined by a procedure established by a Law.

Chapter 7. Material value

Article 83. Types of property

Property as an object of civil rights shall be subdivided into immovable and movable property.

Part 2 is stated in edition of Point 1 of Article 2 of the Law of the RUz No. ZRU-83 dtd 05.04.2007.

Immovable property includes: parcels of lands, subsoil, buildings, structures, perennial plantings and other property strongly connected with land, i. e. the objects which movement in not possible without causing significant damage to their function.

Other property may be categorized as immovable things by a Law.

The peculiarities of gaining and termination of rights on immovable property shall be established by legislative acts.

Property that is not categorized as immovable is movable property. The registration of rights to immovable things is not required except for cases indicated by a Law.

Article 84. State registration of immovable

The right of ownership and other rights in things to immovable things, their arising, passage, limitation and termination of these rights are subject to state registration.

An agency conducting state registration of rights to immovable things and transactions with them, must, on request of the rightholder, certify a registration that has been made by issuance of a document on the registered right or transaction or by making a notation on document presented for registration.

An agency conducting state registration of rights to immovable things and transaction with them has the duty to provide information on registration made and registered rights to any person.

The information shall be provided in any agency conducting registration of immovables regardless of the place of making registration.

A refusal of state registration of a right to immovables or of a transaction with it or the violation of time periods of registration may be appealed to court.

The procedure of state registration and the bases for refusal of registration shall be established by legislation.

Article 85. Enterprise

An enterprise as a whole as a property system is an immovable.

An enterprise as a whole or part of it may be the object of purchase and sale, pledge, lease and other transactions connected with the establishment, change, or termination of rights in things.

The composition of an enterprise as a property system includes all types of property designated for its activity, including land parcels, buildings, structures, equipment, inventory, materials,

products, claims, dents, and also rights to designations individualizing the enterprise, its products, work, and service (firm name, trademarks, service marks), and other exclusive rights, unless otherwise provided by a Law or the contract.

Article 86. Qualification of things

Things as objects of civil rights are subdivided into:
individually-defined things and things determined by nature characteristics;
divisible and indivisible things;
main thing and appurtenance;
complex things.

Article 87. Individually - defined things and things characterized by natural characteristics

Unique things are exclusive things, and also things designated by a defined manner (a seal, special labelling, given number, figures, etc.) belong to individually -defined things.
Individually -defined things are irreplaceable.
Things having characteristics that belonging to all things of the same nature and defining by number, weight, measure and etc., are recognized as things determined by nature characteristics.
Things determined by nature characteristics are replaceable.

Article 88. Divisible and indivisible things

A thing consequently of Section, each its part keeps characteristic of the whole and does not lose in this connection its economic (purpose) designation, a thing is considered as divisible.
A thing is considered as indivisible if the result of its Section, each its part loses characteristics of an original thing, changes its economic (purpose) designation.

Article 89. Consumed things and non-consumed things

Things which after unitary use are destroyed or stop existing in the origin type (raw material, fuel material, foods and etc.), they are considered as consumed.
Things meant for reiterated using in this connection keeping of its origin type during the long time and wearing out gradually

(buildings, equipment, transport means and etc.), they are considered as non-consumed things.

Article 90. Main thing and appurtenance

A main thing is recognized as an independent thing connected with another thing (appurtenance) by being of relation arising upon their usage.

Appurtenance is recognized as a thing meant for serving principle thing and connected with it by common economic purpose.

Appurtenance follows the fate of the main thing unless legislative acts or a contract established otherwise.

Article 91. Complex things

If things of different types form one whole that entails their use for a common purpose, they are considered as one thing (a complex thing).

The effect of a transaction made with respect to a complex thing extends to all its constituent parts unless a contract has provided otherwise.

Article 92. A right for fruits and incomes

Fruits and incomes brought by a thing belong to an owner of a thing unless otherwise provided by a Law or a contract.

Article 93. Animals

The general rules on property are applied to animals to the extent that legislation does not provide otherwise.

In the exercise of rights cruel treatment of animals is not allowed.

Article 94. Money (Currency)

The monetary unit of the Republic of Uzbekistan is a soum.

The soum is the legal means of payment obligatory for acceptance at face value.

Payments shall be made by way of cash and non- cash settlements.

The cases, procedure, and conditions of use foreign currency shall be determined by legislation.

Article 95. Currency valuables

The types of property that are recognized as currency valuables and the procedure for making transactions with them are determined by a Law.

The right of ownership to currency valuables is protected on general bases.

Article 96. Commercial paper and securities

Commercial paper and securities are documents evidencing, with the observation of the established form and obligatory requisites, property rights the exercise or transfer of which are possible only upon their presentation.

With the transfer of commercial paper or security all rights evidenced by it pass in full.

The following are classified as commercial paper and securities:
a bond, a bill of exchange, a check, a certificate of deposit, a savings certificate, , a bill of lading, a share of stock, and other documents that are classified as commercial paper and securities by legislation.(In edition of Point 1 of Article 6 of the Law of the RUz No. ZRU-223 dtd 22.09.2009)

Chapter 8. Nonmaterial values

Article 97. Results of intellectual activity

In cases and by the procedure established by the present Code and other laws, an exclusive right of a citizen or a legal entity is recognized to the results of intellectual activity and to means equated to them of individualization of a legal entity, of production of a physical or legal entity, of works or services fulfilled (firm name, trademark, service mark, etc.).

Use of results of intellectual activity and means of individualization that are the object of exclusive rights may be made by third persons only with the consent of the rightholder.

Article 98. Employment and commercial secret

Information constituting an employment and commercial secret shall be protected by civil legislation, in case when the information has actual or potential commercial value by virtue of its being unknown to third persons, there is not free access to it on a legal basis, and the holder of the information takes measures for the defense of its confidentiality.

Article 99. Personal property rights and other nonmaterial values

Life and health, honor and dignity of personality, personal inviolability, business reputation, inviolability of private life, a secret of personal and family life, the right to one's name, the right for representation, the right of authorship, and other personal nonproperty rights, and other nonmaterial values belonging to a citizen from birth or by virtue of a Law are inalienable and nontransferable in any other manner. In cases and by the procedure provided by a Law, personal nonproperty rights and other nonmaterial values belonging to a decedent may be exercised and protected by other persons including heirs of the rightholder.

Article 100. Protection of honor, dignity, and business reputation

A citizen has the right to demand in court the refutation of communications defaming his honor, dignity, or business reputation, unless the person who disseminated such communications proves that they correspond to reality.

Upon demand of interested persons, the protection of honor and dignity of a citizen is allowed even after his death.

If communications defaming his honor, dignity, or business reputation are disseminated in media of mass information, they must be refuted in the same media of mass information.

If these communications are contained in a document coming from an organization, such document is subject to retraction or recall.

The procedure for refutation in other cases shall be established

by the other court.

A citizen, with respect to whom media of mass information have published communications defaming his rights or interests protected by a Law, shall have the right to publish his answer in the same media of mass information.

If a decision of a court is not performed, the court shall have the right to impose on the violator a fine recovered in the amount and in the manner provided by legislation. The payment of the fine shall be free the violator of the obligation to take the action provided by the decision of the court.

A citizen, with respect to whom communications are disseminated defaming his honor, dignity, or business reputation, shall have the right, along with the refutation of such communications to demand compensation for losses and moral harm caused by their dissemination.

The rules of the present Article on the protection of business reputation of a citizen shall be applied correspondingly to the protection of the business reputation of a legal entity.

SubSection 4. Transactions and representation

Chapter 9. Transactions

§ 1. Definition, types and form of transactions

Article 101. Definition of a transaction

Transactions are actions of citizens and legal entities directed at the establishment, change, or termination of civil rights and duties.

Article 102. Types of transactions

Transactions may be unilateral, bilateral or multilateral (contracts).

A unilateral transaction is one for the making of which, in accordance with legislation or an agreement of the parties, an expression of will of one party is necessary and sufficient.

For the conclusion of a contract, an expression of the agreed will of two parties (a bilateral transaction) or of three or more parties (a multilateral transaction) is necessary.

Article 103. Legal regulation of unilateral transactions

A unilateral transaction creates obligations for the person who made the transaction. It may create obligations for other persons only in cases established by legislative acts or by agreement with these persons.

The general provisions on obligations and contracts (Section III of the present Code), shall be applied correspondingly the unilateral transactions, to the extent that this does not contradict legislation, the nature or character of the transactions.

Article 104. Transactions made on a condition

A transaction shall be considered made on a condition precedent, if the parties have placed the arising of rights and duties in dependence upon a circumstance with respect to which it is unknown whether it will occur or not occur.

A transaction shall be considered made on a condition subsequent, if the parties have placed the termination of rights and duties in dependence upon a circumstance with respect to which it is unknown whether it will occur or not occur.

If the occurrence of a condition is hindered in bad faith by a party to whom the occurrence of the condition is disadvantages, then the condition shall be considered as having occurred.

If the occurrence of a condition is aided in bad faith by a party to whom the occurrence of the condition is disadvantages, then the condition shall be considered as not having occurred.

Article 105. Forms of transactions

Transactions may be made orally or in written form (simple or notarial form).

Silence shall be recognized as an expression of the will to make transaction in cases provided legislation or agreement of the parties.

Article 106. Oral form of a transaction

A transaction for which legislation or agreement of the parties

has not established a written form, may be made orally, including a transaction that is performed upon their making. A transaction shall be considered made also in the case when from the conduct of a person his will to make the transaction is apparent.

A transaction proved by given a tag, a ticket or other general accepted confirmed token shall be considered concluded in oral form unless otherwise established by legislation.

Transactions in performance of a contract made in written form may by agreement of the parties be made orally, if this does not contradict legislation or the contract.

Article 107. Written form of transaction

A transaction made in written form must be signed by parties or their representatives unless otherwise follows from the customs of commerce.

The use in the making of a transaction of facsimile reproduction of a signature with the assistance of means of coping is allowed, if this does not contradict legislation or a claim of one of a participant.

Bilateral transactions may be made by the means of exchange of documents, each of which is signed by a party which has prepared it.

Exchange of letters, cables, telephone messages, telexes, faxes, or other documents defining objects and the content of their will shall be conformed to a written transaction form unless otherwise established by legislation or an agreement of parties.

Legislation and an agreement of the parties may establish additional requirements that the form of a transaction must meet (making on a defined printed form, confirmation by a seal, etc.), and may provide the consequences of the nonobservance of these requirements.

If a citizen as the result of physical defect, illness, or illiteracy cannot sign in his own handwriting, then at his request the transaction may be signed by another citizen. The signature of the latter must be certified by a notary to take such notarial action, with an identification of the reasons because of which the person making the transaction could not sign it in his own handwriting.

A party performed a transaction in written form, has the right to demand upon another party a document confirmed the performance. A party made orally business transaction has the same right, with the exception of transactions making during its performance.

Article 108. Transaction made in simple written form

The following must be made in simple written form, with the exception of transactions requiring notarial certification:

1) transactions of legal entities with one another and with citizens;

2) transactions of citizens with one another for a sum over ten times the minimum monthly wage established, and in cases provided by a Law, regardless of the sum of the transaction.

Observance of simple written form is not required for transactions that, in accordance with Article 106 of the present Code, may be made orally.

Article 109. Consequence of nonobservance of the simple written form of a transaction

Nonobservance of the simple written form of a transaction shall entail its invalidity, but shall deprive the parties of the right, in case of a dispute, to confirm its making, content or performance by the testimony of witnesses.

The parties have the right to confirm fulfillment, content or making of the transaction by written or other evidence.

In cases directly indicated by a Law or in an agreement of the parties, nonobservance of the simple written form of a transaction shall entail its invalidity.

Article 110. Notarially certified transactions

Notarial certification of a transaction shall be conducted by making on a document meeting the requirements of Article 107 of the present Code an authenticating notary or other official having the right to take such notarial action.

Notarial certification of transactions is obligatory:

1) in cases indicated by a Law;

2) on requirements of any party.

Article 111. State registration of transactions

Transactions with land and other immovable property (alienation, mortgage, lease, acceptance of inheritance and etc.) are subject to state registration.

The procedure on registration of transactions with immovable property and running respective registers shall be determined by legislation.

Legislation may establish state registration of transactions with movable property of defined types.

Article 112. Consequences of nonobservance of the notarial form for transactions and of requirements for its registration

Nonobservance of the notarial form or requirements on state registration of a transaction shall entail its invalidity. Such a transaction is considered void.

If one of the parties has performed a transaction in full or in part that requires notarial authentication and the other party refuses such authentication of the transaction, the court has the right on demand of a party that has performed the transaction to recognized the transaction as valid. In this case subsequent notarial authentication of the transaction is not required.

If a transaction requiring state registration has been made in the proper form, but one of the parties refuses to register it, the court has the right on demand of the other party to adopt a decision on the registration of the transaction. In this case a transaction shall be registered in accordance with the decision of the court.

In cases provided by Paragraphs 2 and 3 of the present Article, the party that unjustifiably refused notarial authentication or state registration of the transaction must compensate the other party for the losses caused by delay in making of the transaction.

§ 2. Invalidity of transaction

Article 113. Avoidable and void transactions

A transaction is invalid on the bases established by the present Code by virtue of its being declared as such by a court (an avoidable transaction) or independently of such declaration (a void transaction).

A claim for the declaration of an avoidable transaction to be invalid may be brought by the persons indicated in the present Code.

A claim for the application of the consequences of the invalidity of a void transaction may be brought by any interested person. The court has the right to apply such consequences on its own initiative.

Article 114. General provisions on the consequences of the invalidity of a transaction

An invalid transaction does not entail legal consequences except for those that are connected with its validity and is validity from the time of its making.

In case of the validity of a transaction, each of the parties has the duty to return to the other everything received under the transaction and in case of the impossibility of returning what was received in kind (including when what was received consisted of the use of property, work done, or services provided) to compensate for its value in money, unless other consequences of the invalidity of the transaction are provided by a stature.

Article 115. Nonobservance of form of a transaction required by a Law

Nonobservance a form required by a Law shall entail invalidity of a transaction only in the case when such consequence is directly indicated in a Law.

Article 116. Invalidity of a transaction not corresponding to requirements of legislation

A transaction not corresponding to the requirements of legislation, and also made with a purpose knowingly contrary to the bases of the legal order or morality is void. The rules provided by paragraph 2 of Article 114 of the present Code, shall be applied to this transaction.

Article 117. Invalidity of a transaction made by a minor who has not attained the age of fourteen

A transaction made by a person who has not attained the age of fourteen (an infant), with the exception of transactions provided by Paragraph 2 of Article 29 of the present Code, is void.

Each of parties on such a transaction has the duty to return to another party the other everything that was received upon the transaction, and in case of impossibly of returning what was received in kind, to compensate its value in money. The competent party is obligated, in addition, to compensate the other party for the actual damage borne by it, if the competent party knew or should have known of the incompetence of the other party.

Article 118. Invalidity of a transaction made by a minor of the age of fourteen to eighteen

A transaction made by a minor of the age of fourteen to eighteen without the consent of his parents, adoptive parents, or guardian, in cases when such concern is required in accordance with Article 27 of the present Code, may be declared invalid by a court on suit by the parents, adoptive parents, or guardian. If such a transaction is declared invalid, the rules provided by Paragraph 2 of Article 117 of the present Code, shall be applied correspondingly.

The rules of the present Article do not extend to transactions of minors who have full dispositive capacity, in cases provided by Paragraph 2 of Article 22 and Article 28 of the present Code.

Article 119. Invalidity of a transaction made by a citizen declared lacking dispositive capacity

A transaction made by a citizen who has been declared lacking dispositive capacity as the result of a mental disturbance (mental diseases or dementia) is void. The rules provided of the second Paragraph of Article 117 of the present Code shall be applied.

Article 120. Invalidity of a transaction made by a citizen limited in dispositive capacity

A transaction made without the consent of the curator by a citizen limited by a court in dispositive capacity as the result of abuse of alcoholic beverages or narcotic substances may be declared invalid by a court. If such a transaction is declared invalid, the rules provided by the second Paragraph of Article 117 of the present Code shall be applied.

The rules of the present Article do not apply to minor everyday transactions performed upon their making in accordance with second Paragraph of Article 29 of the present Code.

Article 121. Invalidity of a transaction made by a citizen incapable of understanding the significance of his actions or of controlling them

A transaction made by a citizen, even one having dispositive capacity, but being at the time of making it in a condition in which he was not capable of understanding the significance of his actions or of controlling them may be declared invalid by a court on suit of this citizen or of other persons whose rights and interests protected by a Law have been violated as the result of the making of the transaction.

A transaction made by a citizen later declared lacking dispositive capacity may be declared invalid by a court on suit of his guardian if it is proved that at the time of making the transaction the citizen was not capable of understanding the significance of his actions or of controlling them.

If a transaction is declared invalid on the basis of the present Article, the rules provided by Paragraph 2 of Article 117 of the present Code shall be applied.

The party that at the time of making the transaction was not capable of understanding the significance of his actions or of controlling them, with the exception of it, another party has the duty to compensate expenses, losses, or damage of property, if the party knew or should have known of such capability of a citizen who made the transaction with it.

Article 122. Invalidity of a transaction made under the influence of a misapprehension

A transaction made under the influence of a misapprehension having a substantial significance may be declared invalid by a court on suit of the party that acted under the influence of the misapprehension.

A misapprehension has a substantial significance if it is with respect to the nature of a transaction, or of the identity or qualities of its subjects that significantly reduce the possibility of using it for its purpose. A misapprehension concerning the motives of the transaction does not have a substantial significance.

If transaction is declared invalid as made under the influence of a misapprehension, the rules provided by Paragraph 2 of Article 114 of the present Code shall be applied. In addition, the party on whose suit the transaction was declared invalid shall have the right to claim from the other party compensation for the actual damage caused to of if it proves that the misapprehension arose due to the fault of the other party.

If this is not proved, the party, on whose suit the transaction was declared invalid, shall be obligated to compensate the other party on its demand for the actual damage caused to it, even if the misapprehension arose due to circumstances not depending upon the misapprehended party.

Article 123. Invalidity of a transaction made under the influence of a fraud, duress, threat, a bad-faith agreement of the representative of one party with another party or the confluence of harsh circumstances

A transaction made under the influence of fraud, duress, threat, a bad-faith agreement of the representative of one party with another party, and also a transaction that a citizen was compelled to make as the result of the confluence of harsh circumstances on conditions extremely unfavorable for himself that the other party used (an oppressive transaction) may be declared invalid by a court on suit of the victim.

If a transaction is declared invalid on one of the bases

indicated, then the other party shall return to the victim everything it received under the transaction and, if it is impossible to return it in kind, its value in money shall be compensated. Property received under the transaction by the victim from the other party and also due to it in compensation for that transferred to the other party shall be transferred to the income of the state. If it is impossible to transfer the property to the income of the state in kind, its value in money shall be taken. In addition, the victim shall be compensated by the other party for expenses incurred, losses or damage of his property.

Article 124. Invalidity of mock and sham transactions

A transaction made only for appearance without an intention to create the legal consequence is void (a mock transaction).

If a transaction that is made for the purpose of hiding another transaction (a sham transaction), the rules relating to the transaction that parties actually had in mind shall be applied.

Article 125. Invalidity of a transaction exceeding the limits of its legal capacity

A transaction made by a legal entity in contradiction with the charter purposes or not having a license to engage in the respective activity may be declared invalid by a court on suit by its founder (or participants) or authorized state body.

Article 126. Consequences of limitation of power to making a transaction

If the power of a person to making a transaction is limited by contract or the authority of a body of a legal body is limited by its founding documents in comparison with how they are defined in a power of attorney, in a Law, or how they could be considered obvious from the situation in which the transaction is made, and if at its making such a person or body went beyond these limits, the transaction may be declared invalid by a court on suit of a person in whose interests the

limitations were established only in the case when it is proved that the other party to the transaction knew or clearly should have known of these limitations.

Article 127. Time period of limitation of actions under invalid transaction

A transaction declared invalid, shall be considered invalid from the day of its making. If it follows from the content of a transaction that it may only be terminated for the future, the action of the transaction declared invalid shall be terminated its effects for the future time.

Article 128. Consequences of invalid part of a transaction

The invalidity of part of a transaction shall not entail the invalidity of the other parts of it if it is possible to support that the transaction would have been made without the inclusion of its invalid part.

Chapter 10. Representation and power of attorney

Article 129. Representation

A transaction made by one person (a representative) in the name of another person (a person represented) by virtue of a power based upon a power of attorney, a Law, a court decision or an act of a state body empowered thereto directly creates, changes and terminates the civil rights and duties of the person represented.

It is not allowed making through a representative a transaction that by its nature may be made only personally nor to make also other transactions provided by legislative acts.

A representative may not make transactions with himself personally in the name of the person represented or with respect another person whose representative he is simultaneously, with the exception of cases of commercial representation.

Article 130. Representation for capable persons

Persons with dispositive capacity may make transactions through selected by them representatives, with the exception of cases, when a transaction by its nature may be made only personally, and also in cases indicated in a Law.

Article 131. Representation for incapable persons

Parents, adoptive parents and guardians shall make transactions in the name of incapable persons.

Article 132. Representation without power

A transaction made in the name of another person by a non-empowered person or by a person exceeded such authority, shall create, change, or terminate civil rights and duties for the represented person only in case of the later ratification of this transaction by the represented person. Such a transaction is also declared ratified in that case if the represented person made actions indicating on putting it into force.

The later ratification of a transaction by the represented person shall make it valid from the time of its concluding.

Article 133. Commercial representation

A person constantly and independently acting as representative in the name of entrepreneurs in the conclusion by them of contracts (a commercial representative) shall act on the basis of a contract in a written form containing indications of the authority of the representative and, in the absent of such indications, alternatively on the basis of a power of attorney.

A commercial representative may simultaneously represent of interests of different parties of a contract concluded with his participation only of the concern of these parties, and in other cases provided by legislation.

A commercial representative has the right to demand payment of the agreed remuneration and compensation for costs borne by him in the

performance of the delegation from the parties to the contract in equal shares, unless otherwise provided by an agreement among them.

A commercial representative has the duty to keep in secret information that has become known to him on the trade transactions even after the performance of the delegation given to him.

The peculiarities of commercial representative in specific areas of entrepreneurial activity shall be established by legislation.

Article 134. Power of attorney

A power of attorney is a written authorization issued by one person (an authorizing party) to another person (the attorney) for representation before third persons.

The attorney shall act within the limits of authorization given him under power of attorney. Power of attorney in the name of a legal entity, and may also be issued only for making transactions that do not contradict with the purposes of the activity indicated in a charter (regulation) of a legal entity.

Article 135. Form for a power of attorney

A power of attorney shall be issued in a simple written form or a notarial form.

A power of attorney on making transactions requiring notarial form or actions with respect of legal entities must be notarially certified with the exception of cases provided by Articles 136, 137, 138 of the present Code, and other cases when another form of a power of attorney is established by legislation.

Article 136. Powers attorney equated to notarial certificated

The following are equated to notarially certified powers of attorney:

powers of attorney of military service personnel and of other persons who are being treated in military hospitals, sanatoria, and other military therapeutic institutions certified by the head, by his deputy for medical section, or by a senior or duty physician of these

institutions;
powers of attorney of military service personnel and, in locations of stationing of military units, groups, institutes, and military training schools, where there are neither notarial offices nor other agencies conducting notarial operations, also powers of attorney of workers and employees, members of their family, and members of the families of military service personnel certified by the commander (a head) of this unit, group, institution or school;
powers of attorney of persons who are in places of deprivation of freedom or under arrest certified by heads of the respective institutions.

Article 137. Other forms of powers attorney

Powers of attorney for the receipt of correspondence, including monetary and parcel correspondence, for the receipt of wages and other payments connected with labor relations, for the receipt of remuneration to authors and inventors, pensions, allowances, and scholarships, also sums from bank offices may be certified by the organization in which the authorizing party works or studies, the housing management organization at the place of his residence, or the management of the inpatient treatment institution in which he is located for treatment.

Article 138. Power attorney of a legal entity

A power of attorney in the name of a legal entity shall be issued under the signatures of its manager with an attachment of the seal of this organization.
A power of attorney in the name of a legal entity that is based on state ownership for the receipt or issuance of money and other property valuables must also be signed by the head (or senior) bookkeeper of this organization.

Article 139. Period of time of a power of attorney

A power of attorney may be issued for the time of period not more

than three years. If no time of period is indicated in the power of attorney, it shall remain in force for a year from the day of its making.

A power of attorney in which the date of its making is not indicated is void.

A power of attorney certified by a notary, meant for the conduct of actions out of the Republic of Uzbekistan not containing an indications of the time period of its effectiveness remains in force until its revocation by the person who gave the power of attorney.

Article 140. Delegation of power to other person under a power of attorney (delegation of power of attorney)

The person to whom a power of attorney was issued must personally take those actions for which he was empowered. He may delegate their making to another person if so empowered by the power of attorney or compelled by force of circumstances for the protection of the interests of the one who issued the power of attorney.

A power of attorney issued by way of delegation of power of attorney to another person must be notarially certified, with the exception of the cases provided by Articles 136, 137, 138 of the present Code.

The time period of effectiveness of a power attorney issued by way of delegation of power attorney may not exceed the time period of the power of attorney on the basis of which it was issued.

One who has transferred powers to another person must notify of this the one who issued the power of attorney and report to him the necessary information on the person to whom the powers were transferred.
Nonperformance of indicated duties imposes upon the one who transferred the powers liability for the actions of the person to whom he transferred the authority as for his own actions.

Article 141. Termination of a power of attorney

The effect of a power of attorney shall be terminated as the result of:

1. expiration of the time of periods of the power of attorney;
2. revocation of the power of attorney by the person who issued

it;

3. renunciation by the person to whom the power of attorney was issued;

4. termination of the legal entity in whose name the power of attorney was issued;

5. termination of a legal entity to whom the power of attorney was issued;

6. recognition of a citizen who issued the power of attorney, as lacking dispositive capacity, as being of limited dispositive capacity, or as missing , or his death;

7. recognition of a citizen to whom the power of attorney was issued, as lacking dispositive capacity, as being of limited dispositive capacity, or as missing , or his death;

The person who has issued a power of attorney may at any time revoke the power of attorney, and the person to whom the power of attorney was given may at any time renounce it. An agreement renouncing these rights is void.

With the termination of a power of attorney a delegation of the power loses its force.

Article 142. Notification of person about termination of a power attorney

A person, who has issued a power of attorney, has the duty to notify on its revocation to the person to whom the power of attorney was given and also to notify third persons known to him for representation before whom the power of attorney was given. The same of obligation is imposed upon the legal successors of the person who gave the power of attorney, in cases of its termination on the bases provided in numbered subparagraphs 4-7 of Paragraph 1 of Article 141 of the present Code.

Article 143. Actions made by a person to whom a power of attorney has been given after its termination

Actions performed by a person to whom a power of attorney has been given, before this person knew or should have known of its termination remain in force for the person who issued the power of attorney or his legal successors with respect to third persons.

Actions performed by a person to whom a power of attorney has been given after this person knew or should have known of its termination, shall not establish the rights and duties to whom power of attorney was given.

The rules of this article shall not be applied if the third person knew or should have known that the effect of the power of attorney was terminated.

Article 144. Duty for returning the power of attorney

Upon the termination of the power of attorney, the person whom it was given or his legal successor (a legal successor) had the duty to return the power of attorney immediately.

SubSection 5. Time periods. Limitation of actions

Chapter 11. Calculation of time periods

Article 145. Determination of a period of time

A time of period established by legislation or the transaction, and also designated by a court shall be determined by a calendar date or the expiration of a time interval that is calculated in years, months, weeks, days, or hours.

A time of period may also be determined by an indication of an event that must inevitably occur.

Article 146. Start of a time of periods defined by a time interval

The running of a time period defined by a time interval starts on the day following the calendar date or the occurrence of the event that defines its beginning.

Article 147. End of a time period defined by a time interval

A time of period calculated in years shall expire on the corresponding month and day of the last year of the time period.

The rules for time periods calculated in months shall be applied to a time period defined as a half - year.

The rules for time periods calculated in months shall be applied

to a time period calculated by quarters of a year. In such a case a calendar quarter shall be considered as equal to three months and counting of calendar quarters shall be made from the start of the year.

A time of period calculated in months shall expire on the corresponding date of the last month of the time period.

A time of period defined as a half - month is considered as a time period calculated by days and is considered equal to fifteen days.

If the end of the time period calculated in months falls in a month which there is no corresponding date, then the time period expires on the last day of this month.

A time of period calculated by weeks expires on the corresponding day of the last week of the time period.

Article 148. Procedure for taking action on the last day of the time period

If a time period is established for taking some action it may be fulfilled until 12:00 p.m. on the last day of the time period.

If this action must be made at an organization, then the time of period shall expire at the hour when, in this organization, by the established rules, the respective operations come to a close.

All written statements and notifications, remittance submitted to a communications organization before 12:00 p.m. of the last day of the time period shall be considered made within the time period.

Chapter 12. Limitation of actions

Article 149. Definition of limitation of actions

Limitation of actions is the time period within the limits of which a person may protect his violated right by means of making suit.

Article 150. General time of period of limitation of actions

The general time of period of limitation of actions is established at three year.

Article 151. Special time periods of limitation of actions

For individual types of claims legislative acts may establish

special time periods of limitation of actions reduced or longer in comparison with the general time period.

The rules of Articles 152 - 162 of the present Code extend to special time periods of limitation unless a Law establishes otherwise.

Article 152. Invalidity of an agreement on changing the time periods of limitation of actions

The time periods of limitation of actions and the procedure for calculating them may not be changed by agreement of the parties.

The bases for suspending and interrupting the running of the time periods of limitation of actions are established by the present Code.

Article 153. Application of limitation of actions

A claim for the protection of a violated right shall be taken for consideration by a court regardless of the expiration of the time period of limitation of actions.

The limitation of actions shall be applied by a court only on request of a party to the dispute, made before the rendering of a decision by the court.

The expiration of a time period of limitation of actions, that a party has requested to be applied, is a basis for the rendering of a decision by the court to dismiss an action.

Article 154. Start of the running of the time of period of limitation of actions

The running of the time period of limitation of actions starts from the day when a person knew or should have known of the violation of his right. Exceptions from this rule are established by the present Code and other laws.

On obligations with a defined period for performance, the running of the time period of limitation of actions starts at the end of the time period for performance.

For obligations for which the time period of performance is not defined or is defined as the time of demand, the running of the limitation of actions starts from the time when the right to make a demand for performance of the obligation arises for the creditor and, if

the debtor is given a grace time period for the performance of such a demand, then the calculation of the limitation of actions starts at the end of this time period.

On subrogation actions, the running of limitation of actions starts from the time of performance of the principle obligation.

Article 155. Time period of limitation of actions on change of persons in an obligation

The change of persons in an obligation does not entail a change in the time period of limitation of actions nor the procedure for calculating it.

Article 156. Suspension of the running of the time period of limitation of actions

The running of the time period of limitation of actions shall be suspended:

1. if the filing of the action was prevented by an extraordinary circumstance unavoidable under the given conditions (force majeure);
2. by virtue of a postponement of performance of obligations (a moratorium) established by the Government of the republic of Uzbekistan;
3. if the plaintiff or defendant were in the Army Force, Frontier and Internal troops put in a war status;
4. if a person with lacking dispositive capacity has no legal representatives;
5. by virtue of the suspension of the effects of a legal act regulating the respective relation.

The running of the time period of limitation of actions shall be suspended if the circumstances indicated in the present Article arose or continued to exist in the last six months of the time period of limitation and if this time period is less than six months, during the time period of limitation.

The running of the time period of limitation shall continue from the day of termination of the circumstance that served as the basis for its suspension, in addition the remaining part of the time period shall be extended to six months, or, if the time period of the limitation of actions is less than six months, to the time period of limitation.

Article 157. Interruption of the time period of limitation of actions

The time period of limitation of actions shall be interrupted by the filling of an action by the established procedure, and also by the taking by the obligated person of actions evidencing the acknowledgement of a debt.

After the interruption, the running of the time period of limitation of actions shall start anew; the time that passed before the interruption shall not be counted in the new time period.

Article 158. Running of the time period of limitation of actions in the case of leaving a claim without consideration

If a claim is left by a court without consideration, then the running of a time period of limitation of actions that began before the filing of the action shall continue in the regular manner.

If the suit that was left by the court without consideration was presented in a criminal case, then the running of a time period of limitation of actions that began before filing the action shall be suspended until the verdict-sentence by which the action was left without consideration goes into legal force; the time during which the limitation was suspended shall not be calculated in the time period of limitation of actions. In such a case if the remaining part of the time period is less than six months, it shall be expended to six months.

Article 159. Reinstatement of the time period of limitation of actions

If a court recognized a compelling reasons for letting a time period of limitation of actions pass, a violated right of a citizen shall be subject to protection. The reasons for letting a time period of limitation of actions pass may be recognized as compelling if they took place in the last six months of the time period of limitation or, if the time of period is equal to six months or less than six months, during the time period of limitation.

Article 160. Stay, interruption, and reinstatement of a special time period of limitation of actions

The rules on stay, interruption, and reinstatement of the time period of limitation of actions (Articles 156, 157, 159 of the present Code) shall also be applied to a special time period of limitation of actions unless otherwise established by a Law.

Article 161. Performance of an obligation after expiration of the time periods of limitation of actions

A person that has performed an obligation after the expiration of the time period of limitation of actions shall not have the right to demand the performance back, regardless of this if a person knew or did not know of the expiration of the limitation.

Article 162. Application of the limitation of actions to supplementary claims

With the expiration of the time period of limitation of actions under the main claim, the time period of limitation of actions shall expire for supplementary claims (penalty, pledge, guaranty, etc.).

Article 163. Claims to which the limitation of actions does not apply

Limitation of actions does not apply to:

claims for the protection of personal nonproperty rights and other nonmaterial values with the exception of cases provided by legislative;

claims of depositors against a bank for the payout of deposits;

claims for compensation for harm caused to the life or health of a citizen. Claims presented after the expiration of the time period of limitation of actions, shall be satisfied for not more than three years previous to the time of bringing suit;

claims for compensation of damage caused by crime;

claims of an owner or other possessor for elimination of any kind of violation of his right, including violations were not connected with deprivation of possession (Article 231 of the present Code);

claims for returning property corresponding to historical, cultural and science - art value, other valuable objects that have been

removed out of the country before declaration of its independency;
other claims in cases established by a Law.

Section II. The right of ownership and other rights in things

Chapter 13. General provisions

Article 164. Definition of the right of ownership

The right of ownership is the right of a person to possess, to use and to dispose of the property belonging to him at his discretion and in his interests, and also to demand elimination of any violations of his right of ownership from whom they come. The right of ownership is without limit of period.

Article 165. Content of the rights in things of persons who are not owners

Rights in things, along with the right of ownership, in particular, are:

- the right of economic management of property and the right of operative administration of property;
- the right of lifetime inheritable possession of a land parcel;
- the right of permanent possession and use of a land parcel;
- servitudes.

The passage of the right of ownership to property to another person shall not be a basis for termination of other rights in things to this property, unless otherwise provided by legislation.

Rights in things of a person who is not an owner shall be protected by the procedure provided by Article 232 of the present Code.

Article 166. Inviolability of ownership

Ownership is inviolable and protected by a Law.

Inviolability of ownership includes of nonadmission of violation of rights of ownership by all subjects who confront to an owner.

Withdrawal of the property at an owner, and also the limitation of his power shall be allowed only in cases provided by legislative acts.

Article 167. Forms of ownership

Private and public forms of ownership are recognized in the Republic of Uzbekistan.

Article 168. Subjects of the right of ownership

Subjects of the right of ownership are citizens, legal entities and the state.

Property may be belonged by the right of ownership to one or two and more persons.

The peculiarities of acquiring and termination the right of ownership to property, of possession, use and disposition of it, depending upon whether the property is in the ownership of a citizen or a legal entity or a state may be established by legislation.

Article 169. Objects of the right of ownership

Land, subsoil, waters, airspace, plant and animal world and other natural resources, enterprises, things including buildings, apartments, structures, equipment, raw material, production and currency, commercial papers and other property, and also the objects of intellectual property may be in the ownership.

Article 170. The right of ownership and other rights in things in land and natural resources

The right of ownership and other things in right in land and other natural resources shall be regulated by the present Code and other laws.

Article 171. Peculiarities of exercise the right of the ownership and other rights in things in housing premises

The peculiarities of exercise the right of the ownership and other rights in things in housing premises shall be regulated by legislation.

Article 172. Conditions of exercise the right of ownership

The exercise by an owner his power must not violate rights and interests of other persons protected by a Law.

In cases, conditions and within the limits provide by legislative acts, an owner is obligated to allow the limited use by his property by other persons.

The owner has not the right to abuse by his dominated position,

conduct other actions restricting rights and interests of other persons protected by a Law.

In case of exercising his right the owner is obligated to take measures for preventing of harm caused to them for health of citizens and environment

Article 173. The right of limited use of another's land parcel (Servitude)

The owner of immovable property (of a land parcel or other immovable) has the right to demand from the owner of a neighboring land parcel and in necessary cases also from the owner of another land parcel the grant of the right of limited use of the neighboring parcel (a servitude).

A servitude may be established to provide for walking and riding through the neighboring land parcel, installation and exploitation of lines of electric transmissions, communications, and pipelines, provision of water supply and also other needs of the owner of the immovable property that cannot be ensured without establishment of the servitude.

The burdening of a land parcel by servitude does not deprive the owner of the parcel of the rights of possession, use, and disposition of this parcel.

The servitude is established by agreement between the person demanding the establishment of the servitude and the owner of the neighboring parcel and is subject to registration by the procedure established for registration of rights to immovable property. In case of non-achievement of an agreement on the establishment or the conditions of the servitude, the dispute shall be decided by a court on suit of the person demanding the creation of servitude.

On the terms and by the procedure provided by Paragraphs 1, 2, 3 and 4 of the present Article a servitude may also be established in the interests of and on the demand of a person to whom a parcel is given by the right of lifetime inheritable possession or the right of

permanent use.

The owner of the parcel burdened with the servitude has the right, unless otherwise provided by a Law, to demand from the person in whose interests the servitude is established proportional payment for the use of the parcel.

Article 174. Burden of maintaining property

The owner shall bear the burden of maintaining property belonging to him unless otherwise provided by a Law or the contract.

Article 175. Rick of accidental loss of property

The risk of accidental loss of or accidental injury to property shall be borne by its owner unless otherwise provided by a Law or the contract.

Chapter 14. Right of economic management, right of operative administration

Article 176. Right of economic management

A unitary enterprise to which property belongs by right of economic management possesses, uses, and disposes of this property within the limits defined in accordance with the present Code.

Article 177. Right of the owner with respect to property that is in economic management

The owner of property that is in economic management, in accordance with a Law, decides questions of the creation of an enterprise, determination of the object and purposes of its activity, its reorganization and liquidation, appoints the director (head) of the enterprise, exercises supervision of the use according to designation and the safekeeping of property belonging to the enterprise.

The owner has the right to receive part of the profit from the use of property that is in economic management of the enterprise.

A unitary enterprise does not have the right to sell immovable property belonging to it by right of economic management, to lease it out, to give it under pledge, to contribute it as an investment in the

charter capital of commercial companies and partnerships or in other ways dispose of this property without the consent of the owner.

The enterprise may dispose independently of the remaining property belonging to it.

Article 178. Right of operative administration

The state enterprise, as well as an institution with respect to property secured to it exercises, within the limits established by a Law, in accordance with the purposes of its activity, with tasks from the owner, and the designation of the property the rights of possession, use, and disposition of it.

The owner of property secured to a state enterprise or institution has the right to take property that is excess, unused, or used not for its designation and to dispose of it at his discretion.

Article 179. Disposition of the property of the state enterprise

A state enterprise has the right to alienate or in other manner dispose of property secured to it only with the consent of the owner of this property.

A state enterprise independently sells products made by it unless otherwise provided by a Law or other legal acts.

The procedure for distribution of the income of a state enterprise shall be determined by the owner of its property.

Article 180. Disposition of property of an institution

An institution does not have the right to alienate or in other manner dispose of property secured to it or property acquired at the expense of funds appropriated to it by a fisc.

If in accordance with the founding documents the institution is given the right to conduct activity bringing income, then the income acquired from such activity and property acquired with this income go into the independent disposition of the institution and are counted on a separate balance sheet.

Article 181. Acquiring and terminating the right of economic management and operative administration

The right of economic management or the right of operative administration of property with respect to which the owner has taken a decision to secure it to a unitary enterprise or institution arise for this enterprise or institution from the time of transfer of the property unless otherwise established by a Law or other legal acts or by decision of the owner.

The fruits, products, and incomes from the use of property that is in economic management or operative administration and also property acquired by a unitary enterprise or institution under a contract or on other bases enters into the economic management or operative administration of the enterprise or institution by the procedure established by the present Code, other legislation for acquiring the right of ownership.

The right of economic management and the right of operative administration of property may be terminated on decision of the owner and on other bases provided by legislation.

Chapter 15. Acquiring and termination of the right of ownership

Article 182. Bases for acquiring the right of ownership

Labor activity; entrepreneurial and other economic activity for the use of property including creation, accession, acquiring of property under transactions; privatization of state property; inheritance; acquiring prescription; other bases are bases for acquiring the right of ownership which are not contradicting to legislation.

Article 183. Creation and accession of ownership

The right of ownership may arise from the result of creation of new and accession of property having at an owner.

The results of economical or other use of property including products, fruits and other incomes shall belong to an owner of property unless otherwise provided by legislation or a contract.

Article 184. Acquiring property under a transaction

Property may be acquired in ownership on the basis of a contract of purchase and sale, of barter, of gift, or other illegal transactions.

In cases of the passage of property to a new owner, the rights and duties of a former owner shall be passed to a new owner of property by way of universal legal succession unless otherwise determined by legislative acts.

Article 185. Time of origin of the right of ownership for an acquirer under a contract

The right of ownership for an acquirer of a thing by a contract arises from the time of its transfer, unless otherwise provided by a Law or the contract.

In cases when a contract on the alienation of property is subject to state registration or notarial certification, the right of ownership for an acquirer arises from the time of such registration or confirmation of the contract, and in cases of necessity of notarial certification and state registration the right of ownership for an acquirer arises from the time of its registration.

Article 186. Transfer of a thing

Transfer is the handing over of a thing to the acquirer and also submission to a carrier or a courier organization for transfer to the acquirer of things alienated without the obligation of delivery.

A thing shall be considered handed over to the acquirer from the time of its actually reaching the possession of the acquirer or of a person indicated by him.

If at the time of making of a contract for the alienation of a thing, the thing already was in the possession of the acquirer, the thing shall be reorganized as transferred to him from this time.

The transfer of a bill of landing or other goods - disposing document for the thing shall be equated to the transfer of the thing.

Article 187. Acquisitive prescription

A person who is not the owner of property but who has in good faith, openly, and uninterruptedly possessed as his own immovable

property for fifteen years or other property for five years, shall acquire ownership of this property (acquisitive prescription).

The right of ownership of an immovable and of other property subject to state registration shall arise for a person who has acquired this property by virtue of acquisitive prescription from the time of such registration.

Until the acquiring of the right of ownership to the property by virtue of acquisitive prescription, a person possessing property as his own has the right to protection of his possession against third persons who are neither owners of the property nor have the right of possession by virtue of another basis provided by a Law or the contract.

A person relying on prescription by possession may join to the time of such possession all the time during which the property was possessed by the one to whom this person is a legal successor.

The running of the period of acquisitive prescription with respect to things located with a person from whose possession they could be taken in accordance with Articles 228, 229, 230 and 232 of the present Code starts not sooner than the expiration of the period of limitation of actions for the respective claims.

Article 188. Right of ownership in land parcel

The right of ownership of citizens and legal entities in land parcels arises in cases, by the procedure and in terms provided by legislation.

Article 189. Bringing of things generally accessible for gathering into ownership

The procedure and terms of bringing in ownership of citizens by manner of the gathering or other permitted manner of wild fruits, nets, mushrooms, berries, and other open to general use objects of plant, animal world and lifeless nature may be determined by legislation.

Article 190. Ownerless maintenance of items of historical or cultural value

If an owner uses an item of historical and cultural value

belonging to him without properly care and does not assure its protection, state bodies whose task is protection of items, shall make notification to an owner about termination of use of items without properly care.

If an owner does not fulfill this requirement, a court may make a decision on taking of an item subject to transfer to the ownership of the state on suit of the respective bodies. The value of the taking of an item of history and culture in an amount established by agreement shall be compensated to the owner, and in case of dispute - by a court.

In case of urgency suit on the taking of an item of history and culture may be presented without preliminary warning.

Article 191. Ownerless thing

A thing is ownerless if it does not have an owner or its owner is unknown.

Unless it is excluded by the rules on found thing, on unsupervised animals and on treasure trove, the right of ownership to ownerless movable things may be acquired by virtue of acquisitive prescription.

Ownerless movable things are put on the records of the body conducting state registration of the right to immovable property on request of a respective state body or a body of local self- government of citizens.

Upon the expiration of three years from the day of placing an ownerless immovable thing on the records, a body empowered to administer state property or a body of local self- government of citizens may apply to a court with a demand for recognition of this thing entering into state ownership or a body of local self- government of ownership.

An ownerless immovable thing that has not been recognized by decision of a court as having gone into state ownership may be retaken into the possession, use, and disposition of the owner who has left it or may be acquired in ownership by virtue of acquisitive prescription.

The procedure of showing up and the record of ownerless things shall be determined by the Government of the Republic of Uzbekistan.

Article 192. Found thing

The finder of a lost thing is obligated immediately to inform the person who lost it or the owner of the thing or someone else of persons known to him that have the right to receive it and to return the found thing to this person.

If a thing is found in premises or on a means of transportation, it is subject to submission to a person representing the possessor of the premises or means of transport. In this case the person to whom the property found is submitted shall acquire the rights and bear the duties of the person who found the thing.

If a person who has the right to demand the return of a found thing or the place of his whereabouts is unknown, the finder of the thing has the duty to report about the found thing to the police or to a respective state body or to a body of local self-government.

The finder of the thing has the right to keep it at the finder's own place or to submit it for storage at the police, a respective state body or a body of local self-government, or to a person indicated by them.

Article 193. Acquiring the right of ownership to a found thing

If in the course of six months from the time of reporting a found thing to the police or to the respective state body, the person empowered to receive the found thing is not established or does not himself report his right to the found thing to the person who found it nor to the police nor to a body of local the respective state body or a body of local self- government, the finder of the thing acquires the right of ownership to it.

If the finder of the thing declines to acquire the found thing in ownership it goes into state ownership.

Article 194. Compensation for expenses connected with a found thing and remuneration to the finder of a thing

One who has found and returned a thing to a person empowered to receive it has the right to acquire from this person, and in cases of passage of the thing to state ownership or a body of self-government ownership - from the respective state body or a body of self-government compensation for necessary expenses connected with the storage, submission, or vending of the thing and also expenditures for finding the person empowered to received the thing.

The finder of the thing has the right to demand, from the person empowered to receive the thing, remuneration for finding the thing in an amount of up to twenty percent of the value of the thing.

If the found documents or other things are of value only for the person empowered to receive them, the amount of remuneration shall be determined by agreement with this person, and in cases non- attainment of agreement - by a court. In case when a person empowered to demand of returning of the found thing, publicly promised remuneration for finding the thing, remuneration shall be paid on the terms of the public promise of award.

The right to remuneration does not arise if the finder of the thing has not declared about the found property or attempted to hide it.

Article 195. Unsupervised animals

A person who has caught unsupervised or straying livestock or other unsupervised domestic and tame animals has the duty to return them to the owner, and if the owner of the animals or the place of his location is unknown then not later than three days from the time of catching to report about the found animals to the police, or to a respective state body or to a body of local self-government, which shall take measures to search for the owner.

During the time of search for the owner of the animals, they may be left with the person who caught them, at his place for maintenance and use or they may be submitted for maintenance and use to another person having the necessary conditions for this. On the request of the

person who has caught unsupervised animals, the finding of a person having the necessary conditions for their maintenance and the transfer of the animals to him may be conducted by the police or the respective state body or a body of local self- government.

The person who has caught unsupervised animals and the person to whom they have been given for maintenance and for use have the duty to keep them properly and in case of fault shall be liable for the perishing of or harm to the animals within the limit of their value.

Article 196. Treasure Trove

Treasure trove, i.e. money or valuable objects buried in the basis or hidden in another manner whose owner cannot be established or by virtue of a Law has lost the right of ownership to them, shall go into the ownership of the person to whom the property (land parcel, structure, etc.) belongs, where the treasure trove was hidden and the person who found the treasure trove in equal shares unless an agreement between them provides otherwise.

In case of discovery of a treasure trove by a person who has made excavations or a search for valuables without the consent of the owner of the land parcel or other property where the treasure trove was hidden, the treasure trove shall be subject to transfer to the owner of the land parcel or other property where the treasure trove was discovered. In case of discovery of a treasure trove containing things classified as items of historical or cultural value, they shall be subject to transfer into state ownership.

In such a case the owner of the land parcel or other property where the treasure trove was hidden and the person who has found the treasure trove has the right to received jointly remuneration in the amount of fifty percent of the value of the treasure trove. The remuneration shall be distributed among these persons in equal shares unless an agreement between them has established otherwise.

In case of discovery of such a treasure trove by a person who has

made excavations or searches for valuables without the consent of the owner of the property where the treasure trove was hidden, the remuneration shall not be paid to this person and shall go entirely to the owner.

The rules of the present Article shall not be applied to persons in the scope of whose labor and employment duties were included the conduct of excavations or search directed at finding treasure trove.

Article 197. Bases for termination of the right of ownership

The right of ownership shall be terminated by the voluntary execution of obligations by an owner, acceptance by an owner the unilateral decision on determining a destiny of property, the taking (buyout) of property on the basis of a decision of a court, and also on the basis of a legislative act on termination of the right of ownership.

Article 198. Liquidation and allowances of property

The termination of the right of ownership as a result of is allowed in cases if it is not contradicted to legislative acts.

Property destruction by an owner that is the subject of historical and cultural valuables shall not be allowed. In exceptional cases by a court decision, the indicated property may be confiscated or its value shall be exacted if it is destroyed.

The termination of the right of ownership as a result of writing off property from the balance of a legal entity shall be exercised by the procedure and in terms provided by legislation or founding documents.

Article 199. Taking of property from an owner

The taking of property from an owner shall be allowed only by the levying of execution on its property for obligations of the owner in cases and by the procedure provided by legislative acts, and also by the procedure of nationalization, requisition and confiscation.

If property has come into ownership by a person to whom by virtue of a Law the property may not belong to him, the right of ownership for

this property shall be terminated by the procedure of a court with compensation the value of taking of property to the person.

Article 200. Undoubted levying of liabilities

Undoubted levying of liabilities including debts on payments to a budget shall be allowed in cases provided by legislation.

An owner has a right to apply to a court in case of disagreement with its decision.

Article 201. Particularities of acquiring and termination of the right of ownership for precious metals and stones

Particularities of acquiring and termination of the right of ownership to precious metals and stones in the crude and processed kind (except for of jewelers and other household products) shall be determined by legislation.

Article 202. Nationalization

Nationalization is transference of the right of ownership without compensation on nationalized property belonging to citizens and legal entities, which shall be converted into state ownership in accordance with a Law.

In case of the further denationalization of indicated property, the former owners have the right to demand the return of this property unless otherwise established by legislative acts.

Article 203. Requisition

In cases of natural disasters, accidents, epidemics, and epizootics and in other circumstances having an extraordinary nature, property in the interests of society, on decision of state bodies, may be taken from the owner with payment to him of the value of the property (requisition) by the procedure and on the conditions established by legislation.

Upon termination of the effect of circumstances in connection with which the requisition was made, the former owner of confiscated

property has the right to demand the return to him of the remaining property.

Article 204. Confiscation

In cases provided by a Law property may be taken without compensation from an owner by decision of a court for the commission of a crime or other violation of the law (confiscation).

Article 205. Definition of a value of property upon its taking of and the right for compensation of losses

Unless otherwise stipulated by the legislation, a value of property being withdrawn upon termination of the right of ownership shall be determined by the valuating organization at the moment of termination of the right of ownership. (Part I is stated in edition of Point 2 of Article 5 of the Law of the RUz No. ZRU-257 dtd 17.09.2010)

The value, by which the value of the taking of property is compensated to an owner, may be contested by him in a court.

An owner has the right to demand also the compensation and other losses caused by the taking of property.

Article 206. Termination of the right of ownership not directed for taking of property from an owner

Termination of the right of ownership in connection with a decision of state body non- directed to the taking of property from an owner including with a decision on the taking of land parcel on which there are a house of the owner, other buildings, structures or plantations, shall be allowed only in cases and by the procedure established by legislative acts with provision to the owner equal property and compensation to him in full of value of losses caused by termination of the right of ownership.

In case of disagreement of an owner with a decision entailing termination of the right of ownership, it may not be made before the rendering of a decision in the dispute by a court. All problems on

compensation to an owner losses caused shall also be solved under consideration of dispute.

Chapter 16. Private property

Article 207. Right of private ownership

The right of private property is the right of a person for possession, use, and disposition of property acquired by him in accordance with legislation.

The quantity and value of property that is in the private ownership, is not limited.

Article 208. Subjects of the right of private ownership

The subjects of the right of private ownership are citizens, commercial partnership and association, cooperatives, public associations, public funds and other non- government organizations of legal entities.

Article 209. Objects of the right of private ownership

Any property may be in private ownership with exception of individual types of property that are prohibited by a Law.

Article 210. Procedure of origin of the right of ownership for housing premises (an apartment)

The right of ownership to newly building of housing premises on land parcel allocated established by procedure arises from the time of state registration.

The housing premises building by one or some persons may not be alienated to another person without permission of local administration before the end of construction and registration.

The right of ownership for housing premises (apartment) belonging to the state, arises by the procedure of privatization provided by legislation.

The right of ownership for cooperative housing premises, an apartment, a garage, a vacation -home and other buildings starts after fully made their participatory share contribution by a member of the cooperative.

Article 211 is stated in edition of Point 1) of Article 1 of the Law of the RUz No. ZRU-77 dtd 08.01.2007

Article 211. Commom property of owners of living quarters and non-residential premises in tenement house

Common property which includes common premises of this house, load-bearing constructions, walling, inter-apartment stairwells, staircases, lifts, wells and other shafts, passages, penthouses, basements, attics and roofs, internal engineering networks and communications, mechanical, electrical, sanitary-technical and other equipment and devices either inside or outside premises serving more than one premise belong to owners of both living quarters and non-residential premises on the right of share ownership.

An amount of shares of owners of both living quarters and non-residential premises in the right of ownership to common property in tenement house and a procedure for distribution of cost of maintenance and preservation of this property among owners is determined by housing legislation.

Participant of share ownership to common property in tenement house has no right to alienate his share, to refuse it in favor of citizens or legal persons, as well as to take other actions entailing transfer of his share separately from the right of ownership to living quarter or non-residential premise belonging to him.

Article 212. Unauthorized building

An unauthorized building is a dwelling house, other structure, construction, or other immovable property made on a land parcel not allocated for these purposes by the procedure established by legislation and also made without receipt of the necessary permissions thereto or with substantial violation of architectural and construction norms and rules.

A person who has made an unauthorized building does not acquire the right of ownership to it. He does not have the right to dispose of

the building, to sell, give, lease out, or make other transactions.

An unauthorized building by a suit of a person whose rights have been violated or the respective state body must be torn down by a decision of a court by the person who made it or at this person's expense except for cases provided by Paragraph 4 and 5 of the present Article.

The right of ownership to an unauthorized building may be recognized by a court for the person who made the building on a land parcel not belonging to him on the condition that the given parcel shall be granted to this person by the established procedure for the building that was made. (Amended by item 1 of Section IX of the Law of RU No. 671-II of August 27, 2004.)

The right of ownership to an unauthorized building may be recognized by a court for the person in whose ownership, lifetime inheritable possession, and permanent use is the land parcel where the building was made. In this case the person for whom the right of ownership to the building is recognized shall compensate the person who made it for the building expenses in an amount determined by the court.

The right of ownership to an unauthorized building may be recognized for these persons if the keeping of the building violates the rights and interests protected by a Law of other persons or creates a threat to the life and health of citizens.

Chapter 17. Public ownership

Article 213. Definition of public ownership

Public ownership is the state ownership consisting of republican ownership and ownership of administrative and territorial formations (municipal ownership).

Relation of ownership in the Republic of Karakalpakstan including of public ownership shall be regulated by the present Code and also by the legislation of the Republic of Karakalpakstan.

Article 214. Republican ownership

Land, subsoil, waters, airspace, plant and animal worlds, and other natural resources, property of republican bodies of state authority and administration, cultural and historical values having the state status, asserts of republican budget, gold reserve, currency reserves and other states asserts are in state ownership; and enterprises and other property bodies, educational, scientific, scientific - research institutions and organizations, the results of intellectual activity that are created or acquired at the expense of budget or other funds of state, other property are also in state ownership.

Oliy Majlis of the Republic of Uzbekistan, the President of the Republic of Uzbekistan, and the Government of the Republic of Uzbekistan or empowered bodies by them shall be disposed of property that is in republican ownership unless otherwise provided by legislation.

Property that is in republican ownership may be secured to legal entities in the right of economical management or operative administration.

Republic ownership is formed at the expense of taxes and other compulsory payments to the Republic budget and also at the expense of other earnings on the grounds stipulated by the legislative acts. (Part IV is stated in edition of sub-point 1) of Article 12 of the Law of the RUz dtd 31.12.2008 No. ZRU-197)

Subjects of the republican ownership may be alienated in private ownership by the procedure and in terms established by legislation.

Article 215. Municipal ownership

Property of local administration, assets of local budget, municipal housing facilities and community facilities, enterprises, and other property bodies; educational, cultural, health institutions and also other property are in municipal ownership.

Local administration or bodies empowered by them shall be disposed of property that is in municipal ownership unless otherwise provided by legislation.

Property that is in municipal ownership may be secured to legal entities in the right of economical management or operative administration.

Municipal ownership is created at the expenses of taxes and other compulsory payments to the local budget, and also at the expenses of other earnings on bases provided by legislation. (In edition of sub-point 2) of Article 12 of the Law of the RUz dtd 31.12.2008 No. ZRU-197)

Subjects of municipal ownership may be alienated in private ownership by the procedure and in terms established by legislation.

Chapter 18. Common ownership

Article 216. Definition of and bases of the origin of common ownership

Property that is owned by two or more persons belongs to them by right of common ownership.

Property may be in common ownership with a definition of the share of each of the owners in the right of ownership (share ownership) or without the definition of such shares (joint ownership).

Common ownership of property is share ownership with the exception of cases when a Law provides for the formation of joint ownership to this property.

Common joint ownership shall arise when property that cannot be divided without changing its purpose (indivisible things) or is not subject to Section by force of a Law enters into ownership by two or several persons.

Common joint ownership of divisible property shall arise in cases provided by legislation or the contract.

By agreement of the participants in joint ownership and in case of failure to achieve agreement, by decision of a court, share ownership of these persons may be established to the common property.

Article 217. Determination of shares in the right of share ownership

Shares shall be considered equal, if the shares of the participants in share ownership cannot be determined on the basis of a Law and have not been established by agreement of all its participants.

By agreement of all the participants in share ownership a procedure may be established for determining and changing their shares depending upon the contribution of each of them to forming and developing the common property.

A participant in share ownership that has made at his own expense, with observance of the established procedure for use of the common property, inseparable improvements to this property shall have the right to a corresponding increase in his share in the right to the common property.

Separable improvements to the common property, unless otherwise provided by agreement of the participants in share ownership, shall go into the ownership of the one of the participants that made them.

Article 218. Disposition of property that is in share ownership

Disposition of property that is in share ownership shall be made by agreement of all its participants.

A participant in share ownership has the right at his discretion to sell, give, will, or pledge his share or to dispose of it in another manner with an observance in case of its compensated alienation of the rules provided by Article 224 of the present Code.

Article 219. Possession and use of common property being in share ownership

(In edition of Point) 2 of Article 1 of the Law of the RUz No. ZRU-77 dtd 08.01.2007)

Part 1 is stated in edition of Point 2) of Article 1 of the Law of the RUz No. ZRU-77 dtd 08.01.2007.

Common property being in share ownership shall be possessed and used according to an agreement of all its participants. In case where such agreement cannot be achieved, common property being in share ownership shall be possessed and used in keeping with a procedure established by a court.

A participant in share ownership has the right to the granting for his possession and use of a part of the common property corresponding to his share, and in case of impossibility of this has the

right to demand corresponding compensation from the other participants
that are possessing and using property related to his share.

Article 220. Fruits, products, and incomes from the use of property that is in share ownership

The fruits, products, and incomes from the use of property that
is in share ownership shall go into the composition of common property
and shall be distributed among the participants in share ownership in
proportion to their shares unless otherwise provided by agreement among
them.

Article 221. Distribution of expenses for the maintenance of property that is in share ownership

Each owner is obligated, in proportion to his share, to
participate in the payment of taxes and other compulsory payments related
to the common property and also in the costs of its maintenance and
preservation. (In edition of sub-point 3) of Article 12 of the Law of the
RUz dtd 31.12.2008 No. ZRU-197)

Expenses that are not necessary and made by one of an owner without the consent of the rest shall be made by himself.
Disputes arising in this case shall be subject to solve by the procedure
of a court.

Article 222. Time of passage of a share in the right of common ownership to an acquirer under a contract

A share in the right of common ownership shall pass to an
acquirer under a contract from the time of conclusion of the contract
unless an agreement of the parties provides otherwise.

The time of passage of a share in the right of common ownership
under a contract subject to state registration shall be determined in
accordance with Paragraph 2 of Article 185 of the present Code.

Article 223. Section of property that is in share ownership and separation of a share from it

Property that is in share ownership may be divided among its
participation by agreement among them.

A participant in share ownership has the right to demand the

separation of his share from the common property.

In case of the participants in share ownership fail to achieve an agreement on the method and conditions of Section of the common property or the separation of the share of one of them, a participant in share ownership shall have the right, by court procedure, to demand the separation of his share from the common property in kind.

If the separation of a share in kind is not allowed by a Law or is impossible without disproportionate damage to the property that is in common ownership, the separating owner shall have the right to payment to him of the value of his share by the other participants in the share ownership.

Disproportionality of property separated in kind for a participant in share property on the basis of the present Article to his share in the right of ownership shall be eliminated by the payment of the corresponding monetary sum or other compensation. Payment to a participant in share ownership by the remaining owners of compensation instead of separation of his share in kind shall be allowed with his consent.

In cases when the share of an owner is insignificant, cannot actually be separated and the owner does not have a substantial interest in the use of the common property, a court may even in the absence of the consent of the owner obligate the remaining participants in share ownership to pay compensation to him.

With the receipt of compensation in accordance with the present Article the owner shall lose the right to a share in the common property.

Article 224. Priority right of purchase

In case of sale of a share by one of an owner to another person, the remaining owners have a priority right of purchase of the share sold at the price at which it is being sold and on other equal conditions, except for the case of sale at public auction.

The seller of a share in common ownership has the duty to inform the remaining owners in written form of the intent to sell his share to

an outside person with an indication of the price and of the other conditions on which he is selling his share.

If the remaining owners refuse to exercise the right of priority purchase or do not exercise this right within a month with respect to immovable property, and with respect to other property within ten days from the date of notice, the seller shall have the right to sell his share to any person.

In case of the sale of a share with a violation of the priority right of purchase, other owners have the right within three months to demand by judicial procedure the transfer to him of the rights and duties of the purchaser.

Assignment of the priority right to purchase a share is not allowed.

In case of purchase by state body or another legal entity its share in common ownership for a dwelling house (apartment), the right of priority purchase shall belong to citizens who are living in corresponding part of a dwelling house (apartment) as a tenant according to the rules of the present Article, and in case of their refusal of this right or not exercise it by other owner.

The rules of the present Article shall also be applied in case of alienation of a share under a contract of barter.

Article 225. Possession, use and disposition of property that is in joint ownership

Participants in joint ownership, unless otherwise provided by an agreement among them, possess and use the common property in common.

Disposition of property that is in joint ownership shall be conducted by agreement of all the participants which shall be presumed regardless of which of the participants conducts a transaction for disposition of the property.

Each of participants in joint ownership has the right to make transactions for the disposition of the common property unless otherwise follows from an agreement of all participants. A transaction made by one of the participants in the joint property connected with the disposition

of the common property may be declared invalid on demand of the remaining participants on motives of the absence for the participant that made the transaction of the necessary powers only in the case if it is proved that the other party to the transaction knew or clearly should have known of this.

The rules of the present Article shall be applied to extent not otherwise established for separate types of joint ownership by the present Code or other laws.

Article 226. Section of property that is in joint ownership and separation of a share from it

Section of common property among participants in joint ownership and also separation of the share of one of them may be made after a preliminary determination of the share of each of the participants in the right to the common property.

In Section of common property and separation of a share from it, unless otherwise provided by a Law or agreement of the participants, their shares are considered equal.

The bases for and the procedure of Section of common property and the separation of a share from it shall be determined by Article 223 of the present Code, and for individual types of common property - by other laws.

Article 227. Levying of execution on a share in common property

A creditor of a participant in share or joint ownership in case of insufficiency of the other property of the owner shall have the right to make a claim for separation of the share of the debtor in the common property in order to levy execution on it.

If in such cases the separation of a share in kind is impossible or if the remaining participants in share or joint ownership object to this, the creditor shall have the right to demand the sale by the debtor of his share to the remaining participants in common ownership at a price compatible with the market value of this share, with the use of the funds

received from the sale in payment of the debt.

In case of refusal of the remaining participants in common ownership to acquire the share of the debtor, the creditor shall have the right to demand in court the levying of execution on the share of the debtor in the right of common ownership by the sale of this share at public auction.

Chapter 19. Protection of the right of ownership and other rights in things

Article 228. Recovery of property from another's illegal possession (vindication)

The owner has the right to recover his property from another's illegal possession.

Article 229. Recovery of property from a good faith acquirer

If property has been acquired for compensation from a person who did not have the right to alienate it, of which the acquirer did not know and could not have known (a good faith acquirer), then the owner has the right to recover this property from the acquirer in the case when the property was lost by the owner or by a person to whom the property was transferred by the owner for possession or was stolen from one or the other, or left their possession in another manner against their will.

Recovery of property on the basis indicated in Paragraph 1 of the present Article shall be allowed if property has been sold by the procedure established for fulfillment of a court decision.

If the property was acquired without compensation from a person who did not have the right to alienate it, the owner has the right to recover the property in all cases.

Money may not be recovered from a good faith acquirer. (In edition of Point 2 of Article 6 of the Law of the RUz No. ZRU-223 dtd 22.09.2009)

Article 230. Compensation of incomes and expenses in case of recovery of property from illegal possession

According to Article 228 of the present Code recovery of

property, the owner also has the right to demand:

from a person who knew or should have known that his possession was illegal (a bad faith possessor), the return of or compensation for all income that this person acquired or should have acquired during the whole time of possession;

from a good faith acquirer - all income that he acquired or should have acquired from the time when he knew or should have known of the unlawfulness of possession or from the time of receiving of notice by the lawsuit of the owner on the recovery of property.

A possessor, either good faith or bad faith, in turn has the right to demand from the owner compensation for necessary expenditures made by him on the property from the time from which the income from the property was due to the owner.

A good faith possessor has the right to retain improvements made by him if they can be separated without injury to the property. If such a separation is impossible, a good faith possessor has the right to demand compensation for expenses made for improvement, but not more than the amount of increase of the value of the property.

Article 231. Protection of the rights of an owner from violations not connected with deprivations of possession

An owner may demand the elimination of all violations of his rights even though these violations were not connected with the deprivation of possession.

Article 232. Protection of the rights of a possessor who is not an owner

The rights provided by Articles 228-231 of the present Code also belong to a person, who although not the owner, is the possessor of the property by the right of lifetime inheritable possession, economic management, operative administration, or on other basis provided by a Law or the contract. This person shall have the right to protection of his possession also against the owner.

Article 233. Consequence of termination of the right

of ownership by force of a Law

In case of adoption of a Law terminating the right of ownership, losses caused to the owner as the result of adoption of this act, including the value of the property shall be compensated by the state.
Disputes over compensation for losses shall be determined by a court.

Section III. Law of obligations

SubSection 1. General provisions on obligations

Chapter 20. Definition of and parties to an obligation

Article 234. Definition of an obligation and bases for its origin

An obligation is civil legal relationship, by virtue of which one person (the debtor) has the duty to take for the benefit of another person (the creditor) a defined action, such as: to transfer property, to do work, to make services, to pay money, etc., or refrain from a defined action, and the creditor has the right to demand from the debtor the performance of this obligation.
Obligations arise from contract, from the causing of harm, and from other bases indicated in the present Code.

Article 235. Parties to an obligation

One or simultaneously several persons may participate in an obligation as either of the parties - creditor or debtor.
The invalidity of claims of a creditor against one of the persons participating in an obligation on the side of the debtor and likewise the expiration of the time period of limitation of actions with respect to such a person, in and of itself does not affect his claims against the remaining persons.
If the parties to a contract bear a mutual obligation for the benefit of the other party, it is considered to be the debtor of the other party as to what it has the duty to do for its benefit and simultaneously its creditor for what it has the right to demand from it.
An obligation does not create duties for persons who are not participants in it as parties (for third persons).

In cases provided by legislation or by agreement of the parties, an obligation may create rights for third persons with respect to one or both of the parties to an obligation.

Chapter 21. Performance of obligations

Article 236. General provisions

Obligations must be performed in a proper manner in accordance with the terms of the obligation and the requirements of legislation and in the absent of such terms and requirements - in accordance with the customs of commerce or other usually made requirements.

Article 237. Impermissibility of unilateral refusal to perform an obligation

Unilateral refusal to perform an obligation and unilateral change in the terms of contract is not allowed, with the exception of cases, provided by legislation or by contract.

Article 238. Performance of an obligation by agreed and acceptable manner

An obligation must be performed by agreed and acceptable manner for parties.

The manner of performance of the obligation unless it follows from the nature of the obligation and is established by legislation must be stipulated for the contract.

Article 239. Performance of an obligatory in parts

A creditor has the right not to accept performance of an obligation in parts, unless otherwise provided by legislation, a contract or follows from customs of commence or the nature of the obligation.

Article 240. Performance of an obligatory to the proper person

Unless otherwise provided by agreement of parties and follows from customs of commence or the nature of an obligation, a debtor has the right in performance of an obligation to demand proof that the performance is being accepted by the creditor himself or by a person

authorized by him and bears the risk of the consequences of the non-
presentation of such a demand.

Article 241. Performance of an obligation
by a third person

Performance of an obligation arisen from a contract may be placed
in full or partly on a third person if it is provided by legislation or
a contract as well as the third person is connected with one of the party
by the corresponding contract.
Unless a duty of the debtor to perform the obligation personally
follows from legislation, the contract, or the nature of the obligation,
the creditor has the duty to accept the performance tendered for the
debtor by the third person.
The party on the contract bears liability for the nonperformance
of the obligation unless legislation or the contract provides that the
third person bears liability for it.

Article 242. Time of period for performance
of an obligation

If the time period for performance of an obligation is not
established or determined by the time of demand, the creditor has the
right to demand its performance, and also a debtor has the right to
conduct its performance at any time. The debtor must perform such
obligation within a seven -day time period from the day of making by the
creditor of a demand unless an obligation for direct performance follows
from a Law, a contract or the nature of the obligation.

Article 243. Early performance of an obligation

A debtor has the right to perform an obligation early, and a
creditor must to accept early performance unless it is provided by
legislation or a contract or it follows from the nature of the obligation
or the customs of commences or other usually making demands.

Article 244. Postponement or installment of performance
of an obligation

Postponement or installment of performance of an obligation shall not be allowed unless otherwise provided by legislation or a contract.

In the presence of sufficient bases a court has the right to give postponement to a debtor or installment of performance of an obligatory.

Article 245. Currency for monetary obligation

In a monetary obligation it may be provided that it is subject to payment in sums in a sum equivalent to a defined sum in foreign currency or in artificial monetary units (ECU, " Special Drawing Rights ", etc.). In this case the sum subject to payment in sums shall be determined at the official rate of exchange of the respective currency or artificial monetary units on the day of payment, unless another rate of exchange or another date for determining it is established by legislation or agreement of the parties.

The use of foreign currency and also of payment documents in foreign currency in the making of settlements on the territory of the Republic of Uzbekistan for obligations is allowed in the cases, by the procedure, and on the conditions determined by legislation.

Article 246. The place of performance of an obligation

If a place of performance is not defined by legislation or contract and does not follow from the nature of the obligation or customs of commence or other usually making demands, performance must be made:

1. on an obligations to transfer immovable property - at the place of location of the property;

2. on an obligations to transfer goods or other property envisioning its carriage - at the place of submission of goods to the first carrier for its delivery to the creditor;

3. on other obligations of a debtor to transfer goods or other property - at the place of manufacture or storage of the property if this place was known to the creditor at the time of the obligation arose;

4. on a monetary obligation - at the place of residence of a

creditor at the time the obligation arises and if the creditor is a legal entity - at the place of location at the time the obligation arises; if the creditor by the time of performance of the obligation changed his place of residence or place of location and notified the debtor of this - at the new place of residence or place of location of the creditor with the creditor bearing the expenses connected with the change of the place of performance;

5. on all other obligations - at the place of residence of the debtor and if the debtor is a legal person - at its place of location.

Article 247. Increase of the amount paid for support of a citizen

The amount paid under a monetary obligation directly for the support of a citizen (in compensation for harm caused to life or health, on a contract of lifetime support and in other cases) with increasing of minimum amount of wages established by a Law shall be proportionally increased.

Article 248. Order of satisfaction of claims under a monetary obligation

A sum of a payment made insufficient for performance of a monetary obligation in full, in absence of another agreement, pays first of all the costs of the creditor for acquiring performance, then interests, and in the remaining part, the principle sum of the debt.

Article 249. Performance of an obligation by the placing of a debt on deposit

A debtor has the right to place money or commercial paper or securities due from him on deposit with a notary and, in cases provided by a Law, - on deposit with a court, if an obligation cannot be performed by the debtor as the result of:

1. absence of a creditor or person empowered by him to receive performance at the place where the obligation has to be performed;

2. lack of dispositive capacity of the creditor and absence of a

representative for him;

3. clear absence of clarity with respect to who is the creditor under the obligation, in particular in connection with a dispute on this among the creditor and other persons;

4. avoidance by the creditor of accepting performance or other delay on his part.

Placing of monetary sum or commercial papers or securities on deposit with a notary or a court is considered performance of the obligation.

The notary with whom or the court with which the money or commercial paper or securities have been placed in deposit shall notify the creditor of this.

Article 250. Performance of an alternative obligation

If a debtor has the duty to take one of two or several actions or to transfer to a creditor one or another property, the debtor has the right of choice unless otherwise follows from legislation, contract, or the nature of the obligation.

Article 251. Performance of an obligation in which several creditors or several debtors participate

If several creditors or several debtors participate in a share obligation, then each of the creditors has the right to demand performance and each of the debtors has the duty to perform the obligation in an equal share with the others to the extent that it does not follow otherwise from a Law or contract.

Article 252. Rights of a creditor in case of a joint and several obligations of debtors

In case of a joint and several obligations of the debtors, the creditor has the right to demand performance both from all the debtors jointly, as well as any one of them separately, and for all or for part of the debt.

A creditor who has not received full satisfaction from one of the joint and several debtors has the right to demand from the remaining joint and several debtors what was not received.

Joint and several debtors remain obligated until the time when the obligation is performance in full.

Article 253. Defenses against claims of a creditor in case of a joint and several obligations

In case of a joint and several obligations, the debtor does not have the right to raise against the claim of the creditor defenses based on relations of other debtors with the creditor in which the given debtor does not participate.

Article 254. Performance of a joint and several obligations by one of the debtors

Performance of a joint and several obligations in full by one of the debtors frees the remaining debtors from performance to the creditor.

A debtor who has performed a joint and several obligations has the right of a subrogation claim against the remaining debtors in equal shares less the share falling on this debtor himself, unless otherwise establishes by legislative acts or contracts. What is unpaid by one of the debtors to the debtor who performed the joint and several obligations falls in equal share on this debtor and on the remaining debtors.

Article 255. Joint and several claims

If a claim is joint and several, any of the joint and several creditors may present the claim to the debtor in full.

A debtor does not have the right to raise against the claim of one of the joint and several creditors defenses based on relations of the debtor with another joint and several creditor in which the given creditor is not participating.

Performance of an obligation in full to one of the joint and several creditors frees the debtor from performance to the remaining creditors.

A joint and several creditor who has acquired performance of the obligation from the debtor has the duty to compensate what is due to other creditors in equal shares, unless otherwise follows from the relations among them.

Article 256. Reciprocal performance of obligations

Performance of an obligation of one of the parties is reciprocal if, in accordance with the contract, it is conditioned by the performance of its obligations by the other party.

In case of failure of the obligated party to make performance of the obligation provided by the contract or the presence of other circumstances obviously indicating that such performance will not be made within the established time period, the party upon whom the reciprocal performance lies has the right to suspend performance of its obligation or to refuse to perform this obligation and to demand compensation for losses.

If the performance provided by the contract for an obligation is not made in full, the party upon whom the reciprocal performance lies has the right to suspend performance of its obligation or to refuse performance in the part corresponding to the performance not made.

If the reciprocal performance of the obligation is made despite the failure of the other party to make the performance of its own obligation provided by the contract, this party has the duty to provide such a performance.

The rules provided by Paragraphs 2, 3 and 4 of the present Article shall be applied unless a contract or a Law established otherwise.

Article 257. Satisfaction of performance of an obligation

A creditor, accepting performance of an obligation, has the duty by request of a debtor to give him a receipt in receiving of the performance of the obligation in full or in part. A legal entity who has paid for goods or services has the duty to receive from another party a document confirmed the payment of money and its basis in case of performance of transactions among legal entities and citizens made in verbal form.

If a debtor has given an evidence of debt to a creditor for

satisfaction of the obligation, then a creditor accepting performance has the duty to return this document, and in case of impossibility of the return it - to indicate it in giving receipt. The receipt may be changed by an inscription on returning evidence of debt. Termination of the obligation shall satisfy a place of evidence of debt at the debtor unless otherwise proved.

Article 258. Consequence of failure of claims on satisfaction of performance of an obligation

In case of refusal of a creditor to give a receipt, to return evident of debt or to make a note in the receipt impossibility its return, a debtor has the right to stop performance. In these cases the creditor is considered as delaying in performance.

Chapter 22. Security for performance of obligations

Article 259. General provisions

The performance of obligations may be secured by a penalty, pledge, and retention of property of the debtor, surety, guaranty, earnest money and other means provided by legislation or the contract.

The invalidity of an agreement on security for performance of the obligation does not entail the invalidity of the obligation (of the principle obligation).

The invalidity of the principle obligation shall entail the invalidity of the obligation securing it.

§1. Penalty

Article 260. Definition of a penalty

A penalty is a monetary sum determined by legislation or contract that a debtor must pay to the creditor in case of non-performance or improper performance of an obligation.

In demanding payment of a penalty, the creditor does not have the duty to prove that losses were caused to him.

A penalty shall provide for only an actual claim.

The creditor does not have the right to demand payment of a penalty if the debtor does not bear liability for the non-performance or

improper performance of the obligation.

Article 261. Forms of penalty

A penalty may be in the form of forfeiture or a fine.

Forfeiture is a penalty paying by the debtor in cases of non-performance or improper performance of obligations and calculated, as a rule, in fixed sum of money.

A fine is a penalty paying by the debtor in case of delay of performance of obligations and calculated in percentage to non-performance part of the obligation for every day of delay.

Article 262. Form of agreement on a penalty

An agreement on a penalty must be made in written form.

Article 263. Statutory penalty

The creditor has the right to demand payment of a penalty defined by a Law (a statutory penalty) regardless of whether or not the obligation to pay it is provided by an agreement of the parties.

The amount of a statutory penalty may be increased by agreement of the parties unless a Law forbids this.

§ 2. Pledge

Article 264. Definition of and bases for the arising of a pledge

A pledge is the transference by one person to another person property or the right for it under securing of an obligation.

By virtue of a pledge a creditor under an obligation secured by a pledge (a pledgee) has the right, in case of non-performance by a debtor of this obligation, to obtain satisfaction from the value of the pledged property preferentially before other creditors of the person to whom this property belongs (the pledgor), with the exceptions established by a Law.

The pledgee has the right to receive on the same bases satisfaction from insurance compensation for the loss of or injury to the pledged property regardless of for whose benefit it is insured, provided only that the loss or injury did not happen for reasons for which the pledgee is liable.

A pledge arises by virtue of a contract or on basis of a Law.

Article 265. Types of a pledge

A pledge may be in the form of pawn, a mortgage, and also a pledge of rights.

A pawn is a pledge under which pledged property transfers from a pledgor to a pledgee for management to it.

A mortgage is a pledge, the subject of which is immovable property.

Article 266. Pledgor

The pledgor may be the debtor himself or a third person.

The pledgor of a thing may be its owner.

The pledgor of a right may be a person to whom the pledged right belongs.

The pledgor of a right in thing is not allowed without the consent of its owner unless otherwise provided by a Law or a contract.

Article 267. Subject of a pledge

The subject of a pledge may be any property, including things and property rights (or claims) with the exception of things excluded from circulation, of claims inseparably connected with the personality of the creditor, in particular claims for support payments, for compensation for harm caused to life or health and other claims, whose assignment to another person is prohibited by a Law.

Pledge of individual types of property of citizens on which levy of execution is not allowed, may be prohibited or limited by legislation.

Article 268. Claim secured by a pledge

Unless otherwise provided by contract, a pledge secures a claim in that amount which it has at the time of actual satisfaction, in particular, interest, penalty, compensation for losses caused by delay of performance, and also compensation for necessary expenses of the pledgee for the maintenance of the pledge thing and expenses for execution.

Article 269. Pledge without the transfer and with the transfer of the pledged property to the pledgee

The pledged property shall remain with the pledgor, unless otherwise provided by the contract.

Part 2 is stated in edition of Point 2 of Article 2 of the Law of the RUz No. ZRU-83 dtd 05.04.2007.

Pledged goods in circulation shall not be transferred to the pledgee.

The subject of the pledge may be left with the pledgor under lock and seal of the pledgee.

The subject of the pledge may be left with the pledgor with the placement on it of symbols evidencing the pledge (a firm pledge).

The subject of the pledge transferred by the pledgor for a time to the possession or use of a third person shall be considered left with the pledgor.

In case of a pledge of a property right certified by a commercial paper or security, it shall be transferred to the pledgee or to deposit with a notary, unless the contract provides otherwise.

Article 270. Arising of a right of pledge

The right of pledge arises from the time of conclusion of the contract of pledge or if the contract is subject to notarially certification - from the time of notarial certification, and in case of obligatory registration of the contract - from the time of its registration.

If the subject of a pledge in accordance with a Law or the contract must be with the pledgee, the right of the pledge arises from the time of transfer to him of the subject to the pledge, and if such transfer has been made before conclusion of the contract - from the time of its conclusion.

Article 271. The contract of pledge, its form, and registration

The contract of pledge must indicate the subject of the pledge and its valuation, the nature, amount, and time period for performance of the obligation secured by the pledge. It must also contain an indication as to which of the parties has the pledged property.

A contract of pledge must be concluded in written form.

A mortgage contract, and also a contract of pledge of movable property or of the rights to property in security for obligations under a contract that must be notarially certified are subject to notarial certification.

A contract of mortgage must be registered by the procedure established for the registration of transactions with the respective property.

Nonobservance of the rules contained in Paragraphs 2, 3 and 4 of the present Article shall entail the invalidity of the contract of pledge.

Article 272. Property to which the rights of the pledgee extend

The rights of the pledgee (the right of pledge) to a thing that is the subject of a pledge shall extend to its accessories unless otherwise provided by the contract.

The right of pledge extends in cases provided by the contract to fruits, products, and incomes received as the result of the use of the pledged property.

In case of mortgage of an enterprise or other property system as a whole, the right of pledge extends to all movable and immovable property belonging to it, including rights of claims and exclusive rights, including those acquired during the period of mortgage, unless otherwise provided by a Law or the contract.

The mortgage of a building or structure is allowed only with the simultaneous mortgage under the same contract of the land parcel on which this building or structure is located or of the part of this parcel functionally supporting the pledged object or the right belonging to the pledgor of lease of this parcel or of the corresponding part of it.

In case of pledge of a land parcel, the right of pledge does not extend to building or structures located or built on this parcel that belongs to the pledgor, unless the contract provides for another conditions.

In case of absence in the contract of such a condition, the

pledgor, in case of levy of execution on the pledged land parcel, shall retain the right of limited use (servitude) to the part of it that is necessary for the use of the building or structure in accordance with its designation. The conditions of use of this part of the parcel shall be determined by agreement of the pledgor with the pledgee and in case of disagreement, by a court.

If a mortgage is established on a land parcel on which buildings or structures are located that belong not to the pledgor but to another person, then in case of levy by the pledgee of execution on the parcel and its sale at public auction, the rights and duties that the pledgor had with respect to such person pass to the purchaser of the parcel.

A contract of pledge, and with respect to a pledge arising on the basis of a Law, the Law may provide for a pledge of things and property rights that the pledgor will obtain in the future.

Article 273. Subsequent pledge

If property that is under pledge becomes the subject of another pledge to secure other claims (a subsequent pledge), the claims of the subsequent pledgee shall be satisfied from the value of this property after the claims of the previous pledgees.

A subsequent pledge is allowed if it is not forbidden by prior contracts of pledge.

A pledgor has the duty to communicate to each subsequent pledgee the information on all existing pledges of the given property and shall be liable for the losses caused to the pledgee by non- fulfillment of this obligation.

Article 274. Content and safekeeping of the pledged property

The pledgor or the pledgee, depending upon which of them has the pledged property (Article 269 of the present Code) is obligated, unless otherwise provided by a Law or contract:

1. to insure the pledged property at the expense of the pledgor for its full value from the risks of loss and injury, and if the full

value of property exceeds the sum of the claim secured by the pledge,
for a sum not less than the sum of the claim;

2. to take the measures necessary for ensuring the safekeeping of the pledged property, including the protection of it from encroachments and claims on the part of third persons;

3. to immediately inform the other party of the arising of a threat of loss of or injury to the pledged property.

The pledgor and the pledgee have the right to check up by the documents and in fact the presence, quantity, status, and conditions of storage of pledged property that the other party has.

In case of gross violation by the pledgee of the duties indicated in Paragraph 1 of the present Article creating a threat of loss of or injury to the pledged property, the pledgor has the right to demand the early termination of the pledge.

Article 275. Consequence of loss of or injury to the pledged property

The pledgor bears the risk of accidental loss of or accidental injury to the pledged property, unless otherwise provided by the contract of pledge.

The pledgee shall be liable for the total or partial loss of or injury to a subject of pledge transferred to him, unless he proves that he may be freed from liability in accordance with Article 333 of the present Code.

The pledgor shall be liable for loss of the subject of the pledge in the amount of its actual value and for its injury in the amount of the sum by which this value has been reduced regardless of the sum at which the subject of pledge was valued upon transfer of it to the pledgee.

If, as a result of injury to the subject of the pledge, it has changed to the extent that it cannot be used for its direct purpose, the pledgor has the right to refuse it and to demand compensation for its loss.

A contract may provide for a duty of the pledgee to compensate

the pledgor also for other losses caused by loss of or injury to the subject of the pledge.

The pledgor who is a debtor under an obligation secured by a pledge has the right to count a claim against the pledgee for compensation for the losses caused by the loss of or injury to the subject of a pledge in paying off an obligation secured by the pledge.

Article 276. Replacement and reinstatement of the subject of a pledge

Replacement of the subject of the pledge is allowed with the consent of the pledgee, unless a Law or a contract provides otherwise.

If the subject of a pledge has perished or has been injured or the right of ownership to it or the right of economic management has been terminated on bases established by a Law, the pledgor has the right, within a reasonable time period, to restore the subject of pledge or to replace it with other property of equal value unless a contract provides otherwise.

Article 277. Use and disposition of the subject of a pledge

A pledgor has the right, unless otherwise provided by the contract or follows from the nature of the pledge, to use the subject of the pledge in accordance with its designation, including acquiring from it fruits and income.

Unless otherwise provided by a Law or the contract or follows from the nature of the pledge, the pledgor has the right to alienate the subject of the pledge, to transfer it by lease or uncompensated use to another person or in another manner to dispose of it only with the consent of the pledge.

An agreement limiting the right of the pledgor to leave the pledged property by will is void.

A pledgee has the right to use a subject of pledge transferred to him only in cases provided by a contract, regularly providing the pledgor a report on use. Under a contract, the duty to acquire fruits and

income from the subject of pledge may be placed upon the pledgee for the purpose of paying off the basic obligation or in the interest of the pledgor.

Article 278. Protection by the pledgee of his rights to the subject of a pledge

A pledgee that had or should have had the pledged property has the right to reclaim it from another's illegal possession, including from the possession of the pledgor (Articles 228, 229, 230, 232 of the present Code).

In cases when, under the terms of the contract, the pledgee is given the right to use the subject of the pledge transferred to him, he may demand from other persons, including from the pledgor, the elimination of all violations of his right, although these violations were not connected with deprivation of possession (Articles 231, 232 of the present Code).

Article 279. Bases of levy of execution on the pledged property

Execution on the pledged property for the satisfaction of the claims of the pedgee (the creditor) may be levied in case of non-performance or improper performance by the debtor of the obligations secured by the pledge due to circumstances for which he is liable.

Levy of execution on the pledged property may be refused if the breach committed by the debtor of the obligation secured by the pledge is manifestly disproportionate to the value of the pledged property with the exception of cases stipulated by the legislation. (In edition of Point 3 of Article 2 of the Law of the RUz No. ZRU-83 dtd 05.04.2007.)

Article 280. Procedure for levy of execution on the pledged property

Claims of the pledge (the creditor) shall be satisfied from the value of the pledged immovable property by decision of a court.

Part 2 is stated in edition of Point 4 of Article 2 of the Law of the RUz No. ZRU-83 dtd 05.04.2007.

Satisfaction of a claim of the pledgee at the expense of pledged immovable property without judicial recourse is permitted if this is stipulated by the agreement on pledge or on the grounds of notarized agreement between the pledger and the pledgee concluded after grounds to make a claim to the subject of pledge have arisen. Such agreement may be recognized invalid by a court according to a claim of a person whose rights have been violated by the agreement.

The claims of the pledge shall be satisfied at the expense of pledged movable property by decision of a court, unless otherwise provided by an agreement of the pledgor with the pledgee. Execution may be levied on a subject of a pledge transferred to the pledgee by the procedure established by the contract of pledge, unless a Law has established another procedure.

Execution may be levied on a subject of a pledge only by decision of a court in cases when:

1. the agreement or permission of another person or agency was required for concluding the contract of pledge;
2. the subject of the pledge is property having a historical, artistic, or other cultural value for society;
3. the pledgor is absent and it is impossible to establish where he is staying.

Article 281. Disposing of the pledged property

Disposing (sale) of the pledged property, on which, in accordance with Article 280 of the present Code execution is levied, shall be made by sale at public auction by the procedure established by legislation.

On request of the pledgor, the court has the right, in a decision on levying execution on the pledged property, to postpone its sale at public auction for a time period of up to one year. A postponement shall not affect the rights and duties of the parties under an obligation secured by pledge of this property and shall not free the debtor from compensation for losses of the creditor which has increased during the period of postponement and penalty.

The initial sales price of pledged property with which the auction starts shall be determined by decision of the court in case of levying of execution on property by judicial procedure or by agreement of the pledgee with the pledgor in other cases.

Pledged property shall be sold to the person who has offered the highest price at the auction.

If the auction is declared to have failed, the pledgee shall have the right, by agreement with the pledgor, to acquire the pledged property and to count his claims secured by the pledge toward the purchase price. The rules on a contract of purchase and sale are applied to such an agreement.

In case of declaration that a repeat auction has failed, the pledgee shall have the right to retain the subject of the pledge with a valuation of it in a sum not more than ten percent below the starting sale price at the repeat auction.

If the pledgee does not use the right to retain the subject of the pledge during a month from the day of declaration of the repeat auction as having failed, the contract of pledge shall be terminated.

If the sum acquired upon sale of the pledged property is insufficient to cover the claims of the pledgee, he shall have he right, in the absence of other indication in a Law or contract, and to acquire the remaining sum from the remaining property of the debtor, not enjoying a privilege based on the pledge.

If the amount received upon sale of the pledged property exceeds amount of the claim of the pledgee secured by the pledge, the difference shall be returned to the pledgor.

The debtor or a pledgor who is a third person has the right at any time until the sale of the subject of the pledge to terminate the levying of execution on it and its sale, by performing the obligation secured by the pledge or that part of it the performance of which was late. An agreement limiting this right is void.

Article 282. Early performance of an obligation secured by a pledge and levy of execution on the pledged property

The pledgee shall have the right to demand early performance of the obligation secured by the pledge in cases:

1. if the subject of the pledge left the possession of the pledgor with whom it was left, not in accordance with the terms of the contract on pledge;

2. violation by the pledgor of the rules on replacement of the subject of the pledge (Article 276 of the present Code);

3. loss of the subject of the pledge due to circumstances for which the pledgee is not liable, if the pledgor has not used the right provided by Paragraph 2 of Article 276 of the present Code.

The pledge shall have the right to demand early performance of the obligation secured by the pledge and if his demand is not satisfied to levy execution on the subject of the pledge in cases of:

1. violation by the pledgor of the rules on subsequent pledge (Article 273 of the present Code);

2. non-fulfillment by the pledgor of the duties provided by numbered subparagraphs 1 and 2 of Paragraph 1 and Paragraph 2 of Article 274 of the present Code;

3. a violation by the pledgor of the rules on the disposition of pledged property (Paragraphs 2 and 3 of Article 277 of the present code).

4) making a claim to pledged property upon compulsory fulfillment of judicial acts and acts of other agencies. (Point 4 was supplemented in accordance with Point 1 of Article 1 of the Law of the RUz No. ZRU-260 dtd 22.09.2010)

Article 283. Termination of a pledge

A pledge shall be terminated:

1. with termination of the obligation secured by the pledge;

2. on demand of the pledgor if the bases provided by Paragraph 3 of Article 274 of the present Code are present;

3. in case of loss of the pledged thing or termination of the pledged right unless the pledgor has used the right provided by Paragraph 2 of Article 276 of the present Code;

4. in case of sale at public auction of the pledged property and

also in the case when its disposition is impossible (Paragraphs 5, 6 and 7 of Article 281 of the present Code). Upon termination of a mortgage, a notation must be made in the register in which the contract of mortgage is registered.

5) if the pledgee did not use the right stipulated by Point 4 of the second Part of Article 282 of the present Code, with the exception of cases where pledged property has not been sold and creditors whose demands have not been secured by pledge, refused to accept such property to satisfy their claims. (Point 5 was supplemented in accordance with Point 2 of Article 1 of the Law of the RUz No. ZRU-260 dtd 22.09.2010)

Upon termination of a pledge as the result of performance of the obligation secured by the pledge or upon demand of the pledgor (Paragraph 3 of Article 274 of the present Code), a pledgee who has had the pledged property shall have the duty to return it immediately to the pledgor.

Article 284. Preservation of a pledge upon passage of the right of ownership to the pledged property to another person

In case of passage of the right of ownership to the pledged property or the right of economic management of it from the pledgor to another person as the result of compensated or uncompensated alienation of this property or by way of universal legal succession, the right of pledge shall remain in force.

The legal successor of the pledgor shall take the place of the pledgor and shall bear all the duties of the pledgor unless an agreement with the pledgee provides otherwise.

If the property of the pledgor that is the subject of the pledge has passed by the way of legal secession to several persons, each of the legal successors (acquirers of the property) shall bear the consequences following from the pledge of non-performance of the obligation secured by the pledge in proportion to the part of this property that has passed to him. If the subject of the pledge is indivisible or on other bases

remains in the common ownership of the legal successors, they shall be considered joint and several pledgors.

Article 285. Consequences of compulsory taking of the pledged property

If the right of ownership of the pledgor to the property that is the subject of the pledge is terminated on the bases and by the procedure established by a Law, as the result of taking (or buyout) for state needs, requisition, or nationalization, and the pledgor is given other property or corresponding compensation. In this case the right of the pledge shall extend to the property given in return or, respectively, the pledgee acquires the right of priority satisfaction of his claims from the sum of compensation due to the pledgor.

In cases when the property that is the subject of the pledge is taken from the pledgor by a procedure established by a Law on basis that in fact the owner of this property is another person (Article 228 of the present Code), or as a sanction for commission of a crime or other violation (Article 204 of the present Code), the pledge with respect to this property shall be terminated.

In cases provided by Paragraph 1 and 2 of the present Article, the pledgor has the right to require early performance of the obligation secured by the pledge.

Article 286. Assignment of rights under the contract of pledge

The pledgee has the right to transfer his rights under the contract of pledge to another person with the observance of the rules on the transfer of the rights of creditor by the assignment of a claim (Articles 313-321 of the present Code).

The assignment by a pledgor of his rights under a contract of pledge to another person is valid if the rights of claim against the debtor on the principle obligation secured by the pledge are assigned to the same person.

Unless it is proved otherwise, an assignment of rights under a

contract of mortgage also signifies the assignment of rights under the obligation secured by the mortgage.

Article 287. Transfer of the debt under an obligation secured by a pledge

With the transfer to another person of the debt under an obligation secured by a pledge, the pledge is terminated, unless the pledgor gave the creditor consent to be liable for the new debtor (Article 322 of the present Code).

Article 288. Pledge of goods in circulation

A pledge of goods in circulation is a pledge of goods with their being left with the pledgor and with the grant to the pledgor of the right to change the composition and natural form of the pledged property (stocks of goods, raw material, supplies, semifabricates, ready products, etc.) on the condition that their overall value does not become less than indicated in the contract of pledge.

Reduction of the value of the pledged goods in circulation is allowed in proportion to the performed part of the obligation secured by the pledge, unless otherwise provided by the contract.

Goods in circulation alienated by the pledgor cease to be the subject of a pledge from the time of their passage to the ownership, economic management, or operative administration of the purchaser and goods acquired by the pledgor indicated in the contract of pledge become the subject of a pledge from the time of arising of a right of ownership.

In case of violation by the pledgor of the conditions of pledge of goods in circulation, the pledgee has the right, by placing his signs and seals on the pledged goods, to stop operations with them until the elimination of the violation.

Article 289. Pledge of things in a pawnshop

Acceptance from citizens in pledge of movable property used for personal use, to secure short term credit may be conducted as entrepreneurial activity by specialized organizations - pawnshops having

licenses.

A contract of pledge of things in a pawnshop is formalized by the issuance by the pawnshop of a pledge ticket.

Pledged items are transferred to the pawnshop.

The pawnshop has the duty to insure at its own expense, for the benefit of the pledgor, things taken in pledge for full sum of their valuation established in accordance with prices for things of such type and quality at the time of their acceptance for pledge.

A pawnshop does not have the right to use or dispose of pledged things.

The pawnshop bears liability for loss of or injury to the pledged things, unless it shows that the loss or injury occurred as the result of force majeure.

In case of failure to return in the established time period the sum of the credit secured by the pledge of things in the pawnshop, the pawnshop shall have the right on the basis of an execution notation of a notary upon the expiration of a one-month grace period to sell this property by the procedure established for sale of pledged property (Paragraphs 3, 4, 5, 6, 7, 9 and 10 of Article 281 of the present Code). After this, the claims of the pawnshop against the pledgor (the debtor) are extinguished, even if the sum received on the vending of the pledged property is insufficient for their full satisfaction.

The rules of giving of credit to citizens by pawnshops under pledge of things belonging to citizens shall be established by legislation.

Terms of a contract on the pledge of things in a pawnshop that limit the rights of the pledgor in comparison with the rights given to him by the present Code and other laws are void.

§ 3. Retention

Article 290. Bases of retention

A creditor who has a thing subject to transfer to a debtor or other person indicated by a debtor shall have the right, in case of non-performance by the debtor on time of the obligation to pay for this

thing or to compensate the creditor for the costs and other losses connected with it, to retain it until the time when the respective obligation is performed.

The retention of a thing may serve as security for claims, even those not connected with payment for the thing or compensation of costs for it and other losses, but which arose from an obligation whose parties acted as entrepreneurs.

A creditor may retain a thing that has; despite of the fact that after this thing came into the possession of the creditor, the rights to it were acquired by a third person.

The rules of the present Article shall be applied unless a contract provides otherwise.

Article 291. Satisfaction of claims at the expense of the withheld property

Claims of a creditor retaining a thing shall be satisfied from its value in the amount and by the procedure provided for satisfaction of claims secured by a pledge.

§ 4. Surety

Article 292. The contract of suretyship

Under a contract of suretyship, the surety has the duty to the creditor of another person to be liable for the performance by the latter of his obligation in full or in part.

A contract of suretyship may also be concluded to secure an obligation that will arise in the future.

A contract of suretyship must be made in written form. Non-observance of written form entails the invalidity of the contract of suretyship.

Article 293. Liability of the surety

In case of non-performance or improper performance by the debtor of the obligation secured by a surety, the surety and debtor shall be liable jointly and severally to the creditor unless a Law or the contract of suretyship provides for the subsidiary liability of the surety.

The surety shall be liable to the creditor in the same amount as the debtor including payment of interest, compensation for judicial costs for recovery of the debt and other losses of the creditor caused by the nonperformance or improper performance of the obligation by the debtor, unless otherwise provided by the contract of suretyship.

Persons who have jointly given a surety shall be liable to the creditor jointly and severally, unless otherwise provided by the contract of suretyship.

Article 294. Rights and duties of the surety in case of bringing suit against him

The surety shall have the right to raise the defenses against the claim of a creditor that the debtor could present. The surety does not lose the right to these defenses even in the case when the debtor gave them up or recognized his debt.

If suit is brought against the surety then the surety shall have the duty to involve the debtor in participation in business. In the contrary case, the debtor shall have the right to set up a reverse claim against the surety to all those defenses which he has against the creditor.

Article 295. Rights of the surety who has performed an obligation

To a surety who has performed an obligation shall pass the rights of the creditor under this obligation and the rights belonging to the creditor as a pledgee in the amount in which the surety satisfied the claim of the creditor. The surety also shall have the right to demand from the debtor payment interest on the sum paid to the creditor and compensation for other losses borne in connection with liability for the debtor.

Upon performance by the surety of an obligation, the creditor shall have the duty to give the surety documents evidencing the claim against the debtor and to transfer rights secured this claim.

The rules established by the present Article shall be applied

unless otherwise provided by a Law or the contract of suretyship with the debtor.

Article 296. Notification of the surety on performance of the obligation by the debtor

A debtor who has performed an obligation secured by a surety has the duty to immediately notify the surety of this. In the contrary case, a surety that has in his turn performed the obligation has the right to recover from the creditor what was acquired with no bases or to bring a subrogation claim against the debtor. In the latter case the debtor has the right to recover from the creditor only what was acquired with no bases.

Article 297. Payment of services by a surety

The surety shall have the right for compensation for services provided by him to a debtor unless otherwise provided by the contract.

Article 298. Termination of a surety

A surety shall be terminated with the termination of the obligation secured by it and also in case of a change in this obligation entailing an increase in liability or other unfavorable consequences for the surety without his consent.

A surety shall be terminated with a transfer to another person of a debt under an obligation secured by the surety if the surety did not give the creditor consent to be liable for the new debtor, and also in case when the time period of beginning of performance obligation secured by him, the obligation of the creditor has refused to accept proper performance offered by the debtor or the surety.

A surety shall be terminated at the expiration of the term for which it was given indicated in the contract. If such a term was not established, the surety shall be terminated unless the creditor brings suit against the surety within a year from the day of occurrence of the time for performance of the obligation secured by the surety. When the

time period for performance of the principal obligation is not indicated and cannot be determined or is determined by the time of demand, the surety shall be terminated unless the creditor brings a suit against the surety within one year from the day of conclusion of the contract of suretyship.

§ 5. Guaranty

Article 299. Definition of guaranty

By virtue of a bank guaranty a bank, other credit institution, or an insurance organization (the guarantor) gives at the request of another person (the principal) a written obligation to pay a monetary sum to a creditor of the principal (the beneficiary) in accordance with the terms of an obligation given by the guarantor, upon presentation by the beneficiary of a written demand for its payment.

Article 300. Securing an obligation of a principal by guaranty

A guaranty secures the property performance by the principle of his obligations to the beneficiary (the principle obligation).

The principle shall pay the guarantor the remuneration for the issuance of a bank guaranty.

Article 301. Independence of a guaranty from the basic obligation

The obligation of the guarantor to the beneficiary provided by a guaranty does not depend in relations between them upon the basic obligation in security for which it was issued, even if there is a reference to this obligation in the guaranty.

Article 302. Irrevocability of a guaranty

A guaranty may not be revoked by the guarantor unless otherwise provided in it.

Article 303. Non-transferability of rights under guaranty

The right of a claim against the guarantor that belongs to the

beneficiary under a guaranty may not be transferred to another person
unless otherwise provided in the guaranty.

Article 304. Entry of a guaranty into force

A guaranty shall enter into force from the date of its issuance
unless otherwise provided in the guaranty.

Article 305. Making a demand under a guaranty

A demand of a beneficiary for the payment of a monetary sum under
a guaranty must be presented to the guarantor in written form with the
attachment of the documents indicated in the guaranty. In the demand or
in an attachment to it, the beneficiary must indicate what is the
violation by the principle of the principle obligation to secure which
the guaranty was issued.
A demand of beneficiary must be presented to the guarantor before
the end of the time period defined in the guaranty, for which the
guaranty was issued.

Article 306. Obligations of the guarantor in considering
the demand of the beneficiary

Upon receipt of a demand by a beneficiary, the guarantor must
without delay inform the principal of this and transfer to him copies of
the demand together with all the documents relating to it.
The guarantor must consider the demand of the beneficiary
together with the documents attached to it within an indicated time
period in the guaranty, and in absent of it - in a ratable time period to
exercise reasonable care to find out if this demand and the documents
attached to it correspond to the terms of the guaranty.

Article 307. Refusal of the guarantor to satisfy
the demand of the beneficiary

A guarantor shall refuse a beneficiary in the satisfaction of his
demand if this demand or the documents attached to it do not correspond
to the terms of the guaranty or are presented to the guarantor after the
end of the time period defined in the guaranty.

A guarantor must immediately inform the beneficiary of a refusal to satisfy his demand.

If it became known to the guarantor before satisfying a demand by a beneficiary that the principle obligation secured by the guaranty has already been performed in full or in a corresponding part, has been terminated on other bases or is invalid he must immediately notify the beneficiary and the principal of this.

Article 308. Limits of the obligation of the guarantor

The obligation provided by a guaranty of the guarantor to the beneficiary is limited to payment of the sum for which the guaranty was issued.

The liability of the guarantor to the beneficiary for non-fulfillment or improper fulfillment by the guarantor of the obligation under the guaranty is not limited to the sum for which the guaranty is issued, unless otherwise provided in the guaranty.

Article 309. Termination of a guaranty

The obligation of the guarantor to the beneficiary under the guaranty shall be terminated:

1. by payment to the beneficiary of the sum for which the guaranty is issued;

2. by the ending of the time period defined in the guaranty for which it is issued;

3. as the result of renunciation by the beneficiary of his rights under the guaranty and the return of it to the guarantor;

4. as the result of renunciation by the beneficiary of his rights under the guaranty by written declaration on freeing the guarantor from his obligations.

Termination of the obligation of the guarantor on the bases indicated in subparagraphs 1, 2, and 4 of Paragraph 1 of the present Article does not depend upon whether or not the guaranty was returned to him.

A guarantor who has learned of the termination of a guaranty must without delay inform the principle of this.

Article 310. Subrogation claims of the guarantor against the principal

The right of the guarantor to demand from the principle by way of subrogation compensation of amounts paid to the beneficiary under a guaranty shall be determined by the agreement of the guarantor with principle, in performance of which the guaranty was issued.

The guarantor shall not have the right to demand compensation from the principle for sums paid to the beneficiary not in accordance with the terms of the guaranty or for violation of the obligation of the guarantor to the beneficiary unless an agreement of the guarantor with the principle provides otherwise.

§ 6. Earnest money

Article 311. Definition of earnest money. Form of an agreement on earnest money

Earnest money is a monetary sum given by one of the contracting parties as proof of conclusion of the contract and to secure its performance.

An agreement on earnest money, regardless of the sum of the earnest money, must be concluded in written form.

In case of doubt with respect to whether the sum paid toward the payments due from the party under the contract is earnest money, in particular as the result of non- observance of the rule established by Paragraph 2 of the present Article, this sum shall be considered paid as an advance, unless it is proved otherwise.

Article 312. Consequences of termination and non-performance of an obligation secured by earnest money

In case of termination of an obligation before the beginning of its performance by agreement of the parties or as the results of impossibility of performance (Article 349 of the present Code) the earnest money must be returned.

If the party that gave the earnest money is liable for non-performance of the contract, the earnest money remains with the

other party. If the party that received the earnest money is liable for non- performance of the contract, it has the duty to pay the other party twice the sum of the earnest money.

In addition, the party liable for non- performance of the contract has the duty to compensate the other party for losses less the sum of the earnest money, unless otherwise provided by the contract.

Chapter 23. Changing persons in an obligation

Article 313. Bases and procedure for passage of the rights of a creditor to another person

A right (or claim), belonging to a creditor on the basis of an obligation, may be transferred by him to another person by a transaction (assignment of a claim) or may pass to another person on the basis of a Law.

The consent of the debtor is not required for passage to another person of the rights of the creditor, unless otherwise provided by a Law or the contract.

If a debtor was not notified in writing of a completed passage of rights of a creditor to another person, the new creditor bears the risk of unfavorable consequences caused for him by this. In indicated case the performance of an obligation to the initial creditor shall be recognized as performance to the proper creditor.

The rules on passage of rights of a creditor to another person shall not be applied to subrogation claims.

Article 314. Rights that may not pass to other persons

The passage to another person of rights inseparably connected with the personality of the creditor, in particular of claims for support and for compensation for harm caused to life or health, is not allowed.

Article 315. Scope of the rights of a creditor passing to another person

Unless otherwise provided by a Law or the contract, the right of the initial creditor shall pass to the new creditor in the same scope

and on the same terms that existed at the time of passage of the right.
In particular, the rights securing performance of the obligation and also
other rights connected with the claim, including the right to unpaid
interest, shall pass to the new creditor.

Article 316. Proof of the rights of the new creditor

A creditor who has assigned a claim to another person has the
duty to transfer to him documents confirming the right of claim and to
report information having significance for the exercise of the claim.
The debtor has the right not to perform an obligation to the new
creditor before the presentation to him of proof of the passage of the
claim to this person.

Article 317. Defenses of the debtor against a claim
of the new creditor

The debtor has the right to raise against a claim of the new
creditor defenses that he had against the initial creditor at the same
time of receipt of notice of the passage of rights under the obligation
to the new creditor.

Article 318. Passage of the rights of a creditor
to another person on the basis of a Law

The rights of a creditor under an obligation pass to another
person:
1. as the result of universal legal succession to the rights of
the creditor;
2. by decision of a court on transfer of rights of a
creditor to another person;
3. as the result of performance of the obligation of a debtor by
his surety or pledgor who is not the debtor under this obligation;
4. in case of subrogation (passage) to an insurer of the rights
of a creditor against a debtor liable for the occurrence of the
insured event;
5. in other cases provided by a Law.

Article 319. Conditions of assignment of a claim

An assignment of a claim by a creditor to another person is

allowed if the assignment does not contradict a Law or the contract.

An assignment of a claim under an obligation in which the personality of the creditor has a substantial significant for the debtor is not allowed without the consent of the debtor.

Article 320. Form of assignment of a claim

An assignment of a claim based upon a transaction concluded in simple written or notarial form must be concluded in the corresponding written form.

An assignment of a claim under a transaction requiring state registration must be registered by the procedure established for registration of this transaction.

An assignment of a claim under an order commercial paper or security shall be made by endorsement (qualified endorsement) on this commercial paper or security.

Article 321. Liability of a creditor who has assigned a claim

The initial creditor who has assigned a claim shall be liable to the new creditor for the invalidity of a claim transferred to him but shall not be liable for the non-performance of this claim by the debtor except in case when the initial creditor undertook a surety for the debtor to the new creditor.

Article 322. Transfer of a debt

The transfer by a debtor of his debt to another person is allowed only with the consent of the creditor.

The new debtor has the right to raise against claims of the creditor defenses based on relations between the creditor and the initial debtor.

Suretyship or a pledge established by a third person shall be terminated with transfer of a debt if a surety or a pledgor has not expressed their consent to be liable for a new debtor.

The rules contained in Paragraphs 1 and 2 of Article 320 of the present Code shall be applied analogously to the form of transfer of a debt.

Article 323. Parallel transfer of a debt and transfer of performance

The transfer of a debt or its part without acquittance of the debtor from an obligation on the payment of the debt shall be allowed.
In this case both debtors bear joint liability for performance of the obligation.
On the basis of a contract of the debtor with the third person, the latter shall bear liability for the performance of the obligation only with respect of the debtor, but not the creditor.

Chapter 24. Liability for violation of obligations

Article 324. Obligation of the debtor to compensate for losses

A debtor has the duty to compensate the creditor for the losses caused by the non- performance or improper performance of the obligation.
Unless otherwise provided by legislation or the contract, in determining losses, the prices shall be taken into account that existed at the place where the obligation was to be performed on the day of voluntary satisfaction by the debtor of the claim of the creditor or if the claim was not satisfied voluntary - on the day of filing the suit.
Proceeding from the circumstances, a court may satisfy a claim for compensation for losses taking into account the prices existing on the day of making a decision.
In determination of lost profit, the measures taken by the creditor to receive it and the presentations made for this purpose shall be considered.

Article 325. Losses and penalty

If a penalty is provided for non- performance or improper performance of an obligation, then losses shall be compensated in the part not covered by the penalty.
A Law or contract may establish cases: when recovery only of a penalty but not of losses is allowed; when losses may be recovered in full sum above a penalty; when at the choice of the creditor either

losses or a penalty may be recovered.

Article 326. Decrease of penalty

If a penalty the subject of payment is evident disproportionate for consequences of violation of an obligation of the creditor, a court has the right to decrease the penalty. In this case the rate of delivery of the obligation by the debtor, property position of parties taking part in the obligation and also interests of the creditor must be taken into account in this.

A court, in exclusive cases, shall have the right taking into account of interests to of the debtor and the creditor to decrease the penalty subject to payment for the creditor.

Article 327. Liability for non-performance of a monetary obligation

For the use of another's monetary assets as the results of their unlawful retention, avoiding returning them, or delay in their payment, or unjustified receipt or saving at the expense of another person, interest is subject to payment on the sum of these assets.

The rate of interest shall be determined by the accounting rate of bank interest existing on the day of performance of the monetary obligation or the corresponding part of it at the place of residence of the creditor or if the creditor is a legal entity, at its place of location. In case of recovery of a debt by judicial proceedings a court may satisfy a claim of a creditor, proceeding from the accounting rate of bank interest on the day of presentation of the claim or for the day of making a decision. These rules shall be applied unless another rate of interest is established by a Law or the contract.

If the losses caused to a creditor by the unlawful use of his monetary assets exceed the sum of interest due to him on the basis of Paragraph 1 and 2 of the present Article, he shall have the right to demand from the debtor compensation for losses in the part exceeding this sum.

Article 328. Performance of an obligation at the expense of the debtor

In case of non-performance by the debtor of an obligation to make and transfer a thing in ownership, economic management, or operative administration, or to transfer a thing for the use of the creditor or to do defined work for him or to render a service to him, the creditor shall have the right, in a reasonable time period, to entrust the fulfillment of the obligation to third persons for a reasonable price or to fulfill it by his own efforts, unless otherwise follows from a stature, other legal acts, the contract, or the nature of the obligation, and to demand from the debtor compensation for the necessary expenses and other losses borne.

Article 329. Subsidiary liability

Before the presentation of claims against a person who, in accordance with legislation or the terms of an obligation bears liability supplementary to the liability of another person who is the principle debtor (subsidiary liability), the creditor must make a claim against the principle debtor.

If the principle debtor has refused to satisfy a claim of the creditor or the creditor has not received from him in a reasonable time period a response to a claim presented, this claim may be presented to the person bearing subsidiary liability.

The creditor does not have the right to demand the satisfaction of his claim against the principle debtor from the person bearing subsidiary liability if this claim can be satisfied by way of setoff a counterclaim against the principle debtor or by the recovery of funds by an incontestable procedure from the principle debtor.

The person bearing subsidiary liability must, before satisfying a claim presented to him by a creditor, warn the principal debtor of this and if a suit is made against such a person, involve the principal debtor in participation in this case. In the contrary case, the principle debtor

has the right to raise, against the subrogation claim of the person who is liable subsidiarily, the defenses that he had against the creditor.

Article 330. Liability and performance of an obligation in kind

Payment of a penalty and compensation for losses in case of improper performance of an obligation shall not free the debtor from the performance of the obligation in kind, unless otherwise provided by a Law or the contract.

Compensation for losses in cases of non-performance of an obligation and payment of a penalty for its non-performance shall free a debtor from performance of the obligation in kind, unless otherwise provided by a Law or the contract.

Refusal of a creditor to accept performance that, as the result of delay, has become no longer of interest for him (Paragraph 2 of Article 337 of the present Code), and also payment of a penalty established as a cancellation compensation (Article 342 of the present Code), shall free the debtor from performance of the obligation in kind.

Article 331. Consequences of non-performance of an obligation to transfer an individually-defined thing

In case of non - performance of an obligation to transfer an individually-defined thing in ownership, economic management, operative administration or compensated use to a creditor, the latter has the right to demand the taking of this thing from the debtor and its transfer to the creditor on the terms provided by the obligation. This right lapses if the thing has already been transferred to a third person having a similar right. If the thing has not yet been transferred, priority belongs to the one of the creditors for whose benefit an obligation arose earlier, or if this is impossible to establish, the one who earlier filed suit.

Instead of a demand to transfer to him the thing that is the subject of an obligation, the creditor has the right to demand compensation for losses.

Article 332. Limitation of the amount of liability under obligations

For individual types of obligations and for obligations connected with a defined type of activity a Law may limit the right to full compensation for losses (limited liability).

An agreement on limiting the amount of liability of a debtor under a contract of adhesion or other contract in which the creditor is a citizen acting as a consumer is void if the amount of liability for such type of obligations or such violation is determined by a Law and if the agreement is concluded before the occurrence of the circumstances entailing liability for nonperformance or improper performance of the obligation.

Article 333. Bases of liability for the violation of an obligation

A debtor shall be liable for nonperformance or improper performance of an obligation in case of fault unless otherwise provided by legislation or contract. The debtor is reorganized as not at fault unless he proves that he has taken all depending upon him measures for the proper performance of the obligation.

Absence of fault must be proved by the person who has violated an obligation.

Unless otherwise provided by a Law or the contract, a person who has not performed an obligation or has performed an obligation in an improper manner in the conduct of entrepreneurial activity shall bear liability unless he proves that proper performance became impossible as the result of force majeure, i.e., extraordinary circumstances unavoidable under the given conditions (force majeure). Such circumstance do not include, in particular, violation of obligations by contract partners of the debtor, absence on the market of goods necessary for performance, nor the debtor's lack of the necessary monetary assets.

An agreement concluded in advance for eliminating or limiting liability for the intentional violation of an obligation is void.

Article 334. Liability of the debtor for actions of third persons

A debtor shall be liable for nonperformance or improper performance of an obligation by third persons to whom performance was entrusted, unless legislation or contract establishes that liability is borne by the third person who is the direct performer.

Article 335. Fault of the creditor

If the creditor intentionally or by negligence facilitated an approach of impossibility of performance of an obligation or an increase in the amount of losses caused by the nonperformance, and also if a creditor intentionally or by negligence did not take measures to reduce losses from nonperformance, a court has the right, as the situation requires, to reduce the amount of compensation or fully to refuse the creditor in compensation.

Article 336. Consequences of nonperformance of bilateral contract

If in a bilateral contract performance became impossible for one party by virtue of circumstances for which the party is liable, another party unless otherwise provided by a Law or contract, shall have the right to refuse from the contract and to levy losses caused by nonperformance of the contract.

Article 337. Delay of performance by the debtor and the creditor

A debtor who has delayed performance shall be liable to the creditor for the losses caused by the delay and for the consequences of an impossibility of performance that accidentally occurred during the delay.

If, as the result of delay by the debtor, performance is no longer of interest for the creditor, the creditor may refuse to accept performance and demand compensation for losses.

A creditor shall be considered to have delayed if he refused to

accept proper performance offered by the debtor or has not taken actions which he should have taken and until taking of which the debtor cannot perform his obligation.

Article 338. Consequences of delay by the creditor

Delay by a creditor in acceptance due under a contract shall give the debtor the right to compensation for the losses caused by the delay and shall free him from liability for the following impossibility of performance, with exception of cases of intent or reckless negligence of the debtor.

Under a monetary obligation, the debtor is not obligated to pay interest for the tome of delay by the creditor.

Article 339. Free of the creditor from liability for delay

A creditor shall be free from liability for delay if he proves that it was done by intent or reckless negligence by those persons upon whom by force of a Law or delegation of the creditor the acceptance of performance was placed.

Chapter 25. Termination of obligation

Article 340. Bases for termination of obligations

An obligation shall be terminated in full or in part on the bases provided by the present Code, other legislative acts or contract.

Termination of an obligation on demand of one of the parties is allowed only in cases provided by legislation or the contract.

Article 341. Termination of an obligation by performance

An obligation shall be terminated as a rule by its proper performance.

Article 342. Cancellation compensation

By agreement of the parties an obligation may be terminated by the presentation, instead of performance, of cancellation compensation (payment of money, transfer of property, etc.). The amount, time periods, and procedure for making cancellation compensation shall be established

by the parties.

Article 343. Termination of an obligation by setoff

An obligation shall be terminated in full or in part by setoff of an identical counterclaim whose period of time has matured or whose period of time is not indicated or is defined as the time period of demand.

For setoff, the declaration of one party is sufficient.

Article 344. Cases of non-allowance of setoff

Setoff of claims is not allowed:

on which the time period of limitation of actions has expired;

for compensation for harm caused to health or caused to the death of a citizen;

for recovery of support;

for alliance of a receiving house for lifetime support;

in other cases provided by a Law or the contract.

Article 345. Setoff in case of assignment of a claim

In case of assignment of a claim, the debtor has the right to setoff against the claim of the new creditor his counterclaim against the initial creditor.

The setoff is made if the claim arose on bases existing at the time of receipt by the debtor of notice of assignment of the claim and the time for making a claim occurred before receiving it or this time period was not indicated or was defined as the time period of demand.

Article 346. Termination of an obligation by the coinciding of the debtor and the creditor in one person

An obligation is terminated by the coinciding of the debtor and the creditor in one person.

Article 347. Termination of an obligation by a substitution

An obligation is terminated by an agreement of the parties on the replacement of the initial obligation existing between them by another obligation between the same persons providing for another subject or another means of performance (a substitution).

A substitution is not allowed with respect to obligations for

compensation for harm caused to life or health or for payment of support.

A substitution terminates supplementary obligations connected with the initial obligation, unless otherwise provided by agreement of the parties.

Article 348. Forgiving of debt

An obligation is terminated by freeing by the creditor of the debtor of the duties resting upon him, unless this violates the rights of other persons with respect to the property of the creditor.

Article 349. Termination of an obligation by impossibility of performance

An obligation is terminated by impossibility of performance if the impossibility was caused by a circumstance for which none of the parties is liable.

In case of impossibility of performance by a debtor of an obligation caused by actions for which the creditor was at fault, the latter does not have the right to demand return of what was performed under the obligation.

Article 350. Termination of an obligation on the basis of an act of a state body

If, as the result of the issuance of an act of a state body the performance of an obligation becomes impossible in full or in part, the obligation is terminated in full or for the respective part. Parties that have suffered losses as the result of this have the right to claim compensation for them in accordance with Articles 12 and 15 of the present Code.

In case the act of the state body on the basis of which the obligation was terminated is declared invalid by the established procedure, the obligation shall be reinstated, unless otherwise follows from the agreement of the parties or the nature of the obligation, and the creditor has not lost interest in the performance of the obligation.

Article 351. Termination of an obligation by the death of a citizen

An obligation shall be terminated by the death of the debtor, if performance may not be made without the personal participation of the debtor or the obligation in another manner is inseparably connected with the personality of the debtor.

An obligation shall be terminated by the death of the creditor, if performance is meant personally for the creditor or the obligation in another manner is inseparably connected with the personality of the creditor.

Article 352. Termination of an obligation by the liquidation of a legal entity

An obligation shall be terminated by liquidation of a legal entity (debtor or creditor) except in cases when by legislation performance of the obligation of the liquidated legal entity is imposed on another person (for claims for compensation for harm caused to life or health, etc.).

SubSection 2. General provisions on contract

Chapter 26. Definition and terms of a contact

Article 353. Definition of a contract

A contract is an agreement of two or several persons on establishing, changing, or terminating civil rights and duties.

The rules on bilateral and multilateral transactions provided by Chapter 9 of the present Code shall be applied to contracts.

The general provisions on obligations (Articles 234-352 of the present Code) shall be applied to obligations arising from contract, unless otherwise provided by the rules of the present chapter or the rules on individual types of contracts contained in the present Code.

The general provisions on contract shall be applied to contracts concluded by more than two parties unless this contradicts the multilateral nature of these contracts.

Article 354. Freedom of a contract

Citizens and legal entities are free in the conclusion of a contract.

Compulsion to conclusion of a contract is not allowed with exception of cases when the obligation to conclude a contract is provided by the present Code, other Law or other accepted obligation.

The parties may conclude a contract not provided for by legislation.

The parties may conclude a contract that contains elements of various contracts (a mixed contract). The rules on contracts whose elements are contained in the mixed contract shall be applied to the relations of parties under the mixed contract unless otherwise follows from an agreement of the parties or the nature of the mixed contract.

The terms of the contract shall be determined at the discretion of the parties except for cases when the content of the respective term is prescribed by legislation.

In cases when a term of a contract is provided by a norm that is applied to the extent not provided otherwise by agreement of the parties (a dispositive norm), the parties may by their agreement exclude its application or establish a term different from that provided in it. In the absence of such an agreement the term of the contract shall be determined by the dispositive norm.

If a term of a contract is not determined by the parties or a dispositive norm, the respective terms shall be determined by the customs of commerce applicable to the relations of the parties.

Article 355. Compensated and uncompensated contracts

A contract under which a party must receive payment or other counter performance in return for the performance of its duties is a compensated contract.

An uncompensated contract is one under which one party has the duty to provide something to the other party without receiving payment or anything else in return.

A contract is presumed to be compensated unless otherwise follows from legislation, the content or the nature of the contract.

Article 356. Price

Performance of a contract is paid for at a price established by agreement of the parties.

In cases provided by a Law, prices (tariffs, valuations, rates, etc.) are applied that are established or regulated by state bodies empowered for this.

Change of price after conclusion of a contract is allowed in cases and on conditions provided by legislation or a contract.

In cases when in a compensated contract a price is not provided and may not be determined proceeding from the terms of the contract, performance of the contract must be paid for at the price that, under comparable conditions, usually is taken for analogous goods, work, or services.

Article 357. Effect of the contract

A contract shall enter into effect and become obligatory for the parties from the time of its conclusion.

The parties have the right to establish that the terms of a contract concluded by them shall be applied to their relations that arose before the conclusion of the contract.

A Law or contract may provide that the ending of the time period of effectiveness of the contract shall entail the termination of the obligations of the parties under the contract.

A contract in which such a term is absent shall be recognized as in effect until the time of the termination of performance of the obligation by the parties defined in it.

Ending of the time period of effectiveness of a contract shall not free the parties from liability for its violation.

Article 358. Public contract

A public contract is a contract concluded by an organization and establishing its duties for the sale of goods, doing of work, or rendering of services that this organization, by the nature of its activity, must make with respect to everyone who applies to it (retail trade, carriage by transport for common use, communications services,

energy supply, medicine, hotel service, etc.). Such organization does not have the right to provide priority to one person before another with respect to conclusion of a public contract, except in cases provided by legislation.

The price of goods, work, and services, and also other terms of a public contract shall be established uniformly for all consumers with the exception of cases when legislation allows the granting of privileges for individual categories of consumers.

A refusal of an organization to conclude a public contract if there is the possibility of providing the consumer with respective goods or services, or to do for him respective work, is not allowed.

In case of an unjustified avoidance by an organization to conclude a public contract, the provisions specified in Paragraphs 6 and 7 of Article 377 of the present Code.

In cases provided by a Law the rules issued by the Government of the Republic of Uzbekistan which are obligated for parties under the conclusion and performance of public contracts (standard contracts, provisions, etc.) shall be applied.

Terms of a public contract not meeting the requirements established by Paragraphs 2 and 5 of the present Article are void.

Article 359. Standard terms of a contract

It may be provided in a contract that its individual terms are determined by standard terms developed for contracts of the respective type.

In cases when there is no reference to standard terms in a contract, such standard terms shall be applied to the relations of the parties as customs of commerce.

Standard terms may be stated in the form of a standard contract or of another document containing these terms.

Article 360. Contract of adhesion

A contract of adhesion is a contract whose terms are determined by one of the parties in printed forms or other standard forms and that

may be accepted by the other party not otherwise than adhering to the proposed contract as a whole.

The party adhering to the contract has the right to demand the rescission or change of the contract if the contract of adhesion, although does not contradict legislation, deprives this party of rights usually given under contracts of such type, excludes or limits the liability of the other party for the violation of obligations or contains other terms clearly burdensome for the adhering party, that it, on the basis of its reasonably understood interests, would not have accepted if it had the possibility of participating in the determination of the terms of the contract.

In the presence of the circumstances provided by Paragraph 2 of the present Article, a demand for the rescission or change of the contract made by the party that adhered to the contract in connection with the conduct of its entrepreneurial activity is not subject to satisfaction if the adhering party knew or should have known on what terms it was concluding the contract.

Article 361. Preliminary contract

Under a preliminary contract, the parties have the duty to conclude in the future a contract on the transfer of property, doing work, or the rendering of services (the basic contract) on the terms provided by the preliminary contract.

A preliminary contract shall be concluded in the form established for the basic contract, and if no form has been established for the basic contract, then in written form. Nonobservance of rules on the form of a preliminary contract shall entail its voidness.

A preliminary contract must contain terms allowing the establishment of a subject and also other substantial terms of the basic contract.

In the preliminary contract the time period shall be indicated in which the parties are obligated to conclude the basic contract.

If such a time period is not defined in the preliminary contract, the basic contract is subject to conclusion within one year from the time of conclusion of the preliminary contract.

In cases when a party that has concluded a preliminary contract avoids concluding the basic contract, the provisions provided by Paragraphs 6 and 7 of Article 377 of the present Code shall be applied.

The obligations provided by the preliminary contract shall be terminated if by the end of the time period in which the parties must conclude the basic contract it is not concluded or one of the parties does not send the other party a proposal to conclude this contract.

Article 362. Contract for the benefit of a third person

A contract for the benefit of a third person is a contract in which the parties have established that the debtor has the duty to make performance not to the creditor, but to a third person indicated or not indicated in the contract, having the right to demand performance of the obligation in his benefit from the debtor.

Unless otherwise provided by legislation or the contract, from the time of expression by the third person to the debtor of an intent to use his right under the contract, the parties may not rescind or change the contract concluded by them without the consent of the third person.

The debtor in the contract has the right to raise, against claims of the third person, the defenses that he could raise against the creditor.

In the case when the third person has renounced the right provided to him by the contract, the creditor may enjoy this right if this does not contradict legislation and the contact.

Article 363. Interpretation of a contract

In the interpretation of the terms of a contract a court shall take into account the literal meaning of the words and expressions contained in it. The literal meaning of a term of a contract, in case the term is not clear, shall be established by compensation with the other terms and the sense of the contract as a whole.

If the rules contained in the first part of the present Article do not allow the determination of the content of the contract, the real common will of the parties must be ascertained, taking into account the purpose of the contract. In such a case, all surrounding circumstances shall be taking into account, including negotiations and correspondence preceding the contract, the practice established in the mutual relations of the parties, the customs of commences, and the subsequent conduct of the parties.

Chapter 27. Conclusion of a contract

Article 364. Basic provisions on the conclusion of a contract

A contract shall be considered concluded if an agreement has been reached on all the essential terms of the contract among the parties in the form required in appreciate cases.

The essential terms are those on the subject of the contract, terms that are named in legislation as essential or necessary for contracts of the given type, and also all those terms with respect to which by declaration of one of the parties an agreement must be reached.

A contract may be concluded by the sending of an offer (a proposal to conclude a contract) by one of the parties and its acceptance (acceptance of the proposal) by the other party.

Article 365. Time of conclusion of a contract

A contract shall be considered concluded from the time of receipt by the person, who has sent an offer, of its acceptance.

If, in accordance with a Law, the transfer of property is also necessary for the conclusion of a contract, the contract shall be considered concluded from the time of transfer of the respective property (Article 185 of the present Code).

Article 366. Form of a contract

A contract may be concluded in any form provided for the making of transactions, unless a Law for contracts of the given type have

established a defined form.

A contract subject to notarial certification or state registration shall be considered concluded from the time of its notarial certification or registration, and in case of necessity of notarial certification and registration - from the time of registration of the contract.

If the parties have agreed to conclude a contract in a defined form, it shall be considered concluded after giving it the agreed form, although this form was not required by a Law for contracts of the given type.

A contract in written form may be concluded by the complication of one document signed by the parties and also by the exchange of documents by mail, telegraph, teletype, telephone, electronic or other communications that allow the reliable establishment that the document proceeds from a party to the contract.

The written form of a contract shall be considered observed if a written proposal to conclude a contract has been accepted in the procedure provided by Paragraph 4 of Article 370 of the present Code.

Article 367. Offer

An offer is a proposal addressed to one or several concrete persons that are sufficiently definite and express the intent of the person who has made the proposal to consider himself having concluded a contract with the addressee by whom the proposal will be accepted.

The offer must contain the essential terms of the contract.

The offer shall bind the person who sent it from the time of its receipt by the addressee.

If a notice on the revocation of the offer has arrived earlier than or simultaneously with the offer, the offer shall be considered as not having been received.

Article 368. Irrevocability of an offer

An offer received by an addressee cannot be revoked during the time period established for its acceptance, unless otherwise provided in

the offer itself or follows from the nature of the proposal or the
situation in which it was made.

Article 369. Invitation to make offers.
Public offer

Advertising and other proposals addresses to an indeterminate
group of persons are considered as an invitation to make offers unless
otherwise directly indicated in the proposal.
A proposal to conclude a contract on the terms indicated in the
proposal with anyone who responds containing all essential terms of the
contract from which the will of the person making the proposal is
evident, shall be considered an offer (a public offer).

Article 370. Acceptance

An acceptance is the response of a person to whom an offer is
addressed on its acceptance.
An acceptance must be full and unconditional.
Silence is not acceptance, unless otherwise follows from a Law,
custom of commerce, or from prior business relations of the parties.
The taking by a person who has received an offer, within the time
period established for its acceptance, of actions in the fulfillment of
the terms of a contract indicated in it (shipment of goods, provision of
services, doing of work, payment of the appropriate sum, etc.) shall be
considered an acceptance, unless otherwise provided by legislation or
indicated in the offer.

Article 371. Revocation of an acceptance

If a notice on the revocation of an acceptance has reached the
person who has made the offer earlier than the acceptance or
simultaneously with it, the acceptance shall be considered as not having
been received.

Article 372. Conclusion of a contract on the basis of
an offer defining a time period for acceptance

When a time period for acceptance is defined in an offer, the
contract is considered concluded if the acceptance is received by the

person who has sent the offer within the limits of the time period
indicated in it.

Article 373. Conclusion of a contract on the basis of an offer not defining a time period for acceptance

When a time period for acceptance is not defined in a written offer, the contract is considered concluded if the acceptance is received by the person who has sent the offer before the end of the time period established by legislation, or if such a time period has not been established - in the course of time normally necessary for this.

When an offer has been made orally without an indication of the time period for acceptance, the contract is considered concluded if the other party has immediately declared its acceptance.

Article 374. An acceptance received late

In cases when a timely dispatched notification of acceptance has been received late, the acceptance shall not be considered late unless the party that has sent the offer has immediately informed the other party of the late receipt of the acceptance.

If the party that has sent the offer immediately notifies the other party that it accepts its acceptance that has been received late, the contract is considered concluded.

Article 375. Acceptance on other terms

A reply on consent to conclude a contract on terms other than proposed in the offer is not considered an acceptance. Such reply is recognized as refusal to accept and, at the same time, a new offer.

Article 376. Place of conclusion of a contract

If the place of conclusion of a contract is not indicated in it, the contract shall be recognized as concluded in the place of residence of the citizen or the place of location of the legal entity who sent the offer.

Article 377. Conclusion of a contract by obligatory procedure

In cases when, in accordance with the present Code or other laws, for the party to whom an offer (or draft contract) was sent, the conclusion of a contract is obligatory, this party must send the other party a notification of acceptance or of refusal to accept, or of acceptance of the offer on other terms (or a list of disagreements with the draft of the contract) within thirty days from the day of receipt of the offer.

The party that has sent an offer and has received from the party, for whom the conclusion of the contract is obligatory, notice of its acceptance on other terms (or a list of disagreements with the draft of the contract) has the right to bring the disagreements that have arisen in the conclusion of the contract to the consideration of a court within thirty days from the day of receipt of such a notice or of the expiration of the time period for acceptance.

In cases when, in accordance with the present Code or other laws, the conclusion of a contract is obligatory for the party that has sent the offer (or a draft contract) and a list of disagreements with the draft of the contract has been sent within thirty days thereto, this party shall have the duty, within thirty days from the date of receipt of the list of disagreements, to notify the other party of the acceptance of the contract in its version or of the rejection of the list of disagreements.

In case of rejection of the list of disagreements or of nonreceipt of notice of the results of its consideration in the indicated time period, the party that has sent the list of disagreements shall have the right to bring the disagreements that have arisen in the conclusion of the contract for consideration by a court.

The rules on the time periods provided by Paragraphs 1, 2, 3 and 4 of the present Article shall be applied, unless other time periods have been established by legislation or have been agreed upon the parties.

If a party for whom, in accordance with the present Code or other laws, the conclusion of a contract is obligatory has refused to conclude it, the other party shall have the right to apply to court with a demand for compulsion to conclude a contract.

A party that has unjustifiably refused to conclude a contract must compensate the other party for the losses caused by this.

Article 378. Precontractual disputes

In cases of bringing of disagreements that have arisen in the conclusion of a contract for consideration by a court on the basis of Article 377 of the present Code, the terms of the contract on which there were disagreements among the parties shall be defined in accordance with a decision of the court.

Article 379. Conclusion of a contract at an auction

A contract, unless otherwise follows from its nature, may be concluded by the conduct of an auction. The contract is concluded with the person who has won the auction.

The organizer of the auction may be the owner of a thing or the possessor of a property right or a specialized organization. A specialized organization shall act on the basis of a contract with the owner of the thing or the possessor of a property right and shall act in their name or in its own name.

In the cases indicated in the present Code or other a Law, contracts on the sale of a thing or a property right may be concluded only by the holding of an auction.

An auction shall be held in the form of an auction by bidding or a competition.

The form of an auction shall be determined by the owner of the thing sold or the possessor of the property right being sold, unless otherwise provided by a Law.

An auction by bidding or a competition in which there has been only one participant shall be considered as not having taken place.

The rules provided by Articles 380 and 381 of the present Code

shall also be applied to a public auction conducted by way of performance of a decision of a court, unless otherwise provided by procedural legislation.

Article 380. Organization of and procedure for conduct of auctions

Auctions by bidding and competitions may be open or closed. Any person may participate in an open auction by bidding or in an open competition. Only persons specially invited for this purpose may participate in a closed auction by bidding or a closed competition.

Unless otherwise provided by a Law, a notice on the conduct of an auction shall be made by the organizer not less than thirty days before conducting it. The notice must contain in every case information on the time, place and form of the auction, its subject, and procedure for conducting it, including for formalization of participation in the auction, determination of the person who has won the auction and also information on the starting price.

In the case the subject of the auction is only the right to conclude a contract; in the notification on the planned auction the time period provided for this must be indicated.

Unless otherwise provided in a Law or in the notice on the conduct of the auction, the organizer of an open auction who has made a notification has the right to cancel the conduct of the auction by bidding at any time, but not later than three days before the occurrence of the day on which it is to be held , and for a competition - not later than thirty days before the holding of the competition.

In cases when the organizer of an open auction cancels the holding of the auction in violation of the above time periods, he shall be obligated to compensate the participants for the actual damage borne by them.

The organizer of a closed auction by bidding or of a closed competition has the duty to compensate the participants invited by him for their actual damage, regardless of how long after the sending of the

notice the cancellation of the auction occurred.

The participants in an auction shall pay earnest money in the amount, within the time periods, and by the procedure that are indicated in the notice on the conduct of the auction. If the auction did not take place, the earnest money shall be subject to return. Earnest money shall also be returned to persons who participated in the auction, but did not win it.

Upon conclusion of a contract with a person who has won an auction, the sum of earnest money contributed by him shall be counted toward performance of obligations for the contact concluded.

A person who has won an auction and the organizer of the auction shall sign, on the day of the conduct of the auction by bidding or of the competition, a memorandum of the results of the auction, which shall have the force of a contract. The person who has won an auction, in case of refusal to sign the memorandum, shall lose the earnest money contributed by him. An organizer of an auction who refused to sign the memorandum shall be obligated to return the earnest money in double amount and also to compensate the person who has won the auction for the losses caused by participation in the auction in the part exceeding the sum of the earnest money.

If the subject of an auction was only the right to conclusion of a contract, such a contract must be signed by the parties not later than twenty days, or other time period indicated in the notice, after the compensation of the auction and the formalization of the memorandum. In case of refusal of one of them to conclude the contract, the other party has the right to apply to court with a demand for compulsion to conclude the contract and also for compensation for the losses caused by refusal to conclude it.

Article 381. Consequences of violation of the rules for conduct of auctions

An auction conducted in violation of the rules established by a Law may be declared invalid by a court upon suit by an interested person.

Declaration of an auction as invalid shall entail the invalidity of the contract concluded with the person who has won the auction.

Chapter 28. Change and rescission of a contract

Article 382. Bases for change and rescission of a contract

Change and rescission of a contract are possible by agreement of the parties, unless otherwise provided by the present Code, other laws or contract. Upon demand of one of the parties, a contract may be changed or rescinded by decision of a court only:

1. in case of a substantial breach of the contract by the other party;
2. in other cases provided by the present Code, other laws or contract.

A breach of a contract by one party shall be considered substantial if it entails for another party such damage that it to a significant degree is deprived of that which it had the right to expect at the conclusion of the contract.

In case of unilateral refusal to perform a contract in whole or in part, when such a refusal is allowed by a Law or agreement of the parties, the contract shall be considered respectively rescinded or changed.

Article 383. Change and rescission of a contract in connection with a substantial change of circumstances

A substantial change of circumstances from which the parties proceeded in the conclusion of the contract is a basis for its change or rescission unless otherwise provided by the contract or follows from its nature.

A change of circumstances shall be considered substantial when they have changed to the extent that, if the parties could have reasonable foreseen this, the contract would not have been concluded by them at all or would have been concluded on significantly different terms.

If the parties have not attained agreement on bringing a contract

in accordance with substantially changed circumstances or on its rescission, the contract may be rescinded or, upon the bases provided by Paragraph 5 of the present Article, changed by a court on demand of an interested party if the following conditions are present simultaneously:

1. at the time of the conclusion of the contract the parties proceeded on the basis that such a change of circumstances would not occur;

2. the change of circumstances was brought about by causes that the interested party could not overcome after they arose with the degree of conscientiousness and circumspection that was demanded of it by the nature of the contract and the conditions of commerce;

3. performance of a contact without change of its terms would so disturb the correlation of the contract- related property interests of the parties and would entail such damage for the interested party that it, to a significant degree, would be deprived of that which it had the right to expect upon conclusion of the contract;

4. it does not follow from the customs of commerce or the nature of the contract that the risk of change of circumstances is borne by the interested party.

In case of rescission of a contract as the result of substantially changed circumstances, a court, on demand of one of the parties, shall determine the consequences of rescission of the contract proceeding from the necessary of just distribution among the parties of the expenditures borne by them in connection with the performance of this contract.

A change in the contract in connection with a substantial change in circumstances shall be allowed by decision of a court in exceptional cases when the rescission of the contract would contradict societal interests or cause damage to the parties, significantly exceeding the expenditures necessary for performance of the contract on the terms changed by the court.

Article 384. Procedure for changing and rescinding a contract

An agreement to change or rescission a contract shall be made in the same form as the contract, unless otherwise follows from legislation, the contract or customs of commerce.

A demand for change or rescission of a contract may be made by a party to the court only after receipt of a refusal of the other party to a proposal to change or rescind the contract or the failure to receive an answer within the time period indicated in the proposal or established by a Law or the contract or, in its absence, in a thirty-day time period.

Article 385. Consequences of change and rescission of a contract

Upon a change of a contract, the obligations of the parties shall be maintained in the changed form.

Upon rescission of a contract, the obligations of the parties shall be terminated.

Upon change or rescission of a contract, the obligations shall be considered changed or terminated from the time of conclusion of an agreement of the parties to change or rescind the contract, unless otherwise follows from the agreement or the nature of the change of the contract, and upon change or rescission of the contract by judicial procedure - from the time of entry into legal force of a decision of the court on changing or rescinding the contract.

The parties do not have the right to demand the return of what was performed by them under an obligation before the time of change or rescission of a contract, unless otherwise provided by a Law or agreement of the parties.

If a substantial breach of the contract by one of the parties was the basis for change or rescission of the contract, the other party has the right to demand compensation for the losses caused by the change or rescission of the contract.

The second part is approved by the Law of the Republic of Uzbekistan No. 256-I of August 29, 1996

SubSection 3. Individual types of obligations

Chapter 29. Purchase and sale

§ 1. General provisions on purchase and sale

Article 386. The contract of purchase and sale

Under a contract of purchase and sale, one party (the seller) has the duty to transfer the goods to the ownership of the other party (the buyer), and the buyer has he duty to accept these goods and to pay a defined monetary sum (the price) for them.

The provisions provided by the present Section shall be applied to the sale of commercial paper and securities, and currency valuables, unless special rules for their purchase and sale have been established by a Law.

In cases provided by the present Code or other a Law, the peculiarities of the purchase and sale of goods of individual types shall be determined by legislation.

The forth part amended according to item 1 of Section VIII by the Law of the Republic Uzbekistan No. 320-II of December 7, 2001

A contract of purchase and sale on of means of transport subject to state registration by the procedure established by legislation must be notarial certificated, with the exception of cases established by the Government of the Republic of Uzbekistan.

The provisions provided by the present Section shall be applied to the sale of property rights unless otherwise follow from the content or nature of these rights.

The provisions provided by the present Section shall be applied to individual types of the contract of purchase and sale (retail purchase and sale, supply of goods, energy supply, sale of an enterprise, etc.), unless otherwise provided by the rules of the present Code for these types of contracts.

Article 387. Terms of the contract on the goods

The goods under the contract of purchase and sale may be any things, with the observance of the rules provided by Article 82 of the present Code.

A contract may be concluded for the purchase and sale of goods that the seller has on hand at the time of making the contract and also of goods which will be made or acquired by the seller in the future, unless otherwise provided by a Law or otherwise follows from the nature of the goods.

The terms of a contract of purchase and sale on the goods shall be considered agreed upon if the contract makes possible the determination of the name and quantity of the goods.

Article 388. Duties of the seller to transfer the goods

The seller has the duty to transfer to the buyer the goods provided by the contract of purchase and sale.

Unless otherwise provided by the contract of purchase and sale, the seller shall have the duty, simultaneously with the transfer of the thing to transfer to the buyer its accessories and also the documents relating to it (technical plan, certificate of quality, intrusion to use, etc.) provided by legislation or the contract.

Article 389. Time period for performance of the duty to transfer the goods

The time period for performance by the seller of the duty to transfer the goods to the buyer shall be determined by the contract of purchase and sale and, if the contract does not make possible the determination of this time, accordance with the rules provided by Article 242 of the present Code.

A contract of purchase and sale shall be recognized as concluded with the condition of its performance at a strictly defined time if from the contract it clearly follows that in case of breach of the time for performance, the buyer will lose interest in the contract. The seller

shall not have the right to perform such a contract before the occurrence or after the expiration of the time period defined in it without the consent of the buyer.

Article 390. Time period of performance of the duty of the seller to transfer the goods

Unless otherwise provided by the contract of purchase and sale, the duty of the seller to transfer the goods to the buyer shall be considered performed at the time:

of handing over the goods to the buyer or to a person designated by him if the contract provides for a duty of the seller to deliver the goods;

of the placing of the goods at the disposition of the buyer if the goods are to be transferred to the buyer or to a person designated by him at the place where the goods are located. Goods shall be considered placed at the disposition of the buyer if, at their time period provided by the contract, the goods are ready for transfer at an appropriate place and the buyer, in accordance with the terms of the contract, is informed of the readiness of the goods for transfer. Goods are not considered ready for transfer if they are not identified for the purpose of the given contract by making or in another manner.

In cases when the duty of the seller for the delivery of the goods or the transfer of the goods to the buyer at the place of their location does not follow from the contract of purchase and sale, the duty of the seller to transfer the goods to the buyer shall be considered performed from the time of giving the goods to a carrier or courier organization for transfer to the buyer, if the contract does not provide otherwise.

Article 391. Duty of the seller to protect given property

If the right of ownership or other right in thing transfers to the buyer earlier than the transfer of property, the seller has the duty before the transfer to protect property without permission of its

worsening. The buyer has the duty to compensate necessary expenses for it
to the seller unless otherwise provided by agreement of parties.

Article 392. Passage of risk of accidental loss of the goods or of accidental injury of the goods

Unless otherwise provided by the contract of purchase and sale,
the risk of accidental loss of or accidental injury to the goods shall
pass to the buyer from the time when in accordance with a Law or the
contract the seller is considered to have fulfilled his duty for the
transfer of the goods to the buyer.

The risk of accident loss of or accidental injury to the goods
sold while they are in transit passes to the buyer at the time of
concluding of the contract of purchase and sale, unless otherwise
provided by agreement of parties.

A term of the contract that the risk of accidental loss of or
accidental injury to the goods shall pass to the buyer from the time of
giving the goods to the first carrier may be recognized by a court as
invalid, on demand of the buyer, if at the time of concluding of the
contract, the seller knew or should have known that the goods were lost
or damaged and did not inform the buyer of thus.

Article 393. Duty of the seller to transfer the goods free from the rights of third persons

The seller has the duty to transfer the goods to the buyer free
from any rights of third persons, with the exception of the case when
the buyer agreed to accept the goods burdened by the rights of third
persons. Non-performance by the seller of this duty shall give the buyer
the right to demand reduction of the price of the goods or rescission of
the contract and compensation of losses, with exception of case when it
is proved that the buyer knew or should have known of the rights of third
persons to these goods.

The rules provided by the present Article shall be applied
likewise in case when there were claims of third persons with respect to

the goods at the time of their transfer to the buyer about which the seller knew, if these claims subsequently have been found by the established procedure to be lawful.

Article 394. Duties of the buyer and seller in the case of bringing of a suit for taking of the goods

If a third person, a on basis that arose before the performance of the contract of purchase and sale, brings suit against the buyer for taking of the goods, the buyer must bring the seller into participation in the case and the seller has the duty to enter the case on the side of the buyer .

Failure by the buyer to bring the seller into participation in the case shall free the seller from liability to the buyer if the seller proves that if he had taken part in the case he could have prevented the taking of the goods sold from the buyer.

A seller brought by the buyer into participation in the case, but who did not take part in the case, shall be deprived of the right to prove that the buyer conducted the case improperly.

Article 395. Liability of the seller in the case of taking goods from the buyer

In case of taking of the goods from the buyer by third persons on bases that arose before the performance of the contract of purchase and sale, the seller shall be obligated to compensate the buyer for losses, with exception of the case when the buyer knew or should have known of the presence of these bases.

An agreement of the parties to free the seller from liability or on its limitation in case of taking of goods acquired from the buyer by third persons is void.

Article 396. Consequences of refusal of the seller from the goods

If the seller refuses to transfer to the buyer goods that have been sold, the buyer shall have the right to refuse to perform the contract of purchase and sale.

Upon refusal of the seller to transfer an individually - defined thing, the buyer shall have the right to make to the seller the demands provided by Article 331 of the present Code.

Article 397. Consequences of nonperformance of the duty to transfer accessories and documents relating to the goods

If the seller does not transfer or refuses to transfer to the buyer accessories and documents relating to the goods that he must transfer in accordance with legislation or the contract of purchase and sale (Paragraph 2 of Article 388 of the present Code), the buyer shall have the right to designate to him a reasonable period of time for their transfer.

In the case when the accessories or documents relating to the goods are not transferred by the seller in the designated period of time, the buyer shall have the right to refuse the goods, unless otherwise provided by the contract of purchase and sale.

Article 398. The quantity of the goods

The quantity of the goods subject to transfer to the buyer shall be provided by the contract of purchase and sale in appropriate units of measurement or as a monetary expression. The term on the quality of the goods can be agreed by means of establishing in the contract a procedure for determining it.

If the contract of purchase and sale does not make possible the determination of the quality of the goods subject to transfer, the contract shall not be considered concluded.

Article 399. Consequences of breach of the term of the contract on the quantity of the goods

If the seller has transferred to the buyer, in breach of the contract of purchase and sale, a smaller quantity of the goods than defined by the contract, the buyer shall have the right, unless otherwise provided by the contract, either to demand the transfer of the lacking

quantity of the goods or to refuse the goods transferred and to refuse to pay for them, or - if the goods have been paid for - to demand the return of the monetary sum paid.

If the seller has transferred the goods to the buyer in a quantity exceeding that indicated in the contract of purchase and sale, the buyer has the duty to inform the seller about this by the procedure provided by the first part of Article 416 of the present Code. In case when, within a reasonable period of time after the receipt of notice from the buyer, the seller does not dispose of the respective part of the goods; the buyer shall have the right, unless otherwise provided by the contract, to accept all the goods.

In case of acceptance by a buyer of the goods in a quantity exceeding that indicated in the contract of purchase and sale, the respective goods must be paid for in accordance with the price established by the contract unless another price is defined by agreement of the parties.

Article 400. Assortment of goods

If under a contract of purchase and sale, the goods are to be transferred in a defined correlation by types, models, measures, colors, or other features (assortment), the seller has the duty to transfer to the buyer goods in the assortment agreed upon by the parties.

If the assortment is not defined in the contract of purchase and sale and no procedure is established in the contract for defining it, but, from the nature of the obligation it follows that the goods must be transferred to the buyer in an assortment, the seller shall have the right to transfer to the buyer goods in an assortment based on the needs of the buyer that were known to the seller at the time of conducting the contract or to refuse to perform the contract.

Article 401. Consequences of breach of the term of the contract on assortment

In case of transfer by the seller of goods provided by the

contract of purchase and sale in an assortment not corresponding to the contract, the buyer shall have the right to refuse to accept and pay for them or, if they have been paid for, to demand the return of the monetary sum that has been paid.

If the seller has transferred to the buyer, along with goods whose assortment corresponds to the contract of purchase and sale, goods in breach of the term on assortment, the buyer shall have the right at his choice:

to accept the goods corresponding to the term on assortment and to refuse the remaining goods;

to refuse all the goods transferred;

to demand the replacement of the goods not corresponding to the terms on assortment with the goods in the assortment provided by the contract;

to accept all the goods transferred.

Upon rejection of the goods whose assortment does not correspond to the term of the contract of purchase and sale or upon making a demand for replacement of the goods not corresponding to the term of the contract on assortment, the buyer shall have the right also to refuse payment for these goods and, if they have been paid for, to demand the return of the monetary sum that has been paid.

Goods not corresponding to the terms of the contract of purchase and sale on assortment shall be considered accepted unless the buyer, within a reasonable period of time after receiving them, notifies the seller of his rejection of the goods.

If the buyer does not reject the goods whose assortment does not correspond to the contract of purchase and sale, he has the duty to pay for them at the price agreed with the seller. In the case when the seller has not taken the necessary measures for agreeing on the price within a reasonable period of time, the buyer shall pay for the goods at the price that at the time of concluding of the contract usually was taken for analogous goods in comparable circumstances.

The rules of the present Article shall be applied, unless otherwise provided by the contract of purchase and sale.

Article 402. The quality of the goods

The seller has the duty to transfer to the buyer goods whose quality corresponds to the contract of purchase and sale.

In case of the absence in the contract of purchase and sale of terms on the quality of the goods, the seller has the duty to transfer to the buyer goods suitable for the purpose.

If the seller at the concluding of the contract was made aware by the buyer of the concrete purposes for acquiring the goods, the seller has the duty to transfer to the buyer goods suitable for use in accordance with these purposes.

In case of sale of goods by sample and /or by description, the seller has the duty to transfer to the buyer goods that correspond to the sample and /or description.

If, in accordance with a procedure established by a Law, obligatory requirements are provided for the quality of goods sold, and then a seller conducting entrepreneurial activity has the duty to transfer to the buyer goods corresponding to these obligatory requirements.

By agreement between the seller and the buyer goods may be transferred that correspond to higher quality requirements than the obligatory requirements in a procedure provided by a Law.

Article 403. Guaranty of quality of the goods

Goods that the seller has the duty to transfer to the buyer must correspond to the requirements provided by Article 402 of the present Code at the time of their transfer to the buyer, unless another time of determining the correspondence of the goods to these requirements is provided by contract of purchase and sale, and within the limits of a reasonable period of time they must be suitable for the purpose.

In the case when the contract of purchase and sale provides for making by the seller of a guaranty of the quality of the goods, the seller has the duty to transfer to the buyer goods that must correspond

to the requirements provided by Article 402 of the present Code for the course of a period of time established by the contract (guaranty time period).

A guaranty of quality of goods extends also to all its component parts unless otherwise provided by the contract of purchase and sale.

Article 404. Calculation of the guaranty time period

The guaranty time period begins to run from the time of transfer of the goods to the buyer unless otherwise provided by the contract of purchase and sale.

If the buyer, due to circumstances depending upon the seller, is deprived of the possibility to use the goods with respect to which a guaranty time period is established by the contract, the guaranty time period shall not run until the elimination of these circumstances by the seller.

Unless otherwise provided by the contract of purchase and sale, the guaranty time period shall be extended for the time during which the goods cannot be used because of defects discovered in them, on the condition of notification of the seller of defects in the goods by the procedure established by Article 416 of the resent Code.

Unless otherwise provided by the contract of purchase and sale, the guaranty time period for a constituent manufacture is considered equal to the guaranty time period for the basic manufacture and starts to run simultaneously with the guaranty term for the basic manufacture.

In the case of change of the goods (a constituent manufacture) the guaranty time period starts to run again.

Article 405. Time period of suitability of the goods

Legislation including state standards may be defined a time period at the expiration of which the goods are considered unsuitable for use for their regular purpose (time period of suitability).

Goods for which a time period of suitability is established must be transferred by the seller to the buyer in a manner so calculated that

they can be used for their regular purpose before the expiration of the time period of suitability.

Article 406. Calculation of the suitability time period of the goods

The suitability time period of the goods is defined as the time period calculated from the day of their manufacture during which the goods are suitable for use or the date until the occurrence of which the goods are suitable for use.

Article 407. Checking the quality of the goods

If checking the quality of the goods may be provided for by legislation or the contract of purchase and sale, it must be conducted in accordance with established requirements in them.

In cases when the obligatory requirements to checking the quality of the goods are established by state standards, other legal acts on standardization, checking the quality must be conducted in accordance with contained instructions in them.

In case when the conditions of checking of quality of goods are not provided by the procedure established by Paragraphs 1 and 2 of the present Article, then checking quality of goods must be made in accordance with the customs of commerce or other usually applied conditions of checking goods subject to transfer under the contract of purchase and sale.

If legislation including state standards or the contract of purchase and sale provide for the duty of the seller to check the quality of the goods transferred to the buyer (testing, analysis, inspection, etc.), the seller must provide the buyer upon his demand with proof of the conduct of checking the quality of the goods.

Checking quality of goods by the seller and buyer must be conducted at the same conditions.

Article 408. Consequences of transfer of the goods of improper quality

If defects of the goods were not stipulated by the seller, the

buyer to whom the goods of improper quality were transferred,
shall acquire the right provided by the Article 434 of the present Code.

In case of improper quality of the part of the goods included in
a complete unit, the buyer shall have the right, with respect to this
part of the goods, to exercise the rights provided by Article 434 of the
present Code.

In case when the seller of the goods of improper quality is not
its manufacturer, the demands on its replacement or uncompensated
elimination of the defects of the goods, may be made of the seller or of
a manufacturer.

The rules provided by the present Article shall be applied,
unless the present Code or another Law has established otherwise.

Article 409. Defects in the goods
for which the seller is liable

The seller shall be liable for defects in the goods if the buyer
proves that the defects in the goods arose before their transfer to the
buyer or from causes that arose before that time.

With respect to goods for which the buyer has given a guaranty of
quality, the seller shall be liable for defects in the goods, unless he
proves that the defects in the goods arose after their transfer to the
buyer as the results of violation by the buyer of the rules for use of
the goods or their storage or of the actions of third persons or of force
majeure.

Article 410. Periods of time for discovery of defects
in transferred goods

Unless otherwise established by a Law or the contract of purchase
and sale, the buyer shall have the right to present claims connected
with defects in the goods on the condition that they are discovered
within the time periods established by the present Article.

If no guaranty time period, or suitability time period is
established for the goods, claims connected with defects in the goods
may be made by the buyer on the condition that the defects in the goods

sold were discovered within a reasonable period of time, but within the limits of two years from the day of transfer of the goods unless other terms established by a Law or the contract of purchase and sale. The period of time for discovery of defects in the goods subject to transportation or mailing by an organization of communication shall be calculated from the day of receiving goods to the place of their destination.

If a guaranty time period is established for the goods, the buyer shall have the right to present claims connected with defects in the goods upon discovery of the defects during the course of the guaranty time period.

In the case when a guaranty time period for a constituent manufacture is established in the contract of purchase and sale that is shorter than for the basic manufacture, the buyer shall have the right to present claims for defects in the constituent manufacture in case of their discovery during the course of the guaranty time period for the basic manufacture.

If a guaranty time period for a constituent manufacture is established in the contract of purchase and sale that is longer than a guaranty time period for the basic manufacture, the buyer shall have the right to present claims for defects in the goods if the defects in the constituent manufacture are discovered in the course of the guaranty time period for it, regardless of the expiration of the guaranty time period for the basic manufacture.

With respect to the goods for which a suitable time period is established, the buyer shall have the right to present claims connected with defects in the goods if the defects are discovered during the course of the suitability time period of the goods.

If the defects of the goods were discovered by the buyer after the expiration of the guaranty time period or the suitability time period, the seller shall bear liability if the buyer proves that the

defects in the goods arose before the transfer of the goods to the buyer
or due to causes that arose before that time.

Article 411. Completeness of the goods

The seller has the duty to transfer to the buyer goods
corresponding to the terms of the contract of purchase and sale on
completeness.

In the case when the contract of purchase and sale does not
define the completeness of the goods, the seller has the duty to
transfer to the buyer the goods whose completeness is determined by the
customs of commence or other usually made requirements.

Article 412. Complete unit of goods

If the contract of purchase and sale provides for the duty of the
seller to transfer to the buyer a certain selection of goods in a
complete unit (a complete unit of goods), the obligation shall be
considered performed from the time of transfer of all the goods included
in the complete unit.

Unless otherwise provided by the contract of purchase and sale or
follows from the nature of the obligation, the seller has the duty to
transfer to the buyer all the goods included in the complete unit at the
same time.

Article 413. Consequences of the transfer
of incomplete goods

In case of transfer of incomplete goods the buyer shall have the
right at his choice to demand from the seller:

a proportionate reduction of the purchase price;

completing the goods within a reasonable period of time.

If the seller, within a reasonable period of time, has not
fulfilled the demand of the buyer for completing the goods, the buyer
shall have the right at his choice:

to demand the replacement of the incomplete goods by complete
goods;

to refuse to perform the contract of purchase and sale and to
demand the return of the monetary sum paid, and also compensation of

losses.

The consequences provided by Paragraphs 1 and 2 of the present Article shall be applied also in the case of breach by the seller of the duty to transfer to the buyer a complete unit of goods unless otherwise provided by the contract of purchase and sale and follows from the nature of the obligation.

Article 414. Container and packing

Unless otherwise provided by contract of purchase and sale or follows from the nature of the obligation, the seller has the duty to transfer the goods to the buyer in a container and /or packing with the exception of goods that by their nature do not require containerizing and/or packaging.

If the contract of purchase and sale does not define requirements for a container and packing, then the goods must be containerized and/or packaged by the usual manner for such goods and in the absence thereof, in a manner ensuring the safekeeping of the goods of such a type under the usual circumstances of storage and transport.

If, by a procedure established by a Law, obligatory requirements are provided for the container and /or the packing, then a seller conducting entrepreneurial activity has the duty to transfer the goods to the buyer in a container and/or packing corresponding to these requirements.

Article 415. Consequences of transfer of the goods without a container and/or packaging or in an improper container and/or packaging

In cases when the goods requiring a container and /or packaging are transferred to the buyer without a container and/or packaging or in an improper container and /or packaging, the buyer shall have the right to demand that the seller containerize and/or package the goods or that the seller replace the improper container and/or packaging, unless otherwise follows from the contract on purchase and sale, the nature of

the obligation or the character of the goods. Instead of making the claims to the seller, the buyer shall have the right to make claims to him based upon the transfer of goods of improper quality provided by Article 434 of the present Code.

Article 416. Notification of the seller of improper performance of the contract of purchase and sale

The buyer has the duty to notify the seller of breach of the terms of the contract of purchase and sale on quantity, assortment, quality, completeness, container and/or packaging of the goods within the period of time provided by legislation or the contract or, if such a period of time has not been established- within a reasonable period of time after the breach of the respective term of the contract should have been discovered, proceeding from the character and designation of the goods.

In case of nonobservance of obligation by the buyer stated in Paragraph 1 of the present Article, the seller shall have the right to refuse in full or in part to satisfy the respective demands of the buyer, if he proves that it led the impossibility of satisfying his demands or entailed for the seller disproportionate expenses by comparison with those that he would have borne if he had been timely notified of the breach of the contract.

If the seller knew or should have known that the goods transferred to the buyer did not correspond to the terms of the contract of purchase and sale, he shall not have the right to rely upon nonperformance an obligation by the buyer provided by Paragraph 1 of the present Article.

Article 417. The duty of the buyer to accept the goods

The buyer has the duty to accept the goods transferred to him by the seller, with the exception of cases when he has the right to demand replacement of the goods or to refuse to perform the contract of purchase and sale.

Unless otherwise provided by legislation or the contract of purchase and sale, the buyer has the duty to take the actions that, in accordance with usually made requirements, are necessary on his part for securing the transfer and the receipt of the respective goods.

In cases when the buyer, in violation of legislation or the contract of purchase and sale does not accept or refuse to accept the goods, the seller shall have the right to refuse from performing the contract and to demand the compensation of losses.

Article 418. The price of the goods

The buyer has the duty to pay for the goods at the price determined in accordance with Article 356 of the present Code, and also to take at his expense the actions that, in accordance with legislation, the contract of purchase and sale or usually made requirements, are necessary for making payment.

When the price is established depending upon the weight of the goods, it shall be determined according to the net weight, unless otherwise provided by the contract of purchase and sale.

If the contract of purchase and sale provides that the price of the goods is subject to change depending upon factors conditioning the price of the goods (cost of production, expenditures, etc.), but does not define a method for reconsidering the price, the price shall be determined on the basis of the relationship of these factors at the time of conducting the contract and at the time of transfer of the goods. In case of delay by the seller in performance of the duty to transfer the goods, the price shall be determined on this basis of the relationship of these factors at the time of concluding the contract and at the time of transfer of the goods provided by the contract, or if the time of transfer the goods is not provided by the contract - at the time determined in accordance with Article 242 of the present Code.

The rules provided by Paragraph 3 of the present Article shall be applied unless otherwise established by legislation or the contract of

purchase and sale and follows from the nature of the obligation.

Article 419. Payment of the goods

If the duty to pay for the goods at defined time period does not follow from legislation or the terms of the contract of purchase and sale, the buyer has the duty to pay for it immediately after the transfer the goods to him by the seller or documents of title for these goods.

If the contract of purchase and sale does not provide for installment payment for goods, the buyer has the duty to pay the seller in full the price of the goods transferred.

If the buyer does not make timely payment for goods transferred in accordance with the contract of purchase and sale, the seller shall have the right to demand payment for the goods and payment of interest for use of another's monetary resources.

If the buyer, in breach of the contract of purchase and sale, refuses to accept and pay for the goods, the seller shall have the right at his choice to demand payment for the goods or to refuse to perform the contract.

In cases when the seller, in accordance with the contract of purchase and sale has the duty to transfer to the buyer, in addition to the goods not paid for by the buyer, and also other goods, the seller shall have the right to suspend transfer of these goods until full payment for all earlier transferred goods, unless otherwise provided by legislation or the contract.

Article 420. Advance payment for the goods

In cases when the contract of purchase and sale provides a duty upon the buyer to pay for the goods in full or in part before transfer by the seller of the goods (advance payment), the buyer must make payment within the period of time provided by the contract, or if such period of time is not provided by the contract, then within the period of time determined in accordance with Article 242 of the present Code.

In case of nonperformance a duty to pay for the goods in advance

by the buyer provided by the contract of purchase and sale, the rules
provided by Article 256 of the present Code shall be applied.

In cases when the seller who has received a sum of advance
payment does not perform his duties for the transfer of the goods,
the buyer shall have the right to demand the transfer of the goods paid
for or the return of the sum of advance payment for goods not transferred
by the seller.

In cases when the seller does not fulfill his duty for the
transfer of the goods paid for in advance and the contract of purchase
and sale does not provide otherwise, interest must be paid on the sum of
the advance payment, in accordance with Article 327 of the present Code,
from the day when, under the contract, the transfer of goods was to be
made until the day of transfer of the goods to the buyer or the return
to him of the sum paid in advance. The contract may provide for a duty
of the seller to pay interest on the sum of the advance payment from the
day of receipt of this sum from the buyer.

Article 421. Payment for the goods sold on credit

In the case when the contract of purchase and sale provides for
payment for the goods after a determined time following their transfer
to the buyer (sale of goods on credit), the buyer must make payment
within the time period provided by the contract or, if such a time period
is not provided by the contract, within the time period determined in
accordance with Article 242 of the present Code.

In case of nonperformance by the seller of the duty of the
transfer of the goods, the rules provided by Article 256 of the present
Code shall be applied.

In the case when the buyer who has received the goods does not
perform the duty of payment for them by the time established by the
contract of purchase and sale, the seller shall have the right to demand
payment for the goods transferred or the return of unpaid goods.

In the case when the buyer does not perform the duty of payment

within the time period established by the contract for the goods transferred, unless it is otherwise provided by the present Code or the contract of purchase and sale, interest must be paid on the overdue sum in accordance with Article 327 of the present Code from the day when under the contract the goods were to be paid for, until the day of payment for the goods by the buyer.

The contract of purchase and sale may be provided for a duty of the buyer to pay interest on a sum corresponding to the price of the goods, starting from the day of transfer of the goods by the seller.

The sale of the goods on credit shall be made by prices acting at the day of selling, unless otherwise provided by legislation or the contract.

From the time of transfer of the goods to the buyer and until full payment thereof, the goods sold on credit are recognized as being in pledge with the seller to secure the performance by the buyer of his duty to pay for the goods.

Article 422. Installment payment for the goods

A contract for the sale of goods on credit may provide for installment payment for the goods.

A contract for the sale of goods on credit with a term on installment payment shall be considered to have been concluded if in it, along with other essential terms of a contract of purchase and sale are indicated the price of the goods, the procedure, the time periods, and the amounts of payments.

When the buyer does not make, within the time period established by the contract, the next payment for the goods sold with installment payment and transferred to him, the seller shall have the right to refuse to perform of the contract and to demand return of the goods sold, with exception of cases when the sum of payment received from the buyer is greater than 2/3 of the price of the goods, unless otherwise provided by the contract.

Article 423. Insurance of the goods

If the contract may provide for a duty of the buyer or the seller to insure the goods but in this case the terms of insurance and minimal sum of insurance were not determined, the sum for insurance compensation provided by the contract on insurance may not be less the price of the goods.

In cases when a party with a duty to insure the goods does not arrange insurance in accordance with the terms of the contract, the other party shall have the right to insure the goods and to demand from the party with the duty compensation for the expenses for insurance or to refuse to perform the contract.

Article 424. Retention of right of ownership by the seller

In case when the contract of purchase and sale provides that the right of ownership to the goods transferred to buyer is retained by the seller until payment for the goods or the occurrence of other circumstances, the buyer does not have the right, before the passage to him of the right of ownership, to alienate the goods or to dispose of them in another manner, unless otherwise provided by a Law or the contract or follows from the designation and characteristics of the goods.

In case when, in the time periods provided by the contract, the goods transferred have not been paid for and other circumstances under which the right of ownership passes to the buyer have not occurred, the seller shall have the right to demand from the buyer the return to him of the goods, unless otherwise provided by the contract.

§ 2. Retail purchase and sale

Article 425. The contract of retail purchase and sale

Under a contract of retail purchase and sale, a seller conducting entrepreneurial activity has the duty to transfer to the buyer the goods meant for personal, home or other use not connected with entrepreneurial activity.

The contract of retail purchase and sale is a public contract.

Article 426. Public offer of goods

A proposal of goods containing all the essential terms of a contract of retail purchase and sale indicated in their advertising of the goods, catalogs, and also descriptions of goods directed to an indeterminate group of people is considered to be a public offer (Paragraph 1 of Article 369 of the present Code).

Exhibiting of goods, demonstration of their samples or presentation of information on goods sold (descriptions, catalogs, photographs, and etc.) at the place of their sale is considered a public offer regardless of whether prices and other essential terms of the contract of retail purchase and sale are indicated, with the exception of cases when the seller has clearly defined that the respective goods are not meant for sale.

Article 427. Giving the buyer information on the goods

The seller has the duty to give the buyer necessary and accurate information on the goods proposed for sale, corresponding to the requirements established by legislation or the usual requirements made in retail trade as to the content and methods providing such information.

The buyer shall have the right before the conducting of the contract of retail purchase and sale to inspect the goods, to demand the conduct in his presence of checking of the qualities or a demonstration of the use of the goods if this is not excluded in view of the character of the goods and does not contradict the rules applied in retail trade.

If the buyer is not given the possibility of immediately receiving at the place of sale the information about the goods indicated in Paragraphs 1 and 2 of the present Article, he shall have the right to demand from the seller compensation for the losses caused by unjustified refusal to make a contract of retail purchase and sale and, if a contract has been made, within a reasonable period of time to refuse to

perform the contract, to demand the return of the sum paid for the goods and compensation for other losses.

A seller who has not given the buyer the possibility of receiving the appropriate information about the goods shall bear liability also for those defects in the goods arising after transfer to the buyer with respect to which the buyer proves that they arose in connection with his lack of such information.

Article 428. Sale of goods with a condition of their acceptance by the buyer within a defined period of time

A contract of retail purchase and sale may be concluded with a condition of acceptance of the goods by the buyer within a time period determined by the contract, during which the goods may not be sold to another buyer.

Unless otherwise provided by the contract of retail purchase and sale, failure of the buyer to appear or his failure to take other necessary actions for accepting the goods within the time period defined by the contract may be considered by the seller as a refusal by the buyer to perform the contract.

Supplementary expenses of the seller for ensuring the transfer of the goods to the buyer within the time period defined by the contract of retail purchase and sale are included in the price of the goods, unless otherwise provided by legislation or the contract.

Article 429. Sale of goods by samples

The parties may conclude the contract of retail purchase and sale by samples (or their description, a catalog and etc.).

Performance of the contract on sale of the goods by sample shall be conducted in accordance with the rules of Article 431 of the present Code.

The buyer, until the transfer of the goods, shall have the rights to refuse to perform the contract of retail purchase and sale on the condition of compensation to the seller for necessary expenses borne in connection with taking actions for the performance of the contract.

Article 430. Sale of goods with the use of vending machines

In cases when a sale of goods is made with the use of vending machines, the possessor of the vending machines has the duty to provide information to the buyer about the seller of the goods by means of placing on the vending machine or providing the buyer in another manner with information on the name (or firm name) of the seller, the place of his location, his hours of work, and also on the actions that are necessary for the buyer to take to received the goods.

A contract of retail purchase and sale with the use of vending machines shall be considered concluded from the time the buyer has taken the actions necessary for receiving the goods.

If the buyer is not provided with the goods paid for, the seller has the duty to immediately provide the goods to the buyer or return the sum paid by him.

In cases when the vending machine is used for making change, acquiring of tokens of payment, or foreign currency exchange, the rules on retail purchase and sale shall be applied unless otherwise follows from the nature of the obligation.

Article 431. Sale of goods with a condition on the delivery of the goods to the buyer

In cases when the contract of retail purchase and sale is concluded with a term on the delivery of the goods to the buyer, the seller has the duty within the time period established by the contract, to deliver the goods to the place indicated by the buyer and, if the place of delivery of the goods is not indicated by the buyer - to the place of residence of a citizen or the place of location of a legal entity that is the buyer.

The contract of retail purchase and sale shall be considered performed from the time of handing the goods over to the buyer or, in his absence, to any person presenting a receipt or other document, evidencing the concluding of the contract or the formalization of the

delivery of the goods, unless otherwise provided by legislation, the contract or otherwise follows from the nature of the obligation.

In cases when the contract of retail purchase and sale has not defined the time period of delivery of the goods for handing them over to the buyer, the goods must be delivered within a reasonable period of time after the receipt of a request from the buyer.

Article 432. The price of and payment for the goods

The buyer has the duty to pay for the goods at the price stated by the seller at the time of concluding the contract of retail purchase and sale, unless otherwise provided by legislation or otherwise follows from the nature of the obligation.

In cases when the contract of retail purchase and sale provides for advance payment for the goods, failure of the buyer to pay for the goods in the time period established by the contract is considered to be a refusal by the buyer to perform the contract, unless otherwise provided by agreement of the parties.

The rules provided by the Paragraphs 4 and 5 of Article 421 of the present Code do not apply to contracts of retail purchase and sale of goods on credit, including those with a condition of installment payment by the buyer for the goods.

The buyer shall have the right to pay for the goods in full at any time within the limits of the time period established by the contract for installment payment for the goods.

Article 433. Exchange of goods of improper quality

The buyer shall have the right, within ten days from the time of transfer to him of non- food goods, unless a longer time period has been declared by the seller, to exchange the goods bought of proper quality, at the place of purchase or other places declared by the seller, for analogous goods of a different size, form, overall dimensions, fashion, color, makeup, etc., making in case of difference in price the necessary re-accounting with the seller.

If the seller lacks the goods necessary for change, the buyer

shall have the right to return the goods acquired to the seller and to receive the money paid for them.

A demand by the buyer for exchange or return of the goods must be satisfied if the goods were not used, their consumer characteristics were preserved, and there is proof that he acquired them from the given seller.

The list of goods which are not subject to exchange or return on the bases stated in the present Article shall be determined by the procedure established by legislation.

Article 434. Rights of the buyer in case of sale to him of the goods of improper quality

A buyer, to whom the goods of improper quality have been sold, if their defects were not stipulated during concluding the contract, shall have the right at his choice to demand:

replacement with goods of the proper quality of similar brand (model, marking of goods);

replacement with the same goods of another brand (model, marking of goods) with corresponding re-accounting of purchase price;

uncompensated elimination of the defects in the goods or compensation for expenses for elimination of the defects by the buyer or a third person;

proportional reduction of the purchase price;

recession from a contract with compensation of losses caused.

In case of return to the buyer of the monetary sum paid for the goods, the seller shall not have the right to withhold from it the sum by which the value of the goods have been reduced from full or partial use of the goods, loss of their form as goods, or other like circumstances.

Article 435. Compensation for the difference in price in case of replacement of goods, reduction of the purchase price, and return of goods of improper quality

In case of replacement of the goods of improper quality with respective goods of proper quality, the seller shall not have the right to demand compensation for the difference between the price of the goods

established by the contract of retail purchase and sale and the price of the goods existing at the time of replacement of the goods or the making by a court of a decision on the replacement of the goods.

In case of replacement of the defective goods with analogous goods of proper quality but differing in size, fashion, quality or other characteristics, the difference between the price of the goods to be replaced at the time of the replacement and the price of the goods given in replacement for the goods of improper quality is subject to compensation. If the demand of the buyer is not fulfilled by the seller, these prices shall be determined at the time of making of a court decision on the replacement of the goods.

In case of the making of a demand for the proportional reduction of the purchase price for goods, the price of the goods at the time of making the demand for reprising shall be used for the calculation and, if the demand of the buyer is not voluntarily satisfied, the price at the time of the making by a court of a decision on the proportional reduction of price shall be used.

In case of the return of the goods of improper quality to the seller, the buyer shall have the right to demand compensation for the difference between the price of the goods established by the contract of retail purchase and sale and the price of the respective goods at the time of the voluntary satisfaction of his demand or if the demand is not satisfied voluntarily - at the time of making by a court of the decision.

Article 436. Liability of the seller and performance of the obligation in kind

In case of nonperformance by the seller of an obligation under a contract of retail purchase and sale, compensation for losses and payment of a penalty shall not free the seller from performance of the obligation in kind.

§ 3. Supply of goods

Article 437. The contract of supply

Under the contract of supply, a seller- supplier conducting entrepreneurial activity has the duty to transfer within an agreed time period or periods, goods manufactured or purchased by him to the buyer for use in entrepreneurial activity or for other purposes not connected with personal, family, home, or other like use.

Article 438. The period of validity of the contract of supply

The contract of supply may be concluded for a year, for time period more than a year (period contract) or other time period provided by agreement of parties.

If the time period of validity is not determined by the contract, the contract is considered concluded for a year.

If a number of the goods subject to supply in the period contract or other terms of the contract are determined for a year or for more long time period, the procedure of agreement on these terms by the parties must be established in the contract for the following time periods till the finish of the time validity. In the absence of such procedure in the contract, the contact is recognized concluded accordingly for a year or for the period time which has been agreed.

In case of refusal or avoidance by one of the party of the period contract from agreement of a number of the goods subject to supply or other terms of the contract for the following time periods established by the procedure of the contract, the other party shall have the right to apply to a court with the claim on determining terms of supply of the goods for the respective periods or recession of the contract.

Article 439. Settlement of disagreements upon the concluding of the contract of supply

In the case when the offer of one of the party to conclude the contract of supply of the goods is sent in the form of the draft of the contract to another party, which has agreed to make the contract on other terms, not later than thirty days after receipt of the draft of the contract, shall make minutes on disagreement and return the contract

with signature, the party receiving the minutes on disagreement shall have the duty within thirty days to take measures (in case of impossibility jointly with other party) for agreement on the terms of the contract or to inform the other party in writing of his refusal to make contract.

A party that has received the minutes on disagreement on the terms of the contract of supply but has not taken measures for agreement on the terms of the contract and has not informed the other party of refusal to make the contract within the time period provided by Paragraph 1 of the present Article, has the duty to compensate for the losses caused by refusal to agree on terms of the contract.

Article 440. Periods of supply of the goods

If the parties have provided for the supply of the goods in separate installments during the time period of effectiveness of the contract of supply and the time periods of supply of separate installments (periods of supply) are not defined in it, then the goods must be supplied in equal installments monthly, unless otherwise follows from legislation, the nature of the obligation, or the customs of commence.

Along with the determination of the periods of supply, the contract of supply may establish the schedule of supply of the goods (ten-day, daily, hourly, etc.).

Early supply of the goods may be made with the consent of the buyer. The goods supplied early and accepted by the buyer shall be counted against the quantity of the goods subject to supply in the following period.

Article 441. Procedure for supply of the goods

The supply of the goods shall be made by the supplier by shipping (or transferring) the goods to the buyer under the contract or to the person indicated in the contract as a recipient.

In the case when the contract of supply provides for the right of

the buyer to give the supplier instructions on the shipment (or transfer) of the goods to recipients (drop shipment orders), the shipment (or transfer) of the goods shall be made by the supplier to the recipients indicated in the drop shipment order.

The content of the drop shipment order and the time period for sending it by the buyer to the supplier shall be defined by the contract. If the time period for sending the drop shipment order is not provided in the contract, it must be sent to the supplier not later than thirty days before the start of the time period of supply.

Failure by the buyer to present a drop shipment order within the established time period gives the supplier the right either to refuse to perform the contract of supply or to demand payment for the goods from the buyer. In addition, the supplier shall have the right to demand compensation for the losses caused in connection with failure to present the drop shipment order.

Article 442. Delivery of the goods

Delivery of the goods shall be made by the supplier by shipping them on the means of transport provided by the contract of supply and on the terms determined in the contract.

If it is not defined in the contract of supply with what type of transport or on what terms delivery is to be made, the right of selection of means of transport or determination of terms of delivery of the goods belongs to the supplier, unless otherwise follows from legislation, the nature of the obligation, or the customs of commerce.

Article 443. Making up shortages in the supply of the goods

A supplier who has supplied a short quantity of the goods in an individual period of supply has the duty to make up the shortage in quantity of the goods in the later period (or periods) within the limits of the time period of effectiveness of the contract of supply, unless otherwise provided by the contract.

Under the period contract quantity of the goods which has not

supplied by the supplier in an individual period of supply, shall be subject to compensate in the later period (periods) within the limits of that year in which the shortage in the goods has been made, unless otherwise provided by the contract of supply.

In the case when the goods are shipped by the supplier to several recipients indicated in the contract of supply or in a drop shipment order from the buyer, the goods sent to one recipient above the quantity indicated in the contract or the drop shipment order are not counted in coverage of the short supply to other recipients, unless otherwise provided by the contract.

Article 444. Refusal of acceptance of the goods whose supply is delayed

The buyer shall have the right, having notified the supplier, to refuse to accept of the goods, whose supply is delayed, unless the contract of supply provides otherwise. The buyer has the duty to accept and pay the goods supplied before receipt by the supplier of the notice.

Article 445. Assortment of the goods in case of make up of short supply

The assortment of the goods, short supply of which is to be made up, shall be determined by agreement of the parties. In case of the absence of such an agreement, the supplier shall have the duty to make up the short quantity of the goods in the assortment established for the period in which the storage occurred.

The supply of the goods of one type in larger quantity than provided by the contract of supply shall not be counted in covering a shortage in supply of the goods of another type included in the same assortment and is subject to makeup, except for cases when such a supply is done with the prior written consent of the buyer.

Article 446. Acceptance of the goods by the buyer

The buyer (or recipient) has the duty to take all necessary

actions to ensure the acceptance of the goods supplied in accordance with the contract of supply.

The goods accepted by the buyer (or recipient) must be inspected by him within the time period determined by legislation, the contract of supply, or customs of commerce.

The buyer (or recipient) has the duty, in this same time period, to check the quantity and quality of the goods accepted by the procedure established by legislation, the contract of supply, or customs of commerce, and to immediately notify the supplier in writing of discovered discrepancies or defects in the goods.

In case of receipt from a transport organization of the goods supplied, the buyer (or recipient) has the duty to check the correspondence of the goods with the information contained in the transport and accompanying documents and also to accept these goods from the transport organization with observation of the rules provided.

Article 447. Responsible storage of the goods not accepted by the buyer

When the buyer (or recipient) in accordance with legislation or the contract of supply refuses goods transferred by the supplier, he has the duty to ensure the safekeeping of these goods (responsible storage) and to notify the supplier immediately.

The supplier has the duty to take away the goods accepted by the buyer (or recipient) for responsible storage or to dispose of them within a reasonable period of time. If the supplier does not dispose of the goods within this time period, the buyer shall have the right to sell the goods or to return them to the supplier.

The necessary expenses borne by the buyer in connection with the acceptance of the goods for responsible storage, the sale of the goods, or their return to the seller are subject to compensation by the supplier. In such a case, the proceeds from the sale of the goods art transferred to the supplier less the amount due to the buyer.

In cases when the buyer without bases established by legislation

or the contract does not accept the goods from the supplier or refuses to accept them, the supplier shall have the right to demand payment for the goods from the buyer.

Article 448. Pickup of goods

If the contract of supply provides for pickup of the goods by the buyer (or recipient) at the place of location of the supplier, the buyer (or recipient) must conduct the inspection of the goods transferred at the place of their transfer. In case of reveal of non- correspondence of the goods with the contract, he shall have the right to refuse from their receipt.

Failure by the buyer (or recipient) to pick up the goods within the time period established by the contract of supply or, in the absence of such time period, within a reasonable period of time after the receipt of the notice from the supplier of the readiness of the goods, shall give the supplier the right to refuse to perform the contract or to demand payment for the goods from the buyer.

Article 449. Settlements for the goods supplied

The buyer shall pay for the goods supplied, observing the procedure and form of settlements provided by the contract of supply. If the procedure and form of settlements is not determined by the agreement of the parties, then settlements shall be made by payment orders.

In the case when the contract of supply provides for supply of the goods in separate parts that make up a complete unit, then payment for the goods by the buyer shall be made after shipment (or pickup) of the last part of the complete unit, unless otherwise established by the contract.

If the contract of supply provides that payment for the goods is to be made by the recipient (or payor) and the latter with no bases refuses to pay or fails to pay for the goods within the time period provided by the contract, the supplier shall have the right to demand payment from the buyer for the goods supplied.

Article 450. Return container and packaging

Unless otherwise established by the contract of supply, the buyer (or recipient) has the duty to return to the supplier multiple-use containers and packaging materials in which the goods arrived by the procedure and within the time periods provided by legislation.

Other containers and also packaging for the goods are subject to return to the supplier only in cases provided by the contract.

Article 451. Consequences of supply of the goods of improper quality

The buyer (or recipient) to whom the goods of improper quality are supplied shall have the right to make against the supplier the claims provided by Article 434 of the present Code, with the exception of the case when a supplier who has received notice from the buyer on defects in the goods supplied, without delay replaces the goods that were supplied with the goods of proper quality.

The buyer (or recipient) conducting the retail sale of the goods supplied to him shall have the right, within a reasonable period of time, to demand replacement of the goods of improper quality returned by a consumer, unless otherwise provided by the contract of supply.

Article 452. Consequences of the supply of incomplete goods

The buyer (or recipient) to whom the goods are supplied in violation of the terms of the contract of supply, the requirements of legislation or usually made requirements of completeness, shall have the right to make to the supplier the demands provided by Article 413 of the present Code, with the exception of the case when a supplier who has received notice from the buyer on the incompleteness of the goods supplied without delay completes the goods or replaces them with complete goods.

The buyer (or recipient) conducting the retail sale of the goods shall have the right, within a reasonable period of time, to demand replacement of incomplete goods returned by a consumer with complete

ones, unless otherwise provided by the contract of supply.

Article 453. The rights of the buyer in case of failure to supply all the goods, failure to satisfy demands for elimination of defects of the goods or for completing the goods

If the supplier has not supplied the quantity of goods provided by the contract or has not fulfilled the demands of the buyer (or recipient) for replacement of defective goods or for completing the goods within the established time period, the buyer shall have the right to acquire the unsupplied goods from other persons and place all necessary and reasonable expenses for acquiring them upon the supplier.

The calculation of the expenses of the buyer for acquiring the goods from other persons in case of their short supply by the supplier or of non-fulfillment by the supplier of demands of the buyer for elimination of defects of the goods or for completing the goods shall be made according to the rules provided by Paragraph 1 of Article 456 of the present Code.

The buyer (or recipient) shall have the right to refuse to pay for the goods of improper quality and incomplete goods and if such goods have been paid for, to demand the return of the sums paid until the elimination of the defects and the completion of the goods or their replacement.

Article 454. Penalty for short supply of the goods

A penalty established by Law or the contract of supply for short supply or late supply of the goods shall be recovered from the supplier until the actual fulfillment of the obligation within the limits of the period time of effectiveness of the contract, unless another procedure of recovery of the penalty is established by a Law or the contract.

Article 455. Unilateral refusal to perform the contract of supply

Unilateral refusal to perform a contract of supply (in whole or in part) is allowed in case of substantial breach of the contract by one

of the parties.

Breach of the contract of supply by the supplier may be recognized substantial in cases:

of supply of goods of improper quality with defects that cannot be eliminated within a time period acceptable to the buyer;

of repeated breach of the time periods for supply of goods.

Breach of the contract of supply by the buyer may be recognized to be substantial in cases:

of repeated breach of the time periods for payment for goods;

of repeated failure to pick up goods.

An agreement of the parties may consider other bases of unilateral refusal to perform the contract of supply or its unilateral change.

The contract of supply shall be considered or rescinded from the time of receipt by one party of notice by the other party of unilateral refusal to perform the contract in whole or in part, unless another time period for rescission or change of the contract is provided in the notice or is determined by agreement of the parties.

Article 456. Calculation of losses on rescission of the contract

If, within a reasonable period of time after rescission of a contract as the result of beach of an obligation by the seller, the buyer has bought goods from another person at a higher, but reasonable price in place of those provided by the contract, the buyer may present to the seller a demand for compensation for losses in the form of the difference between the price established in the contract and the price of the transaction made in substitution.

If, within a reasonable period of time after rescission of a contract as the result of beach of an obligation by the buyer, the seller has sold the goods to another person at a price that is reasonable but lower than the one provided in the contract, the seller may present to the buyer a demand for compensation for losses in the form of the difference between the price established in the contract and the price of the transaction made in substitution.

If, after rescission of a contract, no transaction has been made in substitution for the rescinded contract on the bases provided by Paragraph 1 and 2 of the present Article and there is a current price for the given goods, a party may make a demand for compensation of losses in the form of the difference between the price established in the contract and the current price at the time of rescission of the contract.

The current price is the price usually charged under comparable circumstances for analogous goods in the place where transfer of the goods was to take place. If there is no current price in this place, the current price used in another place may be used that can serve as a reasonable substitute, taking into account the difference in expenses for transportation of the goods.

Satisfaction of the demands provided by the present Article shall not be free the party that has not performed or has performed an obligation in an improper manner from compensating for other losses caused to the other party on the basis of Article 14 of the present Code.

§ 4. State contract for the supply of goods

Article 457. Supply of goods for state needs

The supply of goods for state needs shall be conducted on the basis of the state contract for the supply of goods for state needs and also of the contracts of supply of goods for the state needs concluded in accordance with it. State needs are needs of the Republic of Uzbekistan defined by the procedure provided by legislation and financed by budgetary and off - budget sources of financing.

The rules on the contract of supply provided by Articles 437-456 of the present Code shall be applied to relations for the supply of goods for state needs. Other legislation on the supply of goods for state needs shall be applied to relations which are not regulated by the present Code.

Article 458. The state contract for the supply of goods for state needs

Under a state contract for the supply of goods for state needs (hereinafter - state contract), the supplier (performer) has the duty to transfer the goods to the state customs at the stipulated time of period or, at his direction on the base of the contract of supply to another person, and state customer has the duty to ensure payment for the goods supplied at established periods.

Article 459. Bases for concluding the state contract

The state contract shall be concluded on the basis of an order of a state customer for the supply of goods for state needs that has been accepted by the supplier (performer).

For a state customer that has placed an order accepted by a supplier (performer), concluding of the state contract is obligatory.

Concluding of the state contract is obligatory for the supplier (performer) only in the cases established by legislation and on the condition that the state customer will compensate for all losses that might be caused to the supplier (performer) in connection with performance of the state contract.

The condition on compensation for losses provided by Paragraph 3 of the present Article shall not be applied with respect to a treasury enterprise.

If an order for supply of goods for state needs is placed by a competition, the concluding of the state contract with the supplier (performer) declared the winner in the competition shall be obligatory for the state customer.

Article 460. The procedure for making the state contract

A draft of the state contract shall be prepared by the state customer and sent to the supplier (performer) unless otherwise provided by agreement between them.

A party that has received a draft of the state contract, not later than thirty days thereafter, shall sign it and return one copy of the state contract to the other party and, in case of disagreements on

terms of the state contract, within the same time period shall complete a list of disagreements and send it together with the signed state contract to the other party or notify the other party of refusal to conclude the state contract.

A party that has received the state contract with a list of disagreements must, within thirty days, consider the disagreements, take measures for agreeing on them with the other party and notify it of the acceptance of the state contract in the other party's version or of rejection of the list of disagreements. In case of expiration of this time period, all unregulated disagreements may be submitted by interested party, not later than within thirty days, for consideration by a court.

In the case when the state contract is concluded on the results of a competition for the placement of an order for the supply of goods for state needs, the state contract must be concluded not later than twenty days from the date of conduct of the competition.

If the party for whom the conclusion of a state contract is obligatory declines to conclude it, the other party shall have the right to apply court with a demand to compel this party to conclude the state contract.

Article 461. Performance of the state contract

In the case when, in accordance with the terms of a state contract, the supply of goods is to be made directly to the state customer or on the direction thereof (drop shipment order) to another person (recipient), the relations of the parties for the performance of the state contract shall be regulated by the rules provided by Articles 437-456 of the present Code.

If, a state contract provides that the supply of goods is made by the supplier (performer) to buyers under contracts for supply of goods for state needs specified by the state customer, the state customer, not later than thirty days from the day of signing of the state contract shall send a notification of the attachment of the buyer to the supplier

(performer) to the supplier- performer and buyer.

The notification of the attachment of the buyer to the supplier-performer shall be the basis for concluding of a contract of the supply of goods for state needs.

In the case when the supply of the goods for state needs is made to the recipient indicated in drop shipment orders, payment for the goods shall be made by the state customer unless another procedure is provided by the state contract.

In case of supply of goods to buyers under contracts of supply of goods for state needs, payment for the goods shall be made by the buyers at the prices determined in accordance with the state contract, unless another procedure determining prices and settlements is provided by the state contract.

In case of payment by the buyer for goods under a contract of supply of goods for state needs, the state customer shall be a surety for this obligation of the buyer.

Article 462. Concluding of the contract of supply of goods for state needs

The supplier (performer) has the duty to send a draft of a contract of supply of goods for state needs to the buyer indicated in the notification of the attachment not later than thirty days from the day of receipt of the notification from the state customer, unless another procedure for preparing the draft contract is provided by the state contract or the draft contract is presented by the buyer.

The party that has received the draft contract of supply of goods for state needs, not later than within thirty days, shall sign it and return one copy to the other party, if there are disagreements on the terms of the contract within the same time period shall compile a list of disagreements and send it together with the signed contract to the other party.

A party that has received a contract of supply of goods for state needs with a list of disagreements must, within thirty days, consider

the disagreements, take measures to agree on the terms of the contract with other party and notify it of the acceptance of the contract in its version or of rejection of the list of disagreements. Unregulated disagreements within thirty days may be transferred by an interested party for consideration by a court.

If the supplier (performer) refuses to conclude a contract of supply of goods for state needs, the buyer shall have the right to apply to court with a demand to compel the supplier (performer) to conclude the contract on the terms of the draft contract prepared by the buyer.

Article 463. Refusal of the buyer to conclude the contract of supply of goods for state needs

The buyer shall have the right to refuse in whole or in part the goods indicated in the notification of attachment and to refuse the making of a contract for their supply. In this case the supplier (performer) must immediately notify the state customer and shall have the right to demand from the state customer the issuance of a notification of attachment to another buyer.

The state customer, not later than thirty days from the day of receipt of notice from the supplier (performer) or must either issue a notification of attachment to the supplier (performer) of another buyer or send the supplier (performer) a drop shipment order with an indication of the recipient of the goods or communicate its consent to accept and pay for the goods.

In case the state customer fails to perform the duties provided by Paragraph 2 of the present Article, the supplier (performer) shall have the right either to demand that the state customer accept and pay for the goods, or to vend the goods at his discretion and put the reasonable expenses connected with their vending upon the state customer.

Article 464. Compensation for the losses caused in connection with the fulfillment or rescission of the state contract

Unless otherwise provided by legislation on the supply of goods for state needs or by the state contract, losses caused to the supplier (performer) in connection with the fulfillment of a state contract (Paragraph 3 of Article 459 of the present Code) shall be subject to compensation by the state customer not later than thirty days from the day of transfer of the goods in accordance with the state contract.

In the case when losses caused to the supplier (performer) in connection with the fulfillment of the state contract are not compensated in accordance with the state contract, the supplier (performer) shall have the right to refuse to perform the state contract and to demand compensation for the losses caused by the rescission of the state contract.

Upon rescission of a state contract on the bases indicated in Paragraph 2 of the present Article, the supplier shall have the right to refuse to perform the contact of supply of goods for state needs. Losses caused to the buyer by such a refusal by the supplier shall be compensated by the state customer.

§ 5. Procurement

Article 465. The contract of procurement

Under a contract of procurement, a producer of agricultural products has the duty, in time periods stipulated, to transfer grown (or produced) agricultural products to the procurer - the person conducting the procurement of such products for processing or sale, and the procurer has the duty to accept this product, to pay (to reimburse) for it in time periods stipulated by the defined price.

The rules on the contract of supply and, in the respective cases, on the state contract of supply of goods for state needs shall be applied to the contract of procurement unless otherwise established by the present Code or follows from the nature of the obligation.

Article 466. Obligations of the procedure of agricultural products

The producer of agricultural products has the duty to transfer to the procurer grown (or produced) agricultural products in the quantity and assortment provided by the contract of procurement.

If it becomes certainly known, that as the result of nonperformance of obligation by the producer of products indicated in Paragraph 1 of the present Article, the agricultural products may not be received in the quantity and assortment provided by the contract of procurement, the procurer has the duty to demand rescission and changing the contract and compensation for losses.

Article 467. The obligations of the procurer

The producer has the duty to accept agricultural products from the producer at the place of their location and to ensure their removal unless otherwise provided by the contract of procurement.

In the case when the acceptance of agricultural products is made at the place of location of the producer or other place indicated by him, the producer does not have the right to refuse to accept agricultural products which has been brought by its producer in accordance with the contract of procurement in the time period provided by the contract.

In the case when the producer has not made the removal or acceptance of agricultural products, he shall pay to its producer for the value of agricultural products and expenses for its delivery.

The producer engaged in the processing of agricultural products which has been received by the contract of procurement, has the duty to return to the producer on his request, the waste from the proceeding of agricultural products with payment at a price agreed by parties.

§ 6. Energy Supply

Article 468. The contract of energy supply

Under a contract of energy supply the energy supplying organization has the duty to provide the subscriber (consumer) with energy through the connecting network, and the subscriber has the duty to

pay for the energy taken and also to observe the regimen for its use provided by the contract and to ensure the safety of the use of the energy network under his management and the good repair of the instruments and equipment used by him and connected with the use of energy.

Article 469. Conclusion and extension of the contract of energy supply

The contract of energy supply shall be concluded with the subscriber if he has energy - receiving apparatus connected to the networks of the energy supplying organization by the procedure established by legislation, and also necessary equipment and apparatuses of ensuring energy consumption reporting.

In the case when the subscriber under a contract of energy supply is a citizen using the energy for consumer consumption, the contract shall be considered concluded from the time of the first actual connection of the subscriber by the established procedure to the connecting network.

In the absence of an application from one of the parties on termination or change the contract of energy supply before the expiration of time period of its effectiveness, it shall be considered extended for the same time period and on the same conditions which were provided by the contract. In case of the expiration of the contract for the new time period its conditions may be changed by agreement of parties.

If one of the parties before the expiration of the time period of effectiveness of the contract has made a proposal on the concluding of a new contract, the relations of the parties shall regulated by the contract concluded earlier.

Article 470. Quantity of energy

The energy supplying organization has the duty to provide the subscriber with energy through the connecting network in the quantity

provided by the contract of energy supply and with the observance of the regimen for provision agreed upon by the parties.

The contract of energy supply may provide the right of the subscriber to change the quantity of energy to be taken by him determined by the contract, on the condition of compensation by him for the expenses borne by the energy supplying organization in connection with ensuring provision of energy in the quantity not provided by the contract.

In the case when the subscriber under the contract of energy supply is a citizen using the energy for consumer consumption, he shall have the right to use energy in the quantity needed by him.

Article 471. Consequences of breach of the terms of the contract on energy on quantity of energy

If the energy supplying organization has provided through the connecting network to the subscriber less quantity of energy than provided by the contract of energy supply, the rules provided by Article 399 of the present Code shall be applied to it unless otherwise provided by legislation, the contract or follows from the nature of the obligation.

Article 472. Quality of energy

The quality of energy provided by the energy supplying organization must meet the requirements established by legislation on standardization or the contract of energy supply.

In case of breach by the energy supplying organization of the requirements set for the quality of energy, the rules provided by Article 408 of the present Code shall be applied to it unless otherwise provided by legislation, the contract of energy supply or follows from the nature of the obligation.

Article 473. Obligations of a subscriber for the maintenance and use of the networks, instruments, and equipment

The subscriber has the duty to ensure the proper technical

condition and safety of the energy networks, instruments, and equipment in use and to observe the established regimen for use of energy and also to immediately notify the energy supplying organization of accidents, fires, defects in the energy metering instruments and other violations arising in the use of energy.

In cases when the subscriber under a contract of energy supply is a citizen using the energy for consumer consumption, the obligation to ensure the proper technical condition and safety of the energy networks and also of the instruments of metering consumption of energy is placed on the energy supplying organization, unless otherwise established by legislation.

Requirements for the technical condition and the use of energy networks, instruments and equipment, and also the procedure for exercising supervision of their observance shall be determined by legislation.

Article 474. Payment for energy

Payment for energy shall be made for the quantity of energy actually taken by the subscriber in accordance with Article 470 of the present Code, unless otherwise provided by legislation or the contract of energy supply.

Article 475. Transfer by a subscriber energy to another person

A subscriber may transfer energy taken by him from an energy supplying organization through the connection network to another person (sub-subscriber) only with the consent the energy supplying organization.

The rules of the present Section shall be applied to a contract on transfer by subscriber energy to sub-subscriber unless otherwise provided by legislation or a contract of energy supply.

The subscriber shall remain liability to an energy supplying organization under transfer energy to a sub-subscriber unless otherwise provided by legislation.

Article 476. Change and rescission of the contract

of energy supply

An interruption in transmission, termination or limitation of the transmission of energy is allowed only with the agreement of the parties except for cases when an unsatisfactory condition of energy installations of the subscriber, confirmed by an agency of state energy inspection, threatens an accident or creates danger for the life and safety of citizens. The energy supplying organization must warn the subscriber of an interruption in the transmission, termination, or limitation of the transmission of energy.

An interruption in transmission, termination, or limitation of the transmission of energy without agreement with the subscriber and without warning him, but with immediate his notification, is allowed in case it is necessary to take urgent measure to prevent or cleanup an accident in the system of the energy supplying organization.

In the case when the subscriber under a contract of energy supply is a citizen using the energy for consumer consumption, he shall have the right to rescind the contract by a unilateral procedure on the condition of notification the energy supplying organization of this and full payment for the energy used.

In the case when the subscriber under a contract of energy supply is a citizen using the energy for consumer consumption, the energy supplying organization shall have the right to refuse to perform the contract by a unilateral procedure in connection with not payment by the subscriber using energy by him on the condition of the notice being given to the subscriber not later than a month before the refusal of performance of the contract.

In the case when the subscriber under a contract of energy supply is a legal entity the energy supplying organization shall have the right to refuse to perform the contract by a unilateral procedure on bases provided by Article 455 of the present Code, with the exception of cases provided by legislation.

Article 477. Liability under the contract of energy supply

Part 1 is stated in edition of Article 1 of the Law of the RUz No. ZRU-325 dtd 20.04.2012

In case of failure to fulfil or improper fulfillment of obligates under the agreement for power supply, the power supply organizations shall have to compensate for losses caused by this fact, and a subscriber shall have to compensate for the actual caused damage.

If, interruptions in the transmission of energy are the result of regulation the regime for use of energy by an energy supplying organization in case of deficit of power and energy, on bases of legislation, the energy supplying organization shall bear liability for nonperformance or improper performance of the contract obligations only in case it is at fault.

Article 478. Application of the rules of the contract of energy supply to other relations with supply through the connecting network

The rules of the present Paragraph shall be applied to relations connected with the supply of thermal energy through the connecting network unless otherwise established by legislation.

The rules of the present Paragraph shall be applied to relations connected with the supply through the connecting network of gas, oil and oil products, water and other goods unless otherwise provided by legislation, the contract or follows from the nature of the obligation.

§ 7. Sale of an immovable

Article 479. The contract for sale of an immovable

Under a contract for purchase and sale of immovable property (the contract for sale of an immovable), the seller has the duty to transfer to the ownership of the buyer a land parcel, building, structure, apartment, or other immovable property (Article 83 of the present Code).

The rules provided by the present Paragraph shall be applied to the sale of an enterprise to the extant not provided otherwise by the rules on the contract for sale of an enterprise (Articles 489-496 of the present Code).

Article 480. Form of the contract for sale of an immovable

A contract for sale of an immovable shall be concluded in written form by the making of one document singed by the parties (Paragraph 4 of Article 366 of the present Code).

Nonobservance of the form of the contract for sale of an immovable shall entail its invalidity.

Article 481. State registration of the passage of the right of ownership to an immovable

The passage of the right of ownership to an immovable to a buyer under a contract for sale of an immovable is subject to state registration.

Performance of a contract for sale of an immovable by the parties before state registration of the passage of the right of ownership is not a basis for changing their relations with third persons.

In the case when one of the parties refuses state registration of the passage of the right of ownership to an immovable, a court shall have the right, on demand of the other party, to make a decision on state registration of the passage of the right of ownership.

The party that unjustifiably refused state registration of the passage of the right of ownership must compensate the other party for the losses caused by the delay of registration.

Article 482. Rights to the land parcel in case of sale of building, structure or another immovable located on it

Under a contract of sale of a building, structure, or other immovable, the rights to the part of the land parcel that is occupied by this immovable and is necessary for its use are transferred to the buyer simultaneously with the transfer of the right of ownership to such an immovable.

In the case when the seller is the owner of the land parcel on which the immovable being sold is located, the right of ownership or the right of lease or some other right provided by the contract for the

sale of an immovable to the respective part of the land parcel shall be transferred to the buyer.

If the contract does not define the right to the respective land parcel transferred to the buyer of the immovable, the right of ownership to the part of the land parcel that is occupied by the immovable and is necessary for its use shall pass to the buyer.

The sale of an immovable located on a land parcel not belonging to the seller by right of ownership is allowed without the consent of the owner of this parcel if this does not contradict the conditions of use of such a parcel established by a Law or the contract. Upon the sale of such an immovable, the buyer acquires the right of use of the respective part of the land parcel on the same conditions as the seller of the immovable.

Article 483. Rights to an immovable upon sale of a land parcel

In the case when the land parcel on which a building, structure, or other immovable belonging to the seller is located is sold without transfer to the ownership of the buyer of this immovable, the seller retains the right of use of the part of the land parcel that is occupied by the immovable and is necessary for its use on the conditions provided by the contract of sale.

If the conditions of use of the respective part of the land parcel are not determined by the contract for its sale, the seller shall retain the right of limited use (servitude) of that part of the land parcel that is occupied by the immovable and is necessary for its use in accordance with its designation.

Article 484. Determination of the subject in the contact or the sale of an immovable

Date must be indicated in a contract for the sale of an immovable that makes it possible to definitely establish the immovable property subject to transfer to the buyer under the contract, including data defining the location of the immovable on the respective land parcel or

in the composition of other immovable property.

In the absence of such data in the contract, the term on the immovable property subject to transfer is considered not agreed upon by the parties and the respective contract is not considered to have been concluded.

Article 485. Price in the contract for the sale of an immovable

A contract for the sale of an immovable must provide the price of this property.

In case of the absence in the contract of a term on the price of an immovable agreed upon by the parties in a written form, the contract for its sale shall be considered not concluded. In such a case the rules for determination of the price provided by Paragraph 4 of Article 356 of the present Code shall not be applied.

Unless otherwise provided by a Law or the contract for sale of an immovable, the price of a building, structures, or other immovable property located on a land parcel established in the contract includes the price of the respective part of the land parcel or right to it transferred with this immovable property.

In cases when the price of an immovable in a contract for sale of an immovable is established by unit of its area or other indicator of its size, the overall price of such immovable property subject to payment shall be determined proceeding from the actual size of the immovable property transferred to the buyer.

Article 486. Transfer of an immovable

The transfer of an immovable by the seller and its acceptance by the buyer shall be made by a statement of transfer signed by the parties or by another document of transfer.

Unless otherwise provided by a Law or the contract, the obligation of the seller to transfer the immovable to the buyer shall be considered performed after the hanging over of this property to the buyer and the signing by the parties of the respective document on transfer.

The refusal of one of the parties to sign a document on th

transfer of an immovable on the conditions provided by the contract shall be considered respectively a refusal of the seller to perform an obligation to transfer the property or of the buyer - an obligation to accept the property.

The acceptance by a buyer of an immovable not corresponding to the terms of the contract for sale of an immovable, including in the case when such a non- correspondence is stipulated in the document on the transfer of the immovable, shall not be a basis for freeing the seller from liability for the improper performance of the contract.

Article 487. Consequences of the transfer of an immovable of improper quality

In case of transfer by the seller to the buyer of an immovable not corresponding to the terms of the contract for sale of an immovable on its quality, the rules of Article 434 of the present Code shall be applied with the exception of the provisions on the right of the buyer to demand the replacement of the goods of improper quality with goods corresponding to the contact.

Article 488. Peculiarities of the sale of housing premises

An essential term of a contract of sale of a dwelling house, an apartment, part of a dwelling house or part of an apartment in which persons are living who will retain, in accordance with a Law, the right of use of this housing premises after it is acquired by the buyer is a list of these persons with an indication of their rights of use of the sold housing premises.

A contract of sale of a dwelling house, an apartment, part of a dwelling house or part of an apartment shall be subject to notarial certification or to state registration.

§ 8. Sale of an enterprise

Article 489. The contract for sale of an enterprise

Under a contract for sale of an enterprise, the seller has the

duty to transfer to the ownership of the buyer an enterprise as a whole as a property system, with exception of the rights and duties that the seller does not have the right to transfer to other persons.

The rights to the firm name, trademark, service marks, and to other means of individualization of the seller and his products, of the work or services done by him pass to the buyer unless otherwise provided by the contract for sale of an enterprise.

The rights of the seller received by him on the basis of permission (license) to conduct the respective activity are not subject to transfer to the buyer of the enterprise, unless otherwise provided by legislation. Including in the composition of transferred by the contract for sale of the enterprise of obligation, performance of which by the buyer is impossible without such special permission (license) shall not free the seller from the respective obligations to creditors. For nonperformance of such obligations, the seller and the buyer shall bear joint and several liabilities to creditors.

Article 490. Form and state registration of the contract for sale of an enterprise

The contract for sale of an enterprise shall be concluded in written form by making of a single document signed by parties with obligatory attachment to it of the documents indicated in Paragraph 2 of the Article 491 of the present Code, and it is the subject to notarial registration and state registration.

The contract for sale of an enterprise concluded on the competitive (tender) basis by a decision of an authorized state body that it is not subject to notarial certification, with the exception of cases provided by Section 2 of Paragraph 2 of Article 110 of the present Code. (The suggestion amended by the Law of the Republic of Uzbekistan of August 20, 1999.)

Failure to demands provided by Paragraph 1 of the present Article shall entail invalidity of the contract. Such a contract is considered void, its performance is not allowed and the rules provided by Paragraphs

2 and 3 of Article 112 of the present Code do not apply to it.

Article 491. Certification of the composition and value of an enterprise subject to sale

The composition and value of an enterprise subject to sale is defined in the contract for sale of an enterprise on the basis of a full inventory - taking of the enterprise made in accordance with the established rules for such an inventory.

Before the signing of the contract for sale of an enterprise, the parties must compile and consider an inventory record, an accounting balance, auditor's conclusion, assessment report, and also a list of all debts (or obligations) included in the composition of the enterprise, with an indication of the creditors, the nature, amount, and time periods of their claims. Property, rights, and obligations indicated in the above-named documents are subject to transfer by the seller to the buyer, unless otherwise follows from Article 489 of the present Code and established by the contract for sale of an enterprise. (In edition of Point 3 of Article 5 of the Law of the RUz No. ZRU-257 dtd 17.09.2010)

Article 492. Rights of creditors on sale of an enterprise

Creditors on obligations included in the composition of the sold enterprise must be notified in writing on sale of an enterprise by the seller before the transfer of it to the buyer.

A creditor who has not informed the seller in writing of his consent to the transfer of the debt shall have the right, within three months from the day of receipt of notice of the sale of the enterprise, to demand either termination or early performance of the obligation and compensation by the seller of losses or recognition of the contract sale of an enterprise as invalid in whole or in its respective part.

A creditor who has not notified of the sale of the enterprise by the procedure provided by Paragraph 1 of the present Article may bring a suit for satisfaction of the claims provided by Paragraph 2 of the present Article within one year from the day when he learned or should

have learned of the transfer of the enterprise from the seller to the buyer.

After the transfer of the enterprise to the buyer, the seller and the buyer shall bear joint and several liability for debts included in the composition of the enterprise that were transferred to the buyer without the consent of the creditor.

Article 493. Transfer of the enterprise

Transfer of the enterprise by the seller to the buyer shall be done by a statement of transfer in which data on the composition of the enterprise and on notification of creditors on the sale of the enterprise shall be listed, and also information on defects found in the transferred property and the list of property, obligations for whose transfer are not being performed by the seller because of loss of the property.

Preparation of the enterprise for transfer, including the preparation and presentation for signature of the statement of transfer, is a duty of the seller and shall be done at his expense, unless otherwise provided by the contract.

The enterprise shall be considered transferred to the buyer from the day of the signing of the statement of transfer by both parties. From this time, the risk of accidental loss of or accidental injury to property transferred in the composition of the enterprise shall pass to the buyer.

Article 494. Passage of the right of ownership to the enterprise

The right of ownership to an enterprise shall pass to the buyer from the time of state registration of this right.

The state registration of the right of ownership of the buyer to an enterprise shall be done directly after the transfer the enterprise to the buyer unless otherwise provided by the contract for sale of the enterprise.

In cases when the contract for sale of the enterprise provides for the seller to retain the right of ownership to the enterprise

transferred to the buyer, until payment for the enterprise or until the occurrence of other circumstances, the buyer shall have the right, before the passage to him of the right of ownership, to dispose of the property included in the composition of the transferred enterprise and also to exercise the rights to the extent for which it is necessary for conducting activity of the enterprise as the property body.

Article 495. Consequences of the transfer and acceptance of an enterprise with defects

The consequences of the transfer by the seller and the acceptance by the buyer by the statement of transfer of an enterprise, the composition of which does not correspond to that provided by the contract for sale of an enterprise, including with respect to the quality of the property transferred, shall be determined on the basis of the rules provided by Articles 393-395, 399, 402, 408, 412 of the present Code, unless otherwise follows from the contract or is provided by Paragraphs 2, 3, and 4 of the present Article.

In the case when an enterprise has been transferred and accepted by the statement of transfer which contains information on revealed defects of the enterprise and lost property, the buyer shall have the right to demand a corresponding reduction in the purchase price of the enterprise, if the right to the making in such situations of other claims is not provided by the contract for sale of an enterprise.

The buyer shall have the right to demand the reduction of the purchase price in case of transfer to him in the composition of the enterprise of debts (or obligations) of the seller that were not indicated in the contract for sale of an enterprise or in the statement of transfer, unless the seller proves that the buyer knew of such debts (or obligations) at the time of making of the contract and the transfer of the enterprise.

The seller, in case of receipt of notice from the buyer of defects in the property transferred in the composition of the

enterprise, or the absence in this composition of individual types of property subject to transfer, may, without delay, replace the property of improperly quality or give the buyer the missing property.

The buyer shall have the right to demand by judicial process the rescission or change of a contract for sale of an enterprise and return of what has been performed by the parties under the contract if it is established that the enterprise, in view of defects for which the seller is liable, is unsuitable for the purpose named in the contract of sale and these defects are not eliminated by the seller on the terms, by the procedure, and within the time periods established in accordance with the present Code, legislation or the contract or that the elimination of these defects is impossible.

Article 496. Application to the contract for sale of an enterprise of the rules on the consequences of invalidity of transactions and on change or rescission of contract

The rules of the present Code on the consequences of invalidity of transactions and on the change and rescission of the contract of purchase and sale providing for the return or the recovery in kind of that which has been received under the contract from one or both parties shall be applied to the contract for sale of an enterprise, if such consequences do not substantially breach the rights and interests protected by a Law of creditors of the seller and buyer, of other persons, and do not contradict the rules of Article 116 of the present Code.

Chapter 30. Barter

Article 497. The contract of barter

Under a contract of barter each of the parties has the duty to transfer certain goods to the ownership of the other party in exchange for other goods.

The respective rules on purchase and sale shall be applied to the

contract of barter to the extent that this does not contradict the rules of the present Chapter and the nature of barter. In applying the rules, each of the parties shall be recognized as the seller of the goods that it has the duty to transfer and the buyer of the goods that it has the duty to accept in exchange.

Paragraph amended in accordance with item 2 of Section VIII of the Law of the Republic of Uzbekistan No. 320-II of December 7, 2001.

The contract of barter of means of transport subject to state registration by the procedure provided by legislation shall be notarial certificated.

Article 498. Price and expenses under the contract of barter

Unless it follows otherwise from the contract of barter, the goods subject to exchange shall be presumed to be of equal price and the expenses for their transfer and acceptance shall be made in each case by the party that bears the respective duties.

In the case when, in accordance with the contract of barter, the goods exchanged are recognized as not equal in price, the party that has the duty to transfer the goods the price of which is less than the price of the goods presented in return, must pay the difference in price immediately after the transfer of the goods or documents of title for it, unless another procedure for payment is provided by the contract.

If the exchanged goods are recognized as not equal in price but the difference in their prices are not provided by the contract of barter and can not be determined from the terms of a contract, the price shall be determined by the rules provided by Paragraph 4 of Article 356 of the present Code.

Article 499. Reciprocal performance of the obligation to transfer the goods under the contract of barter

In the case when, in accordance with the contract of barter, the time periods for transfer of the goods to be exchanged do not coincide,

the rules on reciprocal performance of obligations shall be applied to the performance of the obligation to transfer the goods by the party that must transfer the goods after the transfer of the goods by the other party.

Article 500. Passage of the right of ownership to the goods exchanged

Unless a Law or the contract of barter provides otherwise, the right of ownership to the goods exchanged shall pass to the parties entering into the contract of barter as buyers, simultaneously after the performance of the obligations to transfer the respective goods by both parties.

Article 501. Liability for the taking of goods acquired under the contract of barter

A party from whom a third person has taken goods acquired under a contract of barter shall have the right, in the presence of grounds provided by Article 395 of the present Code, to demand from the other party the return of the goods received by the latter in exchange and /or compensation for losses.

Chapter 31. Gift

Article 502. The contract of gift

Under a contract of gift one party (the donor) without compensation transfers or has the duty to transfer to the other party (the donee) a thing in ownership or a property right (or claim) against himself or against a third person, or frees or has the duty to free him from a property obligation to himself or to a third person.

In case of a reciprocal transfer of a thing or a right or a reciprocal obligation the contract is not a contract of gift. The rules provided by Paragraph 2 of Article 124 of the present Code shall be applied to such a contract.

A promise to transfer, without compensation to anyone, a thing or a property right or to free anyone from property liability (a promise of

a gift) is recognizes as a contract of gift, if the promise is made in the proper form and contains a clearly expressed intention to make in the future a non- compensated transfer of a thing or of a property right to a concrete person or to free him from property liability.

A promise to give all of one's property or part of all property without an indication of a concrete subject of gift in the form of a thing, a property right, or freeing from an obligation is void.

A contract providing for the transfer of a gift to the donee after the death of the donor is void. The rules of the present Code on inheritance shall be applied to such a gift.

Article 503. Refusal by the donee to accept a gift

A donee has the right, at any time until the transfer to him of a gift, to refuse it. In this case the contract of gift is considered to be rescinded.

If a contract of gift has been concluded in written form, a refusal of the gift must be made also in written form. In the case when the contract of gift has been registered, a refusal to accept the gift shall also be subject to state registration.

If a contract of gift has been concluded in written form, the donor shall have the right to demand from the donee the compensation for the actual damage caused by the refusal to accept the gift.

Article 504. Form of the contract of gift

A gift accompanied by the transfer of the gift item to the donee may be made orally, with the exception of the cases provided for Paragraphs 3 and 5 of the present Article.

The transfer of the gift item shall be made by handing it over, symbolic transfer (handing over keys, etc.) or by handing over right - establishing documents.

A contract of gift of movable property must be concluded in written form in cases when:

the donor is a legal entity;

the contract is concluded between citizens at the sum more than ten minimal monthly wages;

the contract contains a promise to make a gift in the future.

In cases provided for in Paragraph 3 of the present Article, a contract of gift made orally is void.

A contract of gift of immovable property is subject to notarial certification and to state registration.

Paragraph amended in accordance with item 3 of Section VIII of the Law of the Republic of Uzbekistan No. 320-II of December 7, 2001.

A contract of gift of means of transport subject to state registration by procedure established by legislation, must be notarial certificated.

Article 505. Limitations on gift

A legal entity to which a thing belongs under the right of economic management or operative administration shall have the right to give it away with the consent of the owner, unless a Law provides otherwise. This limitation does not extend to ordinary gifts of small value.

Giving away of property that is in common joint ownership is allowed with the consent of all the participants in common joint ownership, with the observance of the rules provided by Article 225 of the present Code.

Giving a right to a claim belonging to the donor against a third person shall be done with the observance of the rules provided by Articles 313-317, 319 and 320 of the present Code.

Giving a right to lease or another right for another's thing without the consent of its owner or a person having its right for economic management or operative administration, shall be allowed if a Law or a contract on which the right is based, does not prohibit its alienation without the consent of indicated persons.

A gift through the fulfillment for the donee of his duty to a third person shall be made with observance of the rules provided by Paragraphs 1 and 2 of Article 241 of the present Code.

A gift through the transfer by the donor to himself of a debt of the donee to a third person shall be made with the observance of the

rules provided by Paragraphs 1 and 2 of Article 322 of the present Code.

A power of attorney for the making of a gift by a representative in which the donee is not named and the subject of the gift is not indicated is void.

Article 506. Refusal to perform the contract of gift

A donor shall have the right to refuse to perform a contract containing a promise to transfer a thing or a property right in the future to a donee or to free a donee from a property obligation if, after the making of the contract, his property position severely has made worse.

The donor shall have the right to refuse to perform a contract containing a promise to transfer a thing or a property right in the future to a donee or to free a donee from a property obligation on the bases provided by Paragraph 1 of Article 507 of the present Code.

A refusal by the donor to perform a contract of gift on the bases provided by the present Article does not give the donee the right to demand compensation for losses.

Article 507. Rescission of a gift

The rescission of gift is allowed by judicial procedure in case when the donee has made the intentional crime on the life or health of a donor, of the members of his family or close relatives.

In case of intentional deprivation of the life of the donor by the donee, the right to demand rescission of the gift in a court belongs to the heirs of the donor.

The donor shall have the right to demand, by judicial procedure, rescission of the gift if the treatment by the donee of a thing given that has major nonproperty value for the donor creates the threat of its irreparable loss.

On demand of an interested person, the court may rescind a gift made by an individual entrepreneur or legal entity in breach of the provisions of the legislation on bankruptcy at the expense of assets connected with his entrepreneurial activity during a year preceding the

declaration of such a person as bankrupt.

The contract of gift may provide for the right of the donor to rescind the gift in the case that he outlives the donee.

In case of rescission of a gift, the donee has the duty to return the thing given if it has been preserved in kind at the time of the rescission of the gift.

Article 508. Cases in which refusal to perform the contract of gift or rescission of a gift are impossible

The rules on refusal to perform a contract of gift and on rescission of a gift shall not be applied to contracts of gift made in orally form.

Article 509. Consequences of gift of property with defects

Harm caused to the life, health, or property of a denee as the result of defects of the thing given are subject to compensation by the donor in accordance with the rules provided by Chapter 57 of the present Code, if it is proved that these defects arose before the transfer of the thing to the donee, are not among the obvious and that the donor, although he knew of them, did not warn the donee about them.

Article 510. Legal succession in case of promise of a gift

The rights of a donee to whom a gift has been promised under a contract of gift do not pass to his heirs (or legal successors), unless otherwise provided by the contract of gift.

The duties of the donor who has promised a gift pass to his heirs (or legal successors), unless otherwise provided by the contract of gift.

Article 511. Charitable giving

A charitable giving is the giving of a thing for generally useful purposes.

Charitable giving may be made to citizens, medical and upbringing institutions, institutions of social protection and other analogous institutions, charitable, scientific, and educational institutions, funds, museums and other institutions of culture, societal and religious

organizations and also to the state and the other subjects of civil law.
No permission or consent is needed for the acceptance of a charitable gift.
Charitable giving of property to a citizen must be and to legal entities may be conditioned by the charitable donor on the use of this property for a defined designation. In the absence of such a condition, the charitable giving of property to a citizen is considered an ordinary gift and in the remaining cases the charitably donated property shall be used by the donee in accordance with the designation of the property.
A legal entity that has accepted a charitable gift for the use of which a defined designation has been established must keep a separate accounting of all operations for the use of the charitably donated property.
If the use of charitably donated property in accordance with the designation indicated by the charitable donor becomes impossible as the result of changed circumstances, it may be used for another designation only with the consent of the charitable donor, and in case of the death of a citizen- charitable donor or the liquidation of a legal entity - donor, by decision of a court.
The use of charitably donated property not in accordance with the designation indicated by the charitable donor or the changing of this designation in breach of the rules provided by Paragraph 6 of the present Article shall give the right to the charitable donor, his heirs, or other legal successor to demand the rescission of the charitable giving.
Articles 507 and 510 of the present Code shall not be applied to charitable giving.

Chapter 32. Rent

§ 1. General provisions

Article 512. The contract of rent

Under a contract of rent, one party (the receipt of rent) transfers to the other party (the payor of rent) immovable or movable

property in ownership, the payor of rent has the duty, in exchange for the property received, to periodically pay the recipient rent in the form of a defined monetary sum or the provision of means for his support in another form.

Under a contract of rent, it is allowed to establish an obligation to pay rent without limit of time (permanent rent) or for the time period of the life of the recipient of rent (life rent). Life rent may be established on the condition of the lifelong support of the citizen with maintenance.

Article 513. Form of the contract of rent

The contract of rent is subject to notarial certification, and a contract providing for the alienation of immovable property against the payment of rent is subject also to state registration.

Article 514. Alienation of property against payment of rent

Property that is alienated against payment of rent may be transferred by the recipient of rent to the ownership of the payor of rent for payment or without payment. In the case of the contract of rent provides for the transfer of property for payment, the rules on purchase and sale shall be applied to the relations of the parties on transfer and payment, while in the case when such property is transferred without payment, the rules on the contract of gift shall be applied to the extent that it is not otherwise established by the rules of the present Chapter and does not contradict the nature of the contract of rent.

Article 515. Burdening immovable property with rent

Rent burdens a land parcel, enterprise, building, structure, or other immovable property transferred against its payment. In case of alienation of such property by the payor of rent, his obligations under the contract of rent shall pass to the acquirer of the property.

A person who has transferred immovable property burdened with rent to the ownership of another person shall bear subsidiary liability

with him on claims of the recipients of rent that have arisen in connection with a breach of the contract of rent, unless the present Code, another Law, or the contract has provided for joint and several liability under this obligation.

Article 516. Securing the payment of rent

Upon transfer of a land parcel or other immovable property against the payment of rent, the recipient of rent acquires the right of pledge to this property as security for the obligation of the payor of rent.

An essential term of a contract providing for the transfer of a monetary sum or other movable property against the payment of rent is a term establishing the obligation of the payor of rent to provide security for the performance of his obligations or to insure in favor of the recipient of rent the risk of liability for nonperformance or improper performance of these obligations.

In case of nonperformance by the payor of rent of the obligations provided by Paragraph 2 of the present Article, and also in case of loss of security or worsening of its conditions due to circumstances for which the recipient of rent is not liable, the recipient of rent shall have the right to rescind the contract of rent and to demand compensation for losses caused by the rescission of the contract.

Article 517. Liability for delay of payment of rent

For delay of payment of rent the payor of rent shall pay the recipient the interest provided by Article 327 of the present Code unless another rate of interest was established by the contract of rent.

§ 2. Permanent rent

Article 518. The recipient of permanent rent

The recipient of permanent rent may be only citizens and noncommercial organizations if this does not contradict a Law and corresponds to the goals of their activity.

The rights of the recipient of rent under a contract of permanent rent may be transferred to the persons indicated in Paragraph 1 of the present Article by the assignment of a claim and may pass by inheritance or upon reorganization of legal entities, unless otherwise provided by a Law or the contract.

Article 519. Form and amount of permanent rent

Permanent rent shall be paid in money in the amount established by the contract within the limits of average rate of payment for using property which is used under giving in lease of property, analogically transferred against payment of rent and under transfer of monetary sum against payment of rent - within the limits of proper established rate of a bank interest provided by Article 327 of the present Code. A contract may provide for the payment of rent by the granting of things, the performance of work, or the rendering services corresponding in value to the monetary sum of rent.

Unless otherwise provided by the contract of permanent rent, the amount of rent paid shall be changed in proportion to the change of relative rate of payment for the use of property or the rate of bank interest.

Article 520. Time periods for payment of permanent rent

Unless otherwise provided by the contract of permanent, permanent rent shall be paid at the end of each calendar quarter.

Article 521. Right of the payor to the buyout of permanent rent

The payor of permanent rent shall have the right to refuse to make further payment of rent by its buyout. Such a refusal shall be valid on the condition that it is declared by the payor of rent in written form not later than three months before the cessation of payment of rent or by a longer period provided by the contract of permanent rent. The obligation to pay rent shall not be terminated until the receipt of the

whole sum of buyout by the recipient of rent, unless another procedure for buyout is provided by the contract. A term of the contract of permanent rent on the renunciation by the payor of permanent rent of a right to its buyout is void.

The contract may be provide that the right to buyout of permanent rent may not be exercised during the life of the recipient of rent or during another time period not exceeding thirty years from the time of making of the contract.

Article 522. Buyout of permanent rent on demand of the recipient of rent

The recipient of permanent rent shall have the right to demand the buyout of rent by the payor in cases when:

the payor of rent has delayed its payment by more than one year unless otherwise established by the contract;

the payor of rent has breached his obligations for providing security for the payment of rent;

the payor of rent is recognized as insolvent or other circumstances have arisen clearly evidencing that rent will not be paid by him in the amount and within the time periods that are established by the contract;

the immovable property transferred against of rent has gone into common ownership or has been divided among several persons;

in other cases provided by the contract.

Article 523. Buyout price of permanent rent

Buyout of permanent rent in the cases provided by Articles 521 and 522 of the present Code shall be made at a price determined by the contract of permanent rent. In case of the lack of a term on buyout price in the contract of permanent rent under which property is transferred for compensation against payment of permanent rent, buyout shall be made at a price corresponding to the annual sum of rent subject to payment.

In the absence of a term on buyout price in the contract of permanent rent under which property is transferred without compensation

against payment of rent, in the buyout price, along with the annual sum of rent payments, shall be included the price of property transferred determined by the rules provided by Paragraph 4 of Article 356 of the present Code.

Article 524. Risk of accidental loss or injury of property transferred against payment of permanent rent

The risk of accidental loss of or accidental injury to property transferred without compensation against payment of permanent rent shall be borne by the payor of rent. In case of accidental loss of or accidental harm to property transferred for compensation against payment of permanent rent, the payor shall have the right to demand respectively the termination of the obligation for payment of rent or changing the terms of its payment.

§ 3. Life rent

Article 525. Recipients of life rent

Life rent may be established for time period of the life of a citizen who has transferred property against payment of rent or for the time period of the life of a citizen indicated by him.

The establishment of life rent is allowed for the benefit of several citizens whose shares in the right to receipt of rent shall be considered equal, unless otherwise provided by the contract.

In case of death of one of the recipients of rent, his share in the right to receipt of rent shall pass to the recipients of rent surviving him, unless the contract of life rent provides otherwise, and in the case of the death of the last recipient of rent, the obligation of payment of rent is terminated.

A contract establishing life rent for the benefit of a citizen who has died by the time of concluding of the contract, is void.

Article 526. Amount of life rent

Life rent is determined in the contract as a monetary sum periodically payable to the recipient of rent during the course of his

life.

The amount of life rent determined in the contract, calculated per month, must not be less than the minimum monthly wage established by legislation, and in the cases provided by Article 247 of the preset Code shall be subject to increase.

Article 527. Time periods of the payment of life rent

Life rent is shall be paid at the end of each calendar month unless otherwise provided by the contract.

Article 528. Rescission of the contract of life rent on demand of the recipient of rent

In case of substantial breach of the contract of life rent by the payor of rent, the recipient of rent shall have the right to demand from the payor of rent the buyout of rent on the condition provided by Article 523 of the present Code or rescission of the contract and compensation for losses.

If an apartment, dwelling house, or other property was alienated without compensation against the payment of rent, the recipient of rent shall have the right, in case of substantial breach of the contract by the payor of the rent, to demand return of this property with the subtraction of its value from the buyout price of the rent.

Article 529. Risk of accident loss or injury of property transferred against payment of life rent

Accidental loss of or accidental injury to property transferred against payment of life rent does not free the payor of rent from the obligation to pay it on the terms provided by the contract of life rent.

Chapter 33. Alienation of a dwelling house (an apartment) with condition of lifetime support

Article 530. The contract of alienation of a dwelling house (an apartment) with condition of lifetime support

Under a contract of alienation of a dwelling house (a part of dwelling house), apartment with condition of lifetime support, one party (a getter) shall be obliged to give to another party being disabled by

age or by health (an alienator), lifetime material support in kind (as a house, food, care and necessary assistance), and an alienator - to transfer a dwelling house (a part of dwelling house), apartment in ownership to a getter.

Article 531. Form and terms of the contract of alienation of a dwelling house(an apartment) with condition of lifetime support

The contract of alienation of a dwelling house (a apartment) with condition of life support must include of types of material support for alienation, their monetary value per month and value of a dwelling house (a part of dwelling house), apartment The value of a transferred dwelling house (a part of dwelling house), apartment and material support shall be determined by agreement of parties. The contract of alienation of a dwelling house (a part of dwelling house), apartment with condition of lifetime support must be concluded in written form and notarial certificated with observance of the rules of Article 110 of the present Code.

Article 532. Rights and duties of parties

Under a contract of alienation of a dwelling house (a part of dwelling house), apartment with condition of lifetime support, the getter shall not have the right within the implementation of the contract to sell, to present, and to pledge and to perform other actions burdening the right of ownership for the dwelling house (a part of dwelling house), apartment. Penalty on debts of a getter shall not be applied to this dwelling of house (a part of dwelling house), apartment.

Accident loss of a dwelling house (a part of dwelling house), apartment received from an alienator under a contract of alienation of a dwelling house (apartment) with condition of lifetime support shall not free a getter from obligations accepted under the contract.

Article 533. Change and rescission of the contract of alienation of a dwelling house of alienation of a dwelling house

(an apartment) with condition of lifetime support

If a getter of a dwelling house (a part dwelling house), apartment does not perform his obligations under a contract of alienation of the dwelling house (an apartment) with condition of lifetime support or performs them improper manner, the alienator may demand replacement of maintenance by periodical payments or cancel a contract. The contract of alienation of the dwelling house (an apartment) with condition of lifetime support may be canceled by request of a getter if due to circumstances beyond his control his material position has changed in such way that he can not give to an alienator stipulated maintenance or if the alienator restored his ability to work. In case of cancellation of a contract of alienation of a dwelling house (an apartment) with condition of lifetime support on bases provided by Paragraphs 1 and 2 of the present Article, the dwelling house (a part of dwelling house), apartment shall be subject to return to an alienator.

In case of cancellation of a contract of alienation of a dwelling house (an apartment) with condition of lifetime support by request of an alienator, the getter shall have the right to demand compensation of his expenses caused for maintenance of the alienator and the dwelling house (a part of dwelling), apartment within the time period of effectiveness of the contract .

Article 534. Passage of obligations under the contract of alienation of a dwelling house (an apartment) with condition of lifetime support to heirs

In case of the death of the getter, the obligations under a contract of alienation of a dwelling house (a part of dwelling house), apartment with condition of lifetime support shall be transferred to his heirs. In the absence of heirs of a getter or under refusal them from fulfillment of the contract of alienation of a dwelling house (a part of dwelling house), apartment with condition of lifetime support, a dwelling

house (a part of dwelling house), apartment transferred to the getter
shall be returned to an alienator.

Chapter 34. Property rental (Lease)

§ 1. General provisions

Article 535. The contract of lease

Under a contract of property rental (lease), the lessor has the
duty to provide the lessee property for payment for temporary possession
or for use.

Article 536. Right of ownership of a lessee for products, fruits and incomes from leased property

Fruits, products, and other incomes received by the lessee as the
result of the use of the leased property are under his ownership unless
otherwise provided by a Law or the contract of lease.

Article 537. Objects of lease

Land parcels and other distinct natural objects, enterprises and
other property systems, buildings, structures, equipment, means of
transport, and other things that do not lose their natural qualities in
the process of their use (non- consumable things) may be transferred by
lease.

Legislation may establish types (groups) of enterprises and types
of property whose leasing is not allowed or is limited.

Article 538. The lessor

The right to grant property by lease belongs to its owner. The
lessor also may be a person empowered by a Law or the owner to grant the
property by lease.

Article 539. Form of the contract of lease

A contract of lease for a term of more than one year, or
regardless of the term if even one of the parties to the contract is a
legal entity, must be concluded in written form. A contract of lease of
immovable property is subject to state registration.

A contract of lease of property providing for passage in the future of the right of ownership of this property to the lessee shall be concluded in the form provided for a contract of purchase and sale of such property.

Article 540. Time period of the contract of lease

A contract of lease is concluded for the time period determined by the contract. If the time period of the lease is not determined in the contract, the contract shall be considered concluded for an indefinite time period. In this case, each of the parties shall have the right at any time to cancel the contract, in written form warning the other party about this one month in advance, and in case of lease of immovable property, three months in advance. A Law or the contract may establish a different time period for warning about the termination of the contract of lease concluded for an indefinite time period.

A Law may establish maximum (limit) time periods of contract for individual types of lease and also for lease of individual types of property. In these cases, if the time period of lease is not determined in the contract and none of the parties has rescinded the contract before the expiration of the limit time period established by a Law, the contract shall be terminated upon expiration of the limit time period.

Article 541. Providing property to the lessee

The lessor has the duty to provide to the lessee property in a condition corresponding to the terms of the contract of lease and the designation of the property. Providing property for the transfer including drawing up and providing for signature of a transfer statement is the duty of the lessor and shall be conducted for his expenses.

Property is given by lease together with all its accessories and documents (technical documentation, quality certificate, etc.) relating to it, unless otherwise provided by the contract. If such accessories and

documents were not transferred, but without them the lessee cannot use the property in accordance with its designation or to a significant degree is deprived of that upon which he had a right to rely upon concluding the contract, he may demand provision to him by the lessor of such accessories and documents or rescission of the contract and also compensation for losses.

If the lessor has not provided the lessee with the leased property within the time period indicated in the contract of lease and in the case when in the contract such a time period is not indicated, within a reasonable time period, the lessee shall have the right to demand this property from him in accordance with Article 331 of the present Code and to demand compensation for the losses caused by the delay in performance or to demand the rescission of the contract and compensation for the losses caused by its nonperformance.

Article 542. Liability of the lessor for defects in the property given by lease

The lessor shall be liable for defects in the property given by lease that, in whole or in part, hinder the use of it, even if, at the time of concluding the contract of lease, he did not know of these defects. Upon the discovery of such defects, the lessee shall have the right to demand at his choice:

from the lessor either the uncompensated elimination of the defects in the property or the proportional reduction of payment for using property, or compensation for his expenses for elimination of the defects in the property;

to directly withhold the sum of expenses made by him for elimination of the defects from the lease payment, having previously notified the lessor of this; to demand early rescission of the contract.

A lessor notified of the demands of the lessee or his intention to eliminate the defects in the property at the expense of the lessor may, without delay, make an exchange of the property provided to the

lessee for other analogous property that is in property condition or may eliminate the defects in the property without compensation.

If the satisfaction of the demands of the lessee or his withholding of expenses for the elimination of defects from the lease payment does not cover the losses caused to the lessee, the lessee shall have the right to demand compensation for the non-covered part of the losses.

The lessor shall have not be liable for defects in the property given by lease that were excepted by him upon concluding of the contract of lease or were previously known to the lessee or that should have been discovered by the lessee at the time of inspection of the property or checking its condition upon concluding of the contract or transfer of the property by lease.

Article 543. Rights of third persons to property given by lease

The transfer of property by lease is not a basis for the termination or change of the rights of third persons to this property.

At the concluding of a contract, the lessor has the duty to warn the lessee of all rights of third persons to the property given by lease (servitude, right of pledge, etc.). Nonperformance by the lessor of this obligation shall give the lessee the right to demand a reduction in the lease payment or the rescission of the contract and compensation for losses.

Article 544. Lease payment

The lessee has the duty to make timely payment for the use of property (lease payment). The procedure, conditions and time periods for making of lease payment shall be determined by the contract of lease. In the case when they are not determined by the contract, it is considered that the procedure, conditions, and time periods are established that are usually used in the leasing of analogous property in comparable circumstances. Lease payment shall be established for all leased

property as a whole or separately for each of its constituent part in the form of:

payments defined as a fixed sum made periodically or at one-time;

an established share of the production, fruits or incomes acquired as the results of the use of leased property;

the giving by the lessee of specified services;

transfer by the lessee to the lessor of things provided by the contract in ownership or in lease;

placing upon the lessee of expenditures provided by the contract for improvement of the leased property.

The parties may provide in the contract of lease for the combination of these forms of leased property indicated in Paragraph 3 of the present Article, or other forms of payment.

Unless otherwise provided by the contract of lease, the amount of lease payment may be changed by agreement of the parties within the time periods provided by the contract, but not more often than once a year.

Legislation may provide other minimum time periods for reconsideration of the amount of payment for individual types of lease and also for the lease of individual types of property.

Unless otherwise provided by legislation, a lessee shall have the right to demand a corresponding reduction of lease payment if, by force of circumstances for which he is not liable, the terms of use provided by the contract or the state of the property has significantly worsened.

Unless otherwise provided by the contract, in case of substantial breach by the lessee of time periods for making lessee payment, the lessor shall have the right to demand from him early making of lease payment within a time period established by the lessor. However, the lessor does not have the right to demand early making of the lease payment for more than two periods in succession.

Article 545. Use of the leased property

The lessee has the duty to use property in accordance with the terms of the contract and, if such terms are not defined in the contract, in accordance with the designation of the property.

If a lessee uses property not in accordance with the terms of the contract or the designation of the property, in spite of written notice of the lessor the last shall have the right to demand rescission of the contract and compensation for losses.

Article 546. Disposal of leased property

The lessee shall have the right, with the consent of the lessor, to give the leased property by sublease (subrental) and to transfer his rights and duties under the contract of lease to another person (transfer rental), to provide the leased property for uncompensated use, and also to give the rental rights as a pledge and to contribute them as a contribution to the charter capital of commercial partnerships and companies or as a share contribution to a production cooperative, unless otherwise established by the present Code, other legislation. In these cases, with the exception of transfer rental, the lessee remains liable under the contract to the lessor.

A contract of sublease to other persons may not be made for a term exceeding the term of the contract of lease.

The rules on the contract of leased property shall be applied to the contract of lease unless otherwise provided by the legislation.

Article 547. Obligations of the lessor for the maintenance of the leased property

The lessor has the duty to make, at his expense, major repair of the leased property, unless otherwise provided by legislation or the contract.

The lessor has the duty to make, at his expense, repair caused by urgent need arisen by the force of circumstances for which the lessee is not liable.

Major repair must made in the time period established by the contract of leased property, or, if it is not established by the contract or is caused by urgent necessity, within in a reasonable period of time.

Breach by the lessor of an obligation for the making of major repair gives the lessee the right at his choice:

to make the major repair provided by the contract or caused by urgent necessity and to demand the cost of repair from the lessor or to count it against the lease payment; to demand a corresponding reduction of lease payment;

to demand the rescission of the contract and compensation for losses.

Article 548. Obligations of a lessee for maintenance of the leased property

The lessee has the duty to maintain the property in proper condition, to make at his expense current repair, and to bear the expenses for maintenance of the property, unless otherwise established by a Law or the contract.

Article 549. Preservation of the contract of lease in force upon change of parties

The passage to a third person of the right of ownership (or of economic management, operative administration, lifetime inheritable possession) to the property given by lease is not a basis for the change or rescission of the contract of lease. In case of the death of a citizen leasing immovable property, his rights and duties under the contract of this property rental pass to his heirs, unless a Law or contract provides otherwise. The lessor does not have the right to refuse such an heir into the contract for the remaining time period of its effectiveness, with the exception of the case when the concluding of the contract was based on the personal qualities of the lessee.

Article 550. Termination of the contract of sublease upon early termination of the contract of lease

Unless otherwise provided by the contract of lease, early termination of the contract of lease entails termination of a contract of sublease concluded in accordance with it. The sublessee in this case may conclude a contract of lease in his use in accordance with the contract of sublease within the limits of remaining time period of sublease on

terms corresponding to the terms of the terminated contract of lease.

If the contract of lease is void on bases provided by the present Code, the contracts of sublease made in accordance with it are also void.

Article 551. Early rescission of lease on demand of the lessor

On demand of the lessor, a contract of lease may be rescinded early by court I cases when the lessee:

uses the property with a substantial breach of the terms of the contract or the designation of the property or with repeated breach in spite of written warning; substantially worsens the property;

more than twice in succession upon the expiration of the time period for payment established by the contract fails to make lease payment;

does not make major repair of the property within the time periods established by the contract, and in the absence of them in the contract within reasonable time periods in those cases when in accordance with legislation or the contract the making of major repair is the duty of the lessee.

The contract of lease also may establish other bases for early rescission of the contract on demand of the lessor in accordance with Paragraph 2 of Article 382 of the present Code.

The lessor shall have the right to demand early rescission of the contract only after sending the lessee written warning on the necessity of his performing obligations in a reasonable time period.

Article 552. Early rescission of the contract of lease on demand of the lessee

On demand of the lessee, a contract of lease may be rescinded early by a court in cases when:

the lessor does not provide the property for the use of the lessee or creates impediments for the use of the property in accordance with the terms of the contract or the designation of the property;

the property transferred to the lessee has defects hindering its use that were not excepted by the lessor at the concluding of the contract, were not previously known to the lessee and should not have

been discovered by the lessee during inspection of the property or checking of its condition at the concluding of the contract;

the lessor fails to make major repair to the property that is his duty within the time periods established by the contract of lease or, in the absence thereof in the contract, within reasonable time periods;

the property, by virtue of circumstances for which the lessee is not liable, is in a condition unsuitable for use.

The contract of lease also may establish other bases for early rescission of the contract on demand of the lessee in accordance with Paragraph 2 of Article 382 of the present Code.

Article 553. Priority right of the lessee to the concluding of the contract of lease for a new term

Unless otherwise provided by a Law or the contract, a lessee who has properly performed his duties, upon the expiration of the time period of the contract has, under otherwise equal conditions, a priority right before other persons for the making of a contract of lease for a new term. The lessee has the duty to notify the lessor in writing of the wish to make such a contract within the time period indicated in the contract of lease and, if the contract does not indicate such a time period, at a reasonable time period before the end of the effectiveness of the contract.

At the making of a contract of lease for a new time period, the terms of the contract may be changed by agreement of the parties.

If the lessor refused to make a contract with the lessee for a new time period, but, within a year from the day of expiration of the term of the contract with him has made a contract of lease with another person, the lessee shall have the right at his choice to demand in the court the transfer to himself of the rights and duties under the concluded contract and compensation for the losses caused by refusal to renew a contract of lease with him or merely compensation for such losses.

If the lessee continues to use property after expiration of the

term of the contract of lease in the absence of objections on the part of the lessor, the contract shall be considered renewed on the same terms for an indefinite period of time.

Article 554. Return of the property to the lessor

Upon termination of the contract of lease, the lessee has the duty to return the property to the lessor in the condition in which he received it, taking into account normal wear or in the condition provided by the contract.

If the lessee has not returned the leased property or has returned it late, the lessor shall have the right to demand making of the lease payment for the whole period of delay. In the case when indicated payment does not cover the losses caused to the lessor, he may demand compensation for them.

In the case when a penalty is provided by the contract for late return of the leased property, losses may be recovered in full sum above the penalty, unless otherwise provided by the contract.

Article 555. Improvement of the leased property

Separable improvements of the leased property made by the lessor are in his ownership, unless otherwise provided by the contract of lease.

In the case when the lessee has made, at the expense of his own assets and with the consent of the lessor, improvements of the leased property that are not separable without injury to the property, the lessee shall have the right, after the termination of the contract, for compensation for the value of these improvements, unless otherwise provided by the contract of lease.

The value of inseparable improvements of the leased property made by the lessee without the consent of the lessor is not subject to compensation, unless otherwise provided by a Law.

Improvements of the leased property, both separable and inseparable, made at the expense of amortization transfers from this property are owned by the lessor.

Article 556. Buyout of the leased property

It may be provided in the contract of lease that the leased property shall pass to the ownership of the lessee upon expiration of the time period of lease or before its expiration, on the condition of the paying by the lessee of the whole buyout price provided by the contract.

If a condition on buyout of the leased property is not provided in the contract, it may be established by a supplementary agreement of the parties that, in such a case, have the right to contract on the setoff of the previously paid lease payment against the buyout price.

Legal acts may establish cases of prohibition of buyout of leased property.

Article 557. Peculiarities of individual types of lease and of lease of individual types of property

The provision contained in the present Section shall be applied to the individual types of contract of lease and to contracts of lease of individual types of property (rental, lease of means of transport, lease of buildings and structures, lease of enterprises, finance lease, etc.), unless otherwise established by the rules of the present Code.

§ 2. Rental

Article 558. The contract of rental

Under a contract of rental, a lessor, conducting the provision of property by lease as a permanent entrepreneurial activity, has the duty to provide the lessee with movable property for payment for temporary possession and use.

The property provided under the contract of rental shall be used for consumer purposes unless otherwise provided by the contract or otherwise follows from the nature of the obligation.

The contract of rental shall be concluded in written form. The contract of rental is a public contract.

Article 559. Time period of the contract of rental

A contract of rental shall be concluded for a time period of up to one year. The rules on renewing a contract of lease for an indefinite

time period and on the priority right of a lessee to the renewal of a contract of lease shall not be applied to a contract of rental.

The lessee shall have the right to refuse performing the contract of rental at any time.

Article 560. Providing property to the lessee

A lessor who has concluded a contract of rental is obligated, in the present of the lessee, to check the condition of the property given in rental and also to acquaint the lessee with the rules for use of the property or to give him written instructions on the use of this property.

Article 561. Elimination of defects of property given in rental

If the defects in the rented property are the result of breach by the lessee of the rules for use and maintenance of the property, the lessee shall pay the lessor the cost of repair and transport of the property.

Article 562. Rental payment under the contract of rental

Rental payment under the contract of rental shall be established in form of payments defined as a fixed sum made periodically or at one time. In case of early return of the property by the lessee, the lessor shall return to him the corresponding part of the rental payment received, calculated from the day after the day of actual return of the property.

Recovery from the lessee of indebtedness for a rental payment shall be made in incontestable manner on the basis of execution notation of a notary.

Article 563. Use of the rented property

Major and current repair of property given in lease under a contact of rental is the duty of the lessor.

The giving by sublease of property provided to a lessee under a contract of rental, transfer by him of the rights and duties under the

contract of rental to another person, providing this property for uncompensated use, pledge of the rental rights and contribution of them as property contribution to commercial partnerships and companies or as a share contribution to a production cooperatives is not allowed.

§ 3. Lease of means of transport

Article 564. The contract of lease of means of transport

Under a contract of lease of means of transport with crew, the lessor provides means of transport to the lessee for payment for temporary possession and use and provides with own efforts service for managing them and for their technical exploitation.

Under a contract of lease of means of transport without crew, the lessor provides means of transport to the lessee for payment for temporary possession and use and provides with own efforts service for managing them and for their technical exploitation. The rules of the present Chapter on renewal of a contract of lease for an indefinite time period and on priority right of the lessee to renewal of a contract of lease for a new time period shall not be applied to the contract of lease of means of transport.

Article 565. Form of the contract of lease of means of transport

The contract of lease of means of transport shall be concluded in written form regardless of its time period. The rules on registration of contracts of lease provided by Paragraph 2 of Article 539 of the present Code shall not be applied to such a contract.

Paragraph was supplemented in accordance with item 4 of Section VIII by the Law of the RUz No. 320-II of December 7, 2001.

The contract of lease of means of transport the subject to state registration by established legal procedure shall be notarial certificated.

Article 566. Duties of the lessor for maintenance and for management and technical exploitation of means of transport

The lessor shall have the duty, during the whole time period of the contract, to maintain condition of the means of transport given by lease, including the making of current and major repair and provision of the necessary accessories.

The extent of services provided to the lessee by the lessor for management and technical exploitation of means of transport must ensure its normal and safe exploitation in accordance with the purposes of lease indicated in the contract. The contract of lease may provide for a broader range of services to be supplied to the lessee.

The staffing of the crew of the means of transport and its qualifications must correspond to the rules obligatory for the parties and to the terms of the contract and, if such requirements are not established by rules obligatory for the parties, to the requirements of the usual practice of exploitation of means of transport of given type and terms of the contact.

The members of the crew shall be employees of the lessor. They shall be subject to the orders of the lessor relating to management and technical exploitation and to the orders of the lessee on the commercial exploitation of the means of transport. Unless the contract of lease of means of transport provides otherwise, expenditures for payment for the services of the members of the crew and also expenses for their support shall be borne by the lessor.

Unless otherwise provided by the contract of lease of means of transport, the duty to insure the means of transport and /or to insure liability for damage that may be caused by it or in connection with its exploitation is imposed on the lessor in those cases when such insurance is compulsory by force of a Law or the contract.

Article 567. Duty of the lessee for payment of expenses connected with the commercial exploitation of means of transport

Unless otherwise provided by the contract of lease of means of

transport, the lessee shall bear expenses for payment for fuel and other materials in the process of exploitation and for the payment of tolls and other expenses arising in connection with the commercial exploitation of the means of transport.

Article 568. Duties of the lessor without rendering services for maintenance and for management and technical exploitation of means of transport

The lessee shall have the duty, during the whole time period of the contract of lease of means of transport to maintain the proper condition of the leased means of transport including the making current repair and also, unless otherwise provided by the contract, and major repair.

The lessee shall conduct the management of leased means of transport, and also its commercial and technical exploitation by his own efforts.

Unless otherwise provided by the contract, the lessee shall bear expenses for maintenance of the leased means of transport, its insurance, including insurance of his own liability, and also expenses connected with its exploitation.

Article 569. Contracts with third persons on use of means of transport

The lessee shall have the right with consent of the lessor, to give the leased means of transport by sublease on the terms of a contract of lease with crew or without, unless otherwise provided by the contract of lease.

The lessee shall have the right, without the consent of the lessor and in his own name, to conclude contracts of carriage and other contracts with third persons, unless they contradict the purposes of use of the means of transport indicated in the contract of lease or if such purposes are not established, the designation of the means of transport.

Article 570. Liability for harm caused to a means of transport

In case of loss or harm to a leased means of transport, the

lessee shall have the duty to compensate the lessor for loss caused if the last proves that the loss or harm to the means of transport occurred due to circumstances for which the lessee is liable in accordance with a Law or the contract.

Article 571. Liability for harm caused by a means of transport

Liability for harm caused to third persons by a leased means of transport, its mechanisms, apparatus, and equipment and etc., shall be borne by the lessor in accordance with the rules provided by Chapter 57 of the present Code. He shall have the right to present a subrogation claim to the lessee for compensation for amounts paid to third persons if he proves that the harm arose due to the fault of the lessee.

Liability for harm caused to third persons by the means of transport, its mechanisms, apparatus, and equipment and etc. in case of lease without the rendering of services for managing and for technical exploitation shall be borne by the lessor in accordance with the rules of Chapter 57 of present Code.

Article 572. Peculiarities of lease of individual types of means of transport

Peculiarities of lease of individual types of means of transport besides of provided by the present Section may be established by legislation.

§ 4. Lease of buildings and structures

Article 573. The contract of lease of a building or structure

Under a contract of lease of a building or structure, the lessor has the duty to transfer a building or structure to the lessee for temporary possession and use or for temporary use.

The rules of the present Paragraph shall be applied to the lease of enterprises, unless otherwise provided by the rules of the present Code on the lease of an enterprise.

Article 574. Form and state registration of the contract of lease of a building and structure

The contract of lease of a building or structure shall be concluded in written form by the making of one document signed by the parties.

Failure to observe the form of the contract of lease of a building or structure shall entail its invalidity.

The contract of lease of a building or a structure or their parts concluded between citizens must be notarized.(The Part 3 was supplemented in acordence with Point 1 of the Article 2 of the Law of the RUz No. ZRU-313 dtd 30.12.2011)

The contract of lease of a building or structure concluded for a time period of not less than one year shall be subject to state registration and shall be considered concluded from the time of such registration.(Part 3 is regarded as Part 4 in accordance with Point 1 of Article 2 of the Law of the RUz No. ZRU-313 dtd 30.12.2011)

Article 575. Rights to a land parcel in case of lease of a building or structure located on it

Under a contract of lease of a building or structure to the lessee, simultaneously with the transfer of the rights of possession and use of such immovable, the rights to the part of the land that is occupied by this immovable and is necessary for its use, are transferred.

In cases when the lessor is the owner of the land parcel on which the building or structure given in lease is located, the lessee is given the right of lease or other right provided by the contract of lease of a building or structure to the respective part of the land parcel.

If the contract has not defined the right to the respective land parcel transferred to the lessee, to him passes, for the period of time of the lease of the building or structure, the right of use of the part of the land parcel that is occupied by the building or structure and is necessary for its use in accordance with its designation.

The lease of a building or structure located on a land parcel not belonging to the lessor by the right of ownership is allowed without the consent of the owner of this parcel if this does not contradict the terms of use of such parcel established by a Law or by the contract with the

owner of the land parcel.

Article 576. Preservation by the lessee of the building or structure of the right of use of the land parcel in case of its sale

In cases when the land parcel on which the leased building or structure is located is solid to a third person, the lessee of this building or structure retains the right of use of the part of the land parcel that is occupied by the building or structure and necessary for its use on the terms in effect before the state of the land parcel.

Article 577. Amount of lease payment

The contract of lease of a building or structure must provide for an amount of lease payment. In the absence of a term agreed upon by the parties in written form on the amount of lease payment, the contract of lease of a building or structure shall be considered not to have been concluded. In such a case the rules for determining the price provided by Paragraph 4 of Article 356 of the present Code shall not be applied. The payment for use of the building or structure established in the contract of lease of a building or structure includes payment for use of the land parcel on which it is located, or the respective part of the land parcel transferred together with it, unless otherwise provided by a Law or the contract.

In cases when payment for lease of a building or structure is established in the contract per unit of area of the building (or structure) or other indicator of it size, the lease payment shall be determined proceeding from the actual size of the building or structure transferred to the lessee.

Article 578. Transfer of a building or structure

The transfer of a building or structure by the lessor and its acceptance by the lessee shall be made by a statement of transfer or other document on transfer signed by the parties.

Unless otherwise provided by a Law or by the contract of lease of

a building or structure, the obligation of the lessor to transfer the building or structure to the lessee is considered fulfilled after the giving of it to the lessee in possession or use and the signing by the parties of the respective document on transfer.

Refusal of one of the parties to sign a document on the transfer of the building or structure on the terms provided by the contract shall be considered as a refusal respectively by the lessor to perform the obligation for the transfer of the property or by the less to accept the property.

Upon termination of a contra of lease of a building or structure, the leased building or structure must be returned to the lessor with the observance of the rules provided by the present Article.

§ 5. Lease of an enterprise

Article 579. The contract of lease of an enterprise

Under a contract of lease of an enterprise the lessor has the duty to provide the lessee for payment for temporary possession and use of an enterprise as a whole as a property system with exception of those rights and duties which the lessor shall not right to transfer to other persons.

The lessor has duty in writing to notify his debtors on the transfer debts to the lessee who, in case of disagreement with such transfer, have the right within three months from the day of receipt of notice to demand from the lessor the termination or early performance of respective obligations and compensation for these losses caused. If in indicated time period any of these demands have not been made, the creditor is considered as agreed for the transfer of the respective debt to the lessee.

The enterprise may be transferred to the lessee only after the end of the calculation with creditors who have claimed from the lessor the termination or early performance of obligations and compensation of losses.

After the transfer of the enterprise as a property system in the lease the lessor and the lessee shall bear joint and several liability for the debts included in the composition of the transferred enterprise that were transferred to the lessee without the consent of the creditor.

Rights of the lessor acquired by him on the basis of special permission (license) for conducting the respective activity shall not be subject to transfer to the lessee, unless otherwise established by legislation. Inclusion in the composition of the enterprise transferred by contract of obligations whose performance by the lessee is impossible if does not have such a permission (license) does not free the lessor from the respective obligations to the creditors.

Article 580. Form of the contract of lease of an enterprise

A contract of lease of an enterprise shall be made in written form by the making of one document signed by the parties and shall be the subject to notarial certificated and state registration.

A contract of lease of an enterprise shall be considered concluded from the time of state registration.

Nonobservance of the form of the contract of lease of an enterprise shall entail its invalidity.

Article 581. Transfer of the leased enterprise

Transfer of the leased enterprise to the lessee shall be done by a statement of transfer.

Preparation of the leased enterprise for transfer, including the complication and presentation for signature of the statement of transfer, is the duty of the lessor and shall be done at his expense, unless otherwise provided by the contract of lease.

Article 582. Duties of the lessee for the maintenance of the enterprise and the payment of expenditures for its operation

The lessee of the an enterprise has the duty, during the whole term of effectiveness of the contract of lease of an enterprise, to maintain the enterprise in proper technical condition including making

its current and, in cases provided by the contract, major repairs.

The expenditures connected with the operation of the leased enterprise shall be imposed upon the lessee unless otherwise provided by the contract, and also expenditures connected with the making of payments for insurance of the leased property, taxes and other payments shall be imposed upon the lessee.

Article 583. Use of the property of the leased enterprise

Unless otherwise provided by a Law or a contract, the lessee shall have the right with the consent of the lessor to sell, exchange, and without his consent to give for temporary use or loan items of value that are comprised in the composition of the property of the leased enterprise, to sublease them and to transfer his rights and duties under the contract of lease with respect to such items of value to another person on the condition that this does not entail a reduction of the value of the enterprise and does not breach other provisions of the contract.

Unless otherwise provided by the contract of lease of an enterprise, the lessee shall have the right, without the consent of the lessor, to conduct its reconstruction of the leased enterprise, its expansion, technical re-equipment increasing its value.

Article 584. Making by the lessee of improvements on the leased enterprise

The lessee of an enterprise shall have the right to compensation to him for the value of inseparable improvements of the leased property, regardless of the approval of the lessor for such improvements, unless otherwise provided by the contract of lease of an enterprise.

The lessor may be freed by a court from the duty to compensate the lessee for the value of such improvements, if he proves that the costs of the lessee for these improvements increase the value of the leased property disproportionately to the improvement of its quality and/or exploitation characteristics or, in the making of such improvements,

the principles of good faith and reasonableness were breached.

Article 585. Application to the contract of lease of an enterprise of the rules on the consequences of invalidity of transactions, on change and on rescission of a contract

The rules of the present Code on the consequences of the invalidity of transactions, on the change and on rescission of the contract providing for the return or recovery in kind of what has been received under the contract from one party or from both parties shall be applied to the contract of lease of an enterprise, if such consequences do not breach the substantial rights and interests protected by a Law of creditors of the lessor and lessee, of other persons, and do not contradict the rules of Article 116 of the present Code.

Article 586. Return of the leased enterprise

Upon termination of the contract of lease of an enterprise, the leased property system must be returned to the lessor with the observance of the rules provided by Articles 579 and 581 of the present Code.

§ 6. Leasing (In edition of Point 1 of Article 3 of the Law of the RUz No. ZRU-138 dtd 28.12.2007)

Article 587. The contract of leasing

The text of the Article was amended by item 1 of Section XIII of the Law of the RUz No. 447-II of December 13, 2002.

Under a contract of leasing one party, the leaseholder (the lessor) on instructions from another party, the lease recipient (the lessee), shall have the duty to enter into agreement with a third party with a seller for acquiring property from the latter for the lessee, and the lessee shall have the duty to pay for it to the lessor for leasing payment.

Article 588. Subject of leasing

The subject of leasing may be any non-consumable things used for entrepreneurial activity, with the exception of land parcel and other

natural objects.

Article 589. Objects of leasing

The lessor is a person acquiring property in ownership with purpose of further its transfer to the lessee under leasing.

The lessee is a person acquiring the object of leasing in owned possession and use.

Paragraph 3 of Article was amended by item 2 of Section XIII of the Law of the RUz No. 447-II of December 13, 2002.

The seller is a person from whom the lessor acquires an object of leasing. Combining of a lessor and a seller shall be allowed in one person, in case, if the lessor acquires property from a future user or when the lessor finances to the seller with the purposes of acquiring property from him for the further giving it under leasing to the same person. (Paragraph 2 was amended by item 2 of Section XIII of the Law of the RUz No. 447-II of December 13, 2002.)

Article 590. Leasing payment

The text of Article 590 is stated in edition of Point 2 of Article 3 of the Law of the RUz No. ZRU-138 dtd 28.12.2007

The lease payment is compensation by the lessee to the lessor of a value of the object of leasing, as well as lessor's interest income.

Article 591. Notification of the seller on giving the property by lease

The lessor, in acquiring the property for the lessee, must notify the seller of the fact that the property is meant for transfer of it by lease to a defined person.

Article 592. Transfer to the lessee of the subject of the contract of finance lease

Unless otherwise by the contract of finance lease, the property that is the subject of this contract shall be transferred by the seller directly to the lessee at the place of location of the latter.

In the case when the property that is the subject of the contract of finance lease is not transferred to the lessee within the time period

indicated in this contract or, if such a time period is not indicated in the contract, within a reasonable time period, the lessee shall have the right if the delay is caused by circumstances for which the lessor is liable, to demand the rescission of the contract and compensation for losses.

Article 593. Transfer to the lessee of the risk of accidental loss or accidental spoilage of the property

The risk of accidental loss or accidental spoilage of the leased property shall pass to the lessee at the time of transfer to him of this property, unless otherwise provided by the contract of leasing.

Article 594. Duties and liability of lessor

The lessor has the duty to present the object of leasing to the lessee in the state of corresponding to the terms of the contract and in conditional by him time periods.

The lessor shall bear responsibility to the lessee for non-delivery, incomplete delivery, delay of delivery or delivery of the property of improper quality if they are sequent of his guilty actions and act of omission.

Article 595. Rights of lessee

Paragraph 1 was amended by item 4 of Section XIII of the Law of the RUz No. 447-II of December 13, 2002.

In case of non- delivery, incomplete delivery, delay of delivery or delivery property improper quality, the lessee has the right unless otherwise provided by the contract: to delay payment of lease payment;

to refuse from the property delivering and demand on rescission of the contract of lease.

Paragraph 2 was amended by item 3 of Section XIII of the Law of the RUz No. 447-II of December 13, 2002.

In case of early rescission of the contract of lease, the lessee has the right to demand upon the return of payments made by him earlier as in advance of money with minus of value of those profits which he has

derived from use of the object of lease.

The object of lease shall be passed into ownership of the lessee upon expiration of limit time period of the contract.

Article 596. Subleasing

The lessee has the duty to lease property received by the contract of leasing, in subleasing with the consent of the lessor, remaining responsible to him by the contract.

Article 597. Duties and liability of lessee

The user, the lessee shall have the duty in proper time to pay in leasing payments, to use property in accordance with conditions on which it was put, to maintain it in working order, to make at his expense current repair, to bear other expenses for its maintenance unless otherwise established by the contract of lease. (Amended by item 5 of Section XIII of the Law of the Republic of Uzbekistan No. 447-II of December 13, 2002.)

The lessee has the duty to return property in such condition as he has received it from the lessor taking into consideration of its normal wear and changes provided by agreement of parties under cancellation of the contract of lease.

Paragraph 3 was amended by item 3 of Section XIII of the Law of the RUz No. 447-II of December 13, 2002.

In case of nonperformance of obligations on paying of leased payment by the lessee, the lessor may receive being due to him payments together with interests.

In case of admission by the lessee of essential violation of his duties, the lessor may demand of speeded up payment of future leased payment unless otherwise provided by the contract of leased or to demand rescission of the contract with receipt of return of object of lease and recovery of damages. (Amended by item 5 of Section XIII of the Law of the Republic of Uzbekistan No. 447-II of December 13, 2002.)

Article 598. Liability of the seller

The lesser shall have the right to present directly to the seller of the property that is the subject of the contract of leasing, claims deriving from the contract of purchase and sale concluded between the seller and the lessor, in particular with respect to the quality and completeness of the property, the time periods for its supply, and in other cases of improper performance of the contract by the seller. In such a case, the lessee shall have the rights and bear the responsibilities (besides of the responsibility to pay for the property acquired) provided by the present Code for the buyer, as if he was a party of the contract of purchase and sale of this property. However, the lessee may not rescind the contract of purchase and sale with the seller without the consent of the lessor.

In relations with the seller, the lessee and lessor shall act as joint and several creditors.

Unless otherwise provided by the contract of leasing, the lessor shall not be liable to the lessee for the performance by the seller of requirements deriving from the contract of purchase and sale, except for cases when liability for the selection of the seller is upon the lessor. In the latter case, the lessee shall have the right, at his choice, to present claims deriving from the contract purchase and sale either directly to the seller of property or to the lessor, who shall bear joint and several liability.

Article 599. Preservation of force of the contract of leasing upon passage of the object of leasing to another owner

Upon passage of the right of ownership on the property given upon leasing from the lessor to another person, the contract of leasing shall preserve the force for a new owner.

Chapter 35. Lease of housing premises

Article 600. The contract of lease of housing premises

Under the contract of lease of housing premises one party - the

owner of the housing premises or a person empowered by him (the lessor) – has the duty to provide the other party (the lessee) with housing premises for payment in possession and in use foe living in it.

Housing premises may be given to a legal entity in possession and/or use on the basis of a contract of lease or other contract. A legal entity may use housing premises only for habitation by citizens.

Article 601. The contract of lease of housing premises in the municipal housing fund for social use

Housing premises in the municipal housing fund for social use shall be provided to citizens under the contract of social lease of housing premises. Members of the lessee's family living together with the lessee under the contract of social lease of housing premises shall enjoy all rights and bear all obligations under the contract of lease of housing premises equally with the lessee.

Upon demand of the lessee and the members of his family, the contract may be concluded with one of the members of the family. In case of the death of the lessee or his leaving the housing premises, the contract shall be concluded with one of the members of the family living in the housing premises.

The contract of social lease of housing premises in the municipal housing fund shall be made on the bases, on the terms, and by the procedure provided by housing legislation. The rules of Articles 603, 604, 607, 609, 610 and Paragraphs 1, 2 and 3 of Article 613 of the present Code. Other provisions of the present Code shall be applied to the contract of social lease of housing premises unless otherwise provided by housing legislation.

Article 602. Object of the contract of lease of housing premises

Isolated housing premises suitable for permanent residence (an apartment, dwelling house, part of an apartment or dwelling house) may be the object of the contract of lease of housing premises.

The suitability of housing premises for dwelling shall be

determined by the procedure provided by housing legislation.

The lessee of housing premises in a multi-apartment building, along with the use of the housing premises, shall have the right to use the property indicated in Article 211 of the present Code.

Article 603. Form of contract of lease of housing premises

The contract of lease of housing premises shall be concluded in written form.

The contract of lease of the housing premise concluded between the citizens must be notarized.(The Part 2 was supplemented in acordence with Point 2 of the Article 2 of the Law of the RUz No. ZRU-313 dtd 30.12.2011)

Article 604. Preservation of the contract of lease of housing upon passage of the right of ownership to housing premises

The passage of the right of ownership to the housing premises occupied under a contract of lease of housing premises does not entail the rescission or change of the contract of lease of housing premises. In such a case, the new owner becomes the lessor on the conditions of the earlier made contract of lease.

Article 605. Duties of the lessor of housing premises

The lessor has the duty to transfer to the less unoccupied housing premises in a condition suitable for living.

The lessor has the duty to conduct appropriate utilization of the dwelling house in which the housing premises given in lease is located, to provide or to ensure the provision to the lessee for payment of the necessity utility services, and to ensure the conduct of repair of the common property of a multi-apartment building and of structures located in the housing premises for the provision of utility services.

Article 606. The lessee and citizens permanently living together with him

Only a citizen may be a lessee under a contract of lease of housing.

The contract must indicate the citizens permanently living in the housing premises together with the lessee. In case of absence in the

contract of such indications, moving these citizens in shall be made in accordance with rules of Article 608 of the present Code.

Citizens permanently living together with the lessee have equal rights with him for the use of the housing premises. The relations between the lessee and such citizens shall be determined by a Law.

The lessee shall bear liability to the lessor for the actions of citizens permanently together with him that breach the terms of the contract of lease of housing premises.

Citizens permanently living together with the lessee may, having informed the lessor, make a contract with the lessee to the effects that all citizens permanently living in the housing premises, together with the lessee, bear joint and several liability to the lessor. In this case such citizens are co-lessees.

Article 607. Duties of the lessee of housing premises

The lessee has the duty to use the housing premises only for habitation, to ensure the safekeeping of the housing premises, and to keep the premises in proper condition. The lessee does not have the right to do remodeling or reconstruction of the housing premises without the consent of the lessor.

The lessee has the duty to make timely payment for the housing premises. Unless the contract provides otherwise, the lessee has the duty to make utility payments himself.

Article 608. Inclusion of new members of a family of the lessee in the contract of lease of housing premises

The lesser of housing premises as well as his members of the family has the right to demand to include into the contract lesser of housing premises as a member of the family the other citizens. The procedure and terms of inclusion such citizens in the contract of lesser of housing premises shall be determined by legislation.

Article 609. Temporary residents

The lessee and citizens living with him permanently by general

agreement and with preliminary notification to the lessor have the right to allow sojourn without payment in the housing premises by temporary residents (or users). The lessor may forbid sojourn by temporary residents in case of nonobservance of the requirements of legislation on the norm of housing space per person. The time period for sojourn by temporary residents may not exceeds six months.

Temporary residents do not enjoy an independent right of use of the housing premises. The lessee bears liability to the lessor for their actions.

Temporary residents have the duty to free the housing premises upon the expiration of the time period of sojourn agreed with them, and, if the time period is not agreed, not later than seven days from the day of presentation of the respective demand by the lessee or by any citizen living with him permanently.

Article 610. Repair of housing premises granted in lease

Current repair of the housing premises given in rent is the duty of the lessee, unless otherwise provided by the contract of lease of housing premises.

Major repair of the housing premises given in lease is the duty of the lessor unless otherwise provided by the contract of rent of housing premises.

Reconstruction of the dwelling house in which the housing premises given in lease are located, is not allowed without the consent of the lessee, if such a reconstruction will significantly change the terms of use of the housing premises.

Article 611. Lease payment for housing premises

The amount of lease payment for housing premises shall be established by agreement of the parties in the contract of lease of housing premises. In the case when, in accordance with a Law, a maximum amount of lease payment for housing premises is established, the lease payment established in the contract must not exceed this amount. A

unilateral change in the amount of lease payment for housing premises is not allowed with the exception of cases provided by a Law or the contract.

Lease payment for housing premises must be made by the lessee within the times provided by the contract of lease of housing premises. If the contract does not provide time period, lease payment must be made by the lessee monthly in the manner established by legislation.

Article 612. Time period in the contract of lease of housing premises

The contract of lease of housing premises may be concluded for a time period not exceeding five years. If no time period is defined in the contract, the contract shall be considered concluded for five years.

The rules provided by Paragraphs 2 and 3 of Article 606, Article 609, Paragraph 3 of the present Article, Articles 613 and 614 of the present Code shall not be applied to a contract of lease of housing premises concluded for a time period of up to one year (short - term lease), unless the contract provides otherwise.

The lessee has the priority right to the concluding of a contract for a new time period.

The lessor may refuse to conclude the contract for a new time period if he has took decision not to lease out the housing premises for a period of time not less than a year.

Article 613. Sublease of housing premises

By the contract of sublease of housing premises, the lessee, with the consent of the lessor, transfers for a time period part or all of the premises leased by him to the use of the sublessee. The sublessee does not acquire an independence right of use of the housing premises. The lessee remains liable to the lessor under the contract of lease of housing premises.

The contract of sublease of housing premises may be concluded on the condition of observance of the requirements of the legislation on the norm of housing space per person.

The contract of sublease of housing premises shall be for compensation.

The time period of a contract of sublease of housing premises may not exceed the time period of the contract of lease of housing premises.

Upon early termination of a contract of lease of housing premises, the contract of sublease of housing premises shall be terminated simultaneously with it.

The rules on the priority right to the concluding of a contract for a new time period do not apply to the contract of sublease of housing premises.

Article 614. Replacement of the lessee in the contract of lease of housing premises

On request of the lessee and other citizens permanently living with him and with the consent of the lessor, the lessee in a contract of lease of housing premises may be replaced by one of the adult citizens permanently living with the lessee.

In case of the death of the lessee or his leaving the housing premises, the contract continues to be in effect on the same terms, and one of the citizens who were permanently living with the prior lessee becomes the lessee by joint agreement among these citizens. If such an agreement is not reached, then all citizens permanently living in the housing premises become co-lessees.

Article 615. Rescission of the contract of lease

Rescission of the contract of lease of housing premises shall be made by agreement of parties.

The lessee of housing premises shall have the right, with the consent of other citizens permanently living with him, at any time to rescind the contract of lease with three months written notice to the lessor.

The contract of lease of housing premises may be rescinded by judicial procedure on demand of the lessor in cases:

of failure of the lessee to make payment for the housing premises for six months unless the contract has defined a longer time period and,

in the event of short-term lease in the case of failure to make payment more than two times at the expiration of the time period of payment established by the contract;

Destruction or spoilage of the housing premises by the lessee or by other citizens for whose actions he is liable.

The contract of lease of housing premises may be rescinded by judicial procedure on demand of either of parties to the contract:

If the housing premises ceases to be suitable for permanent living and also in case of its wrecked condition;

In other cases provided by housing legislation

If the lessee of the housing premises or other citizens for whose actions he is liable use the housing premises not for their designation or systematically violate the rights and interests of neighbors, the lessor may warn the lessee of the necessary of eliminating the violations.

If the lessee or other citizens for whose actions he is liable, after warning, continue to use the housing premises not for their designation or to violate the rights and interests of neighbors, the lessor shall have the right, by judicial procedure, to rescind the contract of lease of housing premises.

The procedure and time periods of elimination of violation which were bases for rescission of contract of lease of housing premises, shall be established by a Law.

Article 616. Consequences of the rescission of the contract of lease of housing premises

In case of rescission of a contract of lease of housing premises, the lessee and other citizens living in the housing premises by the time of rescission of the contract shall be subject to eviction from the housing premises on the basis of the decision of the court.

Chapter 36. Uncompensated use

Article 617. Definition of the contract of uncompensated use

Under a contract of uncompensated use (the contract of lending) one party (the lender) has the duty to transfer or transfers a thing for

uncompensated temporary use to the other party (the borrower) and the latter has the duty to return the same thing in the same condition in which it received it, subject to normal wear, or in the condition provided by the contract.

The rules provided by Article 537, Paragraphs 1 and 2 of Article 540, Article 545, Paragraph 4 of Article 553, Paragraphs 1 and 3 of Article 555 of the present Code shall be applied respectively to the contract of uncompensated use.

Article 618. The lender

The right to transfer a thing for uncompensated use belongs to its owner and to other persons empowered and to other persons empowered thereto by a Law or by the owner. A commercial organization does not have the right to transfer property for uncompensated use to a person who is its founder, participant, head, or a member of its bodies of management or supervision.

Article 619. Providing a thing for uncompensated use

The lender has the duty to provide the thing in a condition corresponding to the terms of the contract of uncompensated use and to its designation.

A thing shall be provided for uncompensated use with all its accessories and the documents relating to it (instructions for use, technical documentation, etc.) unless otherwise provided by the contract.

If such accessories and documents were not transferred, but the thing cannot be used for its designation without them or its use to a significant degree loses its value for the borrower, the latter shall have the right to demand the giving to him of such accessories and documents or the rescission of the contract and compensation for the actual damage suffered by him.

Article 620. Consequences of failure to provide the thing for uncompensated use

If the lender does not provide the thing to the borrower, the

latter shall have the right to demand the rescission of the contact of uncompensated use and compensation for the actual damage suffered by him.

Article 621. Liability for defects in the thing transferred for uncompensated use

The lender shall be liable for defects in the thing that he intentionally or by gross negligence did not except at the concluding of the contract of uncompensated use. Upon discovery of such defects, the borrower shall have the right, at his choice, to demand of the lender elimination without compensation of the defects of the thing or compensation of his expenses for the elimination of the defects of the thing or early rescission of the contract and compensation for the actual damage suffered by him. A lender notified of the demands of the borrower or of his intent to eliminate the defects of the thing at the expense of the lender may, without delay, replace the defective thing with another analogous thing that is in appropriate condition.

The lender shall not be liable for defects in the thing that were accepted by him upon the concluding of the contract or that were previously known to the borrower or that should have been discovered by the borrower during inspection of the thing or checking of its soundness upon the concluding of the contract or transfer of the thing.

Article 622. Rights of third persons to the thing transferred for uncompensated use

The transfer of a thing for uncompensated use is not a basis for changing or terminating the rights of third persons to this thing.

At the concluding of a contract of uncompensated use, the lender has the duty to inform the borrower of all rights of third persons to this thing (servitude, right of pledge, etc.). Failure to perform this duty gives the borrower the right to demand the rescission of the contract and compensation for the actual damage suffered by him.

Article 623. Duties of the borrower for maintenance of the thing

The borrower has the duty to maintain the thing received for uncompensated use in sound condition. Unless otherwise provided by the contract the borrower has the duty to make current and major repair and bear all expenses for its maintenance.

Article 624. Risk of accidental loss of or accidental damage to the thing

The borrower shall bear the risk of accidental loss of or accidental damage to the thing received for uncompensated use if the thing was lost or was damage in connection with the fact that the borrower used it not in accordance with the contract of uncompensated use or the designation of the thing or transferred it to a third person without the consent of the lender. The borrower also bears the risk of accidental loss of or accidental damage to the thing if he could have prevented the loss or damage by sacrificing his own thing.

Article 625. Liability for harm caused to a third person as the result of use of the thing

The lender shall be liable for harm caused to a third person unless he proves that the harm was caused as the result of the intent or gross negligence of the borrower or the person who had the thing with the consent of the borrow or if the harm was caused by using the thing which was left from possession of the borrower without the consent of the lender.

Article 626. Transfer a thing received in uncompensated use to a third person

The borrower has the right to transfer a thing received in uncompensated use to a third person only with the consent of the lender staying liable before him.

Article 627. Early rescission of the contract of uncompensated use

The lender shall have the right to demand early rescission of the contract of uncompensated use in cases when the borrower:

utilizes the thing not in accordance with the contract or the designation of the thing; does not fulfill duties for maintaining the thing in sound condition or for its maintenance;

substantially worsens the condition of the thing;

has transferred the thing to a third person without the consent of the lender. The borrower shall have the right to demand early rescission of the contract of uncompensated use:

upon discovery of defects making the normal use of the thing impossible or burdensome, about the presence of which he did not know and could not know at the time of concluding the contract;

if the thing by virtue of circumstances for which the borrower is not liable, is in a condition unsuitable for use;

if, upon concluding the contract, the lender did not warm him about the rights of third persons to the thing transferred;

in case of non-fulfillment by the lender of the duty to transfer the thing or its accessories and the documents relating to it.

Article 628. Cancellation of the contact of uncompensated use

If a time period of uncompensated use of a thing in the contract has not been determined, each of the parties shall have the right, at any time, to cancel a contract of giving the other arty one month's notice of this unless the contract provided for another time period of notice.

Unless otherwise provided by the contract of uncompensated use, the borrower shall have the right at any time, to cancel the contract made with an indication of a time period by the procedure provided by Paragraph 1 of the present Article.

Article 629. Change of the parties in the contract of uncompensated use

The lender shall have the right to conduct an alienation of the thing or to transfer it for compensated use to a third person. In such case, the rights under a previously concluded contract of uncompensated use pass to the new owner or user and his rights with respect to the thing are burdened by the rights of the borrower.

In case of the death of a citizen- lender or the reorganization

or liquidation of a legal entity that is a lender, the rights and duties of the lender under the contract of uncompensated use pass to the heir (or legal successor) or to another person to whom passed the right of ownership to the thing or other right on the basis of which the thing was transferred for uncompensated use.

In case of reorganization of a legal entity that is the borrower, its rights and duties under the contract shall pass to the legal entity that is its legal successor, unless otherwise provided by the contract of uncompensated use.

Article 630. Termination of the contract of uncompensated use

The contract of uncompensated use shall be terminated in case of the death of a citizen - borrower or the liquidation of a legal entity that is a borrower, unless otherwise provided by the contract.

Chapter 37. Work

§ 1. General provisions on work

Article 631. The work contract

Under the work contract one party (a contractor) has the duty to do defined work at the order of the other party (the customer) and to transfer the result to the customer, and the customer has the duty to accept and to pay the result of the work. The work shall carry out for the risk of the contractor unless otherwise provided by legislation or agreement of parties.

The provision of the present Section shall be applied to individual types of the work contract (consumer work, construction work and work for the performance of design and exploratory tasks, experiment construction and technological works) unless otherwise provided by the rules of the present Code on these types of contracts.

Article 632. Work done under the work contract

A work contract may be concluded for the manufacture or reworking (or processing) of a thing or the doing of another work with the transfer

of its result to the customer or the transfer it by another manner to the customer.

Unless otherwise provided by the work contract, the work shall be done from materials, with efforts and assets of the contractor.

The contractor shall determine independently the means of fulfilling the orders of the customer, unless otherwise provided by the work contract.

The contractor shall bear liability for improper quality of materials and equipment provided by him and also for providing materials and equipment burdened by the rights of third persons.

Article 633. Risk of accidental loss or accidental damage of materials

A party given materials shall bear the risk of accidental loss of or accidental damage of the materials before the beginning of time period of leasing by the contractor stipulated by the work contact and after the beginning of this time period - delayed party unless otherwise provided by legislation or the contract.

Article 634. General contractor and subcontractor

Unless a duty of the contractor personally to do the work provided in the contract follows from legislation or the work contract, the contractor shall have the right to involve other persons (subcontractors) in the performance of his obligations. In this case, the contractor shall be act as general contractor.

The general contractor is liable to the subcontractor for nonperformance or improper performance of his duties by the customer by the work contract, and is liable to the customer for consequences of nonperformance or improper performance of his duties by the subcontractor in accordance with the rules of Paragraphs 2 and 3 of Article 241 and Article 334 of the Present Code.

Unless otherwise provided by a Law or the work contract, the customer and the subcontractor do not have the right to make against one another claims connected with the breached of the contracts concluded by

each of them with the general contractor.

A contractor who has involved a subcontractor in the performance of a contract in violation of the provisions of Paragraph 1 of the present Article or of the work contract shall bear liability to the customer for losses caused by the participation of the subcontractor in the performance of the contract.

With the consent of the general contractor, the customer shall have the right to make contracts for the doing of individual work with other persons. In case, these persons shall bear liability for not doing or improper doing of the work directly to the customer.

Article 635. Time periods for doing the work

The work contract shall indicate an initial and a final time period for doing the work. By agreement between the parties, the contract may also provide the time periods for completing individual stages of work (intermediate time periods).

Unless otherwise provided by a Law or the work contract, the contractor shall bear liability for breach of the starting, the final, and also the intermediate time periods for doing the work.

The starting, the final, and also the intermediate time periods for doing the work indicated in the work contract may be changed in the cases and by a procedure provided by the contract.

The consequences of delay of performance indicated in Paragraph 2 of Article 337 of the present Code shall ensue in case of breach of the final time period for performance of work.

Article 636. Price of the work

The work contract shall indicate the price of the work to be done or the means for determining the price. In case of absence of such indications in the contract, the price shall be determined in accordance Paragraph 4 of the Article 356 of the present Code. The price in the work contract shall include of compensation for the costs of the contractor and the remuneration due to him.

The price of the work may be determined by making of a budget.

In the case when the work is done in accordance with a budget made by the contractor, the budget shall take effect and become part of the work contract from the time it is approved by the customer.

The price of the work (or the budget) may be approximate or firm. In the absence of these indications in the work contract, the price of the work shall be considered firm. If the necessity has arisen for the performance of supplementary work and for this reason for the substantial exceeding of a price of work defined approximately, the contractor shall have the duty to give timely warning of this to the customer. The customer, if he does not agree to the increase in the price of work indicated in the work contract, shall have the right to cancel the contract. In this case, the contractor may demand from the customer payment to him of the price for the part of the work that has been done.

A contractor who has failed to give timely warning to the customer of the necessity of exceeding the price of work indicated in the contract shall have the duty to perform the contract, retaining the right to receive payment for the work in the price determined in the contract.

The contractor, as a rule, does not have the right to demand an increase of a firm price (firm budget), nor the customer -its reduction, even in the case when, at the time of making of the work contract, the possibility of foreseeing the full scope of the work to be done or the necessary expenses therefore was excluded.

Upon significant growth of the value of the materials and equipment provided by the contractor, and also of services provided to him by third persons, that could not have been foreseen in the concluding of the contract, the contractor shall have the right to demand an increase of the established price of work (budget), and, in case of refusal of the customer to fulfill this demand - the rescission of the contract in accordance with Article 383 of the present Code.

Article 637. Savings by the contractor

In cases when the actual expenses by the contractor are lower

than those that were considered in the determination of the price of the work, the contractor shall retain the right to payment for the work at the price provided by the work contract unless the customer proves that the savings received by the contractor affected the quality of the work done.

The work contract may provide for the allocation of the savings attained by the contractor between the parties.

Article 638. Procedure for payment for the work

Unless the work contract provides for advance payment for work done or individual stage of it, the customer shall have the duty to pay the contractor the agreed price after the final submission of the results of the work, on the condition that the work was done properly and at the agreed time period or, with the consent of the customer early. The contractor shall have the right to demand payment to him of an advance or of a deposit only in the cases and in the amount indicated by legislation or the work contract.

Article 639. Right of the contractor to retention

In case of nonperformance by the customer of the duty to pay the established price or other sum due to the contractor in connection with the performance of the work contract, the contractor shall have the right, in accordance with Articles 290 and 291 of the present Code, to retain the result of the work and also equipment belonging to the customer, a thing transferred for reworking (or processing), the remainder of unused material and other property of the customer that he has, until payment by the customer of the respective sums.

Article 640. Doing the work with use of material of the customer

The contractor has the duty to use the material provided by the customer economically and prudently, after finishing the work to provide the customer with a report on the use of the material, and also to return

the remainder or, with the consent of the customer, to reduce the price of the work, taking into account the value of the unused material left with the contractor.

The contractor shall bear liability for improper fulfillment of work caused by defects in materials provided by the customer if it proves that defects could not have been discovered on the proper acceptance of these materials.

Article 641. Liability of the contractor for failure to preserve property provided by the customer

The contractor shall bear liability for failure to keep safe the material provided by the customer, equipment, a thing transferred for reworking (or processing), or other property that is in the possession of the contractor in connection with performance of the work contract.

Article 642. Rights of the customer during the doing of the work by the contractor

The customer shall have the right at any time, to check the progress and quality of work being done by the contractor without interfering in his activity.

If the contractor does not start performance of the work contract on time or is doing the work so slowly that finishing it on time has become clearly impossible, the customer shall have the right to cancel the performance of the contract and to demand compensation for losses.

If at the time of doing the work it becomes clear that it will not be done in a proper manner, the customer shall have the right to designate a reasonable time period to the contractor for the elimination of the defects and, in case of failure of the contractor to fulfill this demand within the designated time period, to cancel the work contract or to entrust the correction of the work to another person at the contract's expenses and also to demand compensation for losses.

Unless otherwise provided by the work contract, the customer may, at any time until the submission to him of the result of work, refuse to perform the contract, paying the contractor a part of the established

price proportional to the part of the work done until the receipt of notice of the refusal by the customer to perform the contract. The customer shall also have the duty to compensate the contractor for the losses caused by the termination of the contract within the limits of the difference between the prices defined for the whole work and the part of the price paid for the work done.

Article 643. Circumstances about which the contractor has the duty to warn the customer

The contractor has the duty to warn the customer immediately and also to suspend work until receipt from him of instructions in case of discovery:

of the unsuitability or improper quality of material, equipment, or technical documentation provided by the customer or of a thing transferred for reworking (or processing);

of possible consequences unfavorable for the customer of performing his instructions about the method of doing the work;

of other circumstances not depending upon the contractor which threaten the suitability or soundness of the results of the work done or make it impossible to complete it on time.

A contractor who has not warned the customer about the circumstances indicated in Paragraph 1 of the present Article or who has continued work without awaiting the expiration of the time period indicated in the contract or, in its absence, a reasonable period of time for an answer to the warning or, despite the timely receipt of an instruction from the customer to stop work, does not have the right, upon the presentation to him or by him to the customer of the respective demands, to rely upon these circumstances.

If the customer, despite a timely and well-based warning by the contractor about the circumstances indicated in Paragraph 1 of the present Article, does not replace, within a reasonable period of time, the unsuitable or improper quality material or does not change

instructions on the method of doing the work, or does not take other necessary measures for the elimination of circumstances threatening its suitability and soundness, the contractor shall have the right to refuse to perform the contract and to demand compensation for the losses caused by its termination.

Article 644. Nonperformance by the customer of reciprocal obligations under the work contract

The contractor shall have the right not to start work and to suspend work that has been started in cases when a breach by the customer of his cross duties under the work contract, in particular non-provision of material, equipment, technical documentation, or a thing subject to reworking (or processing) hinders the performance of the contract by the contractor and also in case of circumstances clearly evidencing that the performance of these duties will not be done within the established time period (Article 256 of the present Code).

Unless otherwise provided by the work contract, the contractor, in the presence of the circumstances indicated in Paragraph 1 of the present Code, shall have the right to refuse to perform the contract and to demand compensation for losses.

Article 645. Support by the customer

The customer shall have the duty in the cases, in the scope, and by the procedure provided by the work contract to render support to the contactor in doing the work. In case of nonperformance by the customer of this duty, the contractor shall have the right to demand compensation for the losses caused, including supplementary costs caused by work stoppage, or an extension of the time period for doing the work or increasing the price for the work indicated in the contract.

In cases when doing the work under the work contract has became impossible as the result of the actions or omissions of the customer, the contractor shall retain the right for payment to him of the price indicated in the contract taking into account the part of the done.

Article 646. Acceptance by the customer of the work done

The customer has the duty, within the time periods and by the procedure provided by the work contract, with the participation of the contractor, to inspect and accept work done (or its result), and, in case of discovering a deviation from the contract worsening the result of the work or other defects in the work, to immediately notify the contractor about this.

A customer who has discovered defects in work during its acceptance shall have the right to refer to them in the cases when these defects or the possibility of later making of a demand for their elimination have been noted in a written statement or other document evidencing the acceptance.

A customer who has accepted the work without checking loses the right to refer to defects of the work that could have been established by the usual method of its acceptance (obvious defects).

A customer who has discovered after acceptance of the work deviations in it from the work contract or other defects that could not be established by the usual method of its acceptance (hidden defects), including those that were intentionally hidden by the contractor, shall have the duty to notify the contractor of this within a reasonable time period after their discovery.

In case a dispute arises between the customer and the contractor about defects in the work done or their causes, upon demand of either of the parties an expert examination must be ordered. The expenses for the expert examination shall be borne by the contractor, with the exception of cases when the expert examination has established the absence of breaches of the work contract by the contractor or the absence of a causal connection between the actions of the contractor and the defects discovered. In these cases, the expenses for the export examination shall be borne by the party that has demanded the ordering of an expert

examination and, if it was ordered by agreement between the parties, both
parties equally.
Unless otherwise provided by the work contract, in case of
refusal by the customer to accept the work done, the contractor shall
have the right, upon the passage of a month from the day when, according
to the contract, the result of the work should have been transferred to
the customer and on the condition of the subsequent two-time warning to
the customer, to sell the result of the work and to place the sum
received less all the payments due to the contractor in the name of the
customer in a deposit of a notarial agency. The customer shall have the
right instead of selling a subject of work, to use the right for its
deduction or to impose a penalty on losses caused by the customer. If
avoidance of the customer to accept the work done has entailed a delay
in the submission of the work, the risk of accidental loss of a ready (
or reworked or processed) thing shall be recognized as having passed to
the customer at the time when the transfer of the thing should have taken
place.

Article 647. Quality of the work

The work done by the contractor must correspond to the terms of
the work contract and, if the terms of the contract are absent or
incomplete, to the requirements usually made for work of the respective
kind. Unless otherwise provided by legislation or the contract, the
results of the work done must, at the time of transfer to the customer,
have the characteristics indicated in the contract or determined by the
requirements usually made and, within the limits of a reasonable period
of time, must be suitable for the use established by the contract and, if
such use is not provided by the contract, for the ordinary use of the
result of work of such kind.
If the obligatory requirements for the work done under a work
contract are provided by legislation, a contactor acting as an

entrepreneur shall have the duty to do the work observing these obligatory requirements.

The contractor may undertake by the work contract the duty to do work meeting requirements for quality higher than the obligatory requirements established for the parties.

Article 648. Guaranty of quality of the work

In the case when provision of guaranty of quality of the work provided by legislation or the work contract by the customer, the contractor has the duty to transfer to the customer the result of the work that must meet to requirements of Paragraph 1 of Article 647 of the present Code during the whole guaranty time period.

A guaranty of quality of the result of the work, unless otherwise provided by the work, extends to all that constitutes a result of the work.

Article 649. Procedure of calculation of guaranty time period

Unless otherwise provided by the work contract, the guaranty time period starts to run from the time when the result of the work done was accepted or should have been done accepted by the customer.

The rules contained in Paragraphs 2, 3, 4 and 5 of Article 404 of the present Code shall be applied respectively to the calculation of the guaranty time period under the work contract, unless otherwise provided by legislation or the agreement of the parties, or follows from the peculiarities of the work contract.

Article 650. Liability of the contractor for improper quality of the work

In cases when the work is done by the contractor with deviations from the work contract that worsen the result of the work or with other defects that make it unsuitable for the use provided in the contract or, in the absence in the contract of a respective term, unsuitable for ordinary use, the customer shall have the right, unless otherwise

established by a Law or the contract, at his choice to demand from the contractor: uncompensated elimination of the defects within a reasonable period of time; proportional reduction of the price established for the work compensation for his expenses for elimination of the defects when the right of the customer to eliminate them is provided in the contract.

The contractor shall have the right, instead of eliminating the defects of work for which he is liable, to do the work again without compensation, with compensation to the customer for the losses caused by the delay in performance. In this case, the customer shall have the duty to return the result of the work previously transferred to him to the contractor if, by the nature of the work, such a return is possible.

If the deviations made in the course of the work from the terms of the work contract or other defects of the results of the work have not been eliminated in a reasonable period of time established by the customer or are substantial and cannot be eliminated, the customer shall have the right to refuse to perform the contract and to demand compensation for the losses caused.

Terms of the work contract on freeing the contractor from liability for defined defects do not free him from liability, if it is proved that such defects arose as the result of faulty actions or inactions of the contractor.

A contractor who has provided material for doing of the work shall be liable for its quality according to the rules on liability of a seller for goods of improper quality.

Article 651. Time periods for discovery of improper quality of the result of work

Unless otherwise established by a Law or the work contract, the customer shall have the right to present claims connected with improper quality of the result of the work on the condition that the improper quality of the result of the work is discovered within the time periods established by the present Article.

In the case when no guaranty time period is established for the

result of the work, claims connected with defects in the result of the work may be presented by the customer on the condition that they were discovered in a reasonable period of time, but within the limits of two years from the day of transfer of the result of the work, unless other time periods were established by a Law, contract, or the customs of commerce.

The customer shall have the right to present claims connected with defects in the result of the work discovered in the course of the guaranty time period.

In the case when the guaranty time period provided by the contract is less than two years and the defects in the result of the work are discovered by the customer after the expiration of the guaranty time period, but within the limits of two years from the time provided by Paragraph 5 of the present Article, the contractor bears liability if the customer proves that the defects arose before the transfer of the result of the work to the customer or by causes that arose before this time.

Unless otherwise provided by the work contract, the guaranty time period starts to run from the time when the result of the work done was accepted or should have been accepted by the customer.

The rules contained in Paragraphs 2, 3, 4 and 5 of Article 404 of the present Code shall be applied respectively to the calculation of the guaranty time period under the work contract, unless otherwise provided by legislation, the agreement of the parties, or follows from the peculiarities of the work contract.

Article 652. Limitation for actions for improper quality of the work

The time period of limitation of actions for claims made in connection with improper quality of the work shall be determined by the rules of Article 150 of the present Code.

If provision of a guaranty of quality of work by the contractor is provided by legislation or the work contract, a guaranty time period have been established and a declaration with respect to defects of the

work is made within the limits of the guaranty time period, the running of the time period of limitation of actions shall start from the day of the declaration about defects.

If, in accordance with the work contract, the work is accepted by the customer in parts, the time period of limitation of actions starts to run from the day of acceptance of the work as a whole.

Article 653. The duty of the contractor to provide information to the customer

The contractor has the duty to provide to the customer, together with the result of the work, information concerning the exploitation or other use of the subject of the work contract, if it is provided by the contract or the nature of the information is such, that the use of the result of the work for the purpose indicated in the contract is impossible without it.

Article 654. Confidentiality of information received by the parties

If a party, due to the performance of its obligation under a work contract, has received from the other party information on new solutions and technical knowledge, including that not protected by a legal protection, and also information that can be considered as a commercial secret, the party does not have the right to communicate it to third persons without the consent of the other party. The procedure and conditions for the use of such information shall be determined by agreement of the parties.

Article 655. Return of materials and equipment transferred to the customer

In cases when the customer on the basis of Paragraph 4 of Article 642 or Paragraph 3 of Article 650 of the present Code refuses to perform the work contract, the contractor shall have the duty to return customer-provided materials, equipment, a thing transferred for reworking (or processing), and other property or to transfer them to a person indicated

by the customer, and if this is impossible, to compensate for the value
of materials, equipment, and other property.

§ 2. Consumer work

Article 656. The consumer work contract

Under a consumer work contract, a contractor conducting the
respective entrepreneurial activity has the duty to fulfill, on order of
a citizen - customer, defined work meant to satisfy the consumer and
other personal needs of the customer, and the customer has the duty to
accept and pay for the result of the work.

Unless otherwise provided by legislation or the contract
including the terms of cards or other standard forms to which the
consumer joins in, the consumer work contract is considered as concluded
from the time of issuance of receipt by the consumer to the contractor or
other document confirmed the acceptance of an order.

The absence of the indicated documents at the consumer shall not
deprive him of his rights to call to prejudicial evidence in confirmation
of the fact of the conclusion of the consumer work contract and its
conditions.

The consumer work contract is a public contract.

Article 657. Guaranties of the rights of the consumer

The contractor does not have the right to compel the customer to
include supplementary work or services in the consumer work contract.
Under the breach of this demand the consumer shall have the right to
refuse to pay for the respective work or services.

The customer shall have the right, at any time until the
submission to him of the work, to cancel the performance of the consumer
work contract paying the contactor part of the established price
proportionally to the part of the work done before the receiving notice
of cancellation of performance of the contract and compensating him for
expenses made up to this time for the purpose of performing the contract,
if they are not included in this part of the price of the work. Terms of

the contract depriving the customer of his right shall be void.

Article 658. Providing the consumer with information on proposed work

The contractor is obligated before the concluding of a consumer work contract to provide the customer with necessary and reliable information on the proposed work, its types and peculiarities, on the price and form of payment, and also to report to the customer, at his request, other information related to the contract and the respective work. If by the nature of the work this has significance, the contractor must indicate to the customer the specific person who will perform it.

The customer shall have the right to demand the cancellation without payment for the work done of a concluded consumer work contract and also compensation for losses when, as a result of the incompleteness or inaccuracy of the information received from the contractor, a contract was concluded for the performance of the work not having the characteristics that the customer has in mind.

Article 659. Warning the customer on the conditions of use of the work done

Upon submission of the work to the customer, the contractor is required to notify him of the requirements that must be observed for the effective and safe use of the result of the work and also on the possible consequences for the customer and other persons of failure to observe these requirements.

Article 660. Doing the work from material of the contractor

If the work under the consumer work contract is performed from the material of the contactor, the material shall be paid for by the customer upon concluding the contract in full or in the part indicated in the contract, with final settlement being made upon receipt by the customer of the work done by the contractor. In accordance with the consumer work contract, material may be provided by the contractor on

credit, including with the condition of payment by the customer for the material in installments.

A change, after the concluding of a consumer work contract, in the price of material provided by the contractor shall not entail a recalculation.

Article 661. Doing the work from material of the customer

If the work under a consumer work contract is done from material of the customer, the exact name description, and price of the material determined by agreement of the parties must be indicated in the receipt or other document issued by the contractor to the customer upon the making of the contract. The valuation of material in the receipt or other analogous document may later be disputed by the customer in a court.

Article 662. Price of and payment for the work

The price of work in a consumer work contract shall be determined by agreement of the parties and may not exceed the price established in a price list declared by the contractor. The work shall be paid for by the customer, after its final submission by the contractor. With the consent of the parties the work may be paid for by him upon concluding of the contract in full or by the giving of an advance.

Article 663. Consequences of discovering defects in work done

The contractor may exercise one of the rights provided in Article 650 of the present Code in case when he had discovered defects at the time of acceptance of the result of the work or during the use of a subject of work - during the general time periods or on case of the guaranty time periods - within these time periods.

The demand for uncompensated elimination of the defects of work made under the consumer work contract which may be lethal or health of the customer himself, may be presented by the customer or his assignee in the course of ten years from the day of acceptance of the result of work if more longer time periods (time periods of service) have not been

provided by the procedure established a Law.

Such claim may be presented independently from it when these defects have been discovered including upon discovery them after finishing of guaranty time periods. In case of nonperformance by the contractor of a claim indicated the customer shall have the right, during the same time period, to demand either the return of part of the price paid for the work, or compensation for the expenses borne in elimination of defects by the customer with his own efforts or with the assistance of third persons.

Article 664. Consequences of failure of the customer to appear to receive the results of the work

In case of failure by the customer to appear to receive the results of the work done or other refusal by the customer to accept it, the contractor shall have the right, after warning the customer in writing, upon the expiration of two months from the day of such warning, to sell the result of work for a reasonable price and to place the sum received, less all payments due to the contractor, in name of the customer in accordance with Article 249 of the present Code.

In cases indicated in the Paragraph 1 of the present Article the contractor may, instead of selling of the result of the work, exercise the right for its deduction or to impose losses caused by the customer.

Article 665. Rights of the customer in case of improper doing or non-doing of work under the consumer work contract

In case of improper doing or non-doing of work under a consumer work contract, the customer may exercise the rights provided to a buyer in accordance with Articles 434-436 of the present Code.

§ 3. Construction work

Article 666. The contract for construction work

Under a contract for construction work, the contractor has the duty within the period established by the contract, to construct on order of the customer a defined object or to do other construction work, and

the customer has the duty to create the necessary conditions for the contractor for the doing of the work, to accept the result and to pay the agreed price.

The contract for construction work may be concluded for the construction or reconstruction of an enterprise, a building (including a dwelling house), or a structure or other object and also for the performance of installation, startup - debugging, or other work inseparably connected with an object under construction. The rules on the contract for construction work shall also be applied to work for major repair of buildings and structures, unless otherwise provided by the contract.

In cases provided by the contract for construction work, the contractor shall undertake the duty to ensure the operation of the object after its acceptance by the customer during the period indicated in the contact.

The owner of non-completed construction before its acceptance to the customer and payment by him is the contractor.

Article 667. Risk of accidental loss or accidental harm to the object of construction

If the object of construction perished or was harmed, the risk of accidental loss of or accidental harm to the object before its acceptance shall be borne by the contractor.

Article 668. Liability for safety of conducted works

Liability for safety of conducted works shall be borne by the contractor.

Article 669. Insurance of the object of construction

The contractor shall have the duty at his expenses to cover insurance provided by the contract of the object or work package, unless other procedure and conditions provided by the parties in the contract.

The party upon whom the duty for insurance is imposed must provide for another party by the procedure provided by the contract for

construction work the proofs of concluding a contract of insurance by it in accordance with the terms of the contract including data on the insurer, the amount of the insured sum, and the insured risks.

Article 670. Technical documentation and budget

The contractor shall have the duty to conduct construction and work connected with it in accordance with technical documentation defining the scope, content of the work, and other requirements upon the work.

In the absence of other indications in the contract for construction work, it shall be assumed that the contractor has the duty to do all works indicated in the technical documentation and budget.

The contract for construction work must determine the structure and content of design estimates and also must prove which party and by what time must provide the respective documentation.

A contractor that has discovered, in the course of construction, work not considered in design estimates and, in connection with this, the necessary of doing supplementary work and increasing the budget cost of construction, must report on this to the customer. In case of failure to receive a reply to his communication from the customer within ten days, unless a Law or the contract for construction work provides another time period for this, the contractor has the duty to suspend the respective work with allocation of the losses caused by the stoppage to the account of the customer. The customer shall be freed from compensation for these losses if he proves the absence of necessary for the doing of supplementary work.

A contractor that has not fulfilled the duties established by Paragraphs 4 and 5 of the present Article, shall be deprived of the right to demand from the customer payment for the supplementary work done by him and compensation for the losses caused by this, unless he proves the necessary of immediate actions in the interests of the customer, in particular in connection with the fact that the suspension of work could

have led to the perishing of or harm to the object of construction.

With the consent of the customer to the conduct of and payment for supplementary works, the contractor shall have the right to refuse to perform them only in the case when they are not in the sphere of professional activity of the contractor or cannot be performed by the contractor due to causes not depending upon him.

Article 671. The making of changes in the technical documentation

The customer shall have the right to make changes in technical documentation on the condition that the supplementary work caused by this does not exceed ten percent of the overall value of construction indicated in the budget and does not change the nature of the work provided in the contract for construction work.

The making of changes in technical documentation in larger amount than indicated in Paragraph 1 of the present Article shall be done on the basis of a supplementary budget agreed upon by the parties.

The contractor shall have the right to demand, in accordance with Article 382 of the present Code, the reconstruction of the budget if, due to circumstances beyond his control, the cost of the work has exceeded the budget by not less than ten percent. The contractor shall have the right to demand compensation for reasonable expenses borne by him in connection with the establishment and elimination of defects in the design estimates.

Article 672. Provision of the construction project with materials and equipment

The duty to provide the construction project with materials, including parts and assemblies, and equipment shall be borne by the contractor, unless the contract provides that the provision for construction as a whole or for a defined part is done by the customer.

A party whose duty includes provision of the construction shall bear liability for a discovered impossibility of the use of materials (components, elements) or equipment supplied by him without worsening the

quality of work done, unless he proves that the impossibility of use arose due to circumstances for which the other party is liable. In case of discovery of the impossibility of the use of materials or equipment provided by the customer without worsening the quality of work done and the refusal of the customer to replace them, the contractor shall have the right to cancel the contract for construction work and to demand from the customer payment of the price of the contract proportional to the part of the work done.

Article 673. Payment for work

Payment for work done by the contractor shall be made by the customer in the amount provided by the budget within the time periods and by the procedure that are established by a Law or by the contract for construction work. In the absence of the respective indications in a Law or the contract, payment for the work shall be made in accordance with Article 636 of the present Code.

The contract for construction work may provide for payment for work at one time in full after the acceptance of the object by the customer.

Article 674. Provision of a land parcel

The customer shall have the duty timely to provide a land parcel for construction in such size and condition, which indicated in the contract for construction work. In the absence of such indications in the contract -the size and condition of the land parcel must ensure a timely start of work, their normal conduct and completion on time.

Article 675. Supplementary duties of the customer under the contract for construction work

The customer shall have the duty, in the cases and by the procedure provided by the contract for construction work, to transfer to the contractor for use the buildings and structures necessary for conduct of the work, to ensure the transport of freight to his location, the

temporary bringing in of networks of energy supply, water, and steam pipes and to render other services.

Article 676. Supervision and inspection by the customer of doing the work under the contract for construction work

The customer shall have the duty to exercise supervision and inspection of the progress and quality of the work done, the observance of time periods for its doing (the schedule), the quality of the materials provided by the contractor, and also the correctness of the use by the contractor of the materials of the customer, without interfering thereby in the commercial and operational activity of the contractor.

A customer who, in conducting supervision and inspection of the doing of the work, has discovered deviations from the terms of the contract for construction work that may worsen the quality of the work or other defects in it shall have the duty to immediately give notice thereof to the contractor. A customer who has not given such notice shall lose the right in the future to complain of the defects found by him.

The contractor shall have the duty to fulfill the instructions received in the course of construction from the customer, if such instructions do not contradict the terms of the contract for construction work and do not constitute interference in the commercial and operational activity of the contractor.

The contractor who has improperly done the work shall not have the right to complain of the fact that the customer failed to exercise supervision and inspection of its doing, with the exception of cases when the duty to conduct such supervision and inspection was imposed on the customer by legislation.

Article 677. Cooperation of the parties in the contract for construction work

If, in the doing of construction and work connection with it, obstacles to the proper performance of the contract for construction work are discovered, each of the parties shall have the duty to take all

reasonable measures depending on it for the elimination of such obstacles. A party that has not fulfilled this duty shall lose the right to compensation for the losses caused by the fact that the respective obstacles were not eliminated. Expenses of one of the parties connected with the performance of the duties indicated in Paragraph 1 of the present Article shall be subject to compensation by the other party in the cases when this is provided by the contract for construction work.

Article 678. Duties of the contractor for the protection of the environment and for ensuring the safety of construction work

The contractor shall have the duty, in the conduct of construction and work connected with it, to observe requirements of legislation on the protection of the environment and on the safety of construction work and shall bear liability before third persons for violation of these requirements.

The contractor shall not have the right to use, in the course of conduct of work, materials (components, elements) and equipment provided by the customer nor to fulfill his instructions, if this can lead to violation of requirements obligatory for the parties for protection of the environment and safety of construction work.

Article 679. Duties of the customer under the mothballing of construction

If, due to circumstances not dependent on the parties, the work under a contract for construction work is stopped and the object of construction has been moth balled, the customer shall have the duty to pay the contractor in full for the work performed until the time of mothballing and also to compensate for the expenses caused by the necessary of stopping the work and the mothballing of construction.

Article 680. Submission and acceptance of work

A customer who received a notice from the contractor of the readiness of the result of the work done under the contract for

construction work for submission, or, if this is proved by the contract, on the performance of a stage of construction, must immediately start its acceptance.

The customer shall organize and conduct the acceptance of the result of the work at his expense, unless otherwise provided by the contract for construction work. In case provided by legislation representatives of state bodies and bodies of local self- government must also participate in the acceptance of the result of the work.

A customer who has preliminarily accepted the result of an individual stage of work shall bear the risk of the loss of or damage to the result of the work, if it has occurred without the fault of the contractor, including cases when the contract for construction work provides the performance of the works by the risk of the contractor.

The submission of the result of the work by the contractor and the acceptance of it by the customer shall be formalized by a document signed by both parties. If one of the parties refuses to sign the document, a notation to this effect shall be made on it and the document shall be signed by the other party.

A unilateral document of the submission or acceptance of the result of work may be recognized by a court as invalid only in the case that the motive of refusal to sign the document is recognized by the court as justified.

In cases when this is provided by a Law or the contract for construction work or follows from the nature of the work done under the contract, preliminary testing must precede the acceptance of the result of the work. In these cases acceptance may be done only upon a positive result of preliminary testing.

The customer shall have the right to refuse to accept the result of the work in the case of discovery of defects that exclude the possibility of its use for the purpose indicated in the contract for construction work and that cannot be eliminated by the contractor, the customer or a third person.

Article 681. Liability of the contractor for the quality of the work

A contractor shall bear liability to the customer for any deviations from the requirements provided in the contract for construction work, technical project and in construction standards and rules obligatory of for parties and also for failure to achieve the indicators designated in the design estimates for the object of construction, including those such as the productive power of the enterprise.

In case of reconstruction (or renewal, rebuilding, restoration. etc.) of a building or structure, the contractor shall bear liability for a reduction or loss of strength, stability, or reliability of the building, structure, or part of it.

The contractor shall not bear liability for minor deviations from the design estimates made by him without consent of the customer without affecting essential interests of the customer if he proves that they did not influence the quality of the object of construction.

Article 682. Guaranties of quality in the contract for construction work

The contractor, unless otherwise provided by the contract for construction work, shall guaranty the achievement by the object of construction of the indicators designated in the design estimates and the possibility of exploitation of the object in accordance with the contract for construction work for the length of the guaranty time period. A guaranty time period shall form ten years from the day of acceptance of the object by the customer unless other guaranty time period provided by a Law or the contract.

The contractor shall bear liability for defects (flaws) discovered within the limits of the guaranty time period, unless he proves that they occurred as the result of normal wear of the object or of parts of it, its incorrect exploitation, or the incorrectness of

instructions for its exploitation developed by the customer himself or third persons involved by him, or improper repair of the object done by the customer himself or by third persons involved by him.

The running of the guaranty time period shall be interrupted for the whole time period during the course of which the object cannot be exploited as the result of defects for which the contractor is liable.

In case of discovery during the course of the guaranty time period of the defects indicated in Paragraphs 1 and 2 of the Article 681 of the present Code, the customer must report them to the contractor within a reasonable period of time after their discovery.

Article 683. Elimination of defects at the expense of the customer

The contract for construction work may provide for a duty of the contractor to eliminate, on demand of the customer and at his expense, defects for which the contractor is not liable.

The contractor shall have the right to refuse to fulfill the duty indicated in Paragraph 1 of the present Article in cases when the elimination of defects is not directly connected with the subject of the contract or cannot be done by the contractor for reasons beyond his control.

Article 684. Mortgage of a land parcel

The performance of any obligations of the customer under the contract including payment of works made, may be provided by also mortgage of a land parcel on which construction or works connected with it are conducted together with the right of deduction in cases provided by the contract for construction work.

Article 685. Legal regulation of construction work

Relations on the contract for construction work shall be regulated by the present Code and also legislation on construction work.

§ 4. Work for design and exploratory work

Article 686. The work contract for design and exploratory work

Under a work contract for design and exploratory work, the contractor (designer, explorer) at established time period has the duty, at the order of the customer, to develop the design estimates and /or perform exploratory work, and the customer has the duty to accept them and pay for it.

Unless otherwise provided by a Law or the contract, the risk of accidental impossibility of performance of the contract for design and exploratory works shall be with the customer.

Article 687. Initial data for design and exploratory work

Under a work contract for the performance of design and exploratory work, the customer has the duty to give the contractor a task for design and also other initial data necessary for the compilation of technical documentation. The task for the performance of design work may, on the delegation of the customer, be prepared by the contractor. In this case, the task becomes obligatory for the parties from the time of its approval by the customer.

The contractor has the duty to observe the requirements contained in the task and other initial data for the performance of design and exploratory work and shall have the right to deviate from them only with permission of the customer.

Article 688. Duties of the customer

Under the work contract for design and exploratory work, the customer has the duty, unless otherwise provided by the contract:

to pay the contractor the established price in full after the completion of all work or to pay it in parts after completion of individual stages of work;

to use the design estimates received from the contractor only for the purposes provided by the contract, not to transfer the design estimates to third persons and not to disclose the data contained in it without the consent of the contractor;

to provide support to the contractor in the performance of design and exploratory work in the scope and on the terms provided in the contract;

to participate together with the contractor in the coordination of the prepared design estimates with the respective state bodies and bodies of local self-government; to compensate the contractor for supplemental expenses caused by change of the initial data for the performance of design and exploratory work as the result of circumstances not dependent upon the contractor;

to involve the contractor in participation in a case on a claim brought against the customer by a third person in connection with defects in the design estimates or in the exploratory work performed.

Article 689. Duties of the contractor

Under the work contract for design and exploratory work, the contractor has the duty:

to perform the works in accordance with a task and other initial data for design;

to obtain agreement on the completed design estimates with the customer and also together with the customer - with respective state bodies and bodies of local self- government;

in established time period by the contract to transfer to the customer the prepared design estimates and the results of exploratory work;

not to transfer the design estimates to third persons without the consent of the customer.

Article 690. Guaranty of the contractor

The contractor, under the work contract for performance of design and exploratory work guaranties to the customer that third persons do not have the right to prevent the performance of the work or limit performance of the work on the basis of the design estimates prepared by the contractor.

Article 691. Liability of the contractor for defects in documentation and in works

A contractor under a work contract for the performance of design and exploratory work bears liability for defects in design estimates and the performance of exploratory work, including defects discovered later in the course of construction and also in the process of exploitation of the object created on the basis of design estimates and data of the exploratory work.

In case of discovery of defects in design estimates or in the exploratory work, the contractor, on demand of the customer, has the duty to remake, without compensation, the design estimates and respectively to make the necessary supplementary exploratory work and also to compensate the customer for the losses caused, unless a Law or the contract has established otherwise.

Article 692. Legal regulation of work for design and exploratory work

Relations under the work contract for designed and exploratory works shall be regulated by the present Code and also legislation on work for design and exploratory works.

§ 5. Work for scientific research, experimental design and technological work

Article 693. Contracts for work scientific research, experimental design and technological work

Under the work contract for work scientific research the contractor (performer) has the duty to conduct scientific research based on a task of the customer and a contract for the performance of experimental design and technological work - to develop a model of a new manufacture, design documentation for it, new technology or to make a model. The customer, at the same time, has the duty to give to the customer (performer) a technical task, to accept the work and pay it.

The contract with the performer may include either the whole cycle of conduct of research, development and preparation of models or individual stage (or elements) of it.

Article 694. Doing of the work

The contractor has the duty to conduct scientific research personally. Unless otherwise provided by the work contract for scientific research work, the performer shall have the right to involve third persons in performance of the contract with the consent of the customer.

In case of performance of experimental design or technological work, the performer shall have the right unless otherwise provided by the contract, to involve third persons in its performance. The rules provided by Article 634 of the present Code shall be applied to the relations of the performer with third persons.

Article 695. Confidentiality of information of the contract

Unless otherwise provided by the work contract for scientific research works or experimental design and technological work, the parties shall have the duty to ensure confidentiality of information concerning the subject of the contract, the course of its performance and the results attained. The scope of the information recognized as confidential shall be determined in the contract. The performer shall have the right to make patenting of the results of the works received by the indicated contracts with written consent of the customer.

Article 696. Rights of the parties to the results of the work

The parties to work contracts for scientific research works or experimental design and technological work shall have the right to use the results of the work, including those capable of legal protection, within the limits and on the conditions provided by the contract.

Unless otherwise provided by the contract the customer shall have the right to use the results of the work transferred to him by the performer, including those capable of legal protection and the performer shall have the right to use for his own needs the results of the work acquired by him.

Article 697. Duties of the performer

The customer in work contracts for scientific research works or experimental design and technological work has the duty: to give the contractor a technical task and to agree with him upon the program (technical and economic parameters) or a theme of works; to transfer to the performer information necessary for the doing of work; to accept the results of the work done and pay for them.

Article 698. Duties of the contractor

The contractor in work contracts for scientific research works or experimental design and technological work has the duty:

to perform the work in accordance with the program (technical and economic parameters) agreed with the customer or themes of works and to transfer to the customer the results of the work at the time provided by the contract;

to observe the demands connected with legal safety of intellectual property;

by his own efforts and at his own expenses to eliminate defects in the work done that arose by his fault and that might entail deviations from the technical and economic parameters provided in the technical task or in the contract;

promptly to inform the customer of discovered impossibility of achieving the expected results or of the inexpediency of continuing the work;

to guarantee to the customer the absence at third persons for the exclusive rights transferred on the basis of the results of such contracts.

Unless otherwise provided by contracts for scientific research works or experimental design and technological works, the performer has the duty:

refrain from the publication without the consent of the customer of scientific and technical results received during the performance of works;

to take measures for protection of the results received in the

course of the performance of works those are capable to legal protection of the results and to notice to the customer about it;

to provide to the customer the exclusive license on the use of having legal protection of scientific and technical results used in the works done.

Article 699. Consequences of the impossibility of achieving results of scientific research work in the contract

If, in the course of scientific research work, it is discovered that it is impossible to achieve the result as the consequence of circumstances not depending upon the performer, the customer shall have the duty to pay the cost of the work done until the discovery of the impossibility of achieving the results proved by the contract but not more than the corresponding part of the price of the work indicated in the contract.

Article 700. Consequences of the impossibility of continuing experimental design and technological work

If, in the course of performance of experimental design and technological work, it is discovered that, not due to the fault of the performer, it is impossible or inexpedient to continue the work, the customer shall have the duty to pay the expenditures borne by the performer.

Article 701. Liability of the performer for breach of the contract

The contractor shall bear liability to the customer for nonperformance and improper performance of the contract for scientific research work, experimental design and technological work unless he proves such a breach occurred not due to his fault. The contractor shall have the duty to compensate for the losses to the customer in the form of the real damage within of the limits of the cost of the work if otherwise provided by the contract.

Article 702. Legal regulation of work contracts for scientific research work, experimental design and technical

work

The relations in contracts for scientific research work, experimental design and technological work shall be regulated together with the present Code also legislation on contracts on scientific research work, experimental design and technological works.

Chapter 38. Compensated providing of services

Article 703. The contract of compensated providing of services

Under a contract of compensated providing of services, the performer has the duty, at the order of the customer to provide services (to take specific actions or to conduct specific activity) not having form in a thing, and the customer has the duty to pay for these services.

The rules of the present Chapter shall be applied to contracts for providing services of communications, medical, veterinary, auditing, consulting, information services, education services, tourist services an others, with the exception of the services provides under the contracts covered Chapters 37, 39, 40, 43, 44, 45, 46, 48, 49 and 51 of the present Code.

Article 704. Performance of the contract of compensated providing of services

In the absence of other indications on the contract the performer has the duty to provide services stipulated by the contract personally.

Article 705. Payment for services

The customer has the duty to pay for services provided to him within the time periods and by the procedure that are indicated in the contract of compensated providing of services.

In case of impossibility of performance that has arisen due to not the fault of the performer, the customer has the duty to compensate to the performer for expenses caused by him with minus of profits that the performer has been acquired or could have acquired as a result of free him from rendering services (services). In case of impossibility of

performance that has arisen due to the fault of the customer, the services are the subject to payment in full unless otherwise provided by legislation or the contract.

Article 706. Liability of the performer for breach of the contract of compensated providing of services

In cases of non-performance or improper performance of the contract of compensated providing of services, the performer shall have the duty to compensate for the losses caused by him to the customer in full but not more than double amount of the price for services provided by the contract.

In cases when the performer has not performed or performed an obligation in proper manner under the conducting of entrepreneur activity, the liability may be provided as increased by the contract of compensated providing of services against indicated in Paragraph 1 of the present Article.

Article 707. Cancellation of the contract of compensated providing of services

The customer shall have the right to demand cancellation of the contract of compensated providing of services in case of payment in full established by them price, with the exception of cases when rescission of the contract has arisen by fault actions of the performer.

The performer has the right to demand to cancel the contract of compensated providing of services only in case of full compensation for losses to the customer caused by the cancellation of the contract, with the exception of case when it has happened due to the fault of the customer.

Article 708. Legal regulation of the contract of compensated providing of services

The general provisions on the work and the provisions on the consumer work shall be applied to the contract of compensated providing of services unless this contradicts the rules of the present Chapter.

Chapter 39. Carriage

Article 709. General rules on carriage

Carriage of freight, passengers, and baggage is conducted on the basis of the contract of carriage.

The general conditions of carriage are determined by the present Code, the transport charters and codes, other laws, and rules in accordance with them.

The conditions of passengers, baggage and carriage by individual types of transport and also the liability of the parties for this carriage are determined by agreement of the parties unless the present Code, the transport charters and codes, or other laws and rules provide otherwise.

Article 710. The contract of carriage of a passenger

Under a contract of carriage of a passenger, the carrier has the duty to carry the passengers to the place of destination and, in the case the passenger has checked baggage, also to deliver the baggage to the point of destination and to present it to the person empowered for the receipt of baggage. The passenger has the duty to pay the established price for the travel and in case of checking of baggage, also for the carriage of baggage. Concluding of a contract of carriage of a passenger and baggage shall be confirmed accordingly by a ticket and by a baggage check.

The passenger shall have the right, by the procedure provided by the respective transport charter or code:

to bring with him children free of charge or on other favorable conditions to bring along free luggage within the limits of the established norms;

to check baggage for carriage free of charge within the limits of the established norms and in case of exceeding of norms - with payment according to the tariff.

Article 711. The contract of carriage of freight

Under a contract of carriage of freight, the carrier has the duty

to deliver freight entrusted to him by the shipper to the place of destination and to present it to the person authorized to received the shipment (the recipient), and the shipper has the duty to pay the established price for the carriage of the freight.

Concluding of the contract of carriage of freight shall be confirmed by the complication and issuance to the shipper of the freight of a carriage invoice (bill of lading or other document for the freight) as provided by the respective transport charter or code.

Article 712. The contract of charter (freight)

Under a contract of charter (freight), one party (the charter-granter) has the duty to provide the other party (the charterer) for pay all or part of the capacity of one or several means of transport for one or more trips for the carriage of passengers, baggage and freights.

The procedure for concluding the contract of charter (freight), his form and types shall be established by the transport charters and codes.

Article 713. Direct intermodal transportation

The mutual relations of transport organizations in the carriage of freight, passengers, and baggage by different types of transport under a single transportation document (direct intermodal transportation) and also the procedure for organization of such carriage shall be determined by agreement among the organizations of the respective types of transport concluded in accordance with legislation on direct intermodal (or combined) transportation.

Article 714. Carriage by a common carrier

Carriage conducted by a commercial organization is considered to be carriage by a common carrier if from legislation or a license of this organization given, it follows that this organization has the duty to conduct the carriage of passengers, baggage and freight on request of any citizen or legal entity.

The contract of carriage by a common carrier is a public contract.

Article 715. Payment for carriage

For the carriage of passengers, baggage and freights, the payment for carriage established by agreement of the parties shall be taken, unless otherwise established by legislation.

Payment for the carriage of passengers, baggage and freights by a common carrier shall be made on the basis of tariffs, approved by the procedure established by the transport charters and codes.

Work done and services rendered by carriers on demand of the freight possessor and not provided for by tariffs shall be paid for in accordance with an agreement of the parties.

The carrier shall have the right to withhold freight transferred to him for carriage as security for payment for carriage and other payments related to carriage due to him, unless otherwise provided by legislation, the contract of carriage or follows from the nature of the obligation.

Article 716. Supply of means of transport, loading (unloading) of freight

The carrier has the duty to supply the shipper of freight for loading at the time established by the request (or order) accepted from him, by the contract of carriage or by the contract on the organization of carriage, means of transport in good repair in a condition suitable for the carriage of the respective freight.

The shipper of freight shall have the right to refuse means of transport supplied that are not suitable for the carriage of the respective freight.

The loading (or unloading) of freight shall be conducted by the transport organization or the shipper (or the recipient) by the procedure provided by the contract with observation of the provisions established by the transport charters and codes and rules issued in accordance with them.

The loading (or unloading) of freight conducted by the efforts

and with the funds of the shipper (or recipient) of freight must be done within the time periods provided by the contract, unless such time periods are established by the transport charters and codes and rules issued in accordance with them.

Article 717. Time periods for delivery of the passenger, baggage and the freight

The carrier has the duty to deliver the passengers, baggage or the freight at the place of destination within the time periods defined by the procedure provided, by the transport charters and codes, and, in the absence of such time periods, within a reasonable period of time.

Article 718. Liability for obligations following from carriage

In case of non-performance or improper performance of obligations following from carriage the parties shall bear the liability established by the present Code, the transport charters and codes and also by the agreement of the parties.

Agreements of transport organizations with passengers and possessors of freight on limitation or exclusion of liability of the carrier established by a Law are invalid.

Article 719. Liability of the carrier for failure to provide means of transport and of the shipper for failure to use means of transport supplied

The carrier for failure to supply means of transport for carriage of the freight in accordance with an accepted request (or order) or other contract, and the shipper for failure to provide freight or failure to use the supplied means of transport for other reasons shall bear the liability established by the transport charters and codes and also by the agreement of the parties.

The carrier and the shipper of the freight shall be freed from liability in case of failure or untimely giving of means of transport or failure to use the supplied means of transport, if this occurred as the result:

of force majeure or other phenomena of an unpredictable nature, and also military actions;

of the termination or limitation of the transport of freight in certain directions established by the procedure provided by the respective transport charter or code.

Article 720. Liability of the carrier for delay of dispatch of a passenger

For delay of dispatch of the means of transport carrying a passenger or for late arrival of such a means of transport at the place of destination, with the exception of carriage in urban and suburban transportation, the carrier shall pay the passenger a penalty in the amount established by the respective transport charter or code, unless he proves that the delay or lateness took place as the result of force majeure, other circumstances not depending upon the carrier. The amount and the procedure of payment of the penalty shall be established by the transport charters and codes.

The payment of a penalty to a passenger shall not be free the carrier from the liability to compensate losses to the passenger caused by him in consequence of delay of dispatch of the means of transport or its late arrival at the place destination. In case of refusal by the passenger of carriage because of delay in dispatch of the means of transport, the carrier has the duty to return the passage payment to the passenger and other losses caused by him

Article 721. Liability of the carrier for losses of, shortage of, and damage to (or spoilage of) freight or baggage

The carrier shall bear liability for loss, shortage and damage (spoilage) accepted freight and baggage for transport unless he proves that the loss, shortage or damage (spoilage) of the freight or luggage have arisen from not his fault. Damage caused in the carriage of freight or baggage shall be compensated by the carrier:

in case of loss or shortage of freight or baggage - in the amount of the value of the lost or short freight or baggage;

in case of damage (spoilage) freight or baggage - in the amount of sum for which its value was reduced and, in case of the impossibility of restoring the damage(spoilage) freight or baggage - in the amount of its value;

in case of loss of freight or baggage submitted for carriage with a declaration of its value - in the amount of the declared value of the freight or baggage.

The transport organization along with compensation for the real damage shall return to the shipper (or recipient) the payment for carriage taken for carriage of the lost, short, damaged (spoilage) freight or baggage unless this payment is included in the value of the freight.

The carrier shall have the right to demand compensation and other losses caused by loss of, shortage of or damage (or spoilage) to the freight.

The carriers in direct intermodal transportation shall be liable for loss, shortage or damage (or spoilage) to the freight before the shipper (recipient) solidarity.

The latter carrier shall bear liability for delay unless he proves that the delay occurred by not the fault of the carrier.

Article 722. Contracts on the organization of carriage

The carrier and the possessor of freight, if it is necessary to conduct systematic carriage of freight, may make long-term contracts on the organization of carriage. Under the contract on the organization of the carriage of freight, the carrier has the duty, at the established time periods, to accept, and the possessor of freight - to present for carriage freight in the agreed volume. In the contract on the organization of the carriage of freight the volumes, time periods, and other conditions of the provision of means of transport and presentation of freight for carriage, the procedure for settlements, and also other conditions of the organization of carriage shall be defined.

Article 723. Contracts between transport organizations

Contracts may be concluded between organizations of different types of transport on the organization of work for ensuring the transport of freight (hub agreements, contracts on centralized delivery (or removal) of freight, etc.). The procedure for conclusion of such contracts shall be established by the transport charters and codes, other legislation.

Article 724. Claims and suits for the carriage of freight

Until the presentation to the carrier of a suit derived from the carriage of freight, it is obligatory to present him with a claim by the procedure provided by the respective transport charter or code.

A suit against the carrier may be brought by the freight shipper or freight recipient in case of full or partial refusal of the carrier to satisfy a claim or non-receipt from the carrier of an answer within a thirty- day time.

The time period of limitation of actions for claims deriving from the transport of freight is established as one year from the time determined in accordance with Article 154 of the present Code.

The rules of the present Article shall not be applied to demands that follow from the carriage of the passenger or baggage.

Article 725. Liability of the carrier for causing harm to the life or health of a passenger

The liability of the carrier for harm caused to the life or health of a passenger shall be determined by the rules of Charter 57 of the present Code unless a Law or the contract has provided a higher liability for the carrier.

Chapter 40. Freight forwarding

Article 726. The contract of freight forwarding

Under a contract of freight forwarding, the freight forwarder undertakes the duty, for remuneration and at the expense of the client (the freight shipper or freight recipient), to render or to organize the

rendering of services defined by the contract of freight forwarding that are connected with the transport of freight.

The contract of freight forwarding may provide for duties of the freight forwarder to organize the carriage of freight by the type of transport and by a route selected by the freight forwarder or by the client, the duty of the freight forwarder to make in the name of the client or in his own name a contract (or contracts) of carriage of freight, to ensure the shipment and receipt of freight, also other duties connected with carriage.

As supplementary services, the contract of freight forwarding may provide for the conduct of such operation necessary for the transport of freight as the acquiring of documents required for export or import, the conduct of customs and other formalities, checking of the quantity and condition of freight, its loading and unloading, payment of excises, fees, and other expenses imposed on the client, storage of the freight, its receipt at the place of destination, and also performance of other operations and rendering services provided by the contract.

The rules of the present Chapter also apply to cases when, in accordance with the contract, the duties of freight forwarder are performed by the carrier.

The conditions of performance of the contract of freight forwarding shall be determined by the agreement of the parties, unless otherwise established by legislation on freight forwarding activity.

Article 727. Form of the contract

The contract of freight forwarding shall be concluded in written form.

The client must give the freight forwarder a power of attorney if one is necessary for performance of the freight forwarder's duties.

Article 728. Liability of the freight forwarder under the contract of freight forwarding

For nonperformance or improper performance of duties under contract freight forwarding, the freight forwarder shall bear liability

on the bases and in an amount determined in accordance with the rules of Chapter 24 of the present Code.

If the freight forwarder proves that the violation of the obligation was caused by the improper performance of contracts of carriage, the liability of the freight forwarder to the client shall be determined by the same rules by which the respective carrier is liable to the freight forwarder.

Article 729. Documents and other information provided to the freight forwarder

The client has the duty to provide the freight forwarder with documents and other information on the qualities of the freight, on the conditions of its carriage, and also other information necessary for the performance by the freight forwarder of the duty provided by the contract of the freight forwarding.

The freight forwarder must report to the client about defects discovered in the information received and, in case of incompleteness of the information, must request the necessary supplementary data from the client.

In case of the failure of the client to present the necessary information, the freight forwarder shall have the right not commence performance of the respective duties until the presentation of such information.

The client shall bear liability for the losses caused to the freight forwarder in connection with breach of duties for the presentation of the information indicated in Paragraph 1 of the present Article.

Article 730. Performance of duties of the freight forwarder by a third person

If, from the contract of the freight forwarding, it does not follow that the freight forwarder must perform his duties personally, the freight forwarder shall have the right to involve other persons in the performance of his duties.

The delegation of the performance of an obligation to a third person shall not free the freight forwarder from liability to the client for performance of the contract of freight forwarding.

Article 731. Refusal to perform the contract of freight forwarding

The client or the freight forwarder shall have the right to refuse to perform the contract of the freight forwarding warning the other party about this at ten days. In case of unilateral refusal to perform the contract of the freight forwarding, the party that has reported the refusal, shall compensate the other party for the losses caused by the rescission of the contract.

Chapter 41. Loan and credit

§ 1. Loan

Article 732. The contract of loan

Under a contract of loan, one party (the lender) transfers to the ownership of the other party (the borrower) money or other things determined by generic characteristics, and the borrower has the duty to return to the lender the same sum of money or an equal quantity of the other things received by him of the same type and quality (the amount of the loan).

The contract of loan shall be considered concluded from the time of transfer of the money or things.

Article 733. Form of the contract of loan

The contract of loan between citizens must be concluded in simple written form if its amount is over ten times the minimum monthly wage established, in the case when the party in the contract is a legal entity, regardless of the amount.

Nonobservance in written form of the contact of loan shall entail consequences provided by Article 109 of the present Code.

The contact of loan is recognized concluded in written form in the presence of a receipt by the borrower or other document evidencing

the transfer to him by the lender a defined monetary sum or a defined quantity of things.

The written form of the contact of loan is considered adhered if the loan obligation is certified by a bill of exchange issued of the borrower given, bond or other commercial paper or securities defining the sum of a loan and the rights of the lender for its penalty.

Article 734. Interest under the contract of loan

Unless otherwise provided by a Law or the contract of loan, the lender (the legal entity or citizen) shall have the right to receive interest from the borrower on the sum of the loan in amounts and by the procedure determined by the contract.

If, under the contract of loan, the things defined by generic characteristics are transferred to the borrower, the interests are the subject of payment in the case when their amount and the form (monetary or natural) are provided by the contract.

The procedure and time periods of payment interests are not established by the contract of loan. If the procedure and time periods of payment interests are not established by the contract, that they shall be paid by the procedure and time periods provided by the contract for the return of basic debt.

Article 735. Duty of the borrower to return the sum of the loan

The borrower has the duty to return to the lender the sum of the loan received at the time period and by the procedure that are provided by the contract of loan.

In cases when the time period for return of the sum of the loan is established by the contract, the sum of the loan must be returned by the borrower within thirty days from the day of receipt of demands from the lender.

The sum of an interest-free loan may be returned early by the borrower.

The sum of a loan made with interest may be returned early if it is provided by the contact of loan or with the consent of the lender.

Article 736. Consequences of beach by the borrower of the contract of loan

Unless otherwise provided by legislation or the contract of loan, in cases when the borrower does not return the sum of the loan on time, interest is subject to payment on this sum at the rate provided by Paragraphs 1 and 2 of Article 327 of the present Code, from the day when it should have returned till the day of its return to the lender, regardless of the payment of interest provided by Paragraph 1 of Article 734 of the present Code.

If a contract of loan provides for the return of the loan in parts (in installments), then in case of violation by the borrower of the time period established for the return of a scheduled part of the loan, the lender shall have the right to require the early return of the whole remaining sum of the loan together with the interest due.

If a contract of loan provides for payment of interest by loan in time periods outgoing the time periods of the return of loan itself, then in the case of violation of this obligation the lender shall have the right to require from the borrower of the early return of the sum of the loan together with the interest due

Article 737. Contesting the contract of loan

A borrower shall have the right to contest a contract of loan by proving that the money or other things in fact were not received by him from the lender or were received in a smaller quality than indicated in the contract.

The contract of loan which had to be made in written form cannot be contested by way of testimony of witnesses, with the exception of cases when the contract was concluded under the influence of deception, force, threats, a bad faith agreement of the representative of the borrower with the lender, or of a confluence of harsh circumstances. If in the process of contesting a contract of loan by a borrower it is established that the money or other things in fact were not received from

the lender, the contract of loan is considered not to have been concluded. When the money or things in fact were received by the borrower from the lender in lesser quantity than indicated in the contract, the contract shall be considered made for this quantity of money or things.

Article 738. Provision of performance of liability of the borrower

In case of nonperformance by the borrower of duties provided by the contract of loan for securing the return of the sum of the loan and also in case of loss of security or worsening of its conditions due to circumstances for which the lender is not liable, the lender shall have the right to demand from the borrower early return of the sum of the loan and payment of the interest due, unless otherwise provided by the contract.

Article 739. Loan for purpose

If a contract of loan is concluded with a condition of use by the borrower of the funds received for specific purpose (a loan for a purpose), the borrower must ensure the possibility of exercise by the lender of supervision of the use of the sum of the loan for the purpose.

In case of nonperformance by the borrower of the condition of the contract of loan on the use of the sum of the loan for a purpose, the lender shall have the right to demand from the borrower early return of the sum of the loan and payment of interest due, unless otherwise provided by the contract.

Article 740. Bill of exchange

In cases when, in accordance with an agreement of the parties, a bill of exchange is issued by the borrower evidencing an unsecured obligation of the maker of the bill of exchange (a simple bill of exchange) or of other payor indicated in the bill of exchange (transfer bill of exchange), to pay upon the occurrence of the time period provided

by the bill of exchange the borrowed monetary sum, the relations of the parties under the bill of exchange shall be regulated by legislation.

Article 741. Bond

In cases provided by legislation, the contract of loan may be made by the issuance and sale of bonds.

A bond is a security evidencing the right of its holder to receive from the person who issued the bond at the time period provided by it, the face value of the bond or other property equivalent. A bond also provides to its holder the right to acquire the interest fixed therein in relation to the face value of the bond or other property rights.

Article 742. Substitution of a debt as a loan obligation

By agreement of the parties a debt that has arisen from purchase and sale, lease of property or other basis, may be replaced by a loan obligation.

Replacement of a debt by a loan obligation shall be conducted with the observance of the requirements on substitution provided by Article 347 of the present Code, and shall be made in the form established for a contract of loan.

Article 743. The contract of state loan

Under a contract of a state loan, the borrower is the state and the lender is a citizen or a legal entity.

State loans are voluntary.

The contract of state loan shall be concluded by the acquiring by the lender of issued state bonds or other state commercial paper or securities evidencing the right of the lender to the receipt from the borrower of monetary funds loaned to it or, depending upon the terms of the loan, of other property, of established interest, or of other property rights within the time periods provided by the terms of issuance of the loan to circulation. Changing the terms of a loan (a conversion of loan) including the basis provided by Article 383 of the present Code

is not allowed, with the exception of cases provided by legislation.

The state shall bear liability under the contract of state loan in accordance with the rules of the present Code.

§ 2. Credit

Article 744. The credit contract

Under a credit contract, one party - a bank or other credit organization (the creditor) has the duty to provide money funds (credit) to the other party (the borrower) in the amount and on the terms provided by the contract, and the borrower has the duty to return the monetary sum received and to pay interest on it.

In cases when in accordance with legislation, the conduct of crediting is allowed by commercial organizations that are not credit organization, the rules on the credit contract shall be applied to relations under crediting conducting by such commercial organizations.

The rules of Paragraph 1 of the present Chapter shall be applied to relations under the credit contract unless otherwise established by the rules of the present Paragraph or follows from the nature of the credit contract.

Article 745. Form of the credit contract

The credit contract must be concluded in written form.

Nonobservance of written form shall entail the invalidity of the credit contract.

Such a contract shall be considered void.

Article 746. Refusal to provide or receive credit

The creditor shall have the right to refuse to grant the credit provided by the credit contract to the borrower in full or in part in case of recognition of the borrower as insolvent, nonperformance by him his obligations for providing of credit, violations provided by the contract of the duty of the use of a purpose loan and in other cases provided by the contract.

The borrower shall have the right to refuse to receive credit in whole or in part. The borrower must notify the creditor of this before

the time periods established by the credit contract for its giving, unless otherwise provided by legislation or the contract. In case of breach by the borrower of a duty provided by the credit contract for the use of the credit for a purpose, the creditor shall also have the right to refuse further granting of credit to the borrower under the contract.

Article 747. The contract on provide things in credit

The parties may make a contract providing for the duty of one party to provide the other party with things on the base of the credit contract defined by generic characteristics.

Unless otherwise provided by the contract of goods credit, its terms on the quantity, assortment, completeness, quality, containers and/or packaging of the goods provided must be performed in accordance with the rules on the contract of purchase and sale of goods.

Article 748. The commercial credit

Contracts whose performance is connected with the transfer of monetary sums or other things determined by generic characteristics into the ownership of the other party may provide for the giving of credit, including in the form of an advance, preliminary payment, delayed and installment payment for goods, work, or services (commercial credit), unless otherwise provided by legislation.

The rules of the present Chapter shall be applied respectively to commercial credit unless otherwise provided by rules on the contract from which the respective obligation arose and if it does not contradict the nature of such obligation.

Chapter 42. Financing with assignment of a monetary claim

Article 749. The contract of financing with assignment of a monetary claim

Under a contract of financing with assignment of the monetary claim, one party (the finance agent) transfers or has the duty to transfer to the other party (the client) monetary funds with reference to

a monetary claim of the client (creditor) against a third person (the debtor) arising from the provision by the client of goods, doing by him of work, or the rendering by him of services to the third person, and the client assigns or has the duty to assign this monetary claim to the finance agent.

The monetary claim against the debtor also may be assigned by the client to the finance agent for the purpose of providing security for performance of an obligation of the client to the finance agent.

The obligations of the finance agent under the contract of financing with assignment of the monetary claim may include the conduct of bookkeeping for the client and also the provision for the client of other financial services connected with the monetary claims that are the subject of the assignment.

Article 750. Finance agent

Banks and other credit organizations and also other commercial organizations with permission (license) for the conduct of activity of such type may make, in the capacity of a finance agent, contracts of financing with assignment of monetary claims.

Article 751. Monetary claim assigned for the purpose of acquiring financing

The subject of assignment in connection with which financing is provided may be either a monetary claim, the time period of payment on which was has already ensued (an existing claim) or a right to acquire monetary funds that will arise in the future (a future claim).

A monetary claim that is a subject of assignment must be defined in the contract of the client with the finance agent in such a manner as will allow the identification of an existing claim at the time of concluding of the contract and a future claim - not later than at the time when it arises.

In case of assignment of a future monetary claim, it shall be considered as having passed to the finance agent after the right itself

has arisen to receipt from the debtor of monetary funds that are the subject of the assignment of the claim provided by the contract. If assignment of the monetary claim is conditioned on a specific event, it will enter into effect after the occurrence of this event. Supplementary formalization of the assignment of a monetary claim is not required in these cases.

Article 752. Liability of the client to the finance agent

Unless the contract of financing with assignment of the monetary claim provides otherwise, the client shall bear liability to the finance agent for the validity of the monetary claim that is the subject of the assignment.

The monetary claim that is the subject of the assignment shall be recognized as valid if the client has the right to transfer the monetary claim and, at the time of assignment of the claim, he does not know of circumstances as a consequence of which the debtor will have the right no to perform it.

The client shall not be liable for nonperformance or improper performance by the debtor of the claim that is the subject of the assignment in the case of presentation of it by the finance agent for performance, unless otherwise provided by the contract between the client and the finance agent.

Article 753. Invalidity of a prohibition of assignment of a monetary claim

Assignment to a finance agent of a monetary claim is valid even if an agreement exists between the client and his debtor on the prohibition or limitation of assignment. The rule established by Paragraph 1 of the present Article does not free the client from obligations or liability to the debtor in connection with the assignment of the claim in violation of an agreement between them prohibiting or limiting assignment.

Article 754. Subsequent assignment of a monetary claim

Unless the contract of financing with assignment of the monetary claims provides otherwise, a subsequent assignment of the monetary claim by the finance agent is not allowed.

In the case when a subsequent assignment of the monetary claim is allowed by the contract, the provisions of the present Chapter shall be respectively applied to it.

Article 755. Performance of a monetary claim by a debtor to a finance agent

A debtor has the duty to make payment to a finance agent on condition that he has received from the client or from the finance agent written notice of the assignment of the monetary claim to the given finance agent and the monetary claim subject to performance is defined in the notice and the finance agent to whom payment must be made is also indicated.

On request of the debtor, the finance agent has the duty, within a reasonable period of time, to provide the debtor with proof of the fact that the assignment of the monetary claim to the finance agent actually took place.

If the finance agent does not fulfill this duty, the debtor shall have the right to make payment on the given claim to the client in the performance of his obligation to the latter. Performance of a monetary claim by the debtor to the finance agent in accordance with the rules of the present Article frees the debtor from the respective obligation to the client.

Article 756. Rights of the finance agent to sums received from the debtor

If, under the terms of the contract of financing with assignment of the monetary claim, the financing of the client is conducted by the purchase from him of this claim by the finance agent, the latter acquires the right to all sums that he receives from the debtor in performance of the claim and the client does not bear liability to the finance agent if

the sums received by him are less than the price for which the agent acquired the claim.

If the assignment of a monetary claim to a finance agent was conducted for the purposes of securing the performance of an obligation of the client to him and the contract of financing with assignment of the claim does not provide otherwise, the finance agent has the duty to provide a report to the client and to transfer to him the sum exceeding the sum of the debt of the client secured by the assignment of the claim. If the monetary funds received by the finance agent from the debtor are less than the debt of the client to the finance agent secured by the assignment of the claim, the client remains liable to the finance agent for the remainder of the debt.

Article 757. Counterclaims of the debtor

In the case of the making by the finance agent of a demand upon the debtor to make payment, the debtor shall have the right, in accordance with Articles 343-345 of the present Code, to present in setoff his monetary claims based on the contract with the client that the debtor already had by the time when he received notice of the assignment of the claim to the finance agent.

Claims that the debtor could make against the client in connection with the breach by the latter of an agreement forbidding or limiting the assignment of the claim are ineffective with respect to the finance agent.

Article 758. Return to the debtor of the sums received by the finance agent

In case of violation by the client of his obligations under the contract concluded with the debtor, the latter shall not have the right to demand from the finance agent the return of sums already paid to him on a claim that has passed to the finance agent if the debtor has the right to receive such sums directly from the client.

A debtor having the right to receive directly from the client

sums paid to the finance agent as the result of assignment of the claim nevertheless shall have the right to claim the return of these sums by the finance agent if it is proved that the latter has not fulfilled his obligation to make to the client a promised payment connected with the assignment of the claim or has made such a payment knowing of the breach by the client of the obligation to the debtor to which the payment connected with the assignment of claim relates.

Chapter 43. Bank deposit

Article 759. The contract of bank deposit

Under a contract of bank deposit one party (the bank) that has accepted a monetary sum (the deposit) coming from the other party (the depositor) or coming for the depositor, has the duty to return the sum of the deposit and to pay interest on it on the conditions and by the procedure provided by the contract.

A contract of bank deposit is considered concluded from the day of receiving the sum of deposit in a bank.

A contract of bank deposit in which the depositor is a citizen is a public contract. The rules on the contract of bank account shall be applied to the relations of the bank and the depositor with respect to the account into which the deposit is made, unless otherwise provided by the rules of the present Chapter or otherwise follows from the nature of the contract of bank deposit.

The rules of the present Chapter relating to banks shall be applied also to other credit organizations accepting deposits from legal entities in accordance with legislation.

Article 760. The right to acquire monetary funds as deposits

The right to acquire monetary funds as deposits belongs to banks to which such a right has been given in accordance with a license issued by a procedure established in accordance with legislation.

In case of acceptance of a deposit from a citizen by a person who

does not have the right, the depositor may demand the immediate return of the sum of the deposit and also payment on it of the interest provided by Article 327 of the present Code and compensation above the sum of interest for all losses caused to the depositor.

If such a person has taken the monetary funds of a legal entity on the conditions of a contract of bank deposit, the respective rules of the present Code on bases and consequences of invalid transactions shall be applied.

Unless otherwise not provided by a Law, the consequences provided by Paragraphs 2 and 3 of the present Article shall also be applied in cases of acquiring of monetary funds of citizens or legal entities in deposit by anybody:

against bills of exchange or other commercial paper and securities not allowing receipt by their holders of the deposit on first demand, nor the exercise by the depositor of the other rights provided by the rules of the present Chapter;

by sale to them of stock and other commercial paper and securities, the issuance of which is recognized illegal.

Article 761. Form of the contract of bank deposit

The contract of bank deposit must be concluded in written form.

The written form of the contract of bank deposit shall be considered observed if the making of the deposit is evidenced by a bank book, savings certificate, certificate of deposit, or other document issued by the bank to the depositor that meets the requirements provided for such documents by a Law, bank rules established in accordance with a Law, and the customs of commerce applied in banking practice.

Nonobservance of written form of the contract of bank deposit shall entail invalidity of this contract. Such a contract is void.

Article 762. Types of deposits

The contract of bank deposit is concluded on the conditions of the release of the deposit on first demand (a demand deposit) or on conditions of return of the deposit on the expiration of a time period

determined by the contract (time deposit). The contract may provide for the making of deposit on other conditions of their return not contradictory to legislation.

Under the contract of bank deposit regardless of a type of the deposit, the bank has the duty to release the sum of the deposit or part of it on the demand of the depositor, with the exception of deposits made by legal entities on other conditions of return provided by the contract. (Amended by Section VII of the Law of the Republic of Uzbekistan No. 405-II of August 30, 2002.)

Paragraph 4 was amended by Section VII of the Law of the RUz No. 405-II of August 30, 2002.

The term of a contract of the bank deposit on the renunciation by a citizen from the right to receive a deposit till called for by the first demand, and deposit account or other deposit - at the expiration of the time period of notification established by legislation is void.

Paragraph 5 was amended by Section VII of the Law of the RUz No. 405-II of August 30, 2002.

In case when the depositor proposes to demand the return of a time or any other deposit, with the exception of other than a demand deposit, before the expiration of the time or before the occurrence of other circumstances indicated in the contract of bank deposit, he must not later than a month till assumed date of excluding to notify the bank about his intention.

Paragraph 6 was amended by Section VII of the Law of the RUz No. 405-II of August 30, 2002.

In case when a time or other deposit, with the exception of other than a demand deposit, the deposit is returned to the depositor on his demand before the expiration of the time or before occurrence of other circumstances indicated in the contract of bank deposit, the interest on the deposit shall not be paid unless other wise provided by the contract.

In case when the depositor does not demand the return of the sum of a time deposit on the expiration of the time period or the sum of a

deposit made on other conditions of return, upon the occurrence of the circumstances provided by the contract of the bank deposit, the contract shall be considered continued on the conditions of a demand deposit, unless otherwise provided by the contract.

Article 763. Interest on the deposit

The bank shall pay the depositor interest on the sum of the deposit at the rate determined by the contract of bank deposit.

In the absence in the contract of bank deposit a term on the rate of interest to be paid, the bank shall have the duty to pay interest at the rate of interest paid on demand deposits.

Unless otherwise provided by the contract of bank deposit, the bank shall have the right to change the rate of interest paid on demand deposits.

In case the bank reduces the rate of interest, the new rate of interest shall be applied to deposits made to the bank after notice to the depositors on reduction of interest.

Deposits made before this notice, reduction of interest shall be applied to the expiration of a month from the time of respective notice unless otherwise provided by the contract.

The interest rate determined by the contract of bank deposit for a deposit on the condition of its return upon expiration of a determined time period or upon occurrence of the circumstances provided by the contract, may not be unilaterally reduced by the bank unless otherwise provided by a contract.

Article 764. The procedure for calculation of interest on a deposit

Interest on the sum of a bank deposit shall be calculated from the day following the day of its arrival at the bank until the day preceding its return to the depositor or its withdrawal from the account of the depositor on other bases. Interest shall not be calculated for the period when the bank owing to seizure on the deposit's account, may not use the monetary funds having at this account.

Unless otherwise provided by the contract of bank deposit, interest on the sum of the bank deposit shall be paid to the depositor on his demand at the expiration of each month separately from the sum of the deposit, and interest not claimed at this time shall increase the sum of the deposit on which interest is calculated.

Upon return of the deposit, all interest credited up to that time shall be paid.

Article 765. Security for the return of a deposit

Funds and means that a bank has the duty to use for ensuring of the return of deposits received by him shall be determined by a Law and the contract of bank deposit. The bank has the duty to provide on the demand of the depositor with information on the security for the return of the deposit.

Upon failure by the bank to fulfill duties for securing the return of the deposit and also on case of loss of security or worsening of its conditions, the depositor shall have the right to demand from the bank immediate return of the sum of the deposit, payment of interest on it and compensation losses caused by him in accordance with Article 327 of the present Code.

Article 766. Liability for nonperformance of claim on the return of deposit

In case of nonperformance by the bank of claim of the depositor on the return of the deposit or its part in time periods provided by the Article 762 of the present Code, the bank has the duty independently from the payment of interest on the deposit to compensate losses caused in accordance with Article 327 of the present Code.

Article 767. Deposit of monetary funds by third persons to the account of the depositor

Unless otherwise provided by the contract of bank deposit, monetary funds coming to the bank in the name of the depositor from third persons with an indication of the necessary data on his deposit account

shall be credited to the deposit account. It shall be presumed that the depositor has expressed consent to the receipt of monetary funds from such persons, having provided them the necessary data on the deposit account.

Article 768. Deposit for the benefit of third person

A deposit may be made in a bank in the name of a specific third person. The indication of the name of the citizen or the name of the legal entity for whose benefit the deposit is made is an essential term of the respective contract of bank deposit. Unless otherwise provided by the contract, a third person, in the name of whom the deposit made, shall acquire the rights of a depositor from the time of taking money at his account.

In cases when a third person, in the name of whom the deposit made, refused from it, the person that made the contract of bank deposit for the name of a third person, shall have the right to obtain on demand of the deposit or to transfer it in his name.

Article 769. The bank book

Unless otherwise provided by the agreement of the parties, the concluding of a contract of bank deposit with a citizen and the deposit of monetary funds to his deposit account is evidenced by a bank book.

The name and place of location of the bank or its respective branch, number of the deposit account and also all sums of monetary funds withdrawn from the account, and the remainder of monetary funds on the account at the time of presentation of the bank book to the bank must be indicated in the bank book and confirmed by the bank.

Unless another status of the deposit is proved, the data concerning the deposit indicated in the bank book shall be the basis for settlements on the deposit between the bank and the depositor. The bank book upon a presenter is a security.

The agreement on bank deposit shall stipulates the issue of registered bank book; (Part 4 is stated in edition of Point 3 of Article

6 of Law of the RUz No. ZRU-223 dtd 22.09.2009)

The release of the deposit, the payment of interest on it, and the performance of orders of the depositor for the transfer of monetary funds from the deposit account to other persons shall be done by the bank upon presentation of the bank book.

If a named bank book is lost or is brought into a condition unsuitable for presentation, the bank, on request of the depositor, shall issue him a new bank book.

(Part 7 is considered null and void in accordance with Point 3 of Article 6 of the Law of the RUz No. ZRU-223 dtd 22.09.2009)

Article 770. Savings certificate (or certificate of deposit)

A savings certificate (or certificate of deposit) is registered a commercial paper confirming the sum of a deposit made in a bank and the rights of the depositor (the holder of the certificate) to receive, upon the expiration of the established time period, the sum of the deposit and the interest indicated in the certificate at the bank that has issued the certificate or at any branch of this bank. (In edition of Point 4 of Article 6 of the the Law of the RUz No. ZRU-223 dtd 22.09.2009)

(Part 2 is considered null and void in accordance with Point 4 of Article 6 of the Law of the RUz No. ZRU-223 dtd 22.09.2009)

In case of early presentation of a savings certificate (or certificate of deposit) for payment, the bank shall pay the sum of the deposit and the interest paid on demand deposits, unless the terms of the certificate establish a different interest rate.

Chapter 44. Bank Account

Article 771. The contract of bank account

Under a contract of bank account, one party - a bank or other a credit organization (further a bank) has the duty to accept and credit monetary funds arriving to the account opened to other party - the client (the accountholder) to execute the orders of the client on transfer and

release of respective sums from the account and on the conduct of other operations on the account.

The rules of the present Chapter relating to banks shall be applied also to other credit organizations in the concluding and performance by them of a contract of bank account in accordance with the permission (license) given.

Article 772. Use monetary funds of clients by a bank

A bank may use monetary funds that are on the bank account of the client, guarantying their existence in case of presentation of demands to the account and the right of its owner to the unobstructed disposition of these funds.

Article 773. Disposition of monetary funds by a client

The client independently disposes his monetary funds that are on the account in a bank.

The bank shall does not the right to determine or supervise the direction of use of monetary funds of the client nor to establish other limitations, not provided by a Law or the contract of bank account, on his right to dispose of the monetary funds at his discretion.

Paragraph 3 was amended according to subparagraph 4 of item 13 of the Law of the RUz No. 175-II of December 15, 2000.

The monetary funds of the client that are on the account in the bank may be got in the form of cash by the procedure established by legislation.

Article 774. The form of the bank account

The contract of bank account must be concluded in written form.

Nonobservance of written form of the contract of bank account shall entail invalidity of this contract.

Article 775. Concluding of the contract of bank account

The contract of bank account shall be concluded by the way of opening an account for the client or a person indicated by him at a bank on the conditions agreed upon by the parties.

The legal entities and citizens independently shall choose banks

for their accounting and cash service
. (Amended by the Law of
the Republic of Uzbekistan of August 30, 1997.)

The bank has the duty to conclude a contract of bank account with a client that has made a proposal to open an account on the conditions announced by the bank for the opening of an account of the given type, corresponding to the requirements provided by a Law and the bank rules established in accordance with it.

The bank does not have the right to refuse to open an account, the making of the respective operations under which is provided for by a Law, the founding documents of the bank, and the license issued to it, with the exception of cases when such a refusal is caused by the bank's lacking the possibility of accepting for banking service.

In case of a groundless refusal of a bank to conclude a contract of bank account, the client shall have the right to bring against it the claims provided by Paragraphs 6 and 7 of Article 337 of present Code.

Article 776. Authentication of the right to dispose of monetary funds that are on the account

The rights of persons making in the name of a client orders for the transfer and release of funds from the account shall be authenticated by the client by presenting to the bank the documents provided by a Law, by bank rules established in accordance with it, or by the contract of bank account.

A client may give an order to a bank on the withdrawal of monetary funds from the account on demand of third persons, including a demand connected with the performance by the client of his obligations to these persons. The bank shall accept these orders on the condition of indication in them in written form of the necessary data allowing, upon presentation of the corresponding demand, the identification of the person having the right to present it, and to establish nature and bases of such demands.

The contract of bank account may provide for the authentication of rights for the disposition of monetary sums that are on the account by

electronic means of payment and other documents with the use in them of analogues of a handwritten signature, codes, passwords, and other means confirming that the order is given by a person empowered to do so.

Article 777. Operations on the account done by the bank

Unless otherwise provided by the contract of bank account, the bank has the duty to accept and to credit incoming monetary funds at the account and perform orders of a client on the transfer and releasing of monetary funds by performing operations provided for accounts of the given type by a Law, by bank rules established in accordance with it, and by customs of commerce applied in bank practice.

Article 778. Time periods for operations on the account

The bank has the duty to credit monetary funds, to release or transfer them from the account on order of the client not later than the day following the day of the arrival at the bank of the respective payment document, unless other time periods provided by the law or the contract of bank account. Failure of established time periods of operations on the account shall entail consequences for the bank provided by Article 327 of the present Code. (In edition of Point 5 of the Law of the RUz No. ZRU-223 dtd 22.09.2009)

Article 779. Providing credit to the account

In cases when, in accordance with the contract of bank account, the bank makes payments on the demands of the client despite the absence on it of monetary funds at his account, the bank shall be considered to have provided the client credit in the corresponding sum from the day of making of such a payment (providing credit to account).

The rights and duties of the parties connected with providing credit to an account are determined by the rules on loan and credit unless the contract of bank account provides otherwise.

Article 780. Payment of expenses of the bank for performing operations on the account

The client shall pay for the services of the bank for performing operations with monetary funds that are on the account on the conditions provided by the contract of bank account. In cases when price for the bank services on performing indicated operations does not determined in the contract of the bank account, the payment for the services shall be determined in accordance with Article 356 of the present Code.

Payment for the services of the bank provided by Paragraph 1 of the present Article shall be deducted by a bank on the expiration of each month from the monetary funds of a client that are on the account, unless otherwise provided by the contract of bank account.

Article 781. Interest for the use by the bank of monetary funds on the account

Unless otherwise provided by the contract of bank account for the use of monetary funds that are in the account of the client, the bank shall pay interest, the sum of which shall be credited to the account.

The interest indicated in Paragraph 1 of the present Article shall be paid by the bank at the rate determined by the contract of bank account, or in the absence in the contract of the respective term - at the rate usually paid by a bank demand deposits.

The sum of interest shall be credited to the account within the time periods provided by the contract and, in case when such time periods are not provided by the contract, at the expiration of each calendar quarter.

Article 782. Setoff of counterclaims of the bank and the client on the account

Monetary claims of the bank against the client connected with providing credit to the account and with payment for the services of the bank and also claims of the client against the bank for the payment of interest for the use of monetary funds are terminated by setoff unless otherwise provided by the contract of bank account.

The setoff of claims indicated in Paragraph 1 of the present Article shall be done by the bank which has the duty to inform the client

of the setoff made by the procedure and within the time periods established by the contract and, if the respective terms have not been agreed upon by the parties, by the procedure and within the time periods usual for banking practice of presenting clients with information on the state of monetary funds on the respective account.

Article 783. Bases for withdrawing monetary funds an account

Withdrawal of monetary funds from an account shall be made by the bank on the basis of an order of the client.

Without an order by the client, the withdrawal of monetary funds that are on the account shall be allowed by decision of a court and in other cases established by the present Code or other Law or provided by the contract between the bank and the client.

Article 784. The successive priority of withdrawing monetary funds from an account

Article 784 was amended by the Law of the RUz of May 1, 1998.

If there are present on an account monetary funds, the sum of which is sufficient for the satisfaction of all claims presented against the account, the withdrawal of these funds from the account is done in the order of receipt of orders from the client and other documents for withdrawal (chronological priority), unless otherwise provided by a Law.

Paragraph 2 was amended by the Law of the RUz of May 1, 1998.

In case of insufficiency of monetary funds on the account to satisfy all claims presented against it, the withdrawal of monetary funds shall be made in the following priority:

on the first priority, withdrawal shall be made proportionally under payment (execution) documents providing for payments to the fisc, off-budget funds and release monetary funds for paying salary under execution documents providing for the transfer or release of monetary funds from the account for the satisfaction of claims for the recovery of

support payments, for payment of remuneration under a publishing contract
and also for compensation for harm caused to life and health, providing
equal degree of performing obligations of managing subjects under
payments to the fisc and claims following from labor and equated to them
delinquency;
on the second priority, withdrawal shall be made under payment
documents providing the satisfaction of other monetary claims;
on the third priority, withdrawal shall be made under other
payment documents in chronological priority.
Withdrawal of monetary funds for pressing needs connected
directly with production activity at the rate of established by
legislation shall be made by chronological order. (Amended by the Law of
the RUz of May 5, 1998.)

Article 785. Liability of the bank for undue conduct of operations
on the account and unreasonable withdrawing of monetary funds

In cases of late crediting of monetary funds coming for the
client to the account or of their groundless withdrawal of funds by the
bank from the account, the bank shall have the duty on the demand of the
client unreasonably to enter the respective sum in an account with the
exception of cases stipulated by the legislation. (In edition of Point 6
of Article 6 of the Law of the RUz dtd 22.09.2009 No. ZRU-223)
The bank shall have also the duty to pay interest for late
crediting or groundless of withdrawal of sum and to compensate losses in
accordance with Article 327 of the present Code. The bank shall bear the
same liability for late release of monetary funds from the account and
late failure to obey orders of the client to transfer monetary funds from
the account with the exception of cases stipulated by the legislation. (In
edition of Point 6 of Article 6 of the Law of the RUz dtd 22.09.2009
No. ZRU-223)

Article 786. Bank secrecy

Banks guaranties secrecy of the bank account and bank deposit, operations on the account and information on the client.

Information subject to bank secrecy may be provided only to the clients themselves or their representatives.

State bodies and their officials may be provided with such information only in the cases and by the procedure provided by a Law.

In case of divulgence by the bank of information subject to bank secrecy, the client whose rights have been violated shall have the right to demand from the bank the compensation for the losses caused.

Article 787. Limitation of disposition of the account

Limitation of the rights of the client to dispose of the monetary funds that are on the account is not allowed, with the exception of cases of seizure of the monetary funds that are on the account or stoppage of operations on the account in cases provided by a Law.

Article 788. Rescission of the contract of bank account

The contract of bank account may be rescinded on statement made by the client at any time.

On demand of the bank the contract of bank account may be rescinded by a court in the following cases:

when the sum of monetary funds kept on the account of the client is less than the minimum sum provided by bank rules or the contract, unless such a sum is reinstated within a month from the day of warning by the bank of this;

in the absence of operations under this account in the course of a year, unless otherwise provided by the contract.

The remainder of monetary funds on the account shall be given to the client or at his order shall be transferred to another account not later than seven days after receipt of the respective written statement from the client.

Rescission of the contract of bank account shall be the basis for closing of the account of the client.

Article 789. Accounts of banks

The rules of the present Chapter extend to correspondent accounts, correspondent sub-accounts, and other accounts of banks, unless otherwise provided by legislation.

Chapter 45. Settlements

§ 1. General provisions on settlements

Article 790. Cash and non-cash settlements

Settlements between citizens and settlements with the participation of citizens that are not connected with the conduct by them of entrepreneurial activity may be made in cash without limitation of the sum or by non-cash procedure.

Settlements between legal entities and also settlements with the participation of citizens connected with the conduct by them of entrepreneurial activity shall be made by non-cash procedure. Settlements between called persons may also be made in cash, unless otherwise provided by a Law.

Non- cash settlements shall be made through banks or other credit organizations (hereinafter - banks) in which the respective accounts have been opened, unless otherwise follows from a Law or otherwise is conditioned by the form of settlements used.

Article 791. Forms of non-cash settlements

In making non- cash settlements, settlements by payment orders, letters of credit, or checks, and settlements by draft are permitted, and also settlements in other forms provided by a Law, bank rules established in accordance with it, and customs of commence applied in banking practice.

The parties to a contract have the right to select and establish in it any of the forms of settlements indicated in Paragraph 1 of the present Article.

§ 2. Settlements by payment orders

Article 792. General provisions on settlements by payment orders

In case of settlements by a payment order, the bank has the duty, on the order of the client, at the expense of the funds that are on his account, to transfer a determined monetary sum to the account of the person indicated by the client in this or another bank within the time period provided by legislation unless a shorter time period is provided by the contract of bank account or is determined by the customs of commerce applied in banking practice.

A person indicated in a payment order as a recipient of funds shall not acquire the right to demand from the bank to make the payment, with exception of cases when such right is provided by a Law or the contract of the client with the bank.

Article 793. Conditions for execution by the bank of a payment order

The content of a payment order and of the settlement documents presented with it and their form must correspond to the requirements established by bank rules. The payor's order shall be accepted to execution by the bank only in case of presence of funds on the account of the client unless otherwise provided by the contract between the client and the bank.

Article 794. Execution of an order

A bank that has accepted a payor's payment order has the duty to transfer the corresponding monetary sum to the bank of the recipient of the funds in order to credit it to the account of the person indicated in the order within the time period established by Paragraph 1of the Article 792 of the present Code.

The bank shall have the right to involve other banks for performance of operations for the transfer of monetary funds to the account indicated in the client's order. The bank has the duty to immediately inform the payor on his demand of the performance of the order unless otherwise provided by the contract.

Article 795. Liability for nonperformance

or improper performance of an order

In case of nonperformance or improper performance of a client's order, the bank shall bear liability on this violation in accordance with Article 327 of the present Code.

Banks that have participated in the account operations on a payment order shall bear soldiery liability before a person who has given them this order.

§ 3. Settlements by letter of credit

Article 796. General provisions on settlements by letter of credit

In the case of settlements by letter of credit, the bank that has opened of the letter of credit on the order of the client (the payor) and in accordance with his instructions (the emitting bank), has the duty to make payments in the case of providing by the recipient of the funds or indicated by him a person (further the recipient of funds) documents and performance of other conditions provided by the letter of credit.

In case of the opening of a covered (deposited) letter of credit, the emitting bank, upon its opening, has the duty to transfer the own funds of the client or of credit given to him to the disposition of the executing bank for the whole time period of effectiveness of the obligation of the emitting bank.

In case of the opening of a non- covered (secured) letter of credit, the emitting bank is given the right to withdraw the whole amount of the letter of credit from the account of the emitting bank in the executing bank.

Article 797. Period of validity and the procedure of settlements by letter of credit

Period of validity and the procedure for making settlements by a letter of credit shall be established by the contract between the payor and the recipient of monetary funds. The contract must also include:

a name of the emitting bank;

a type of the letter of credit and a method of its execution;

a method of a notice to a recipient of funds on opening of

letter of credit;
the whole list of and exact description of documents given by a recipient for receiving on the letter of credit;
time periods of providing documents after shipment of goods (rendering services, fulfillment of works), claims for their issuing.

Article 798. Revocable letter of credit

A revocable letter of credit is one that may be changed or revoked by the emitting bank without prior notification to the recipient of funds. Revocation of the letter of credit does not create any obligations of the emitting bank to the recipient of funds.
The executing bank has the duty to make payment or other operations under a revocable letter of credit if, by the time of making them, it has not received notification of the change of conditions or the revocation of the letter of credit.
A letter of credit is revocable unless directly established otherwise in its text.

Article 799. Irrevocable letter of credit

An irrevocable letter of credit is one that may not be revoked without the consent of the recipient of funds.
On request of the emitting bank, the executing bank participating in the conduct of a letter of credit operation, may guaranty an irrevocable letter of credit (guaranteed letter of credit). Such a guaranty signifies acceptance by the executing bank of an obligation supplementary to the obligation of the emitting bank to make payment in accordance with the terms of the letter of credit.
An irrevocable letter of credit guaranteed by the executing bank may not be changed or revoked without the consent of the executing bank.

Article 800. Execution of a letter of credit

To execute a letter of credit, the recipient of funds shall present to the executing bank documents confirming the performance of all terms of the letter of credit. In case of breach of even one of these terms, execution of the letter of credit shall not take place. If the

executing bank has made payment or has conducted another operation in accordance with the terms of the letter of credit, then the emitting bank has the duty to compensate it for the expenses borne. These expenses and also all other expenses of the emitting bank connected with the execution of the letter of credit shall be compensated by the payor.

Article 801. Refusal to accept documents

If the executing bank refuses to accept documents that by external characteristics do not correspond to the terms of the letter of credit, it shall have the duty, without delay, to inform the recipient of funds and the emitting bank of this with an indication of the causes of refusal.

If the emitting bank, having received the documents accepted by the executing bank, considers that they do not correspond by external characteristics to the terms of the letter of credit, it shall have the right to refuse to accept them and to demand from the executing bank the sum paid to the recipient of funds in violation of the terms of letter of credit and, for a non- covered letter of credit, to refuse to compensate for the sums paid.

Article 802. Liability of the bank for violation of the terms of a letter of credit

Liability to the client for violation of the terms of a letter of credit shall be borne by the emitting bank, and to the emitting bank by the executing bank, with the exception of cases provided in the present Article.

In case of groundless refusal of the executing bank to pay monetary funds under a covered or guaranteed letter of credit, liability to the recipient of funds may be imposed on the executing bank.

In case of incorrect payment by the executive bank of monetary funds under a covered or guaranteed letter of credit as the result of a violation of the terms of the letter of credit, liability to the client may be imposed on the executive bank.

Article 803. Closing of a letter of credit

A letter of credit at the executing bank shall be closed:
on the expiration of the time period of the letter of credit;
on statement by the recipient of funds of his decision not to use the letter of credit before the expiration of the time period of its effectiveness, if the possibility of such a decision is provided by the terms of the letter of credit;
on demand of the payor for the full or partial recall of the letter of credit, if such a recall is possible under the terms of the letter of credit.

The executing bank must make the emitting bank informed of the closing of the letter of credit.

The unused sum of a covered letter of credit is subject to return to the emitting bank without delay simultaneously with the closing of the letter of credit. The emitting bank has the duty to credit the returned sums to the account of the payor from which the funds were deposited.

§ 4. Settlement by draft

Article 804. General provisions on settlements by draft

In case of settlements by draft, the client shall send to his bank (the emitting bank) the order on the conducting, at the expense of the client, receipt from the payor of payment and/or acceptance of payment.

The emitting bank, having received an order of the client, shall have the right to involve another bank to fulfill it (the executing bank).

The procedure for conducting settlements by draft shall be regulated by legislation and the customs of commerce applied in banking practice.

In case of nonperformance or improper performance of the order of the client, the emitting bank shall bear liability to him on the bases and in the amount that are provided by Chapter 24 of the present Code.

In case of nonperformance or improper performance of the order of the client took place in connection with a violation of the rules for

making settlement operations by the executing bank, liability to the client may be imposed on that bank.

Article 805. Performance of a draft order

In the absence of any document or in case of non-correspondence of documents by their external characteristics to the draft, the executing bank has the duty to immediately inform the person from whom the draft was received of this. In case of failure to eliminate these defects, the bank shall have the right to return the documents without execution.

The documents are to be presented to the payor in the form in which they were received, with the exception of notes and inscriptions of the banks necessary for the formalization of the draft operation.

If the documents are the subject to payment on demand, the executing bank must make presentation for payment immediately upon the receipt of the draft.

If the documents are the subject to payment at another time, the executing bank must, to acquire acceptance by the payor, present the documents for acceptance immediately upon receipt of the draft, and the demand for payment must be made not later than the day of the occurrence of the time of payment indicated in the document.

Partial payments may be accepted in cases when this is established by bank rules or in case of the presence of a special permission in the draft.

Sums received (drawn) must be immediately transferred by the executing bank to the disposition of the emitting bank, which must credit these amounts to the account of the client. The executing bank shall have the right to withhold, from the sums drawn, the remuneration and reimbursement for expenses due to it.

Article 806. Notification about refusal of payment

If payment and/or acceptance are not received, the executing bank has the duty to immediately give notice to the emitting bank of the

causes of the nonpayment or refusal of acceptance. The executing bank has the duty to inform the client immediately of this, asking him for instructions with respect to further actions.

In case of failure to receive instructions on further actions within the time period established by bank rules, the executive bank shall have the right to return the documents to the emitting bank from which has been received the draft order.

§ 5. Settlements by checks

Article 807. General provisions on settlements by checks

A check is a commercial paper containing an unconditional order by the maker of the check to the bank to make payment of the sum indicated in it to the holder of the check.

Only a bank where the maker of a check has funds which he has the right to dispose of by writing checks may be indicated as payor under a check.

Revocation of a check before the expiration of the time period for its presentation is not allowed.

Issuance of a check does not extinguish the monetary obligation in performance of which it was issued.

The procedure and conditions for the use of checks in payments shall be regulated by the present Code and other legislation.

Article 808. Requisites of a check

A check must contain:

the designation "check" included in the text of the document;

an order to the payor to pay a defined monetary sum;

the name of the payor and an indication of the account from which payment must be made;

an indication of the currency of payment;

an indication of the date and place of the making of the check;

the signature of the person who wrote the check - the maker of the check.

The absence in the document of any of the above - mentioned requisites deprive it of its effect as a check.

A check that does not indicate the place where it was made is considered as signed in the place of location of the maker of the check.

The form of the check and the procedure for filling it out are determined by legislation.

Article 809. Payment of a check

A check shall be paid at the expense of the maker of the check.

A check is subject to payment by the payor on the condition of presentation of it for payment in the time period established by legislation.

A person that has paid a check shall have the right to demand transfer of the check to him with a signature on the receipt payment.

Article 810. Transfer of rights under a check

Transfer of rights under a check shall be made by the rules established by the present Article.

A check made to a name is not subject to transfer.

In a transferable check, an endorsement to the payor has the effect of a signature for the receipt of payment.

An endorsement made by the payor is invalid.

A person holding a transferable check received by endorsement shall be considered the legal holder, if he bases his right on an uninterrupted (mutual conditional) series of endorsements.

Article 811. Guaranty of payment (surety notation)

Payment under a check may be guaranteed in full or in part by guaranty (a surety notation).

A surety notation may be given by any person, with the exception of the payor.

A surety notation shall be placed on the face side of the check or on a supplementary list by means of the inscription "consider as surety notation" and an indication by whom and for whom it is given. If it is not indicated for whom it is given, then it shall be considered that the surety notation is given for the maker of the check.

The surety notation shall be signed by the surety with an indication of his place of residence and the date of making the notation.

The surety notation shall be liable in the same way as the one for whom he gave the surety notation.

His obligation shall be valid even in the case when the

obligation that he guaranteed is invalid on any basis other than a nonobservance of form.

A surety who has paid a check shall acquire the rights deriving from the check against the person for whom he gave the guaranty and against those who are obligated to the latter.

Article 812. Cashing a check

Presentation of a check at a bank serving the holder of the check for cashing to receive payment is considered presentation of a check for payment.

The check shall be paid by the procedure provided in Article 805 of the present Code.

The crediting of funds under the cashed check to the account of the holder of the check shall be made after the receipt of payment from the payor, unless otherwise provided by the contract between the holder of the check and the bank.

Article 813. Duties of a payor

The payor of a check has the duty to verify, by all methods available to it, the authenticity of the check and also that the presenter of the check is a person empowered by it.

In case of payment of an endorsed check, the payor has the duty to verify the correctness of endorsements, but not the signatures of the endorsers.

Losses resulting as the consequence of payment by the payor of a counterfeit, stolen, or lost check shall be imposed on the payor or the maker of the check depending upon by whose fault they were caused.

Article 814. Evidence of refusal to pay a check

Refusal to pay a check must be evidenced by one of the following methods:

executing by a notary of a protest or compiling of an equivalent document by the procedure established by legislation;

a notation of the payor on the check on refusal to pay it with an indication of the date of presentation of the check for payment;

a notation of a collecting bank with an indication of the date to

the effect that the check was timely presented and not paid.

A pretest or equivalent document must be executed before the expiration of the time period for presentation of the check to payment.

If presentation of the check took place on the last day of the time period, then the protest or equivalent document may be executed on the next working day.

Article 815. Notification of nonpayment of a check

The holder of a check has the duty to notify its endorser and the maker of the check of nonpayment in the course of two working days following the day of the execution of the protest or equivalent document.

Each endorser must, within two working days following the day he has received notice, communicate the notice by him to his endorser (previous). Notice is to be sent within the same time period to the person who gave a surety notation for this person. A person who has not sent notification within the time period indicated does not lose his rights. He has the duty to compensate for the losses caused as the result of non- notification of nonpayment of the check within the limits of the sum of the check.

Article 816. Consequences of nonpayment of a check

In case of refusal of the payor to pay a check satisfied in accordance with Article 814 of the present Code, the holder of the check shall have the right, at his choice, to bring a suit against one, several or all persons obligated on the check (maker of the check, sureties, endorsers), who bear joint and several liability to him.

The holder of the check shall have the right to demand from persons indicated payment of the sum of the check, of his expenses in obtaining payment, and also of interest in the amount and the procedure provided by Paragraphs 1 and 2 of Article 327 of the present Code. The same right shall belong to the person obligated on the check after he has paid the check.

A suit by the holder of the check against the persons indicated

in Paragraph 1 of the present Article may be presented within six months from the day of the end of the time period of presenting the check for payment. Subrogation claims on suits of obligated persons to one another shall be extinguished with the expiration of six months from the day when the respective obligated person satisfied the claim or from the day of bringing suit against him.

Chapter 46. Delegation

Article 817. The contract of delegation

Under a contract of delegation, one party (the delegate) has the duty to take specific legal actions in the name of and at the expense of the other party (the delegant). Under a transaction concluded by the delegate, rights and duties arise directly for the delegate. A delegation may touch on performance by the delegate of one or several defined legal actions or conducting acts of the delegant in accordance with his instructions. Under a contract of delegation with sole rights of the delegate, one party (the delegant) shall delegate to other party (the delegate with sole rights) to perform in the name and at the expense of the delegant all legal significant for the last action in the defined field or on the defined area.

The contract of delegation shall be concluded in written form.

The contract of delegation may be concluded with an indication of the time period during which the delegate shall have the right to act in the name of the delegate or without such an indication.

Article 818. Remuneration to the delegate

The delegant has the duty to pay the delegate remuneration if this is provided by legislation or the contract of delegate.

If the contract of delegation is connected with the conduct by the both parties or by one of them of entrepreneurial activity, the delegant has the duty to pay remuneration to the delegate, unless the contract provides otherwise.

In case of the absence in a compensated contract of delegation of

a term on the amount of remuneration or the manner of its payment, remuneration shall be determined in accordance with Paragraph 4 of Article 356 of the present Code by usual accepted prices for services of such a kind and shall be paid after the performance of the delegated task.

Remuneration is the subject to pay-off and in case when the delegate has properly conducted all actions required, but delegation is not performed through his fault. A delegate acting as a commercial representative shall have the right in accordance with Article 290 of the present Code to retain things in his possession that are subject to transfer to the delegant as security for his claims under the contract of delegation.

Article 819. Performance of the delegated task in accordance with the instructions of the delegant

The delegate has the duty to perform the task delegated to him in accordance with the instructions of the delegant. The instructions of the delegant must be lawful, doable, and concrete.

The delegate shall have the right to deviate from the instructions of the delegant if, under the circumstances of the case, this is necessary in the interests of the delegant and the delegate could not inquire of the delegant in advance or has not received an answer to his inquiry within a reasonable period of time. In this case the delegate has the duty to notify the delegant of deviations that have been made as soon as notification becomes possible.

The delegate acting as a commercial representative may be given by the delegant the right to deviate, in the interests of the delegant, from his instructions without prior inquiry on this. In such a case, the commercial representative must within a reasonable period of time, inform the delegant of the deviations made, unless otherwise provided by the contract of delegation.

Article 820. Duties of the delegate

The delegate has the duty:
personally to perform the task delegated to him, with the exception of the cases, indicated in Article 822 of the present Code;
to report to the delegant on his demand all information on the course of performance of the delegated task;
to transfer to the delegant, without delay, everything acquired under transactions made in performance of the delegation;
upon performing the delegated task without delay to return to the delegant a power of attorney the term of effectiveness of which has not expired and to present a report with an attachment of supporting documents, if this is required by the terms of the contract or the nature of the delegated task.

Article 821. Duties of the delegant

Unless otherwise provided by the contract of delegation, the delegant has the duty:
to provide the delegate with the funds necessary for the performance of the delegated task;
to accept, without delay, from the delegate everything performed by him in accordance with the contract;
to reimburse the delegate for costs incurred that have been necessary for the performance of the delegated task;
after the performance of the delegated task to pay the delegate remuneration if it is provides by legislation or the contract .

Article 822. Redelegation of the performance of the delegated task

The delegate shall have the right to delegate the performance of the delegated task to another person (a substitute) if it is provided by the contract of delegation or if the delegate is obliged to this by circumstances for the purpose of protection of interests of the delegant.
The delegate having redelagated the performance to another person has the duty immediately to notify about it to the delegant.
The delegant shall have the right to discharge a substitute selected by the delegate with exception of cases when the substitute was named in the contract of delegation.
If a substitute for the delegate is named in the contract, the

delegate shall not be liable for his conduct of affairs.

If the conduct of affairs by a substitute is provided in the contract of delegation, but the substitute is not named in it, the delegate shall not liable for the substitute's guilty actions.

If the conduct of affairs by a substitute is provided in the contract of delegation, the delegate shall be liable for any actions of his substitute.

Article 823. Termination of the contract of delegation

A contract of delegation shall be terminated as the result of:

cancellation of the delegated task by the delegant;

withdrawal by the delegate;

death of the delegant or the delegate, recognition of either of them as lacking dispositive capacity, as being of limited dispositive capacity, or as missing; the delegant shall have the right to cancel the delegated task and the delegate to refuse it at any time. An agreement to renounce this right is void.

If the delegate did not know and should not have known about termination the contract of delegation, then his actions that legally made on the instruction of the delegant, shall obligate the delegant (his successor) in connection with third persons and the delegate.

A party that has canceled a contract of delegation with the delegate acting as a entrepreneur must notify the other party of the termination of the contract at least thirty days in advance unless the contract provides for a longer time period. In case of reorganization of a legal entity that is a commercial representative, the delegant shall have the right to cancel the delegated task without such a preliminary notification.

Article 824. Consequences of termination of the contract of delegation

If a contract of delegation is terminated before the delegated task is performed by the delegate in full, the delegant shall have the duty to compensate the delegate for the costs incurred by him in performance of the delegated task and when remuneration is involved for

the delegate also to pay him remuneration in proportion to the work he has done. This rule shall not be applied to the performance by the delegate of a delegated task after he knew or should have known of the termination of the delegation.

Article 825. Legal succession in the contract of delegation

In case of the death of the delegate, his heirs or other persons on whom the security of protection of the property of the delegant was assigned, shall have the duty immediately to notify the delegant of the termination of the contract of delegation and to take the measures necessary for the protection of the property of the delegant, in particular to preserve his things, and also documents of the delegant and then to transfer this property to the delegant. The same duty lies on the liquidator of a legal entity that is a representative (a delegate).

In case of reorganization of a legal entity acting as a representative (a delegate), the delegant must be notified immediately about this. In indicated case the rights and duties of such a legal entity shall be transferred to his successor unless the delegant at thirty days of time period notifies about his refusal from the contract of delegation.

Chapter 47. Actions in another's interest without delegation

Article 826. Terms of actions in another's interest

Actions without delegation, other indication, or previously promised consent of an interested person for the purposes of preventing harm to his personality or property, the performance of his obligation or in his other not unlawful interests (actions in another's interest) must be conducted proceeding from the obvious benefit or usefulness and actual or likely intentions of the interested person and with the care and caution necessary according to the circumstances of the case.

The rules provided in the present Chapter shall not applied to

actions in the interest of other persons made by state bodies and local self-government bodies for which such actions are one of the purposes of their activity.

Article 827. Duties of a person acting in another's interest without delegation

A person who exercises activity in the interest of another person without his delegation shall have the duty, at first opportunity, to report about this to the interested person. If the interested person approves these actions, the rules on the contract of delegation shall be applied to the relations of parties in what follows. In case of non-approval of indicated actions, the liability for them shall be made to a person acting without delegation.

In case of impossibility of notification of the interested person starting actions without delegation shall have the duty to lead them to finish, taking all depending measures from him for preventing of negative property consequences for this person. In this case a person acting without delegation must undertake for all things that connected with business conducted including the duties on transactions concluded.

If a person acting in the interest of another person without his delegation, at first opportunity, to notify about this to the interested person, shall not have the right to demand compensation of losses suffered.

If a person acting in another's interest without his delegation shall have the duty to continue the beginning activity and in the case of the death of a citizen or the termination of activity by a legal entity in the interest of which the corresponding activity made before as heirs (successors) of interested person shall not be able to change it.

Article 828. Performance of transactions in another's interest

Duties under a transaction concluded in another's interest shall pass to the person in whose interest it was concluded since time of

approval by him of this transaction if the other party does not object to such passage or if at the concluding of the transaction the other party knew or should have known that the transaction was concluded in another's interest. In case of passage of duties under such a transaction to the person in whose interests it was concluded, the rights under this transaction also must be transferred to the latter.

A person concluded a transaction may delay the transference of rights till the time of compensation for him of expenses caused by him in connection with the activity in another's interest.

Article 829. Duties of a person in interest of whom the actions made without delegation

A person in whom interest the actions were made without delegation shall have the duty to compensate to whom that has acted in his interests, the necessary expenses and other actual damage. The indicated duty shall be preserved and in cases when the actions in another's interest were reasonable but the anticipated result did not reached. However, in the case of prevention of damage for property of the other person, the amount of compensation shall not exceed the value of property.

If actions of a person were not aimed directly at ensuring the interests of another person, including in the case when the person making them mistakenly supposed that he was acting in his own interest, have led to unjust enrichment of the other person, the rules provided by Chapter 58 of the present Code shall be applied. In the case when the actions in another's interest were included in the field of his entrepreneur activity, the person shall have the right to demand together with compensation of actual damage also payment of proportional remuneration.

The expenses and other losses of the person acting in another's interest borne by him in connection with the actions that were taken after receipt of approval from the interested person shall be compensated according to the rules on a contract of the corresponding type.

Article 830. Compensation for harm caused by actions in another's interest

Relations for compensation for harm caused by actions in another's interest to the interested person or to third persons shall be regulated by the rules provided by Chapter 57 of the present Code.

Article 831. Report of a person who has acted in another's interest

A person who has acted in another's interest shall have the duty to provide the person in whose interests such actions were taken with a report indicating the income received and expenses made and other losses.

Chapter 48. Commission agency

Article 832. The contract of commission agency

Under a contract of commission agency, one party (the commission agent) has the duty, on delegation from the other party (the commission principal), for remuneration to conduct one or several transactions in his own name, but at the expense of the commission principal. The contract of commission agency must be concluded in written form

Under a transaction conducted by the commission agent with a third person, the commission agent shall acquire rights and become obligated, although the commission principal was named in the transaction or entered into direct relations with the third person for performance of the transaction.

The contract of commission agency may be concluded for a defined period of time or without an indication of the time period of its effectiveness, with an indication or without an indication of the territory for its performance, with an obligation of the commission principle not to grant third persons the right to make in his interests and at his expense transactions, the making of which is delegated to the commission agent or without such an obligation, with conditions or without conditions with respect to the assortment of the goods that are the subject of the commission agency.

Legislation may provide for the peculiarities of individual types of the contract of commission agency.

Article 833. Commission agency remuneration

The commission principle shall have the duty to pay the commission agent remuneration and, in the case when the commission agent has undertaken a guarantee for the performance of a transaction by a third person (Delcredere), also supplementary remuneration in the amount and by the procedure established in the contract of commission agency.

If this amount is not provided by the contract and cannot be determined from its terms, the amount of compensation shall be established in accordance with Paragraph 4 of Article 356 of the present Code.

If a contract of commission agency was not performed for reasons depending upon the commission principal, the commission agent shall retain the right to commission agency remuneration and also to compensation for expenses borne.

Article 834. Performance of the commission delegated task

The commission agent has the duty to perform all obligations and exercises all rights following from a transaction concluded by him with a third person.

The commission agent has the duty to perform the delegated task undertaken on the conditions most favorable for the commission principal in accordance with the instructions of the commission principal - in accordance with the customs of commerce or other usually made requirements. In the case when the commission agent has made the transaction on conditions more favorable than those that were indicated by the commission principle, the supplementary benefit shall be divided equally between parties unless otherwise provided by the contract.

In cases when the commission agent undertakes a guaranty to the commission principal for the performance of the transaction (del credere), the commission agent shall receive the right for supplementary

remuneration at the amount stipulated in the contract of commission agency.

The commission agent shall not be liable to the commission principal for non- performance by a third person of a transaction concluded with him at the expense of the commission principle, except in cases when the commission agent did not exercise the necessary care in selection of this person or undertook a guaranty for the performance of the transaction (del credere).

In case of nonperformance by a third person of a transaction concluded with him by the commission agent, the commission agent shall be obligated to report this delay to the commission principle, to gather the necessary evidence and also on request of the commission principle, to transfer to him the rights under such a transaction observing the rules on assignment of a claim (Articles 313-317, 319, 320 of the present Code).

The assignment of rights to a commission principle under a transaction on the basis of Paragraph 5 of present Article shall be allowed regardless of an agreement by the commission agent with a third person prohibiting or limiting such an assignment. This shall not free the commission agent from liability to the third person in connection with the assignment of the right in violation of an agreement forbidding it or limiting it.

Article 835. Sub-commission

The commission agent shall have the right, for the purposes of performing the contract of commission agency, to make a contract of sub-commission agency with another person, remaining liable to the commission principal for the actions of sub- commission agent unless otherwise provided by the contract.

Under the contract of sub-commission agency, the commission agent acquires with respect to the sub-commission agent, the rights and duties of a commission principal. In cases when a Law admits the performance of

any transactions only by special empowered persons, a contract of sub-commission agency may be concluded only with such a person.

Until the termination of the contract of commission agency, the commission principal shall not have the right, without the consent of the commission agent, to enter into direct relations with the sub-commission agent, unless otherwise provided by the contract of commission agency.

Article 836. Price of property transferred by a commission

Price of property transferred by a commission agent shall be determined by agreement with the commission principal unless otherwise provided by the contract of commission agency.

Article 837. Deviation from the instructions of the commission principal

The commission agent shall have the right to deviate from the instructions of the commission principal in cases provided by Article 819 of the present Code.

A commission agent, who has sold property at a price less than that agreed with the commission principal, shall have the duty to compensate the latter for the difference, unless he proves that he did not have the possibility of selling the property at the agreed price and that sale at a lower price avoided even greater losses. In the case when the commission agent had the duty to inquire of the commission principal in advance, the commission agent must also prove that he did not have the possibility of obtaining preliminary consent of the commission principal for deviation from his instructions. If a commission agent has bought property at a price higher than that agreed with the commission principal, the commission principal, if he does not want to accept such a purchase, shall have the duty to notify the commission agent of this within a reasonable period of time after receipt from him of notice of the concluding of the transaction with a third person. Otherwise, the purchase shall be recognized accepted by the commission principal.

If the commission agent has reported that the difference in price will be covered at his expense, the commission principal shall not have the right to refuse the transaction made for him.

Article 838. Rights for things that are the subject of commission agency

Things received by the commission agent from the commission principal or acquired by the commission agent at the expense of the commission principal are owned by the latter.

The commission agent shall have the right, in accordance with Article 290 of the present Code, to retain things in his possession that are subject to transfer to the commission principal or to a person indicated by the commission principal as security for his claims under the contract of commission.

In case of declaration of the commission principal as insolvent (bankrupt), this right of the commission agent shall be terminated and his claims against the commission principal, within the limits of the value of things that he retained, shall be satisfied in accordance with Article 291 of the present Code equally with claims secured by pledge.

Article 839. Satisfaction of claims of the commission agent from sums due to the commission principal

The commission agent shall have the right, in accordance with Article 343 of the present Code, to withhold sums due to him under the contract of commission agency from all the sums received by him on account of the commission principal. However, creditors of the commission principal who enjoy priority over a pledge with respect to the order of satisfaction of their claims shall not be deprived of the right of satisfaction of these claims from the sums withheld by the commission agent.

Article 840. Liability of the commission agent for loss of, shortage of, harm to the property of the commission principal

The commission agent shall be liable to the commission principal

for any neglects following loss of, shortage of, or harm to property of the commission principal in the commission agent's possession.

If, during the acceptance by the commission agent of property sent by the commission principal or received by the commission agent for the commission principal, there are injuries to or shortage of this property that may be noticed on external inspection and also in the case of the causing of damage by any person to the property of the commission principal that is in the possession of the commission agent, the commission agent shall have the duty to take measures for the protection of the rights of the commission principal, gather the necessary evidence, and to report on everything without delay to the commission principal.

The commission agent who has not insured property of the commission principal in his possession shall be liable for it only in the cases when the commission principal has ordered him to insure the property at the expense of the commission principal or insurance of this property by the commission agent is provided for by the contract of commission agency or the customs of commerce.

Article 841. Acceptance by the commission principal of performance under the contract of commission agency

The commission principal:

to accept from the commission agent everything performed under the contract of commission agency;

to inspect property acquired for him by the commission agent and to inform the latter without delay of defects found in this property;

to free the commission agent from obligations undertaken by him to a third person in performance of the commission delegated task.

Article 842. Compensation of expenses for performance of the commission delegated task

The commission principal shall have the duty, in addition to payment of the commission remuneration, and in appropriate cases of a supplementary remuneration for del credere agency, to compensate the

commission agent for sums spent by him in performance of the commission
delegated task.

The commission agent shall not have the right to compensation for
expenses for storage of property of the commission principle that he has
in his possession, unless established otherwise in a Law or the contract
of commission agency.

Article 843. Cancellation of the commission delegated task by the commission principal

The commission principal shall have the right, at any time, to
withdraw from the performance of the contract of commission agency,
canceling the delegated task given to the commission agent. In this case
losses of the commission agent caused by canceling the delegated task
shall be compensated on common bases.

In the case when the contract of commission agency was concluded
without an indication of the time period of its effectiveness, the
commission principal must notify the commission agent of the termination
of the contract not less than thirty days in advance, unless a longer
time period of notice is provided by the contract.

In this case, the commission principle shall have the duty to pay
the commission agent remuneration for transactions concluded by him until
the termination of the contract and also to compensate the commission
agent for expenses borne by him until the termination of the contract.

In case of cancellation of the delegated task, the commission
principal shall have the duty, within the time period established by the
contract of commission agency, and if such a time is not established,
without delay to dispose of his property that is in the control of the
commission agent. If the commission principal does not fulfill this
duty, the commission agent shall have the right to deposit the property
for storage at the expense of the commission principal or to sell it at
the price that is the most advantageous possible for the commission
principal.

Article 844. Withdrawal by the commission agent

from performance of the delegated task

The commission agent shall not have the right, unless otherwise provided by the contract of commission agency, to withdraw from performance of it, with the exception of the case when the contract has been concluded without an indication of the time period of its effectiveness. In this case, the commission agent must notify the commission principle of the termination of the contract not later than thirty fays in advance, unless a longer time period of notice is provided by the contract.

The commission agent shall not have the duty to take the measures necessary for ensuring the safekeeping of the property of the commission principle.

The commission principal who has been notified of withdrawal by the commission agent from the performance of the delegated task, must dispose of his property that is in the control of the commission agent during fifteen days from the day of receipt of notice of withdrawal by the commission agent from the performance of the delegated task of withdrawal by the commission agent from the performance of the delegated task, unless the contract of commission agency has established another time period. If he does not perform this duty, the commission agent shall have the right to deposit the property for storage or to sell it at the price that is the most advantageous possible for the commission principle.

Unless the contract of commission agency provides otherwise, a commission agent who has withdrawn from performance of a delegated task shall retain the right to commission remuneration for transactions concluded by him before the termination of the contract and also for compensation for the expenses borne up to this time.

Article 845. Termination of the contract of commission agency

The contract of commission agency shall be terminated as the result of:

withdrawal by the commission principal from performance of a contract;

withdrawal by the commission agent from performance of a contract;

death of the commission agent, recognition of him as lacking dispositive capacity, as being of limited dispositive capacity, or as missing.

Article 846. Withdrawal by the commission principal from performance of the contract of commission agency without an indication of the time period

The commission principal shall have the right, at any time, to withdraw from the performance of the contract of commission agency, concluded without an indication of the time period, notifying the commission agent of withdraw not less than thirty days, unless a longer time period of notice is provided by the contract.

In this case, the commission principal shall have the duty to pay the commission agent remuneration for transactions concluded by him until the termination of the contract and also to compensate the commission agent for expenses borne by him until the termination of the contract.

In case of withdraw from the performance of the contract of commission agency; the commission principal must fulfill duties provided by Paragraph 3 of Article 844 of the present Code.

Article 847. Withdrawal by the commission principal from performance of the

The commission agent, at any time, shall have the right to withdraw from the performance of the contract of commission agency, concluded without an indication of the time period, notifying the commission principal of the withdrawal not less than thirty days unless a longer time period of notice is provided by the contract. In this case the commission principal shall have the duty to take measures for ensuring the safekeeping of the property of the commission principal.

The commission principal shall have the duty until the day of the termination of the contract of commission agency, to dispose of his

property that is in the control of the commission agent. If he does not fulfill this duty, the commission agent shall have the right to deposit the property for storage at the expense of the commission principal or to sell it at the price that is the most advantageous possible for the commission principal.

A commission agent, who has withdrawn from performance of the contract of commission agency, shall have the right to commission remuneration for transactions and for compensation for expenses borne by him until the termination of the contract.

Article 848. Consequences of the death of a citizen or a legal entity

In case of the death of a citizen or liquidation of a legal entity- commission agent, the contract of the commission agency shall be terminated.

In case of reorganization of a legal entity - commission agent, his rights and duties of the commission agent shall be transferred to heirs if during thirty days from the day of the receipt of a notice on reorganization made, the commission principal has not notified about cancellation of the contract.

In case of the death of a citizen - commission principal, recognition of him as lacking dispositive capacity or being of limited dispositive capacity, or also in the case of liquidation of a legal entity -commission principal, the commission agent shall have the duty to continue the performance of the delegated task given to him until, the appropriative instructions are not acted from heirs or successors (representatives) of the commission principal.

Chapter 49. Entrusted management of property

Article 849. The contract of entrusted management of property

Under a contract of entrusted management of property, one party (the founder of the management) transfers to the other party (the

entrusted manager) for a defined period of time property into entrusted management, and the other party has the duty to conduct management of this property in the interests of the founder of the management or of a person indicated by him (the benefit-acquirer).

The transfer of property into entrusted management does not entail the passage of the right of ownership to it to the entrusted manager.

In conducting entrusted management of property, the entrusted manager shall have the right to conduct with respect to this property, in accordance with the contract of entrusted management, any legal or factual actions in the interests of the benefit-acquired. A Law or the contract may provide for limitations with respect to individual actions for the entrusted management of property.

The entrusted manager shall conclude transactions with property transferred into entrusted management in his own name, indicating that he is acting as such a manager. This condition shall be considered observed if, on conducting the actions not requiring written formalization, the other party is informed that they are being conducted by an entrusted manager in such capacity and in written documents after the name or designation of the entrusted manager the notation.

In the absence of an indication of the action of an entrusted manager in this capacity, the entrusted manager shall be obligated to the third persons personally and shall be liable to them only with the property belonging to him.

Article 850. Bases of arising (establishment) of entrusted management by property

The entrusted management by property shall be arisen (be established) on the basis: a contract of entrusted management by property concluding by the founder of the management with the entrusted manager;

a will in which the performer of a will (an entrusted manager) is appointed; a decision of a court;

a decision of bodies of guardianship and curatorship on establishment of guardianship over the property of a ward;

other legal facts in cases provided by a Law.

Article 851. Object of entrusted management by property

Enterprises and other property systems, individual objects related to immovable property, commercial paper, securities, exclusive rights and other property may be objects of entrusted management.

Money, with the exception of cases provided by a Law, may not be an independent object of entrusted management.

Property in economic management or operative administration may not be transferred into entrusted management. A transfer into entrusted management of property that was in economic management or operative administration shall be possible only after the liquidation of the legal entity in whose economic management or operative administration the property was or the termination of the right of economic management or operative administration of property and its coming into the possession of an owner on other bases provided by a Law.

Article 852. Subjects of entrusted management of property

The founder of the entrusted management is:

the owner of the property;

a person who is belonged the right of life, inheritable tenure of a land parcel;

a state body empowered for it - in the relation of property being in state ownership;

an enterprise with property belonged for right of economic management - with allowance of an ownership;

in cases provided by a Law - notary, bodies of guardianship and curatorship, court or other body empowered.

The entrusted management may be:

a citizen;

a legal entity.

Property may not be transferred into entrusted management to a state body.

An appointment of the entrusted manager may be made only with his allowance. The benefit-acquired may be any person with exception of the entrusted manager.

Article 853. Essential terms of the contract of entrusted management of property

The contract of entrusted management of property must include:
the list of the property transferred into entrusted management;
the indication of the benefit-acquirer;
the time period of providing reports to entrusted managers;
a person received the property in the case of termination of the entrusted management;
the amount and form of remuneration to the manager, if payment of remuneration is provided by the contract.

In the absence of conditions provided by Paragraph 1 of the present Article, the contract is not considered as concluded.

The contract of entrusted management of property may be concluded for a time period not exceeding five years. In the absence of a statement of one of the parties on the termination of the contract, at the end of the time period of its effectiveness it shall be considered extended for the same time period and on the same conditions as was provided by the contract.

For individual types of property transferred into entrusted management, a Law may establish other time limits for which the contract may be concluded.

Article 854. Form of the contract of entrusted management of property

The contract of entrusted management of property must be concluded in written form.

The contract of entrusted management of immovable property shall be concluded in the form and in the procedure provided for the contract of alienation of immovable property. The transfer of immovable property into entrusted management is subject to state registration by the same procedure as the passage of the right of ownership to this property.

Nonobservance of the form of the contract of entrusted management of property or of the requirement on the registration of the transfer of immovable property into entrusted management shall entail his invalidity.

Article 855. Segregation of property that is in entrusted management

Property transfer into entrusted management shall be segregated from other property of the founder of the management and also from the property of the entrusted manager. This property shall be reflected on a separate balance sheet of the entrusted manager and an independent accounting shall be maintained with respect to it. For settlements for the activity connected with entrusted management, a separate bank account shall be opened.

Levy of execution for debts of the founder of the management on property transferred by him into entrusted management is not allowed, with the exception of the insolvency (bankruptcy) of this person. In case of bankruptcy of the founder of the management, entrusted management of this property shall be terminated and the property shall be included in the general assets of the proceedings.

Article 856. The entrusted management of property burdened with rights of a third person

The entrusted manger must be before the conclusion of the contract informed of the fact that the property transferred to him into entrusted management is burdened with a third person. In the case of termination of this condition, the entrusted manager shall have the right to demand the recognition of the contract invalid with compensation of actual damage and payment of the ratable remuneration.

If the property transferred into the entrusted management was burdened with rights of third persons after conclusion of the contract, and the entrusted manager was not notified about this during ten days of time period, he shall have the right to demand to the rescission of the contract of the entrusted management of property with compensation of actual damage and payment of the ratable remuneration.

Article 857. Rights and duties of the entrusted manger

The entrusted manager shall exercise, within the limits provided by a Law and the contract of entrusted management of property, the powers

of an owner with respect to the property transferred into entrusted management.

The rights acquired by the entrusted manager as the result of actions for the entrusted management of property shall be included in the composition of such the property. Duties that have arisen as the result of such actions of the entrusted manager shall be performed at the expense of this property.

Alienation and pledge transferred into the management of improvable property, the entrusted manger shall have the right to conduct only in cases when this is provided by the contract of entrusted management of property.

For the protection of rights to property that is in entrusted management, the entrusted manager shall have the right to demand all types of elimination of a violation of his rights (Articles 228, 229, 231, 232 of the present Code).

The entrusted manager shall present the founder of the management and the benefit -acquirer with a report on his activity within the time periods and by the procedure that are established by the contract of entrusted management of property.

Article 858. Transfer of entrusted management of property

The entrusted manager shall conduct entrusted management of property personally, with the exception of cases provided by Paragraph 2 and 3 of the present Article. The entrusted manager may empower another person to take, in the name of the entrusted manager, in the name of the entrusted manager, actions necessary for the management of the property, if he is empowered to do so by the contract of entrusted management of property or if he has received the consent of the founder in written form to do so, or was compelled to do so by force of circumstances for the ensuring of the interests of the founder of the management or the benefit-acquirer and does not have the possibility of receiving instructions of the founder of the administration in a reasonable period

of time.

The entrusted manager shall be liable for the actions of an empowered person selected by him as for his own actions.

Article 859. Liability of the entrusted manager

The entrusted manager who has not exercised in the entrusted management of property the necessary care for the interests of the benefit-acquirer or the founder of the management shall compensate the benefit-acquirer for lost profit for the time of entrusted management of property and the founder of the management for the losses caused by the loss of or harm to property, and also lost profit.

The entrusted manager shall bear liability for the losses caused, unless he proves that these losses occurred as the result of force majeure or the actions of the benefit- acquirer or the founder of the management.

Obligations under a transaction concluded by the entrusted manager exceeding the powers given to him or in violation of the limitations established for him shall be borne by the entrusted manager personally. If the third persons participating in the transaction neither knew nor should have known of the excess of powers or of the established limitations, the obligations that have arisen shall be subject to performance by the procedure established by Paragraph 4 of the present Article. The founder of the management may, in this case, demand from the entrusted manager compensation for losses suffered by him.

Debts of obligations that arose in connection with the entrusted management of property shall be paid at the expense of this property. In case of insufficiency of this property, execution may be levied on the property of the entrusted manger and, in case of insufficiency also of his property -on the property of the founder of the management that was not transferred into entrusted management.

The contract of entrusted management of property may provide for the granting by the entrusted manager of a pledge to secure compensation

for losses that may be caused to the founder of the management or the benefit -acquirer by the improper performance of the contract of entrusted management.

Article 860. Remuneration to the entrusted manger

The entrusted manager shall have the right to the remuneration provided by the contract of entrusted management of property and also to compensation of the necessary expenses made by him in the entrusted management of property at the expense of the property transferred into management, or income from the use of this property.

Article 861. Termination of the contract of entrusted management of property

The contract of entrusted management of property shall be terminated as the result of:

statement of one of the party on termination of the contract in connection with termination of the contract;

death of a citizen who is the benefit -acquirer or the liquidation of a legal entity that is the benefit -acquirer, unless the contract provides otherwise;

death of a citizen who is the entrusted manager, recognition of him as lacking dispositive capacity, as being of limited dispositive capacity, or as missing, and also recognition of an individual entrepreneur as insolvent (bankrupt);

liquidation of a legal entity - the entrusted manager, recognition him as insolvent (bankrupt);

refusal by the benefit -acquirer to receive the benefits under the contract, unless the contract proves otherwise;

withdrawal by the entrusted manager or the founder of management from the conduct of entrusted management in connection with the impossibility for the entrusted manger to personally conduct the entrusted management of the property;

withdrawal by the founder of the management from the contract for other reason than that which is indicated in the sixth subparagraph of the present Paragraph, on the condition of payment to the entrusted

manager of the remuneration provided by the contract;
rescission of the contact by a decision of a court in the case of nonproper performance by the entrusted manager of his obligations;
on other bases provided by a Law or the contract.
Upon termination of a contract of entrusted management, the property that is in entrusted management shall be translated to the founder of the management, unless the contract provides otherwise.
Upon termination of a contract of entrusted management of the property by the initiative of one of the party, the other party must be informed of this not less than three months , unless other time period provided by the contract.

Chapter 50. System of entrepreneurial license (franchise)

Article 862. The contract of franchise

Under a contract of a system of entrepreneurial license (the contract of franchise) one party (the franchisor) has the duty to provide the other party (the franchisee) for remuneration for a system of exclusive rights (a license system) including the right of the use a firm name of the franchisor and of commercial information protected, and also other objects of exclusive rights (trademark, service mark and invention, etc.) provided by the contract in the entrepreneurial activity.
The contract of franchise provides for the use of the system of exclusive rights, business reputation, and commercial experience of the franchisor in a specified scope (in particular with an establishment of a minimum and /or maximum volume of use), with an indication or without an indication of the territory of use with respect to a defined area of entrepreneurial activity (sale of goods received from the franchisor or produced by the franchisee, conduct of other trade activity, doing the work, rendering of services). Parties under a contract of franchise may be only commercial organizations and citizens registered as entrepreneurs.
The contract of franchise may be concluded both with an

indication and without an indication of time period (a permanent
contract).
The rules of the present Code on an intellectual ownership shall
be applied to the contract of franchise, unless otherwise provided by the
present Chapter or follows from the nature of the contract.

Article 863. Form of the contract of franchise and claims for its registration

The contract of franchise must be concluded in written form and
is the subject to registration by the body that conducted the
registration of a legal entity or individual entrepreneur acting under
the contract as the franchisor.
Nonobservance of this rule shall entail invalidity of the
contract.

Article 864. Subfranchise

A contract of franchise may be provided for the right of the
franchisee to permit him the use of the system of exclusive rights or his
part to other persons on the conditions agreed by him with the franchisor
or defined in the contract of franchise.
Equally, the contract may provide for a duty of the franchisee to
give, during a defined time period, to a defined number of subfranchises
with an indication or without an indication of territories of their use.
Termination of the contract of franchise shall be terminated the
contract of subfranchise.

Article 865. Form of remuneration under the contract of franchise

The franchisee shall pay to the franchisor remuneration in the
form of fixed one- time or periodic payments, transfers from receipts,
extra charges on the wholesale price of the goods transferred by the
franchisor for resale, or in another form provided by the contract.

Article 866. Duties of the franchisor

The franchisor has the duty:
to transfer to the franchisee technical and commercial

documentation and to provide other information necessary to the
franchisee for the exercise of the rights provided to him under the
contract of franchise and also to instruct the franchisee and his
employee on questions connected with the exercise of these rights;
to issue the franchisee the licenses provided by the contract,
having ensured their formalization by the established procedure;
to provide to the franchisee with continual technical and
consulting support, including support in the training and raising of the
skills of employees.
The contract of franchise may provide the other duties of the
franchisor.

Article 867. Duties of the franchisor

Taking into account the nature and peculiarities of the activity
conducted by the franchisee under the contract of franchise, the
franchisee has the duty:
to use, in the conduct of the activity provided by the contract,
the firm name of the franchisor in the manner indicated in the contract;
to ensure the exact correspondence of the quality of the goods
produced by him on this basis of the contract, of work done, of services
rendered to the quality of the analogous goods, work, or services,
produced, performed, or rendered directly by the franchisor;
to observe the instructions and directions of the franchisor
directed at ensuring the exact correspondence of the nature, means, and
conditions of the use including of the system of exclusive rights with
the use thereof by the franchisor, including directions concerning the
external and internal appearance of commercial premises used by the
franchisee in the exercise of the rights provided to him by the contract;
to render the buyers (customers) all additional services that
they could expect, acquiring (or ordering) goods (or work or services)
directly from the franchisor; not to divulge secrets of production of the
franchisor or other confidential commercial information received from
him;
to provide the agreed number of subfranchises if such a duty is

directly provided by the contract;
to inform the buyers (customers) by the means most obvious for them that he is using the firm name, commercial designation, trade mark, service mark, or other means of individualization by virtue of a contract of franchise.

Article 868. Limitary conditions of the contract franchise

A contract of franchise may provide for the limiting (exclusive) conditions, in particular:
an obligation of the franchisor not to provide other similar systems of exclusive rights for their use on the territory assigned to the franchisee or to refrain from his own analogous activity on this territory;
an obligation of the franchisee not to compete with the franchisor on the territory to the use of a system of franchise;
a renunciation by the franchisee of the receipt of other system of franchise from competitors (potential competitors) of the franchisor;
an obligation of the franchisee to agree with the franchisor on the place of location of commercial premises used for the exercise of the exclusive rights provided under the contract and also on their external and internal appearance.
Limiting terms may be found invalid on the suit of the antimonopoly agency or other interested person, if they, taking into account the condition of the relevant market and financial status of the parties, contradict the legislation on competition. (In edition of Article 6 of the Law of the RUz No. ZRU-345 dtd 29.12.2012)
Limiting terms of the contract of franchise shall be invalid if by virtue of them:
the franchisor shall have the right to determine the price of sale of goods by the franchisee or the price of work (or services) performed (or rendered) by the franchisee, or to establish an upper or power limit for these prices;
the franchisee shall have the right to sell goods, perform work, or render services exclusively to a defined category of buyers

(customers) or exclusively to buyers (customers) having a place of location (or place of residence) on the territory defined in the contract.

Article 869. Liability of the franchisor for clams made against the franchisee

The franchisor shall bear subsidiary liability for claims made against the franchisee on the nonconformity of the quality of the goods (or work or services) sold (or performed or rendered) by the franchisee under the contract of franchise.

On claims made against the franchisee as the producer of products (or goods) of the franchisor, the franchisor shall be liable jointly and severally with the franchise.

Article 870. Change of the contract of franchise

The contract of franchise may be changed in accordance with the rules of Chapter 28 of the present Code.

The contract of franchise is recognized as changed since the day of registration of relative changes in the procedure established by Article 863 of the present Code.

Article 871. Termination of the contract of franchise

The contract of franchise concluded with an indication of time period may be rescinded in accordance with the rules of Chapter 28 of the present Code.

Each of the parties shall have the right at any time to cancel the unlimited contract of franchise, having notified the other party of this, six months in advance, unless the contract provides a longer time period.

The contract of franchise shall be terminated in case of termination of the rights to a firm name including in franchise without their replacement with the new firm name.

Early rescission of a contract of franchise concluded with an indication of a time period and also rescission of an unlimited contract of franchise are subject to registration by the procedure established by

Article 863 of the present Code.

Article 872. Preservation of the contract of franchise in effect upon change of the parties

The passage to another person of any exclusive right included in the system of the franchise is not basis for change or rescission of the contract of franchise. The new franchisor shall enter into the contract with respect to the rights and duties relating to the passed exclusive right.

In case of the death of the franchisor, his rights and duties under the contract of franchise pass to the heir upon the condition that the latter is registered or, in the course of six months from the day of opening of the inheritance, will be registered as an entrepreneur. In the contrary case the contract shall be terminated.

The management of the system of franchise shall be conducted by an administrator appointed by a notary by established the procedure until the acceptance by the heir of the relative rights and duties or until the registration of the heir as an entrepreneur.

Article 873. Preservation of the contract of franchise in effect upon changing of the firm name

In the case of change by the franchisor of his firm name, the contract of franchise shall be preserved and be effective with respect to the new firm name unless the franchisee demands rescission of the contract. In case of preservation of effectiveness of the contract the franchisee shall have the right to demand a proportional reduction of the remuneration due to the franchisor.

Article 874. Consequences of termination of an exclusive right included in the system of franchise

If, during the time period of effectiveness of a contract of franchise, the time period of effectiveness of an exclusive right included in the system of franchise has expired or this right has terminated on another basis, the contract shall be preserved with the

exception of the provisions relating to the terminated right, and the franchisee unless otherwise provided by the contract, shall have the right to demand the proportional reduction of the remuneration due to the franchisor.

Chapter 51. Storage

§ 1. General provisions

Article 875. The contract of storage

Under a contract of storage, one party (the bailee) has the duty to store a thing transferred to him by the other party (the bailor), and to return this thing in safely kept condition.

In a contract of storage in which the bailee is an organization conducting storage as one of the purpose of its professional activity (a professional bailee), there may be provided a duty of the bailee to accept for storage a thing from the bailor at the time period provided by the contract.

Article 876. Performance of the duty to accept a thing for storage

A bailee conducting storage as entrepreneurial or other professional activity, may undertake by the contract of storage the duty to accept things of the bailor for storage and to store things transferred by the bailor in accordance with the rules provided by the present Article.

A bailee, who has undertaken by the contract of storage the duty to accept a thing for storage, shall not have the right to demand to transfer this thing to him for storage. However, a bailor who has not transferred a thing for storage within the time period provided by the contract shall bear liability to the bailee for the losses caused in connection with the failure of the storage to occur, unless otherwise provided by a Law or the contract of storage.

Unless otherwise provided by the contract of storage, the bailee shall be freed from the duty to accept the thing for storage in the case

when the thing is not given to him at the time period by the contract,
and when this time period is not determined - on expiration of three
months from the day of conclusion of the contract.

Article 877. Form of the contract of storage

In cases when the contract of storage must be concluded in
written form (Article 108 of the present Code), the written form of the
contract is considered observed if acceptance of things for storage is
evidenced by the bailee by issuance to the bailor of a storage receipt,
receipt, certificate, or other document signed by the bailor. Observance
of the written form is not demanded if a thing has been transferred for
storage in extraordinary situations (fire, nature disaster, sudden
illness, threat of attack, etc.).

The contract of storage may be concluded by acceptance by the
bailee to the bailor a numbered token (or check) or other symbol
evidencing the receipt of things for storage if it permits by legislation
or is usual for such a type of storage.

Nonobservance of the simple written form of contract of storage
does not deprive the parties of the right to rely upon witness statements
in case of dispute over the identity of the thing accepted for storage
and the thing returned by the bailee.

Article 878. Time period of storage

The bailee has the duty to keep the thing during the time period
provided by the contract of storage. If the time period of storage is not
provided by the contract and cannot be determined on the basis of its
provisions, the storage shall be made until the demand for it by the
bailor.

If the time period of storage is determined by the time of demand
for the thing by the bailor, the bailee shall have the right on the
expiration of the time period of storage of the thing usual in such
circumstances to demand of the bailor that he takes back the thing

providing him with a reasonable period of time for this. Failure of the bailor to perform this duty shall entail the circumstances provided by Article 888 of the present Code.

Article 879. Storage of a thing with loss of identity

In case of storage with loss of identity, things accepted for storage may be mixed with things of the same kind and quality of other bailors.

An equal quantity or a quantity agreed upon by the parties of things of the same type and quality shall be returned to the bailor.

Storage with loss of identity shall be conducted only in cases when it is directly provided by the contract of storage.

Article 880. Duty of the bailee to ensure the safekeeping of a thing

The bailee has the duty to take all measures provided by the contract of storage to ensure and also other necessary measures for ensuring of the safekeeping of the thing transferred for storage.

The bailee must return to the bailor or other person indicated by him as a recipient that thing which has been transferred to him for storage unless only the contract provided the storage with loss of identity. The thing must be returned in the same condition in which it was received for storage, taking into account its natural worsening or natural decrease.

Simultaneously with the return of the thing, the bailee has the duty to transfer the fruits and incomes received during its storage unless provided by the contract of storage.

Article 881. Use of a thing transferred for storage

The bailee has not the right to use the thing transferred for storage without the consent of the bailor or to provide the possibility for its use to third persons with the exception of the case when the use of the stored thing is necessary for ensuring its safekeeping.

Article 882. Changing the condition of storage

The bailee had the duty to notify the bailor on necessity of changing the conditions of storage of a thing without delay and to await his answer.

In the case when the danger of loss of or harm to the thing, the bailee shall have the right to change the method, place, and other conditions of storage without awaiting the answer of the bailor.

If, during the time of storage, a real danger of spoilage of the thing has arisen or the thing has already been subject to spoilage, or circumstances have arisen not allowing to ensure its safekeeping and the timely taking of measures by the bailor cannot be expected, the bailee shall have the right to independently sell the thing or part of it at the price prevailing at the place of storage. If these circumstances arose due to causes for which the bailee is not liable, he shall have the right to compensation for his expenses for sale at the expense of the purchase price.

Article 883. Storage of things with dangerous qualities

If, the bailor, in their submission for storage of things that are easily inflammable, present danger of explosion, or in general are dangerous by their nature, did not warn the bailee of these qualities, they may at any time be rendered harmless or destroyed by the bailee without compensation of losses to the bailor. The bailor shall be liable for the losses caused in connection with the storage of such things to the bailee and to third persons.

In case of transfer of things with dangerous qualities for storage to a professional bailee, the rules provided by the first and second Paragraph of the present Article, shall be applied in the case when such things were submitted for storage under an incorrect name and the bailee, at their acceptance, could not by an external inspection confirm their dangerous qualities.

In case of compensation storage in cases provided by the first and second Paragraph of the present Article, the remuneration paid for

storage of things shall not be returned and, if it was not paid, the bailee may recover it in full.

If things indicated in the first Paragraph of the present Article that were taken for storage with the knowledge and consent of the bailee have become, despite the observance of the conditions of their storage, dangerous for those around or for the property of the bailee or third persons and the circumstances do not allow the bailee to demand from the bailor their prompt removal or he fails to fulfill such demand, these things may be rendered harmless or destroyed by the bailee without compensation for losses to the bailor. In such a case, the bailor shall not bear liability to the bailee and third persons for the losses caused in connection with the storage of these things.

Article 884. Transfer of things for storage to a third person

Unless legislation or the contract of storage provided otherwise, the bailee does not have the right, without the consent of the bailor, to transfer the thing for storage to a third person, if in this the necessity does not arise in the interests of the bailor and the bailee is deprived of the possibility of obtaining his consent. The bailee has the duty to notify the bailor without delay of the transfer of the thing for storage to a third person.

The bailee shall be liable for the actions of the third person to whom he transferred the thing for storage as for his own.

Article 885. Remuneration for storage

Remuneration for storage must be paid to the bailee at the end of the storage and, if payment for storage is provided by periods - at the expiration of each period. If storage is terminated before the expiration of the agreed time period due to circumstances for which the bailee is not liable, he shall have the right to a proportional part of the remuneration, and, in the cases provided by the first and the second,

and the third Paragraph of the Article 883 of the present Code, to the whole sum of remuneration. If storage is terminated early due to circumstances for which the bailee is liable, he shall not have the right to demand remuneration for storage and must return the sums received toward this remuneration to the bailor.

If, at the expiration of the time period of storage provided by the contract, the thing that is in storage is not taken back by the bailor, he shall have the duty to pay the bailee proportional remuneration for further storage of the thing.

The rules of the present Article shall be applied, unless the contract of storage provides otherwise.

Article 886. Compensation of expenses for storage

Unless otherwise provided by the contract of storage, the expenses for storage of the thing are included in the sum of the remuneration. It is intended that the extraordinary expenses in the sum of remuneration or the composition of expenses provided by the contract of storage shall not be included.

In case of storage without compensation, the bailor has the duty to reimburse the bailee for necessary actual expenses made, unless the contract of storage provided otherwise.

Article 887. Extraordinary expenses for storage

Expenses for storage of a thing that exceed the usual expenses of such type and that the parties could not foresee at the concluding of the contract of storage (extraordinary expenses) shall be reimbursed to the bailee if the bailor gave consent to these expense or approval them later and also in other cases provided by legislation or the contract. In case of necessity to make extraordinary expenses, the bailee has the duty to ask the bailor for consent for these expenses. If the bailor does not communicate his non- consent in the period indicated by the bailee or in the course of time normally necessary for an answer, it shall be

considered that he consents to the extraordinary expenses. In the case when the bailee has made extraordinary expenses for storage without having received preliminary consent for these expenses from the bailor, although by the circumstances of the case this was possible and the bailor has not later approved them, the bailee may demand compensation for extraordinary expenses only within the limits of the damage that might have been caused to the thing of these expenses had not been made.

Unless otherwise provided by the contract of storage, extraordinary expenses shall be compensated in addition to remuneration for storage.

Article 888. Taking back the thing by the bailor

The bailor has the duty to take back the thing transferred for storage upon expiration of the time period of storage provided by the contract.

Upon refusal by the bailor to receive the thing the bailee shall have the right, unless otherwise provided by the contract of storage independently to sell the thing and in the case when its value exceeds fifty times the monthly minimum wage - by the procedure provided by Articles 379, 380 and 381 of the present Code.

The sum acquired from the sale of the thing shall be transferred to the bailor less the sum due to the bailee.

Article 889. Liability of the bailee for losses of, shortage of, or harm to things

The bailee shall be liable for losses of, shortage of, or harm to thing accepted for storage on the bases provided by Article 333 of the present Code.

A professional bailee shall be liable for loss, of shortage of, or harm to thing unless he proves that the loss, shortage, or harm occurred:

as the result of force majeure;

from concealed qualities of the thing about which the bailee did not know and should not have known;

as the result of the intent or gross negligence of the bailor.

If the thing for storage is not taken back by the bailor upon expiration of the period of storage provided by the contract or the time period during which the bailor, on the demand of the bailee, has the duty to take back the thing, the bailee shall be liable for loss of, shortage of, or harm to this thing only when intent or gross negligence is present on his part.

Article 890. Extent of liability of the bailee

Losses caused to the bailor by the loss of, shortage of, or harm to things shall be compensated by the bailee in accordance with Article 324 of the present Code, unless a Law or the contract of storage provide otherwise.

In case of uncompensated storage, losses caused to the bailor by the loss of, shortage of, or harm to things shall be compensated:

for losses and shortage of things - in the amount of the value of the lost or short things;

for harm to things - in the amount of the value of the lot or short things.

In the case when, as the result of harm for which the bailee is liable, the quality of the thing has changed to such an extent that it cannot be used for its primary use, the bailor shall have the duty to refuse it and to demand from the bailee compensation for the value of the thing and also for other losses, unless otherwise provided by a Law or the contract of storage.

Article 891. Compensation for losses caused to the bailee

The bailor has the duty to compensate the bailee for the losses caused by the qualities of the thing submitted for storage if the bailee, when accepting the thing for storage, did not know and should not have known of these qualities.

Article 892. Termination of obligation of storage on demand of the bailor

The bailee shall have the duty, on demand of the bailor, without

delay, to return the thing accepted for storage, even if the contract is provided the other time period of the return. In this case the bailor has the duty to compensate to the bailee the losses caused by early termination of an obligation unless otherwise provided by the contract.

Article 893. Application of general provisions on storage to individual types of storage

The general provisions on storage shall be applied to individual types of storage, unless the rules on the individual types of storage provided by Articles 894 - 913 of the present Code and in other laws established otherwise.

§ 2. Individual types of storage

Article 894. Storage in a pawnshop

Movable things for personal used may be accepted for storage in a pawnshop from citizens.

The contract of storage in a pawnshop shall be evidenced by issuance by the pawnshop to the bailor (client) of a named storage receipt.

A thing submitted for storage in a pawnshop shall be subject to valuation by agreement of the parties in accordance with the prices for things of such type and quality usually established in trade at the time and in the place of their acceptance for storage. The pawnshop has the duty to insure the things accepted for storage for the benefit of the bailor at the pawnshop's expense for the full amount of their valuation made in accordance with the third Paragraph of the present Article.

Article 895. Things not claimed from a pawnshop

In case of avoidance of the bailor from the receipt of things back, a pawnshop shall have the duty to store them for three months. At the expiration of this time period, the unclaimed things may be sold by the pawnshop by the procedure established by the seventh Paragraph of Article 289 of the present Code.

From the sum received from the sale of the unclaimed things,

payment for its storage and other payments due to the pawnshop shall be covered. The remainder of the sum shall be returned by the pawnshop to the owner of a storage receipt by its presentation.

Article 896. Storage of valuables in a bank

A bank may accept for storage commercial paper and securities, precious metals and stones, and other valuables and also documents.

The contract of storage of valuables in a bank shall be issued by release by the bank to the bailor a named storage document, presentation of which shall be the basis for the release by the bank of the stored valuables to the bailor.

In cases provided by the contract of storage (deposit) of commercial papers and securities, the bank, besides of provision of their safekeeping, shall conduct also legal remarkable actions with regard of these commercial papers and securities (representative).

A contract of storage of valuables with the use of an individual bank safe (a safe deposit box or isolated premises for storage) may be concluded by the bank by the means of making actions on acceptance of valuables for storage and giving to the bailor a key to the safe, a card allowing identification of the bailor, other symbol or document confirming the right of the client of access to the safe and receipt the valuables from it. Unless otherwise provided by the contract, the bailor has the right, at any time to remove valuables in the safe, to return them, to work with documents stored. In this case the bank has the right to register the receipt and the return of valuables by the bailor. The bank is liable for safekeeping of the remained part of valuables in the safe of bank upon the receipt by the bailor of the part of the valuables in a bank.

The rules of safekeeping of valuables established by the present Article does not apply to the cases when the bank provides its safe to other person for the use on conditions of property lease.

Article 897. Storage in check rooms of transport organizations

Check rooms under the management of transport organizations must accept for storage the things of passengers and other citizens regardless of whether or not they have travel documents. The contract of storage of things in check rooms of transport organizations is a public contract.

In confirmation of the acceptance of a thing for storage in a check room (with the exception of automatic lockers) the bailor shall be issued a receipt or a numbered token. In case of loss of the receipt or token, the thing submitted to the check room shall be given to the bailor upon presentation of proof that this thing belongs to him. The sum of losses of the bailor as the result of loss of, shortage of, or harm to a thing submitted to the check room shall be paid to the bailor within a day time from the day of presentation of the demand on its compensation if its valuation was made during delivery of the thing for storage or if the parties came to agreement regardless the sum subject to the compensation of losses.

A thing may be submitted to a check room for storage for the time period within the limits established by the special rules or agreement of the parties. The check room has the duty to store a thing unclaimed within these time periods for thirty days more. At the expiration of this time period, the unclaimed thing may be sold and the sum received from the sale shall be distributed in accordance with Article 895 of the present Code.

Article 898. Storage in coatcheck of organizations

Storage in coatcheck of organization is assumed to be without compensation, unless remuneration for storage is agreed or is stipulated in another obvious manner upon giving a thing for storage.

In confirmation of the acceptance of a thing for storage in a coatcheck the bailee shall give to the bailor a number token or other symbol confirming the acceptance of a thing for storage.

A thing given to a coatcheck shall be given to the bailor of the number token. In this case the bailee has not the duty to check the

power of the bailor of the number token for the receipt of a thing.
However, the bailee has the right to keep the thing back to the bailor of
the number token if he has doubts regardless of the bailor of the number
token.
The bailee has the right to give a thing from a coatcheck and
then when the bailor lost the number token but the fact of giving by him
of the thing to the coatcheck or belonging to him does not have doubts by
the bailee or it is proved by the bailor. Liability of organizations for
storage in coatchecks and also the time periods of storage of unclaimed
things shall be determined by the rules established by the fourth and
fifth Paragraph of Article 897 of the present Code.

Article 899. Storage in a hotel

A hotel shall be liable as a bailee, without a special agreement
with a person living in it, for the loss of, shortage of, or harm of to
his things placed in the hotel, with the exception of cases, when the
loss, shortage, or harm to occurred as the result of force majeure,
quality of a thing or through fault of a person living, his accompanying
persons, or his visitors.
A thing is considered to be brought into the hotel if it is
entrusted to employees of the hotel or is a thing placed in the place
designated for it (apartment and etc.). A hotel shall be liable for the
loss of money, other currency valuables, commercial paper, securities,
and other high-priced things only on the condition that they were
accepted for storage by the individual contract of storage.
A person living in a hotel who has discovered the loss of,
shortage of, or harm of his things has the duty, without delay, to
declare this to the management of the hotel. Otherwise, the hotel shall
be freed from liability for failure to keep the things secure. The hotel
shall not be freed from liability for safekeeping of things of persons
living in it, although it has made an announcement that it does not

accept liability for this. The time periods and future of unclaimed things in hotels shall be determined by the rules established by the fifth Paragraph of Article 897 of the present Code.

The rules of the present Article shall be applied correspondingly with respect to the storage of things of citizens in motels, resorts, pensions, sanatoria, bathhouses, and other organizations having special places assigned for storage of things of citizens who visit an organization.

Article 900. Storage of things that are the subject of a dispute (sequestering)

Under a contract of sequestering, two or several persons among whom a dispute has arisen on the right to a thing transfer the disputable thing to a third person who undertakes the duty, upon resolution of the dispute, to return the thing to the person to whom it is awarded by decision of a court or by agreement of all the persons involved in the dispute (contract sequestering).

The disputable thing may be transferred for storage by the way of sequestering by decision of a court (judicial sequestering).

The bailee under judicial sequestering may be either a person designated by the court or a person determined by mutual agreement of the parties involved in the dispute. In both cases, the consent of the bailee shall be required, unless otherwise provided by legislation.

Both movable as immovable things may be given for storage by the procedure of sequestering.

§ 3. Storage at a goods warehouse

Article 901. The goods warehouse

A goods warehouse is an organization conducting as entrepreneurial activity the storage of goods and rendering services connected with storage

Article 902. The goods warehouse for public use

A goods warehouse is a warehouse for public use if, in accordance

with legislation the goods warehouse is not related to warehouses which
can accept goods for storage from the limited circle of persons.
A contract of warehouse storage concluded by a goods warehouse
for use is a public contract.

Article 903. The contract of warehouse storage

Under a contract of warehouse storage, a goods warehouse (the
bailee) has the duty, for remuneration, to store goods transferred to it
by a goods-possessor (the bailor), and to return these goods in safely
kept condition.
The contract of warehouse storage is concluded in written form.
The written form of the contract of warehouse storage shall be
considered observed if it's concluding and the acceptance of the goods at
the warehouse is evidenced by a warehouse document.

Article 904. Storage of things with the right
of disposition of them

If from legislation or the contract of warehouse storage it
follows that a goods warehouse may dispose of the goods submitted to it
for storage, the rules of Chapter 41 of the present Code shall be applied
to the relations of the parties, but the time and place of return of the
goods shall be determined by the rules of the present Chapter.

Article 905. Duties of warehouse storage

The goods warehouse shall have the duty to observe the conditions
(regime) of storage established in standards, technical conditions,
technological instructions, instructions on storage, and rules of storage
of individual types of goods, other special legal obligated documents for
warehouse.
The goods warehouse shall have the duty, at its expense, to make
an inspection of the goods upon the receipt of the goods for storage,
unless otherwise provided by the contract of warehouse storage.
The goods warehouse shall have the duty to provide the
goods-possessor the possibility of inspecting the goods or samples of
them if storage is conducted with loss of identity, to take samples and

to take measures necessary for ensuring the preservation of the goods.

In the case when, to ensure the safekeeping of the goods, it is necessary to change the conditions of their storage, a goods warehouse shall have the right to take the necessary measures independently. It shall have the duty to notify the goods-possessor of the measures taken.

In case of discovery, during storage, of damage to the goods going beyond the limits agreed in the contract of warehouse storage or the usual norms natural spoilage, the goods warehouse shall have the duty to compile a document about this without delay and on the same day to notify the goods -possessor.

Article 906. Checking the quality and condition of the goods on their return to the goods -possessor

The goods-possessor and the goods warehouse each have the right to demand on the return of the goods their inspection and checking their quantity. The expenses caused by this shall be borne by the one that demanded the inspection of the goods or the checking of their quantity.

If, upon return of the goods by the warehouse to the goods-possessor, the goods were not jointly inspected or checked by them, a statement on shortage or harm to the goods as the result of their improper storage must be made to the warehouse in writing upon receipt of the goods and, with respect to shortage or harm that could not be discovered by the usual method of acceptance of the goods, within a reasonable time, necessary for their discovery.

In the absence of the statement indicated in the second Paragraph of the present Article, it shall be considered unless it is proved otherwise, that the goods were returned by the warehouse in accordance with the terms of the contract of warehouse storage.

Article 907. Refusal of the goods warehouse from the contract of warehouse storage

The warehouse storage has the right to refuse to perform the contract of storage in cases when the bailor has concealed the dangerous character of the goods that it threatens to make an essential damage.

Article 908. Warehouse documents

Goods warehouses may issue, in confirmation of the acceptance of the goods for storage, one of the following warehouse documents:

a double warehouse certificate;

a simple warehouse certificate;

a warehouse receipt.

A double warehouse certificate, each of its parts, and a simple warehouse certificate are commercial paper.

A double and simple warehouse certificate may be the subject of a pledge.

Article 909. Double warehouse certificate

A double warehouse certificate consists of a warehouse certificate and a pledge certificate (warrant), which may be separated one from the other.

In each part of a double warehouse certificate the following must be indicated identically:

the name and place of location of the goods warehouse that has accepted the goods for storage;

the serial number of the warehouse certificate in the register of the warehouse;

the name of the legal entity or the name of a citizen from whom the goods were accepted for storage and also the place of location (place of residence) of the goods- possessor;

the designation and number of the goods accepted for storage - number of units and /or pieces of goods and/or measure (weight or volume) of the goods;

the time period for which the goods were accepted for storage, if such time period is established, or an indication that the goods were accepted for storage until demand; the amount of remuneration for storage or the tariff on the basis of which it is calculated and the procedure for payment for storage;

the date of issuance of the warehouse certificate.

Both parts of the double warehouse certificate must have identical signatures of an authorized person and the seal of the goods warehouse.

A document not meeting the requirements of the present Article is

not a double warehouse certificate.

Article 910. The rights of the holder of the warehouse and the pledge certificate for goods

The holder of the warehouse and the pledge certificates shall have the right of disposition of the goods stored at the warehouse in full scope.

The holder of the warehouse certificate, separate from the pledge certificate, shall have the right to dispose of the goods, but may not take them from the warehouse until paying off the credit given against the pledge certificate.

The holder of the pledge certificate shall have the right of pledge to the goods in the amount of the credit given against the certificate and the interest on it. In case of pledge of the goods, a note of this shall be made on the warehouse certificate.

Article 911. Transfer of the warehouse and the pledge certificates

The warehouse certificate and the pledge certificate may be transferred together or separately by transfer indorsements.

Article 912. Simple warehouse certificate

A simple warehouse certificate is issued to bearer.

A simple warehouse certificate must contain the information provided by Article 909 of present Code, and also an indication of the fact that it is issued to bearer.

Article 913. Release of the goods under double warehouse certificate

The goods warehouse shall release the goods to the holder of the warehouse and pledge certificates (of the double warehouse certificate) not otherwise than in exchange for the both these certificates together.

The goods shall be released by the warehouse to a holder of the warehouse certificate who does not have the pledge certificate, but who has paid the sum of the debt under it, not otherwise than in exchange for the warehouse certificate and on the condition of presentation together

with it of a receipt for payment of the whole sum of the debt under the pledge certificate.

The holder of the warehouse and the pledge certificates shall have the right to demand release of the goods in parts. In such a case, in exchange for the original certificates new certificates shall be issued to him for the goods remaining in the warehouse.

A goods warehouse that, contrary to the requirements of the present Article, has released the goods to the holder of the warehouse certificate not having the pledge certificate and not having paid the sum of the debt under it, shall bear liability to the holder of the pledge certificate for the payment of the whole sum secured by it.

Chapter 52. Insurance

Article 914. Voluntary and compulsory insurance

Insurance shall be conducted on the basis of contracts of property or personal insurance concluded by a citizen or legal entity (the insured) with an insurance organization (the insurer).

The contract of personal insurance is a public contract.

In cases when a Law imposes upon persons indicated in it a duty to insure as the insured the life, health, or property of other persons or their own civil -law liability to other persons at the insured's own expense or at the expense of the interested persons (compulsory insurance), the insurance shall be concluded by the concluding of contracts in accordance with the rules of the present Chapter.

Upon obligatory insurance the insured has the duty to conclude the contract with the insurer on the conditions provided by legislation, regulating this type of insurance. A Law may provide for cases of obligatory insurance of the life, health, and property of citizens at the expense of funds of the respective budget (obligatory state insurance).

Article 915. The contract of property insurance

Under a contract of property insurance, one party (the insurer) has the duty, in exchange for the payment stated in the contract (the

insurance premium), upon the occurrence of the event provided in the contract (the insured event) to compensate the other party (the insured), or the other person for whose benefit the contract is concluded (the benefit- acquirer), for the losses caused as the result of this event to the insured property or losses in connection with other property interests of the insured (to pat the insurance compensation) within the limits of the sum determined by the contract (the insured sum).

Under a contract of property insurance the following property interests may be insured:

the risk of loss (or perishing), shortage, or harm to defined property;

the risk of civil liability - the risk of liability under obligations arising as the result of causing harm to the life, health, or property of other persons or, in cases provided by a Law, also of liability under contracts;

the entrepreneurial risk - the risk of non-receipt of expected income from entrepreneurial activity because of the breach of their obligations by contract partners of the entrepreneur or change of conditions of this activity due to circumstances not depending upon the entrepreneur.

Article 916. Interests, insurance of which is not allowed

Insurance of unlawful interests is not allowed.

Insurance against losses from participation in games, lotteries, and wagers is not allowed.

Insurance against expenditures that a person might be forced to make for the purpose of freeing hostages is not allowed.

Terms of a contract of insurance contradicting Paragraphs 1-3 of the present Article are void.

Article 917. Insurance of property

Property may be insured under a contract of insurance for the benefit of a person (the insured or benefit -acquirer) having an interests based upon legislation, or the contract in the preservation of

this property, for the benefit of his owner, a person having for property of the other right in things of a lessee, a contractor, a bailee, a commission and etc.

A contract of insurance of property made in the absence of interest of the insured or benefit-acquirer in the preservation of the insured property is invalid.

A contract of insurance of property for the benefit of a benefit - acquirer may be made without indication of the name of the benefit - acquirer. In case of concluding of such a contract, the insured shall be issued a bearer insurance policy. The presentation of this policy to the insurer shall be required for the exercise the rights under such a contract.

Article 918. Insurance of liability for causing harm

Under a contract of insurance of the risk of liability for obligations arising as the result of causing harm to the life, health, or property of other persons, the risk of liability of the insured himself or of another person upon whom such liability may be imposed may be insured.

The person whose risk of liability for causing harm is insured must be named in the contract of insurance. If this person is not named in the contract, it shall be considered that the risk of liability of the insured himself is insured.

The contract of insurance of risk of liability for causing harm shall be considered concluded for the benefit of the persons to whom harm may be caused (the benefit- acquirers), even if this contract is concluded for the benefit of the insured or of another person liable for causing harm, or if in the contract it is not said for whose benefit it is made.

In the case when liability for causing harm is insured because its insurance is obligatory and also in other cases provided by a Law or the contract of insurance of such liability, the person for whose benefit

the contract of insurance is considered to have been concluded shall have the right to present a demand directly to the insurer for compensation for harm within the limits of the insured sum.

Article 919. Insurance of liability under a contract

Insurance of the risk of liability for breaching a contract shall be allowed in the cases provided by a Law.

Under the contract of insurance of the risk of liability for breaching a contract, only the risk of liability of the insured himself may be insured. The contract of insurance not meeting this requirement is void.

The risk of liability for breaching the contract shall be considered insured for the benefit of the party to whom, under the terms of this contract, the insured must bear the corresponding liability - the benefit-acquirer, even if the contract of insurance is made for the benefit of another person or it is not stated in it for whose benefit it is concluded.

Article 920. Insurance of an entrepreneur risk

Under a contract of insurance of an entrepreneurial risk, only the entrepreneurial risk of the insured himself may be insured and only for his benefit.

Under a contract of insurance of an entrepreneurial risk of a person who is not the insured is void.

Under a contract of insurance of an entrepreneurial risk for the benefit of a person who is not the insured shall be considered concluded for the benefit of the insured.

Article 921. The contract of personal insurance

Under a contract of personal insurance one party (the insurer) has the duty for a payment defined by the contract (the insurance premium) paid by the other party (the insured) to pay at one time or to pay periodically the sum provided by the contract (the insured sum) in case of causing harm to the life or health of the insured himself or of

another citizen named in the contract (the insured person), the reaching by him of a specified age, or the occurrence in his life of another event provided by the contract (the insured event).

The right to receive the insured sum belongs to the person for whose benefit the contract was concluded.

The contract of personal insurance shall be considered concluded for the benefit of the insured person; another person is named in the contract as the benefit-acquirer. In case of the death of the person insured under a contract in which no other benefit-acquirer is named, the heirs of the insured person shall be recognized as benefit -acquires. The contract of personal insurance for the benefit of a person who is not the insured person, including for the benefit of an insured who is not the insured person, may be concluded only with the written consent of the insured person. In the absence of such consent, the contract may be recognized as invalid on suit of the insured person and, in case of the death of this person, on suit of his heirs.

Article 922. Compulsory insurance

A Law may be established the duty to insure:

the life, health, or property of other persons defined in a Law in case of the causing of harm to their life, health, or property;

the risk of their own civil liability that may occur as the result of the causing of harm to the life, health, or property of other persons or the breach of contracts with other persons.

The duty to be as an insured shall be imposed upon persons provided by a Law. A Law may be established other types of compulsory insurance.

The duty to insure his own life or health may not be imposed upon a citizen by a Law.

In cases provided by a Law or by a procedure established by a Law, the duty may be placed upon legal entities having property in economic management or operative administration that is under state ownership to insure this property.

In cases when the duty to insure does not derive from a Law, but

is based on a contract with the holder of the property or on the founding documents of the legal entity that is the owner of the property, such insurance is not compulsory in the sense of the present Article and does not entail the consequences provided by Article 924 of the present Code.

Article 923. Making of compulsory insurance

Compulsory insurance shall be made by the concluding of a contract of insurance by the person upon whom the duty of such insurance is imposed (the insured) with the insurer.

Compulsory insurance shall be made at the expense of the insured, with the exception of compulsory insurance of passengers, which, in the cases provided by a Law, may be made at their expense.

The objects subject to compulsory insurance, the risks from which they should be insured, and the minimum amounts of insured sums are determined by legislation.

Article 924. Consequences of violation of rules on compulsory insurance

A person, for whose benefit, according to a Law, compulsory insurance should have been made, shall have the right, if it is known to him that this insurance has not been made, to demand by court procedure that it be made by the person upon whom the duty to insure is placed.

If a person upon whom the duty to insure is placed has not made it or has made a contract of insurance on conditions worsening the position of the benefit-acquirer in comparison with the conditions defined by a Law, he, in case of occurrence of the insured event, shall bear liability to the benefit -acquirer on the same terms on which insurance compensation should have been paid with proper insurance.

Article 925. The insurer

Legal entities that are commercial organizations and have license for the conduct of insurance of the respective type may be conclude contracts of insurance as insurers, unless otherwise provided by legal acts.

The requirements that insurance organizations must meet and also the procedure for licensing their activity and for the exercise of state supervision over this activity shall be determined by the Law.

Article 926. Fulfillment of duties under the contact of insurance by the insured and the benefit-acquirer

Concluding of a contract of insurance for the benefit of a benefit -acquirer, including when it is the insured person, shall not free the insured from performing the duties under this contract, unless the contract provides otherwise or the duties resting on the insured are performed by the person for whose benefit the contract is concluded. The insurer shall have the right to demand from the benefit - acquirer, including when the benefit -acquirer is the insured person, the fulfillment of duties under the contract of insurance, including the duties resting on the insured, but not fulfilled by him, upon making by the benefit -acquirer of a demand for payment of insurance compensation under a contract of property insurance or of the insured sum under a contract of personal insurance. The risk of the consequences of nonfulfillment or untimely fulfillment of the duties which should have been fulfilled earlier is borne by the benefit -acquirer.

Article 927. Form of the contract of insurance

A contract of insurance must be concluded in written form. Nonobservance of this claim entails the invalidity of the contract of insurance. The contract of insurance may be concluded by the compiling of one document or by the presentation to the insured by the insurer, on the basis of his written or verbal application signed by the insurer of an insurance policy (or record, certificate, receipt) containing the terms of the contract of insurance. In this case, the consent of the insured to make the contract on the conditions proposed by the insurer shall be confirmed by acceptance from the insurer of the documents indicated and payment of an insurance bonus or upon giving an

insurance premium in advance - payment of the first contribution.

The insurer, in concluding the contract of insurance, shall have the right to use standard forms of contract of insurance (insurance policy) developed by him for individual types of insurance.

Article 928. Insurance under a general policy

Systematic insurance of various lots of property of one type (goods, freight, etc.) on like in the course of a determined time period may, by agreement of the insured with the insurer, be done on the basis of one contract of insurance - a general policy. The insured shall have the duty, with respect to each lot of property falling under the effect of the general policy, to inform the insurer of the information required by this policy in the time period provided by it and, if no time period is provided, without delay after receiving the information. The insured shall not be freed from this duty, even if by the time of receiving such information, the possibility of losses subject to compensation by the insurer has already passed.

Upon demand of the insured, the insurer shall have the duty to issue insurance policies for individual lots of property falling under the effect of the general policy. In case of non-correspondence of the content of the insurance policy to the general policy, preference shall be given to the insurance policy.

Article 929. Essential terms of the contract of insurance

In the concluding of a contract of property insurance, agreement must be achieved between the insured and the insurer:

upon the specific property or other property interest that is the object of the insurance;

on the nature of the event for the case of the occurrence of which the insurance is made (the insured event);

on the amount of the insured sum;

on the procedure of determination of the amount of insurance compensation if the contract provided the possibility its payment at the

amount less than the insurance sum; on the amount of an insurance premium and the time period (periods) of its payment;
on the time period of effectiveness of the contract.
In the concluding of a contract of personal insurance, agreement must be achieved between the insured and the insurer:
upon the insured person;
on the nature of the event for the case of the occurrence of which in the life of the insured person the insurance id made (the insured event);
on the amount of the insured sum;
on the amount of an insurance premium and the time period (periods) of its payment;
on the time period of effectiveness of the contract.
Other conditions may be included in the contract under agreement of parties. If the contract of insurance contains conditions worsening the position of a citizen who is an insured, insured person, benefit-acquirer in comparison with positions established by legislation instead of these terms of the contract the corresponding positions of legislation shall be applied.

Article 930. Determination of the terms of the contract of insurance in the rules of insurance

The terms on which a contract of insurance is made may be determined in standard rules of insurance of the respective type adopted, approved, or confirmed by the insurer or by an amalgamation of insurers (rules of insurance).
The terms contained in the rules of insurance and not included in the text of the contract of insurance (or insurance policy) shall be compulsory for the insured (or the benefit-acquirer) if in the contract (or insurance policy) there is a direct indication of the application of these rules and the rules themselves are stated in the same document as the contract (or insurance policy) or on its reverse side or attached to it. In the latter case, the handing over to the insured upon the concluding of the contract of the rules of insurance must be evidenced by a notation in the contract.

Upon concluding of a contract of insurance, the insured and the insurer may be agree on changing or excluding individual provisions of the rules of insurance and on including provisions in the contract which are absence in the rules.

The insured (or the benefit-acquirer) shall have the right to rely, in defense of his interests, on the rules of insurance of the respective type to which there is a reference in the contract of insurance (or insurance policy), even if these rules by virtue of the present Article are not binding upon him.

Article 931. Information provided by the insured upon the concluding of the contract of insurance

Upon the concluding of the contract of insurance, the insured has the duty to communicate to the insurer circumstances known to the insured having substantial significance for determining the probability of the occurrence of the insured event and the amount of possible losses from its occurrence (the insured risk).

Circumstances specifically stated by the insurer in the standard form of contract of insurance (or insurance policy), the rules of insurance transferred to the insured or in a written questionnaire of the insurer, are reorganized as substantial.

If a contract of insurance is concluded in the absence of answers of the insured to any questions of the insurer, the insurer may not thereafter demand the rescission of the contract or recognition of it as invalid on the basis that the respective circumstances were not communicated by the insured.

If after concluding of the contract of insurance it is found that the insured communicated to the insurer knowingly false information on the circumstances indicated in Paragraph 1 of the present Article, the insurer shall have the right to demand recognition of the contract as invalid and the application of the consequences provided by Paragraph 2 of the Article 123 of the present Code.

The insurer may not demand recognition of a contract of insurance

as invalid if the circumstances about which the insured was silence already have ceased.

Article 932. The right of the insurer to an evaluation of the insured risk

Upon conclusion of a contract of insurance of property, the insurer shall have the right to make an inspection of the insured property, and in case of necessity - to organize assessment with a view to establish its real value. (Part I is stated in edition of Point 4 of Article 5 of the Law of the RUz No. ZRU-257 dtd 17.09.2010)

At the concluding of a contract of personal insurance, the insurer shall have the right to make an investigation of the insured person to evaluate the actual condition of his health.

The evaluation of the insurance risk by the insurer on the basis of the present Article shall not be obligatory for the insured, which shall have the right to prove otherwise.

Article 933. Secrecy of insurance

The insurer does not have the right to divulge information received by him as the result of his professional activity about the insured, the insured person, and the benefit- acquirer, their condition of health, nor the financial laws of these persons. For violation of secrecy of insurance, the insurer, depending upon the type of the violated rights and the nature of the violation shall bear liability in accordance with the rules provided by Articles 985, 1021 and 1022 of the present Code.

Article 934. The insured sum

The sum, within the limits of which the insurer has the duty to pay compensation under a contract of property insurance or which he has the duty to pay under a contract of personal insurance (the insured sum), shall be determined by the agreement of the insured with the insurer in accordance with the rules provided by the present Article. In case of

insurance of property or entrepreneurial risk, if the contract of insurance does not provide otherwise, the insured sum must not exceed their actual value (the insurance value), which is considered to be:

for property - its actual value at the place where it is located on the day of concluding of the contract of insurance;

for entrepreneurial risk - the losses from the entrepreneurial activity that the insured, as might be expected, would have suffered upon the occurrence of the insured event. In contracts of personal insurance and contracts of insurance for civil liability the insured sum shall be determined by the parties at their discretion.

Article 935. Insurance value of property

The insurance value of property (insurance of evaluation) is an evaluation of property with which the insurance interest is connected, determining by agreement of parties at the time of concluding the contract of insurance unless otherwise provided by legislation.

The insurance value of property indicated in the contact of insurance may not be contested thereafter, with the exception of the case when an insurer that did not use his right to evaluate the insured risk was intentionally led into misapprehension with respect to this value.

Article 936. Partial property insurance

If, in the contract of insurance of property or entrepreneurial risk, the insured sum is established as less than the insurance value, the insurer, upon occurrence of the insured event, has the duty to compensate the insured (or the benefit-acquirer) the losses suffered by the latter in proportion to the relation of the insured sum to the insurance value.

Article 937. Supplementary property insurance

If the property or entrepreneurial risk is insured only for part of the insurance value, the insured (or the benefit-acquirer) shall have the right to acquire supplementary insurance, including from another

insurer, but on the condition that the overall insured sum in all the contracts of insurance does not exceed the insurance value.

Nonobservance of the provisions of Paragraph 1 of the present Article shall entail the consequences provided by Article 938 of the present Code.

Article 938. Consequences of insurance above the insurance value

If he insured sum indicated in the contract of insurance of property or of entrepreneurial risk exceeds the insurance value, the contract with respect to that part of the insured sum that exceeds the insurance value.

The excess part of the insurance premium paid shall not be subject to return in such a case.

If in accordance with a contract of insurance, the insurance premium is paid in installments and at the time of establishment of the circumstances indicated in Paragraph 1 of the present Article it has not been fully paid, the remaining insurance payments must be paid in an amount reduced in proportion to the reduction of the amount of the insured sum.

If the exaggeration of the insured sum in the contract of insurance was the result of deception on the part of the insured, the insurer shall have the right to demand recognition of the contract as invalid and compensation for the losses caused to him by this in the amount exceeding the sum received by him from the insured as an insurance premium.

Article 939. Duplicate insurance

The rules provided by the Article 938 of the present Code respectively shall also be applied in the case when the insured sum exceeds the insurance value as the result of insurance of one and the same property or entrepreneurial risk with two or several insurers (duplicate insurance).

Under duplicate insurance property or entrepreneurial risk, each

of the insurers bears liability to pay the insurance compensation within the limits of the contract concluded by him; however the overall sum of the insurance compensation received from all insurers may not be exceeded of the actual losses.

In this case the insured (the benefit-acquirer) shall have the right to receive the insurance compensation from any insurer within the limits of the sum of insurance provided by the contract concluded with him. In the case when the insurance compensation received does not cover the actual losses, the insured (the benefit-acquirer) shall have the right to receive the lacking sum from another insurer.

The insurer who is fully or partial freed from payment of the insurance compensation by the virtue of the losses caused was compensated by other insurers, must return to the insured of the respective part of the insurance payments with minis of losses caused.

The rules of the present Article shall not be applied to the duplicate personal insurance when every insurer exercises his insured obligations to the insured, the insured person and on the benefit-acquirer's own, regardless of the exercise of the obligations by other insurers.

Article 940. Property insurance against various insurance risks

Property and entrepreneurial risk may be insured against various insurance risks both under one and under separate contracts of insurance, including under contracts with different insurers.

In these cases, the amount of the overall insured sum by all the contracts may exceed the insurance value and respectively the rules of Article 939 of the present Code shall be applied.

Article 941. Joint insurance

The object of insurance may be insured under one contract of insurance jointly by several insurers (joint insurance). If the rights and duties of each of the insurers are not defined in such a contract, they shall be jointly and severally liable to the insured (or the

benefit- acquirer) for the payment of insurance compensation under a contract of property insurance or the insured sum under a contract of personal insurance.

Joint insurers may create on the base of the contract on joint activity the simple partnerships (insurance pools) for joint insurance of both large and the largest risks.

At presence of the corresponding agreement between the joint insurers, one of them may represent all joint insurers in mutual relations with the insured (the benefit - acquirer) remaining liable for his share only to the latter.

Article 942. The insurance premium and insurance payments

The insurance premium is understood to be payment for the insurance that the insured (or the benefit-acquirer) has the duty to pay the insurer by the procedure and within the time periods established by the contract of insurance.

The insurer, in determining the amount of the insurance premium subject to payment under the contract of insurance, shall have the right to apply insurance rate tariffs developed by him, determining the premium taken per unit of insured sum, taking into account the object of insurance and the nature of the insurance risk.

In cases provided by a Law, the amount of the insurance premium shall be determined in accordance with the insurance tariffs established or regulated by the agencies of state insurance supervision.

If a contract of insurance provides for the paying of an insurance premium in installments, the contract may define the consequences of nonpayment of regular insurance payments at the established time periods.

If an insured event happened before the payment of the current insurance payment, the making of which was overdue, the insurer shall have the right, in determining the amount of insurance compensation subject to payment under a contract of property insurance or the insured sum under a contract of personal insurance, the sum proportionally paid

by him the part of insurance premium and to subtract the sum of late
insurance payment.

Article 943. Invalidity of the contract of insurance

The contract of insurance is invalid in cases when:
by the time of concluding the contract the object of insurance is
not existed;
under the contract of property insurance the property which was
received by the crime way that is the subject of the crime or the subject
of confiscation was insured; under the contract the illegal interest was
insured;
as an insurance case in the contract of insurances the event
deprived attributes of probability and accident of its approach was
stipulated;
The contract of insurance is also void in other cases provided by
the present Code and other laws.

Article 944. Replacement of the insured person

In a case, when under a contract of insurance of the risk of
liability for the causing of harm, the liability of a person other than
the insured is insured, the latter shall have the right, unless otherwise
provided by the contract, at any time before the occurrence of the
insured event, to replace this person with another, having notified the
insurer in writing of this.
The insured person named in the contract of personal insurance
may be replaced by the insured with another person only with the consent
of the insured person himself and the insurer.

Article 945. Replacement of the benefit-acquirer

The insured shall have the right to replace the benefit - acquirer
named in the contract of insurance with another person, having informed
the insurer in writing of this. The replacement of a benefit - acquirer
under a contract of personal insurance who was named with the consent of
the insured person is allowed only with the consent of this person.
The benefit -acquirer may not be replaced by another person after

he has fulfilled any of the duties under the contract of insurance or has presented to the insurer a demand for payment of the insurance compensation or the insured sum.

Article 946. Replacement of the insured

In the case of the death of the insured who has concluded the contract of property insurance, the rights and duties of the insured shall be transferred to a person accepted this property by the procedure of inheritance. In other cases of the transfer of the right of ownership, the rights and duty of the insured shall be transferred to the new owner with the consent of the insurer unless otherwise established by the contract or by legislation.

In the case of death of the insured who has concluded the contract of personal insurance for the benefit of the insured person, the right and duty defined by this contract, shall be transferred to the insured person with his consent. In case of impossibility of fulfillment of obligations by the insured person under the contract of insurance his rights and duties may be passed to persons conducting in accordance with legislation the duties on protection of his rights and legal interests.

If during the period of effectiveness of the contract of insurance the insured was recognized by a court as lacking dispositive capacity or limited in dispositive capacity, the rights and duties of such insured shall be received by his guardian or his curator. In this case the insurance of liability of the insured to the third persons shall be terminated from the time of termination or limitation of his capacity.

Under reorganization of the insured who is a legal entity within the period of the contract of insurance his rights and duties under this contract shall be passed with the consent of the insurer to the relative assignee by the procedure established by the present Code.

Article 947. Start of effectiveness of the contract of insurance

The contract of insurance, unless otherwise provided in it, shall

enter into force from the time of payment of the insurance premium or the first installment of it.

The insurance provided by the contract of insurance shall extend to the insured events that have happened after the entry of the contract of insurance into force, unless in the contract a different time period of start of effectiveness of the insurance is provided.

Article 948. Early termination of the contract of insurance

A contract of insurance shall be terminated before the expiration of the time period for which it was concluded if, after it has entered into force, the possibility of the occurrence of the insured event has ceased and the existence of the insured risk has been terminated by circumstances other than the insured event. Such circumstances, in particular, include:

destruction of the insured property due to causes other than the occurrence of the insured event;

termination by the established procedure of the entrepreneurial activity of the person who has insured an entrepreneurial risk or a risk of civil liability connected with this activity.

In case of early termination of a contract of insurance due to circumstances indicated in Paragraph 1 of the present Article, the insurer shall have the right to part of the insurance premium proportional to the time during which the insurance was in effect. The insured (or the benefit -acquirer) shall have the right to cancel the contract of insurance at any time, if by the time of withdrawal the possibility of occurrence of the insured event has not ceased due to the circumstances indicated in Paragraph 1 of the present Article.

In case of early withdrawal by the insured (or the benefit-acquirer) from the contract of insurance, the insurance premium paid to the insurer shall not be subject to return, unless the contract provides otherwise.

Article 949. Consequences of increase of the insured risk during the time period of effectiveness of the

contract of insurance

During the time period of effectiveness of the contract of property insurance, the insured (or the benefit-acquirer) shall have the duty to inform the insurer immediately of the substantial changes that became known to him of the circumstances communicated to the insurer upon concluding of the contract, if these changes may substantially influence the increase of the insured risk. Changes shall be recognized as significant if they are mentioned in the contract of insurance (or insurance policy) or in the rules of insurance given to the insured.

An insurer that has been noticed of the circumstances entailing increase of the insured risk shall have the right to demand a change of the terms of the contract of insurance or payment of an increased insurance premium proportional to the increased risk.

If the insured (or the benefit-acquirer) objects to the change of the terms of the contract of insurance or increased payment of the insurance premium, the insurer shall have the right to demand rescission of the contract in accordance with the rules of Chapter 28 of the present Code.

In case of nonperformance by the insured or the benefit-acquirer of the duty provided by Paragraph 1 of the present Article, the insurer shall have the right to demand rescission of the contract and compensation for the losses caused by rescission of the contract.

The insurer does not have the right to demand rescission of the contract of insurance if the circumstances causing the increase of the insured risk have already ceased. In case of personal insurance, the consequences of changing the insured risk during the time period of effectiveness of the contract of insurance indicated in Paragraphs 2-4 of the present Article may occur only if this is directly provided in the contract.

Article 950. Passage of the rights to the insured property to another person

Upon passage of the rights to the insured property from the person in whose interests the contract of insurance was concluded to another person, the rights and duties under this contract shall pass to the person to whom the rights to the property have passed, with the exception of cases of compulsory taking of property on the bases indicated in Articles 197 and 199 of the present Code.

The person to whom the rights to the insured property have passed must notify the insurer of this in writing immediately.

Article 951. Notification of the insurer on the occurrence of the insured event

The insured under a contract of property insurance, after he has learned of the occurrence of the insured event, has the duty to immediately notify the insurer or his representative of its occurrence. If the contract provides a time period and/or means of notification, it must be done in the agreed time period and by the means indicated in the contract. The same duty rests on the benefit-acquirer who knows of the concluding of the contract of insurance to his benefit if he intends to use the right to insurance compensation.

Nonperformance of the duty provided by Paragraph 1of the present Article shall give the insurer the right to refuse to pay the insurance compensation, unless it is proved that the insurer learned in a timely manner of the occurrence of the insured event or that the insurer's lack of information on this could not affect his duty to pay the insurance compensation.

The rules provided by the present Article shall be applied respectively to the contract of personal insurance if the insured event is the death of the insured person or the causing of harm to his health. In such a case the time period of notification of the insurer established by the contract cannot be less than twenty days.

Article 952. Reduction of loses from the insured event

In case of occurrence of the insured event provided by a contract

of property insurance, the insured shall have the duty to take reasonable and available measures to reduce the possible losses. In taking such measures, the insured must follow the instructions of the insurer if they are communicated to the insured.

Expenses for the purpose of reducing the losses subject to compensation by the insurer, if such expenses were necessary or were made to fulfill the instructions of the insurer, must be compensated by the insurer, even if the respective measures turned out to be unsuccessful.

Such expenses shall be compensated proportionally to the relation of the insured sum to the insurance value, regardless of whether, together with compensation of other losses, they may exceed the insured sum.

The insurer shall be freed from compensation for losses that have arisen as the result of the fact that the insured intentionally did not take the measures to reduce the possible losses.

Article 953. Consequences of the occurrence of the insured event due to the fault of the insured, the benefit-acquirer, or the insured person

The insurer shall be freed from payment of the insurance compensation or the insured sum if the insured event happened as the result of the intent of the insured, the benefit-acquirer, or the insured person, with the exception of cases when the intentional actions were made by him in the condition of necessary protection or emergency, and also in cases provided by Paragraphs 3-4 of the present Article.

A Law may provide for cases of freeing the insurer from payment of the insurance compensation under contracts of property insurance or the reduction of the amount of compensation in case of occurrence of the insured event as the result of the gross negligence of the insured or the benefit-acquirer.

An insurer shall not be freed from payment of the insurance compensation under a contract of insurance of civil liability for the causing of harm to the life or health of the insured person, if the harm is caused due to the fault of the person responsible for it. The insurer

shall not be freed from payment of the insured sum that, under the contract of personal insurance, is subject to payment in case of the death of the insured person if his death occurred as the result of suicide, and by this time the contract of insurance has already been in effect for not less than two years.

Article 954. Bases for freeing the insurer from payment of the insurance compensation and the insured sum

Unless a Law or the contract of insurance provides otherwise, the insurer shall be freed from the payment of the insurance compensation and the insured sum, if the insured event occurred as the result of:

the effect of a nuclear explosion, radiation, or radiation poisoning;

military actions and also maneuvers or other military measures.

Unless the contract of property insurance provides otherwise, the insurer shall be freed from the payment of insurance compensation for losses that have arisen as the results of taking, confiscation, requisition, seizure, or destruction of the insured property by order of state bodies.

Article 955. Refusal to pay the insured compensation or the insured sum

The insurer shall have the right to refuse to the insured (benefit -acquirer) in payment of the insured compensation under the contract of property insurance or the insured sum under the contract of personal insurance in cases when:

the effectiveness of the contract of insurance was terminated before the occurrence of the insured cases including the bases indicated in Articles 948 and 950 of the present Code;

the contract of insurance is void on bases provided by the present Code or other laws;

the insurer shall be free from payment of the insured compensation or the insured sum on bases indicated in Articles 951-954 present Code;

the insurer advanced a claim on recognition of the contract of

insurance invalid on basis provided by the present Code or other laws or rescission of the contract of insurance as the result of that, the insured (benefit - acquirer) prevented to the question under caution of the circumstances of the insured cases or determination of the amount of losses caused.

The insurer's decision on refusal in payment of the insured compensation or the insured sum must be notified to the insured (benefit - acquirer) not less than fifteen days after their application to payment of the insured compensation or the insured sum, and should keep motivated substantiation of reasons of refusal.

The refusal of the insurer to pay the insured compensation or the insured sum may be disputed by advancing a suit to him at the court.

Article 956. Payment of the insured sum under the contract of personal insurance

The insured sum under the contract of personal insurance shall be paid to a person for the benefit of whom the contract concluded regardless of the sums due to the insured, insured person, or benefit-acquirer under the social insurance, social provision, under other contracts or by the procedure of compensation of harm.

The insured sum under the contract of personal insurance paying to heirs of the insured person on the base of Paragraph 3 of Article 921 of the present Code, shall not be a part of inheritance of the insured person.

Article 957. Passage to the insurer of the rights of the insured to compensation for damage (subrogation)

Unless the contract of property insurance provides otherwise, the right of claim that the insured (or the benefit-acquirer) has against the person liable for the losses compensated as the result of the insurance passes, within the limits of the sum paid, to the insurer who has paid the insurance compensation. However, a term of the contract excluding the passage to the insurer of the right of claim against a person who has intentionally caused losses is void.

The right of claim that has passed to the insurer shall be exercised by him with observance of the rules regulating the relations between the insured (or the benefit - acquirer) and the person liable for the losses.

The insured (or the benefit-acquirer) shall have the duty to transfer to the insurer all the documents and proofs and to communicate to him all information necessary for the exercise by the insurer of the right of claim that has passed to him.

If the insured (or the benefit-acquirer) renounced his right of claim against the person liable for the losses compensated by the insurer or the exercise of this right became impossible due to the fault of the insured (or the benefit-acquirer), the insurer shall be freed from payment of the insurance compensation in full or in corresponding part and shall have the right to demand the return of the sum of compensation paid in excess.

Article 958. Passage to the insurer of the rights for the insured property

The insured (or the benefit-acquirer) may transfer him to his rights for insured property and to receive insured compensation in full scope of the insured sum after occurrence of insured case with the consent of the insurer under insurance of property.

Article 959. Reinsurance

The risk of payment of insurance compensation or the insured sum undertaken by the insurer by the contract of insurance may by insured by him in full or in part with another insurer (or insurers) under a contract of reinsurance concluded with the latter. Unless otherwise provided by the contract of reinsurance, the rules of the present Chapter applicable with respect to insurance of entrepreneurial risk shall be applied to the contract of reinsurance. The insurer under the contract of reinsurance (the basic contract) who has concluded a contract of

reinsurance shall be considered in this latter contract to be the insured.

In case of reinsurance, the person liable to the insured under the basic contract of insurance for payment of the insurance compensation or the insured sum remains the insurer under this contract.

However, in case of cancellation of insurance of an organization that is the insurer on basic contract of insurance, before the occurrence of the insured case, his rights and duties on this contract in part of reinsurance shall be transferred to the insurer under the contract of insurance.

The consecutive concluding of two or more contracts of reinsurance is allowed. Each of such contracts is considered as the basic contract of insurance with respect of the following contract of insurance.

Article 960. Mutual insurance

Citizens and legal entities may insure their property and other property interests indicated in Paragraph 2 of Article 915 of the present Code on a mutual basis by combining the necessary funds for this in companies for mutual insurance.

Companies for mutual insurance conduct insurance of property and other property interests of their members and are noncommercial organizations.

Insurance, by companies for mutual insurance, of the property and property interests of their members shall be made directly on the basis of membership, unless the founding documents of the company provide for the concluding in such cases of contracts of insurance.

The rules of the present Chapter shall be applied to relations for insurance between the company for mutual insurance and its members, unless otherwise provided by the Law, the founding documents of the respective company, or the rules of insurance established by it.

The effectuation of compulsory insurance by mutual insurance shall be allowed in the cases provided by the Law on mutual insurance.

A company for mutual insurance may, as insurer, conduct the

insurance of interests of persons that are not members of the company, if such insurance activity is provided for by its founding documents, the company is organized in the form of a business company or partnership, has a license for the conduct of insurance of the respective type, and meets the their requirements established by the Law.

The insurance of interests of persons who are not members of the company for mutual insurance shall be done by the company under contracts of insurance in accordance with the rules of the present Chapter.

The features of the legal position of companies of mutual insurance and terms of their activity shall be determined by legislation.

Article 961. Compulsory state insurance

For the purpose of ensuring the social interests of citizens and the interests of the state, a Law may establish compulsory state insurance of the life, health and property. Compulsory state insurance shall be conducted at the expense of funds allotted for these purposes from the state budget.

The compulsory state insurance shall be conducted directly on the basis of legislation on insurance indicated in it state insurance or other state organizations (the insurers).

The rules of the present Chapter shall be applied to compulsory state insurance, unless otherwise provided by legislation on such insurance or follows from the nature of the respective relations for insurance.

Chapter 53. Simple partnership

Article 962. The contract of simple partnership

Under a contract of simple partnership (a contract on joint activity) two or more persons named by the partners (the participants) undertake the duty to joint their contributions and act jointly without the formation of a legal entity to acquire profit or achieve another purpose not contrary to a Law.

Only individual entrepreneurs and/or commercial organizations may

be parties to a contract of simple partnership concluded for the conduct of entrepreneurial activity. The contract of simple partnership must be concluded in written form.

Article 963. Contributions of the partners

The contribution of a partner is everything that he puts into the common activity, including money, other property, skills and abilities, and also business reputation. The contribution of partners shall be assumed equal in value, unless otherwise follows from the contract of simple partnership or the actual circumstances. Monetary valuation of the contribution of a partner shall be made by agreement among the partners.

Article 964. Common property of the partners

Property contributed by the partners that they held by right of ownership and also products produced as the result of joint activity and fruits and income acquired from such activity shall be considered to be in their common share ownership, unless otherwise established by a Law or the contract of simple partnership or follows from the nature of the obligation.

The property that is in the common share of ownership of partners and also their common requirements and common exclusive rights shall form the common property. The common property shall be used in the interests of all partners.

Bookkeeping for the common property of the partners may be delegated by them to one of the legal entities participating in the contract of simple partnership. Use of the common property of the partners shall be made by their general consent, and in case of failure to achieve consent, by the procedure established by a court. The duties of partners for maintaining the common property and the procedure for compensation for expenses connected with the fulfillment of these duties shall be determined by the contract of simple partnership.

Article 965. Conduct of common affairs of the partners

The conduct of common affairs of the contract of simple partnership shall be conducted by the procedure provided by the contract.

In the conduct of common affairs, each partner shall have the right to act in the name of all the partners, unless the contract of simple partnership has established that the conduct of affairs shall be effectuated by individual participants or jointly by all the participants of the contract.

In case of joint conduct of affairs, the agreement of all the partners shall be required for the conduct of each transaction.

In relations with third persons, the power of a partner to make transactions in the name of all the partners shall be confirmed by a power of attorney issued to him by the remaining partners or a contract of simple partnership concluded.

In relations with third persons, the partners cannot refer to limitations of the rights of a partner who has concluded a transaction in the conduct of the common affairs of the partners, with the exception of cases when they prove that, at the time of concluding of the transaction, the third person knew or should have known of the presence of such limitations.

A partner who has concluded a transaction in the name of all the partners with respect to which his right for the conduct of the common affairs of the partners was limited or who has concluded a transaction in his own name in the interest of all the partners may demand compensation for expenses made by him at his own expense, if there was sufficient reason to suppose that these transactions were necessary in the interests of all the partners. They shall have the right to demand its compensation if losses were caused to other partners by such transactions.

Decisions concerning the common affairs of the partners shall be taken by the partners by general agreement, unless otherwise provided by the contract of simple partnership.

The participants of the contract, who are empowered to conduct the common affairs, shall have the right for individual compensation if it is provided by the contract of simple partnership.

Article 966. The right of a partner to information

Each partner, regardless of whether he is empowered to conduct the common affairs of the partners shall have the right to become acquainted with all the documentations for the conduct of affairs. A renunciation of this right or its limitation, including by agreement of the partners, is void.

Article 967. Common expenses and losses of the partners

The procedure for covering expenses and losses connected with the joint activity of the partners shall be determined by their agreement. In the absence of such an agreement, each partner shall bear expenses and losses proportionally to the value of his contribution to the common affairs.

An agreement fully freeing any of the partners from participation in the coverage of the common expenses or losses is void.

If the contract of simple partnership is not connected with the conduct by its participants of entrepreneurial activity, each partner shall be liable for common contractual obligations with all his property proportionally to the value of his contribution to the common affairs. On common obligations arising not from the contract, the partners shall be liable jointly and severally.

If the contract of simple partnership is connected with the conduct by its participants of entrepreneurial activity, the partners shall be liable jointly and severally for all the common obligations, regardless of the bases of their origin.

Article 968. Distribution of profit

Profit received by partners as the result of their joint activity shall be distributed proportionally to the value of the contributions of the partners to the common affairs, unless otherwise provided by the contract of simple partnership or other agreement of the partners. An agreement on elimination of any of the partners from participation in the

profit is void.

Article 969. Separation of the share of a partner on demand of his creditor

The creditor of a participant in the contract of simple partnership shall have the right to present a demand for the separation of his share in the common property in accordance with Article 227 of the present Code.

Article 970. Basis of termination of the contract of simple partnership

A contract of simple partnership shall be terminated as the result of:

recognition of any of the partners as lacking dispositive capacity, as being of limited dispositive capacity, or as missing, unless the contract of simple partnership or a later agreement provides for keeping the contract in the relations among the remaining partners;

declaration of any of the partners as insolvent (bankrupt), with the exception indicated in the second subparagraph of the present Article;

death of a partner or liquidation or reorganization of a legal entity participating in the contract of simple partnership, unless the contract or a later agreement provides for keeping the contract in the relations among the remaining partners or replacement of the deceased partner (or of the liquidated or reorganized legal entity) by his heirs (or legal successors);

withdrawal by any of the partners from further participation in a contract of simple partnership without a time limit, with the exception indicated in the second subparagraph of the present Article;

rescission of the contract of simple partnership concluded with an indication of the time period on demand of one of the partners in the relations between him and the remaining partners, with the exception indicated in the second subparagraph of the present Article;

expiration of the time period of the contract of simple partnership;

separation of the share of a partner upon of his creditor, with the exception indicated in the second subparagraph of the present Article;

other basis provided by the present Code or the contract.

Article 971. Consequences of termination of the contract of simple partnership

In case of termination of the contract of simple partnership things transferred to common possession and/or use of the partners shall be returned to the partners who provided them without remuneration, unless otherwise provided by the agreement of the parties.

From the time of termination of the contract of simple partnership its participants shall bear joint and solidary liability for unperformed common obligations with respect to third persons.

Section of the property that was in the common ownership of the partners and of common rights of claims that have arisen for them shall be conducted by the procedure established by Article 223 of the present Code.

A partner who has contributed an individually - defined thing to common shared ownership shall have the right, upon termination of the contract of simple partnership, to demand the return to him of this thing upon the condition of observance of the interests of the remaining partners and creditors.

Article 972. Withdrawal from a contract of simple partnership without a time limit

A declaration of withdrawal of a person from a contract of simple partnership without a time limit must be made by him not later than three months before the proposed exit from the contract, unless other time period established by the contract. An agreement on limitation of the right to withdrawal from a contract of simple partnership without a time limit is void.

Article 973. Rescission of the contract of simple partnership on demand of a party

Along with the bases indicated in Paragraph 2 of Article 383 of

the present Code, a party to a contract of simple partnership concluded with an indication of the time period or with an indication of a purpose as a condition for cancellation, shall have the right to demand rescission of the contract in the relations between himself and the remaining partners for a compelling reason with compensation for the remaining partners for the actual damage caused by the rescission of the contract.

Article 974. Liability of a partner who refused to participate in the contract or demanding its rescission

In the case when a contract of simple partnership was not terminated as the result of the declaration of one of the participants on withdrawal from further participation in it or the rescission of the contract upon demand of one of the partners, the person whose participation in the contract was terminated shall be liable to third persons for common obligations that have arisen in the time period of his participation in the contract just as if he had remained a participant in the contract of simple partnership.

Article 975. Silent partnership

A contract of simple partnership may provide that its existence will not be revealed to third persons (a silent partnership). The rules of the present Chapter shall be applied to such a contract, unless otherwise provided by the present Article or follows from the nature of the silent partnership.

In relations with third persons, each of the participants in the silent partnership shall be liable with all his property for transactions that he concluded in his name in the common interests of the partners.

In relations between partners, obligations that have arisen in the process of their joint activity shall be considered common.

Chapter 54. Public competition

Article 976. Organization of a public competition

The person who has publicly announced about the payment of monetary remuneration or the giving of another reward (about the payment of a reward) for the best doing of the work or the achievement of other results (a public competition) must pay the stipulated reward to the one who, in accordance with the conditions of the conduct of the competition, is declared as its winner.

A public competition may be open, when the proposal of the organizer of the competition to take part in it is addressed to all who so wish by means of an achievement in the press or other media of mass information, or closed, when the proposal to take part in the competition is directed to a specified group of people by the choice of the organizer of the competition.

An open competition may be conditioned by the preliminary qualification of its participants when the organizer of the competition conducts a preliminary selection of persons wishing to take part in it.

An announcement of a public competition must contain a terms providing the essence of the task, the criteria and procedure for evaluation of the results of work or other achievements, the place, time period, and procedure for presenting them, the amount and form of the reward, and also the procedure and time periods for the announcement of the results of the competition.

To a public competition containing an obligation to make a contract with the winner of the competition, the rules of the present Chapter shall be applied to the extent that Articles 379-381 of the present Code do not provide otherwise.

Article 977. Changing the conditions and cancellation of a public competition

The person who has announced a public competition shall have the right to change its conditions or to cancel the competition only during the first half of the time period established for the presentation of work.

A notification of the change of conditions or the cancellation of

the competition must be made in the same manner as the competition was announced.

In case of changing of conditions of the competition or its cancellation, the person who announced the competition must compensate for the expenses borne by any person who has done the work provided in the announcement before it was or should have been known to him about the change of conditions of the competition and its cancellation. If, in the change of the conditions of the competition or its cancellation, the requirements indicated in Paragraph 1 or 2 of the present Article were violated, the person who announced the competition must pay the reward to those who have done the work satisfying the conditions indicated in the announcement.

The person who announced the competition shall be freed from the duty to compensate for expenses if he proves that this work was done not in connection with the competition, in particular before the announcement of competition, or knowingly did not meet the conditions of the competition.

Article 978. Decision on the payment of the reward

A decision on the payment of the reward must be made and reported to the participants of a public competition by the procedure and within the time periods that were established in the announcement of the competition.

If the results indicated in the announcement were achieved in work done jointly by two or more persons, the reward shall be distributed in accordance with an agreement reached among them. In the case when such an agreement is not reached, the procedure for distributing the reward shall be established by a court.

Article 979. Use of works of science, literature, and art that earned rewards

If the subject of a public competition is the creation of a work of science, literature, or art, and the conditions of the competition,

the person who has announced the public competition shall acquire a priority right to the concluding, with the author of a work worthy of the agreed reward, of a contract on the use of the work with payment to him of the corresponding remuneration unless otherwise provided by the conditions of competition.

Article 980. Return of works presented to the participants in a public competition

A person who has announced a public competition shall have the duty to return the works that did not earn rewards to the participants in the competition, unless otherwise provided by the announcement of the competition or follows from the nature of the work done.

Chapter 55. Public promise of a reward

Article 981. Duty to pay a reward

A person who has publicly announced about the payment of monetary remuneration or the giving of another reward (about the payment of a reward) to one who takes action indicated in the announcement in the time period indicated in it shall have the duty to pay the promised reward to anyone who took the corresponding action.

The duty to pay the reward shall arise on the condition that the promise of the reward makes possible the establishment of by whom it was promised. A person reacting to a promise shall have the right to demand written confirmation of the promise and shall bear the risk of the consequences of not making this demand if it turns out that in reality the announcement about the reward was not made by the person indicated in it. If the amount is not indicated in the public promise of a reward, the amount shall be determined by an agreement with the person who promised the reward, in case of dispute, by a court.

The duty to pay a reward shall arise regardless of whether the corresponding actions were taken in connection with the announcement that was made or independent of it. In cases when the action indicated in the

announcement was taken by several persons, the right to receive the reward shall be acquired by the one of them who took the respective action first.

If the action indicated in the announcement was taken by two or more persons and it is impossible to determine who of them took the respective action first, and also in the case if the action was taken by two or more persons simultaneously, the reward shall be divided equally among them or in other amount provided by the agreement between them.

Unless otherwise provided in the announcement on the reward or follows from the nature of the action indicated in the announcement, the correspondence of the action taken to the requirements contained in the announcement shall be determined by the person who publicly promised the reward, and, in case of dispute, by a court.

Article 982. Revocation of a public promise of a reward

A person who has made a public announcement about the payment of a reward shall have the right, in the same form, to withdraw from this promise, except in cases when the impermissibility of a withdrawal is provided in the announcement itself or arises from it or there is given a determined time period for the taking of an action for which the reward is promised, or by the time of announcement of withdrawal, one or several of the persons that reached to a promise already took the action indicated in the announcement. Revocation of the public promise of a reward does not free the person who announced about the reward from compensating persons who have reacted for the expenses borne by them in connection with the taking of the action. The amount of compensation in all cases may not exceed indicated in the announcement of the reward.

Chapter 56. Conduct of games and wagers

Article 983. Requirements connected with the organization of games and wagers and with participation therein

Claims of citizens and legal entities connected with the

organization of games and wagers based on the risk (hazardous games and wagers) or with participation therein shall not be subject to judicial protection with the exception of the claims of persons who took part in games or wagers under the influence of fraud, duress, threats or bad faith agreement of their respective with the organizer of games or wagers and also the claims follow from the relations indicated in Article 984 of the present Code.

Article 984 is stated in edition of Article 3 of the Law of the RUz No. ZRU-109 dtd 14.09.2007.

Article 984. Particularities of the conduct of lotteries by state permission

The relations between organizers of lotteries - the state, persons who have received permission (license) from and empowered state body and participants in lotteries shall be bases on a contract. Such a contract shall be drawn up by the issue of a lottery ticket and shall be recognized concluded from the time the participant has paid the value of the lottery ticket.

A proposal to conclude a contract stipulated in the first Part of the present Article must include terms of the time of conduct of lotteries, a procedure for determination of the winnings ind its amount.

In case where the organizer of lotteries refuse to conduct them within the established time period, the participants of the lotteries shall have the right to demand from their organizer compensation for the actual damage as a result of cancellation of the lotteries or their postponement.

Persons who, in accordance with the conditions of the conduct of a lottery are recognized as the winners, must be paid the winnings by the organizer of lotteries in the amount, form (in monetary or in kind) and within time stipulated by the conditions of the lottery, or if the term has not been stipulated by the conditions of the lottery - not later than in ten days from the date the results of lotteries have been determined.

In case where the organizer of lotteries has failed to fulfil obligations stipulated in the fourth part of the present Article, a participant who has won in the lottery shall have the right to demand from the organizer of lotteries payment of the winnings and also compensation for the losses caused by the breach of the contract on the part of the organizer.

Chapter 57. Obligations as a result of the causing of harm

§ 1. General provisions

Article 985. General bases of liability for the causing of harm

Harm caused unlawful actions (inactivity) to the person or property of a citizen and also harm caused to the property of a legal entity shall be the subject to compensation in full including the lost profit. (Amended by subparagraph 5 of paragraph 13 of Section 1 of the Law of the Republic of Uzbekistan No. 175-II of December 12, 2000.)

A Law may place a duty for compensation for harm on a person who is not the person that caused the harm.

Legislation or the contract may establish a duty for the person who has caused the harm to pay the victim compensation in addition to compensation for the harm.

The person who has caused the harm is freed from compensation for the harm if he proves that the harm was caused not by the fault. A Law may provide compensation for the harm even in the absence of fault of the person who caused the harm.

Harm caused by lawful actions shall be subject to compensation in the cases provided by a Law.

Compensation for harm may be refused f the harm was caused at the request, or with the consent, of the victim, and the actions of the person who caused the harm do not violate the moral principles of society.

Article 986.Preventing the causing of harm

The danger of causing harm in the future may be the basis for a

suit for prohibition of actions creating such a danger.

If harm caused is a consequence of the exploitation of an enterprise, structure, or other production activity that continues to cause harm or threatens with new harm, a court, in addition to compensation for harm, shall have the right to obligate the defendant to suspend or cease the respective activity.

A court may refuse a suit for the suspension or cessation of the respective activity only in the case when its suspension or cessation would violate social interests. A refusal of the suspension or cessation of such activity does not deprive the victims of the right to compensation for the harm caused by such activity.

Article 987. Causing harm in a state of necessary defense

Harm is not subject to compensation if it is caused in a state of necessary defense, provided that its limits were not exceeded.

Under protection from unlawful attack a defended person who has caused the harm to a third person, the harm must be compensated by an attacked person.

Harm is not subject to compensation if it is caused to a person in connection with stopping of his crime actions or his detention and his delivery to the corresponding agency.

Article 988. Causing harm in a stat of extreme necessity

Harm caused in a state of extreme necessity, i.e. to eliminate a danger threatening the person causing the harm or other persons, if this danger in the given circumstances could not be eliminated by other means, must be compensated by the person who has caused the harm.

Considering the circumstances under which such harm was caused, a court may place the duty to compensate for it upon the third person in whose interest the person who caused the harm acted, or free both this third person and the person who caused the harm from compensation for the harm in whole or in part.

Article 989. Liability of a legal entity or a citizen for harm caused by its employee

A legal entity or a citizen shall compensate for harm caused by its employee in the performance of labor (or employment, or official) duties.

With respect to the provisions of the present Chapter employees are citizens, doing work under a labor contract and also on the based of a civil-law contract if thereby they acted or were required to act on a task of the respective legal entity or citizen and under its supervision for safe conduct of work.

Business partnerships and company, production cooperatives shall compensate for harm caused by their participants (or members) in the conduct by the latter of entrepreneurial, production or other activity of the partnership, company or cooperative.

Article 990. Liability for harm caused by state bodies, bodies of local self- government, and also their officials

Article 990 was amended by subparagraph 6 of Paragraph 13 of Section 1 of the Law of the RUz No. 175-II of December 12, 2000.

Harm caused to a citizen or a legal entity as the result of illegal actions of state bodies, bodies of local self- government is subject to compensation on the based of a decision of a court regardless of the fault of their officials.

Harm caused to a citizen or a legal entity as the result of illegal actions (or inactions) of officials of state bodies, bodies of local self- government is subject to compensation on the based of a decision of a court.

Harm is compensated by the procedure provided by Article 15 of the present Code.

Article 991. Liability for harm caused by illegal actions of agencies of inquiry, preliminary investigation, the procuracy, and the court

Harm caused to a citizen as the result of illegal conviction, illegal bringing to criminal liability, illegal application as a measure of restraint of confinement under guard or signed behavior, or illegal

imposition of an administrative penalty in the form of detention, shall be compensated by the state in full, regardless of the fault of officials of agencies of inquiry, preliminary investigation, the procuracy and the court by the procedure established by a Law.

Harm caused by the officials may be compensated by them under the decision of the court. (Amended by subparagraph 7 of Paragraph 13 of Section 1 of the Law of the RUz No. 175-II of December 12, 2000.)

Harm caused to a citizen as the result of illegal as the result of other illegal activity of agencies of inquiry, preliminary investigation, the procuracy and the court shall be compensated on the bases unless otherwise provided by a Law.

Article 992. Compensation for harm by a person that has insured his liability

A legal entity or citizen that has insured his liability by way of voluntary or compulsory insurance for the benefit of the victim, in the case when the insurance sum is insufficient to fully compensate for the harm caused, shall compensate for the difference between the insurance compensation and the actual amount of damage.

Article 993. Liability for harm caused by minors of the age of up to fourteen years

For harm caused by a minor who has not reached fourteen years of age (an infant), his parents (or adoptive parents) or guardians shall be liable, unless they prove that the harm arose not by their fault.

If an infant needing guardianship was in a respective child-raising institution, therapeutic institution, institution of social protection of the public, or other analogous institution, that by force of a Law is his guardian, this institution shall have the duty to compensate for the harm caused by the infant, unless it proves that the harm arose without the fault of the institution.

If an infant caused harm at the time when he was under the supervision of an educational, child-raising, therapeutic, or other institution obligated to conduct supervision of him, or of a person

conducting supervision on the basis of a contract, this institution or person shall be liable for the harm, unless it proves that the harm arose without the fault in the conduct of supervision.

The duty of parents (or adoptive parents), guardians, educational, child-raising, therapeutic, or other institution for compensation for harm caused by the infant does not end with the attainment by the minor of majority or the receipt by him of property sufficient for the compensation for harm.

If the parents (or adoptive parents), guardians, or other citizens indicated in Paragraph 3 of the present Article have died or do not have sufficient assets for compensation for harm, while the person who caused the harm himself, having become of full dispositive capacity, possesses such assets, the court, taking into account the financial status of the parties and also other circumstances shall have the right to take a decision on the compensation for harm in full or in part at the expense of the person who caused the harm himself.

Article 994. Liability for harm caused by minors of the age of fourteen to eighteen years

Minors of the age of fourteen to eighteen years independently bear liability for harm caused on general bases.

In the case when a minor of the age of fourteen to eighteen years does not have income or other property sufficient for compensation for harm, the harm must be compensated in full or in the lacking part, by his parents (or adoptive parents) or curator, unless they prove that harm arose not by their fault.

If a minor of the age of fourteen to eighteen years, needing curatorship, was in a respective child-raising institution, therapeutic institution, institution of social protection of the public, or in another analogous institution, that by force of a Law is hid curator, these institutions shall have the duty to compensate for harm in full or in the lacking part, unless it proves that harm arose not by its fault.

The duty of parents (or adoptive), a curator, and the respective

institution to compensate for harm caused shall be terminated upon attainment of majority by the person who caused the harm or when, before attainment of majority he gets income or other property sufficient for compensation for the harm, or when he has acquired dispositive capacity before the attainment of majority.

Article 995. Liability of parents deprived of parental rights for harm caused by minors

A court may place upon a parent who has been deprived of parental rights liability for harm caused by his minor child during three years after the deprivation of a parent of parental rights if the conduct of the child that caused the harm was the result of improper exercise of parental duties.

Article 996. Liability for harm caused by a citizen declared as lacking dispositive capacity

Harm caused by a citizen declared as lacking dispositive capacity shall be compensated by his guardian or the organization that has the duty to exercise supervision over him, unless they prove that the harm arose not by their fault.

The duty of a guardian or organization on the compensation for harm caused by a citizen who has been declared as lacking dispositive capacity shall not be terminated in the case of restoration of his dispositive capacity.

If the guardian has died or lacks sufficient assets for compensation for harm and the one who caused the harm himself possesses assists, the court, taking into account the financial status of the victim and of the one who caused the harm and also other circumstances, shall have the right to take a decision on compensation for harm in full or in part at the expense of the one who caused the harm himself.

Article 997. Liability for harm caused by a citizen declared as of limited dispositive capacity

Harm caused by a citizen declared as of limited dispositive

capacity as the result of abuse of alcoholic beverages or narcotics shall be compensated by the person who caused the harm himself on the common bases.

Article 998. Liability for harm caused by a citizen not capable of understanding the significance of his actions

A citizen with dispositive capacity or a minor of the age of fourteen to eighteen years who has caused harm in a condition when he could not understand the significance of his actions or control them shall not be liable for harm caused by him.

If the harm was caused to the life or health of the victim, the court may, taking into account the financial status of the victim and the one who caused the harm and also other circumstances, impose a duty to compensate for the harm in full or in part upon the one who caused the harm.

The one who caused the harm shall not be freed from liability if he brought himself to the condition by the use of alcoholic beverage, narcotics, or in another manner. If the harm is caused by a person who could not understand the significance of his actions or control them as the result of mental disturbance (mental illness or aphrenia), the duty to compensate for harm may be imposed by the court on his spouse, parents, or adult children who are living with him and capable of work, and who knew of the mental disorder of the person who caused the harm but did not raise the issue on declaring him lacking dispositive capacity and establishing guardianship above him.

Article 999. Liability for harm caused by activity creating an increased danger for those around

Legal entities and citizens, whose activity is connected with increased danger for those around (transport organization, industrial enterprises, constructions, owners of transport means, and others), shall have the duty to compensate for harm caused by the source of increased danger, unless they prove that the harm arose as the result of force

majeure or the intent of victim.

The duty of compensation for harm shall be placed upon the legal entity or citizen that possesses the source of increased danger by the right of ownership, rights of economic management, or right of operative administration, or on other legal basis (on the right of the contract of lease, under a power of attorney for the right to drive means of transport, by force of disposition of a competent body on transfer of the source of increased danger to it, etc.).

The possessors of sources of increased danger shall bear joint and several liability for harm caused as the result of the interaction of these sources (collision of means of transport, etc.) to third persons on the bases by Paragraph 1and 2 of the present Article. Harm caused as the result of the interaction of sources of increased danger to their possessors shall be compensated on general bases.

Harm caused by the fault of one of the party shall be compensated in full by this party and the harm caused by the fault of both parties or several parties shall be compensated proportionally of the degree of the fault by each of them. In case if impossibility to establish the degree of the fault of each parties, liability shall be distributed between them equally. In case of the absence of the fault of parties in the harm caused one of them shall not have the right to demand to compensate harm. Each of the party shall bear in such case of the risk of losses caused by it.

The possessor of a source of increased danger shall not be liable for harm caused by this source if he proves that the source left his control as the result of the unlawful (inactions) actions of other persons. Liability for harm caused by the source of increased danger in such cases shall be borne by their persons who have unlawfully taken possession of the source. In case of fault of the possessor in the unlawful taking of this source from his control, liability may be imposed both on the possessor and on the person who took possession of the source

of increased danger.

Article 1000. Liability for jointly caused harm

Persons who have jointly caused harm shall be liable jointly and severally to the victim.

On petition of the victim and in his interests, the court shall have the right to impose upon persons who have jointly caused harm liability in shares.

Article 1001. The right of subrogation against the person who has caused harm

One who has compensated for harm caused by another person (by an employee in this performance of employment, by a person driving a means of transport, etc.) shall have the right of a claim back (subrogation) against this person in the amount of compensation paid, unless another amount is established by a Law.

A person who has caused harm and who has compensated for jointly caused harm shall have the right to claim from each of those who have caused a share of the compensation paid to the victim in an amount corresponding to the degree of fault of each person who has caused harm.

In case of impossibility of determining the degree of fault, the shares shall be recognized as equal.

The state compensating for harm caused by officials of agencies of inquiry, preliminary investigation, procuracy, or court shall have the right of subrogation against these persons if their fault established by a verdict-sentence of a court that has entered into legal force.

Persons who have compensated for harm on the bases indicated in Articles 993-996, 998 of the present Code shall not have the right of subrogation against the person who caused the harm.

Article 1002. Liability for harm caused by domestic animals

Harm caused by a domestic animal liability shall be borne for it on common bases to an owner or a person possessing and using this animal.

Article 1003. Means of compensation for harm

In satisfying a claim for compensation for harm, the court, in accordance with the circumstances of the case, shall obligate the person liable for the causing of harm to compensate for the harm in kind (to prove a thing, fix the damaged thing, etc.) or to compensate for the losses caused.

Article 1004. Consideration of the fault of the victim and the financial status of the person who caused the harm

Harm caused as the result of the intent of the victim is not subject to compensation. If the gross negligence of the victim himself aided the arising or increasing of the harm, then, depending upon the degree of fault of the victim and the person who caused the harm, the amount of compensation must be reduced.

In case of gross negligence of the victim and absence of fault of the one who caused the harm in cases when liability occurs regardless of fault, the amount of compensation must be reduced or compensation for harm must be refused, unless a Law provides otherwise. In case of causing of harm to the life or health of a citizen, refusal o compensation for harm is not allowed.

The fault of the victim shall not be considered in compensation for the supplementary expenses or in compensation for harm in connection with the death of the bread-winner nor in compensation of funeral expenses.

The court may reduce the amount of compensation for harm caused by a citizen, taking into account his financial status, with the exception of cases when the harm is caused by actions (inactions) taken intentionally.

§ 2. Compensation for harm caused to the life or health of a citizen

Article 1005. Compensation for harm caused to the life or health of a citizen in the performance of contractual or other obligations

Harm caused to the life or health of a citizen in the performance

of contractual obligations and also in the performance of duties of military service, service in the police and other analogous duties shall be compensated according to the rules provided by the present Chapter, unless a Law or a contract provides for a higher measure of liability.

Article 1006. Scope and nature of compensation for harm caused by injury to health

In case of the causing of physical injury or other injury to the health of a citizen, the lost wages (or income) which he had or definitely could have had and also supplementary expenses borne that were caused by the injury to the health, including expenses for treatment, supplementary nourishment, obtaining medicines, prosthetics, care, sanitarium -resort treatment, acquiring special means of transport, preparation for another job, etc., shall be subject to compensation, if it is established that the victim needs the respective means of assistance and care and does not have the right to receive them free of charge. In determining the lost wages (or income), a disability pension awarded to the victim in connection with the physical injury or other injury to the health and also other types of pensions, allowances and other similar payments awarded both and after the causing of harm to the health shall not be considered and shall not entail a reduction of the amount of compensation for harm (shall not be considered toward the compensation for harm). Wages (or income) received by the victim after the injury to the health was caused also shall not be considered toward the compensation for harm.

The scope and amount of compensation for harm due to a victim in connection with the present Article may be increased by legislation or by a contract.

Article 1007. Determination of the wages (or income) lost as the result of injury to health

The amount of wages (or income) lost by the victim which is

subject to compensation shall be determined as a percentage of the average monthly wages (or income) before the physical injury or other injury to the health or until loss by him of ability to work corresponding to the degree of loss by the victim of job-related ability to work and, in the absence of job-related ability to work, the degree of loss off general ability to work.

All types of payment for his labor under labor and civil - law contracts both at his basic place of work and at an additional job that are levied income tax on natural persons taxation shall be included in the wages (or income) lost by the victim. Payments of a one-time nature (monetary compensation for unused leave and exit compensation on termination of the labor contract) shall not be taken into account. For period of temporary inability to work or leave for pregnancy and childbirth, the allowance paid shall be taken into account. Incomes from entrepreneurial activity and also author's royalty shall be included in lost wages; incomes from entrepreneurial activity shall be included on the basis of the data of the tax inspectorate. (In edition of sub-point 4) of Article 12 of the Law of the RUz dtd 31.12.2008 No. ZRU-197)

All types of wages (or income) shall be calculated in the sums paid before deduction of taxes.

The average monthly wages (or income) of the victim shall be calculated by dividing the total sum of his wages (or income) for the twelve months of work preceding the injury to the health by twelve. In the case when the victim by the time of the causing of harm has worked less than twelve months, the average monthly wages (or income) shall be calculated by dividing the total sum of his wages (or income) for the number of months actually worked preceding the injury to the health by the number of these months. Incompletely worked months by the victim at his option shall be replaced with the previous completely worked months or shall be excluded from the calculation if it is impossible to replace them.

In the case when the victim, at the time of causing of the harm has not worked, there shall be considered at his option, wages (or income) before termination of his labor contract or the usual wage of an employee of his skill in the given place, but not less than the five minimum cost of living established by legislation.

If stable changes occurred in the wages (or income) of the victim before the causing of physical injury to him or other harm to his health improving his financial status (the wages were raised for the position he occupied, he was transferred to a higher paid work, he started to work after finishing a full-time educational institution, and in other cases when the stability of the change or possibility of change of payment for the labor of the victim is proved) in determining his average monthly wages (or income), only the wages (or income) are considered that he received or should have received after the respective change.

Article 1008. Compensation for harm in the case of injury to the health of a person who has not attained majority

In case of physical injury or other injury to the health of a minor who has not attained the age of fourteen years and does not have wages (or income), the person liable for the harm caused has the duty to compensate for the expenses connected with the harm to the health.

When the infant victim attains the age of fourteen years, and also in the case of causing of harm to a minor of fourteen to eighteen years of age who does not have wages (or income), the person liable for the injury caused has the duty to compensate the victim, in addition to expenses connected with the causing of harm to the health, also the injury connected with the loss or reduction of his ability to work, proceeding from the amount of the monthly minimum cost of living established by legislation.

If by the time of injury to his health, the minor had earnings

(or income), then the harm shall be compensated proceeding from the amount of these earnings, but not less than the five -times of the amount of minimum cost of living established by legislation. After the start of labor activity, a minor, to whose health the injury was previously caused, shall have the right to demand an increase in the amount of compensation for harm on the basis of the wages (or income) received by him, or the measure of remuneration established for the position occupied by him or the wages (or income) of an employee of the same skill at his place of work.

Article 1009. Compensation for harm to persons suffering damage as the result of the death of the breadwinner

In case of the death of the breadwinner, the following shall have the right to compensation for harm:

persons not capable of work that were dependent upon support by the decedent or having by the day of his death the right to receive support from him;

a child of the decedent born after his death;

one of the parents, spouse, or other member of the family, regardless of ability to work who does not work and engages in care of children, grandchildren, brothers, or sisters of the decedent who were dependent upon support by the decedent and have not attained fourteen years of age or who, although they have attained this age, but on conclusion of medical bodies need, due to condition of health, outside care;

persons that were dependent upon support by the decedent and have become incapable of work in the course of five years after his death.

One of the parents, the spouse or other member of the family who was not working and was engaged in care of children, grandchildren, brothers, or sisters of the decedent indicated in Paragraph 1 of the present Article and who became unable to work during the time period of conducting care preserves the right to compensation for harm after the termination of care for these persons.

Harm shall be compensated:

for minors until attainment of the age of eighteen;
for students of the age of eighteen and older -until finishing study in full-time educational institutions, but not further than until the age of twenty three;
for women older than fifty five years and men older than sixty years- for life;
for disabled persons - for the period of disability;
for one of the parents, the spouse, or other member of the family engaged in care of children, grandchildren, brothers, or sisters of the decedent who were dependent upon support by the decedent-until they attain the age of fourteen.

Article 1010. Amount of compensation for harm suffered in case of the death of the breadwinner

For persons having the right to compensate for harm in connection with the death of the breadwinner, harm shall be compensated in the amount of that share of the wages (or income) of the decedent determined according to the rules of Article 1007 of the present Code that they received or had the right to receive for their support while he was alive. In determining the compensation for harm to these persons, in the income of the decedent along with the wages (or income) pensions, lifetime support and other like payments received by him during life shall be included.
In determining the amount of compensation for harm, pensions awarded to persons in connection with the death of the breadwinner and also other types of pensions awarded both and after the death of the breadwinner, and also wages (or income) and scholarships received by these persons shall not be counted in the calculation of the compensation for harm.
The amount of compensation established for each of those having the right to compensation for harm in connection with the death of a breadwinner shall not be subject to further recalculation except in cases:
of birth of a child after the death of the breadwinner;

of the award or termination of payment of compensation to persons engaged in care of children, grandchildren, brothers, and sisters of the deceased breadwinner.

Legislation or a contract may be provided the increase the amount of compensation.

Article 1011. Compensation for harm by heirs of a person who has caused harm

The duty on compensation for harm caused by a citizen after his death shall be passed to heirs who have accepted inheritance.

The latter shall be liable before the victim within the limits of actual value of inheritance property passed to them. The state or a body of self-government to which escheated property has come, shall be liable for such bases.

Article 1012. Change of the amount of compensation for harm

A victim who has partially lost the ability to work shall have the right, at any time, to demand from the person upon whom the duty to compensate for harm has been imposed, a corresponding increase in the amount of the compensation for harm if the ability to work of the victim has been further reduced in connection with the harm caused to the health in comparison with that which he still had by the time when the compensation for harm was awarded to him.

A person, upon whom the duty of compensation for harm caused to the health of the victim has been imposed, shall have the right to demand a corresponding reduction in the amount of compensation if the ability to work of the victim has increased in comparison with that which he still had by the time when the compensation for harm was awarded to him.

The victim shall have the right to demand increase in the amount of compensation for harm if the financial status of a citizen upon whom the duty to compensate for harm was imposed has improved and the amount of compensation had been reduced in accordance with Paragraph 5 of Article 1004 of the present Code.

The court may, on demand of a citizen who has caused harm, reduce

the amount of compensation for harm if his financial status in connection with disability or reaching pension age worsened in comparison with his status at the time of award of compensation for harm, with the exception of cases when the harm was caused by actions committed intentionally.

Article 1013. Increase in the amount of comparison for harm in connection with increase in the cost of living and increase of minimum amount of wage established by legislation

In case of increasing of the minimum amount of wages established by the procedure by legislation, the sums of compensation of lost wages (income), other payments awarded in connection with harm of health and death of the victim shall be increased proportionally to the increase of the minimum amount of wages established by legislation.

Article 1014. Payment in compensation for harm

Compensation for harm caused by the reduction in ability to work or the death of the victim shall be made in monthly payments.

In case of compelling reasons, the court, taking into account the possibilities of the one who caused the harm, may, on request of the citizen having the right to compensation for harm, award to him the compensation due at one time, but not for more than three years.

Penalty of additional expenses may be made for the future within the time periods determined on the basis of medical expert evaluation, and also in case of the necessity of advance payment of the cost of respective services and property (acquiring vouchers, paying for transportation, and payment for special means of transportation.

In the case when the victim in accordance with a Law shall have the right to demand termination or early performance of obligations, such a claim shall be satisfied by capitalization of respective time payments.

Article 1015. Compensation for harm in case of termination of a legal entity

In case of reorganization of a legal entity recognized by the established procedure as liable for the harm caused to life or health,

the duty for making of the respective payments shall be borne by its legal successor. Claims for compensation for harm shall be made against it.

The second part was amended according to Section IX of the Law of the RUz No. 568-II of December 12, 2003.

In the absence or insufficiency of funds at the reorganized legal entity who is a manufacturer of commercial agricultural products who is liable for harm caused to life and health of an employee in connection with performance by him the labor obligations the sums awarded shall be paid by the state by the procedure provided by legislation. The sums indicated shall be paid by the state and in other cases provided by a Law.

The second part is considered as the third part according to Section IX of the Law of the RUz No. 568-II of December 12, 2003.

In case of liquidation of a legal entity recognized by the established procedure as liable for the harm caused to life or health, the respective payments must be capitalized for their payment to the victim according to the rules established by a Law or other legal acts.

Paragraph 3 is considered as the Paragraph 4 according to Section IX of the Law of the RUz No. 568-II of December 12, 2003.

In the cases when capitalization of payments may not be made, in case of absence or insufficiency of property at a legal entity who is liquidated, the sums awarded shall be paid to the victim by the state by the procedure provided by legislation. (Amended by Section V of the Law of the RUz No. 271-II of August 30, 2001.)

Article 1016. Compensation of funeral expenses

The persons liable for the harm caused by the death of the victim shall have the duty to compensate for the necessary funeral expenses to the person who has borne these expenses.

A funeral allowance received by citizens who have borne these expenses shall not be subtracted in calculating the compensation for harm.

§ 3. Compensation for harm caused as the result of defects in goods, work, or services

Article 1017. The bases of compensation for harm caused as the result of defects in goods, work, or services

Harm caused to the life, health, or property of a citizen or to the property of a legal entity as the result of design, formula, or other defects in goods (or work or services) and also as the result of unreliable or insufficient information on goods (or work or services) shall be subject to compensation by the seller or manufacturer of goods or person doing regardless of their fault and regardless of whether or not the victim was in contractual relations with them.

The rules provided by the present Article shall be applied only in cases of acquiring the goods (or doing of the work, rendering of services) for consumer purposes and not for their use in entrepreneurial activity.

Article 1018. Persons liable for harm caused as the result of defects in goods, work, or services

Harm caused as the result of defects in goods shall be subject to compensation at the choice of the victim by the seller or manufacturer of the goods.

Harm caused as the result of defects in work (services) shall be subject to compensation by the persons who have done the work or rendered the service (by their performer).

Harm caused as the result of failure to prove full or reliable information on the goods (or work or services) shall be subject to compensation in accordance with the rules of the present Article.

Article 1019. Time periods for the compensation for harm caused as the result of defects in goods, work, or services

Harm caused as the result of defects in goods (work, or services) shall be subject to compensation if it has caused in the course of the established time period of suitability or time period of services of the

goods (or work or services) or if a time period of service has not been established- in the course of ten years from the day of production of the goods (acceptance of work, services).

Out of limits of time periods indicated in the first part of the present Article harm is the subject to compensation if:

in violation of the requirements of a Law , a time period of suitability was not established;

the person to whom the goods were sold, for whom the work was done, or to whom the services were rendered was not warned of the necessary actions upon the expiration of the time period of suitability or the time period or the possible consequences in case of failure to take the above-mentioned actions.

Article 1020. Bases for freeing from liability for harm caused as the result of defects in goods, work or services

The seller or manufacturer of the goods or the performer of work (services) shall be freed from liability in the case if he proves that the harm arose as the result of force majeure or violation by the consumer of the established rules for use of the goods or storage (the results of work, services).

§ 4. Compensation for moral harm

Article 1021. General provisions

Moral harm shall be compensated by a troublemaker in case of having the fault by the troublemaker, with the exception of cases provided by Paragraph 2 of the present Article.

Moral harm shall be compensated regardless of the fault of a troublemaker in cases when:

the harm was caused to the life or health of a citizen by a source of the increased danger;

the harm was caused to a citizen as the result of his illegal conviction, illegal bringing to criminal liability, illegal application of confinement under guard or signed commitment on proper behavior, illegal imposition of an administrative sanction or illegal detention;

harm caused by the distribution of information impugning honor, dignity, and business reputation;
in other cases provided by a Law.

Article 1022. Method and amount of compensation for moral harm

Compensation for moral harm shall be made in monetary form.
The amount of compensation for moral harm shall be determined by a court depending upon the nature of the physical and moral suffering caused to the victim and also the degree of fault of the one who caused the harm in cases when this fault is a basis for compensation for harm.
In determining the measure of compensation for harm, the requirements of reasonableness and justice must be considered.
The nature of physical and moral suffering shall be evaluated by a court taking into account the factual circumstances under which moral harm was caused and the individual peculiarities of the victim.
Compensation for moral harm shall be made regardless of the property harm subject to compensation.

Chapter 58. Obligations as the result of unjust enrichment

Article 1023. The duty to return unjust enrichment

A person who, without bases established by legislation or a transaction, has acquired or economized property (the recipient) at the expense of another person (the victim) shall have the duty to return to the latter the unjustly acquired or economized property (unjust enrichment) with the exception of the cases, provided by Article 1030 of the present Code.
The duty established by Paragraph 1 of the present Article arises also if the basis, on which property was acquired or economized, disappeared subsequently. The rules by the present Chapter shall be applied regardless of whether the unjust enrichment was the result of the conduct of the acquirer of the property, the victim himself, third persons, or occurred against their will.

Article 1024. Relation of claims for the return of unjust

enrichment to other claims for the protection of civil rights

Unless otherwise established by legislation and follows from the nature of the respective relations, the rules of the present Chapter shall also be applied to claims:

for return of performance under an invalid transaction;

for the recovery of property by an owner from another's illegal possession;

of one party in an obligation to another for return of performance in connection with this obligation;

for compensation for harm including that caused by the bad-faith conduct of the enriched person.

Article 1025. Return of unjust enrichment in kind

Property constituting unjust enrichment of the acquirer must be returned to the victim in kind.

The recipient shall be liable to the victim for every, including accidental, shortage or worsening of the unjustly acquired or economized property that occurred after he learned or should have learned of the unjust enrichment. He shall be liable only for intent and gross negligence before this time.

Article 1026. Compensation for the value of unjust enrichment

In case of the impossibility of the return of the unjustly received or economized property in kind, the acquirer must compensate the victim for the actual value of this property at the time it was acquired and also for the losses caused by later change in the value of the property if the recipient has not compensated for its value promptly after he learned of the unjust enrichment.

A person who has unjustifiably made temporary use of another's property without the intent to acquire it or of another's services must compensate the victim for what the person economized as the result of such use at the price existing at the time when the use ended and in the place where it occurred.

Article 1027. Consequences of unjustified transfer of rights

to another person

A person who has transferred by way of assignment of a claim or in another manner a right belonging to himself to another person on the basis of a nonexistent or invalid obligation shall have the right to demand re-establishment of the former position, including the return to him of documents evidencing the right transferred.

Article 1028. Compensation to the victim for income not received

A person who has unjustly received or economized property shall have the duty to return to or compensate the victim for all incomes that he extracted or should have extracted from this property from the time when he learned or should have learned of the unjust enrichment.

Interest for the use of another's assets shall be calculated on the sum of unjust monetary enrichment from the time when the acquirer learned or should have learned of the unjust receipt or saving of monetary assets.

Article 1029. Compensation for expenditures on property subject to return

Upon the return of unjustly acquired or economized property or compensation for its value, the acquirer shall have the right to claim from the victim compensation for the necessary expenditures borne for the maintenance and preservation of the property from the time from which ha had the duty to return incomes, setting off the benefits received by him.

The right to compensation for expenditures shall be lost in the case when the recipient intentionally withheld property subject to return.

Article 1030. Unjust enrichment not subject to return

The following are not subject to return as unjust enrichment:

property transferred in performance of an obligation before the occurrence of the time period for performance, unless the obligation provides otherwise;

property transferred in performance of an obligation after expiration of the time period of limitation of actions;

wages and payments equated to them, pensions, allowances,

scholarships, compensation for harm caused to life or health, support payments, and other monetary sums given to a citizen as means for subsistence, in the absence of bad faith on his part and of a bookkeeping error;

monetary sums and other property provided in performance of a nonexistent obligation if the recipient proves that the person claiming the return of the property knew of the absence of the obligation or proved the property for purpose of charity.

Section IV. Intellectual property

Chapter 59. General provisions

Article 1031. Objects of intellectual property

The following are the objects of intellectual property:

1. the results of intellectual activity:

works of science, literature, and art;

performances, audio records, and broadcasters;

programs for electronically calculated machines, and data bases;

works of inventions, useful models, industrial samples;

selection achievements;

secret information including commercial secret (now - how);

2. means of individualization of participants of civil circulation, goods, work and services:

firm name;

trade mark (service marks);

name of locations of

name of place of location of goods;

3. other results of intellectual activity and means of individualization of participants of civil circulation, goods, works and services in cases provided by the present Code or other laws.

Article 1032. Rights of protection of objects of intellectual property

Right protection of objects of intellectual property arises by virtue of the fact of its creation or as the result of provision of the right protection by an empowered state body in cases and the procedure provided by the present Code or other laws.

Conditions on provision of right protection of undiscovered information shall be determined by a Law.

Article 1033. Personal non-property and property rights to objects of intellectual property

The personal non-property and property rights shall belong to creators of the results of intellectual activity with respect to these results.

The personal non-property rights shall belong to a creator regardless of his property rights and shall be remained for him in case of transfer his property rights on the results of intellectual activity to other person.

Property rights shall belong to possessors of rights for means of individualization of participants of civil commerce, goods, works or services (further means of individualization) with respect of these means.

The right of authorship (the right is recognized as a creator of the result intellectual activity) is a personal non-property right and may belong to only a person by the creative labor of whom the result of intellectual activity was created.

The right of authorship is inalienable and nontransferable.

If the result is created by the joint creative labor by two or more persons they are recognized as joint authors. A Law may be limited by a circle of persons with respect to individual objects of intellectual property which are recognized as joint authors of a work in full.

Article 1034. Exclusive rights to objects of intellectual property

The exclusive right of the legal use of this object of intellectual property at his discretion in any form and by any method shall belong to a possessor of property rights to the result of intellectual activity or a mean of individualization.

The use by other persons of objects of intellectual property with respect to whom the exclusive right belongs to their owner of right, shall be allowed only with the consent of the owner of the right.

The possessor of the exclusive right on the object of intellectual property shall have the right to transfer this right to another person in full or partial, to allow another person to use the

object of intellectual property, and shall have the right to dispose of this the by other manner unless it contradicts to the rules of the present Code and other laws. Limitation of the exclusive rights including by means of provision of possibility of the use of an object of intellectual property by other persons, recognition of these rights invalid or their termination (liquidation) shall be allowed in cases, limits and procedures established by the present Code and other laws.

Limitation of the exclusive rights shall be allowed in cases of such a limitation does not cause damage to normal using of the object of intellectual property and does not infringe upon owners of rights' legal interests.

Article 1035. Passage of the exclusive rights to other person

Property rights belonging to a possessor of the exclusive rights to the object of intellectual property unless otherwise provided by the present Code or other Law, may be transferred to the owner of rights in full or partial to another person under a contract and shall be also transferred by right of succession and by the procedure of succession upon reorganization of a legal entity - the owner of rights.

Transfer of property rights under the contract or their passage by the procedure of universal succession shall not follow the transfer or limitation of rights of authorship and other inalienable and nontransferable exclusive rights. The terms of the contact on transference or limitation of such rights are void.

The exclusive rights transferring under the contract must be determined in it. The rights which are not indicated in the contract as alienable one are considered as nontransferable as far as otherwise was not proved.

The rules on licensing contract shall be applied to the contract provided provision of the exclusive right for his validity to another person for limited time.

Article 1036. Licensing contract

Under the licensing contract the party obtaining the exclusive right to the result of intellectual activity or means of individualization (a licensor) shall provide to another party (a licensee) permission to use the corresponding object of intellectual property. The licensing contract must determine rights provided limits and periods of time of use.

The licensing contract is considered as uncompensated.

The licensing contract may provide concession to the licensee:

rights of using of the object of intellectual property with reservation for the licensor to the right of its using and the right of giving permission to other persons (a common nonexclusive license);

rights of using of the object of intellectual property with reservation for the licensor to the right of its using but without the right of giving a license to other persons (an exclusive license);

other types of licenses allowed by a Law.

Unless otherwise provided by the licensing contract, the license is considered as common one (nonexclusive one).

The contract on provision by a licensee to the right for using of the object of intellectual property to another person is recognized as a sublicensing contract. The licensee shall have the right to conclude a sublicensing contract only in cases provided by the sublicensing contract.

The licensee shall bear liability before the licensor for the actions of sublicense, unless otherwise provided by the licensing contract.

Article 1037. The contract on creation and use of the results of intellectual activity

The author may undertake obligations under the contract on creation and use of the results of intellectual activity to create in the future a work, invention or other result of intellectual activity and to give to a customer not being his employer, the exclusive rights for the use of this result.

The contract provided in the first part of the present Article must determine the nature of subject to creation of the result of

intellectual activity and also purposes or the methods of its using.

The contract that is obliged to the author to provide to anyone person for the exclusive rights for using of any results of intellectual activity which will be created by the author in the future is valid.

The terms of the contract on creation and using of the results of intellectual activity which are limiting the author in the creation in the future the results of intellectual activity of the definite character or in the definite field are valid.

Article 1038. Exclusive right and the right of ownership

The exclusive right for the result of intellectual activity or the means of individualization shall exist regardless of the right of ownership to a material object in which such a result or a mean of individualization expressed.

Article 1039. The time period of the exclusive right to objects of intellectual ownership

The exclusive right to objects of intellectual ownership shall act during the time period provided by Code or other laws.

The personal non-property rights with respect of objects of intellectual ownership exercise without limit of time.

In cases provided by a Law the action of the exclusive right to objects of intellectual ownership may be terminated as the result of non-use of it during the defined time.

Article 1040. Methods of protection of the exclusive rights to objects of intellectual ownership

Protection of the exclusive rights to objects of intellectual ownership shall be conducted by methods provided by Article 11 of the present Code. Protection of the exclusive rights shall also be conducted by:

withdrawal of material objects with the assistance of which the exclusive rights were broken and material objects created as the result of such violation;

obligatory notice on violation made including in it information on that the violated right belongs to whom;

other methods provided by a Law.

Under violation of the contract on creation and using of the results of intellectual activity and means of individualization the common rules on liability for violation of obligations shall be applied to.

Chapter 60. Intellectual property rights

Article 1041. Works protected by intellectual property rights (objects of intellectual property rights)

Intellectual property rights shall be applied to works of science, literature and art, being the result of the creative activity regardless of destination and values and also a method of their expression.

Work must be expressed in orally, written or other objective form allowing possibility of its impression.

Work in written form or other method expressed on the material carrier (manuscript, typescript, musical notation, recording with assistance with technical means including medium of video, medium of film, fixing image in two-dimensional or three-dimensional form and etc.) is considered as having an objective form regardless of its accessibility to third persons.

The oral or other work not expressed on the material carrier is considered as having an objective form if it became accessible for perception by third persons (a public work, public performance and etc.).

Intellectual property rights shall be applied to both as published (promulgated, released for public) as to non-published works.

Intellectual property rights shall not be applied to ideas, conceptions, principles, systems, decisions proposed or inventions that are fairly exciting phenomena.

Registration of work or maintenance of any other formalities shall not be required for arising of intellectual property rights.

Article 1042. Types of objects of intellectual property rights

The followings are the objects of the intellectual property rights:

literary works (fiction, scientific, educational, publicistic and

etc.);
dramatic and scenario works;
musical compositions with a text and without a text;
musical dramatics;
choreographic woks and pantomimes;
audiovisual works (movie, telefilms and video films, slides, film strips, and other reproductions), radio reproduction;
works of art, sculpture, graphic, designer and other works of fine arts;
arts and crafts and stenographic art;
works of architecture, town-planning and landscape architecture art;
photographic works and works received by methods, analogous photographs;
geographic, geological and other maps, plans, drafts and works relating to geography, topography and other sciences;
programs for computers (ECM) for all types including of application program and operation systems;
other works meeting to requirements established by Article 1041 of the present Code.

Article 1043. Parts of work and derivative work

The parts of works, their names and derivative works are the objects of the intellectual property rights that are meeting the requirements established by Article 1041 of the present Code.
The followings are the derivative work:
works representing working up by other works (adaptation, annotation, reports, resumes, reviews, staging, arrangements and other similar to works of science, literature, and art);
translations;
collections (encyclopedia, anthology, database) and other composite works representing under selection or arrangement of materials as the result of the creative labor.
Deprive works shall be preserved by intellectual property rights regardless of being whether works on which they are based or which they include of, are objects of intellectual property rights.

Article 1044. Works and similar to them of the results of activity which are not objects of intellectual property rights

The followings are not objects of intellectual property rights:
official documents (laws, laws, decrees, resolutions and etc.)
and also their official translations;
official symbols and marks (flags, emblems, honours, banknote
and etc.);
amateur and folk arts;
information on day news or information on current events having
the nature of usual press -information;
results received with assistance technical means aimed to
manufacturing of a defined nature without realization by a person of the
creative activity directly aimed at the creation of individual work.

Article 1045. Rights for drafts of official documents, symbols and marks

Right for authorship on a draft of an official document, a symbol
or a mark shall belong to a person created the draft (an author).
Authors of drafts of official documents, symbols and marks shall
have the right to publish such drafts if it does not prohibit by an
agency on behalf of whom the draft has developed. Under publication of
the draft authors shall have the right to indicate his name.
The draft may be used by a competent agency for preparation of an
official document without the consent of the author if the draft was
published by him or directed to the relative body.
Under preparation of official documents, symbols, and marks on
the basis of the draft, additions and changes may be included in it at
discretion of the body conducting preparation of the official document,
the symbol, or the mark.
After approval of the draft by the competent body it may be used
without indication of an author's name.

Article 1046. Author of work. Presumption of authorship

The author of work is recognized a citizen by the creation labor
of whom it has been created.
The person indicated as an author during the first publication of
work is considered as his author unless otherwise provided.
In case of publication of work anonymously or under the pseudonym
(with the exception of the case when the pseudonym of the author does not
give up debts in his personality), the issuer whose name or description

of whom was indicated on the work in the absence of evidences of otherwise, is considered the representative of the author and shall have the right to protect the rights of the author and provide their performance. This position shall act until the author of such a work does not reveal his person and does not declare about his authorship.

Article 1047. Co-authorship

The right of authorship for work created by joint creative labor by two or more citizens belongs to co-authors jointly regardless of that whether such a work shall create one inseparable full or consists of parts, each of which shall have also independent importance.

The part of work is recognized as having independent importance if it may be used independently from other parts of this work.

Each of co- authors shall have the right to use the part of work created by him having independent importance, at his discretion, unless otherwise provided by agreement between them.

Relations between co-authors shall be determined as a rule on the basis of agreement. In the absence of such an agreement for the right of authorship for work shall be exercised by all authors jointly and remuneration shall be divided between them equally.

If the work of co-authors forms the whole inseparable one, none of the co-authors shall have the right without sufficient bases to that to prohibit using the work.

Article 1048. Authors of derivative works

Authors of derivative works are considered correspondingly persons conducted processing of other works, transfers, authors of collections and other composite works. Author of derivative work shall exercise the right of authorship for such a work in condition to observance by him the rights of an author of the work undergone of processing, translation or including into the composite work.

The intellectual property rights of creators of derivative works does not prevent to other persons to create their derivative works on bases already used earlier works.

Article 1049. Rights of persons organizing creation of works

Persons organizing creation of works (publishers of encyclopedias, manufacturers of films, producers and etc.) is not recognized as authors of the respective works. However, in cases provided by the present Code or other laws such persons shall acquire the exclusive rights for using of these works.

Publishers of encyclopedias, encyclopedic dictionary, periodical and lasted collections of scientific works, newspapers, magazines and other periodical press shall belong to the exclusive rights for using of such works. The publisher shall have the right at any use of such edition to indicate his name or to claim of such indication. Authors of works included in such editions shall keep the exclusive rights for the use of their works regardless of the edition as a whole unless otherwise provided by the contract on creation of work.

The conclusion of the contract on creation of audiovisual work including in a film shall not entail the transfer by authors of this work to his producer of the exclusive rights for reproduction, distribution, public performance, and news through cable for general information, broadcast on the air or something else from public use of work, subtitle or doubling of a film's text unless otherwise provided by the contract. The indicted rights shall act within the time period of effectiveness of the intellectual property rights for audiovisual work.

The producer of a film shall have the right at any use of this work to indicate his name or to demand such indication. During public demonstration of a film the author of a musical composition (with the text or without it) shall reserve the right for remuneration for public performance of his musical composition.

Destruction of a final film (an original recording) shall be prohibited without the permission of the author and other possessors of property rights for the film.

Article 1050. Symbols of protection
of intellectual property rights

The possessor of the exclusive right may for notification on his rights to use a symbol of protection of intellectual property rights which is placed on each copy of work and consists of three elements:

Latin letter "C" in a circle;

the name (description) of a possessor of the exclusive rights;

a year of the first publication of the work.

Unless otherwise proves, the owner of right is considered a person marked in the symbol of the protection of intellectual property rights.

Article 1051. Personal non-property rights of the author

The following personal non-property rights shall belong to the author of work:

right for authorship;

right for the author's name;

right on inviolability of work

Agreement of the author with anybody and application of the author on refusal from the conduct of personal non-property rights are void.

Article 1052. Right for authorship

The right for authorship belonging to the author (the co-authors) for creation by him of the work shall exclude recognition of authorship of other persons for the same work.

Article 1053. Right for the author's name

The author belongs to the exclusive right for using or allowing using the work under his name, pseudonym or anonymously (the right for the author's name).

Article 1054. Right for inviolability of work

The author belongs to the exclusive right for making changes and additions in his work and for protection of the work from making in it by anybody with the consent of the author of changes or additions (the right for inviolability of work).

In case of publication, public performance or other using of the

work, making of any changes both in the work itself as in its name or in its designation of the name of the author shall be allowed only with the permission of the author.

It is prohibited without the consent of the author to supply with illustrations, prefaces, epilogues, comments or any explanations to his work in case of publication. After death of the author protection of inviolability of work shall be conducted by a person indicated in a testament and in the absent of such indications - heirs of the author and also persons on whom in accordance with a Law the protection of the intellectual property rights is entrusted with.

Article 1055. Right for publication of work

The author belongs to the right to open access to the work for undefined circle of persons (the right for publication).

The work is considered published when the access was opened first by the author or with his concern to the work for undefined circle of persons by means of publication, public performance, and public demonstration of the work or its fascicle by other manner. The author shall have the right to refuse of earlier decision accepted on publication of the work (the right for withdrawal) in condition of compensation to persons received this right to use the work, of losses caused by such a decision including the lost income. If the work was published, the author must inform openly about its withdrawal. In this case he shall have the right to withdraw at his expenses from circulation of copies which was earlier made. These regulations shall also be applied to official works, unless otherwise provided by the contract with the author.

Article 1056. Right of the author for performance of work

The exclusive rights for the use of the work in any form or by any method shall belong to the author.

The use of the work is considered as reproduction and

distribution of the work and his realization by other methods to which
the following belongs to particularly: public demonstration (display,
exhibit) of work;
hire of a copy forming of a material carrier of the work;
public performance of the work;
transfer of the work in the air (transmission by radio or
television) including cable television or satellite broadcasting;
technical recording of the work;
reproduction of technical recording of the work including by
radio or television;
translation or adaptation of the work for their further use;
practical realization of town-planning, architectural, designed
projects.
Reproduction is repeated giving to work in the objective form
even and that what it had in the original (the edition of work,
duplicating audio-or video recordings, etc.).
Distribution of work is considered as sale, barter, lease or
other operations with copies of the work including their import.
If copies of the work are legally alienated then their further
distribution shall be allowed without the agreement of an author and
without payment of remuneration with exception of cases provided by a
Law.
The work is considered as used regardless of that it has been
used with the purpose of derive profits (income) or its using was not
direct to this.
The practical using of positions composing the content of the
work (inventions, other technical, economic, organizational and other
similar decisions) does not compose the use of the work in terms of the
author right.

Article 1057. Disposal by the right for the use of work

An author or another owner of the right may under the contract,
including the contract concluded at public bargaining; transfer all
rights for using of the work to another person (alliance of the right for
using).
The right for the use of the work shall be transferred by the
procedure of the universal succession.

The owner of right may issue to another person the permission (license) for the use of the work within the limits.

The permission shall be required for the use of the work both as in original as in worked out form particularly in the form of translation, arrangement and etc.

Each method of the use of the work shall require the special permission of an owner of the right.

Article 1058. Limitation of author's rights

Limitation of the exclusive rights of an author and other persons for using of work shall be allowed only in cases provided by Articles 1059-1063 of the present Code and other laws.

The indicated limitation shall be applied in the case when it does not cause unjustified harm to the normal using of work and does not infringe upon author's legal interests by unreasonable manner.

Article 1059. Reproduction of work belonging to another person for personal purpose

The use of another's work published for the personal purpose shall be allowed without permission of the author and without payment royalties if in this case the harm to the normal using of work is not caused and does not infringe upon author's legal interests.

The rules of Paragraph 1 of the present Article shall not be applied to relations:

on using works of architecture in the form of buildings and similar constructions;

on using data banks or its essential parts;

on using programs for electronic computers with the exception of cases provided by a Law;

on reproduction of books (in whole) and music texts.

In the taking of the first Paragraph of the present Article, a Law may be established that in case of using for the personal purpose of audio - videotape recordings, the author, executor and producer of the corresponding recording shall have the right for receiving of the relative remuneration.

Remuneration for reproduction shall be paid in the form of

assignments (interests) to manufacturers or importers of equipment (audio
equipment, videotape recorders and etc.) and material carriers (audio-
and videotapes, cassettes, laser discs, compact discs, and etc.) which
are used for such reproduction.

Article 1060. Free public performance of work

The public performance lawful musical works published during
official, religious and funeral ceremonies at the scope by justified
nature of such ceremonies shall be allowed without the consent of the
author and without payment of the author's remuneration.

Article 1061. Free reduction of works for judicial purposes

The performance of works for purposes of judicial and
administrative production at the scope justified by the purpose of using
shall be allowed without the consent of the author and without payment of
the author's remuneration.

Article 1062. Right for administrative use

The author's right for reproduction of work created by the
procedure on fulfillment of an administrative task (administrative work)
shall belong to the author of work. The right of using of administrative
work by method caused by the purpose of the task and following from it
within the limits shall belong to a person on the instructions of who the
work was created and with who the author was in labor relations
(employer) unless otherwise provided by the contract between him and the
author. The employer shall have the right to transfer such right for the
use to other person.

The contract of an employer with an author may provide for
payment to the author remuneration for using of administrative work and
contain other conditions for its using. The author shall acquire the
right in full for using of work and receiving of author's royalty
regardless of the contract concluded with the employer at the expiration

of ten years from the day of presentation of work and in case of the consent of the employer - and earlier.

The right of the author to use the administrative work by the way of not caused by the purpose of the task shall not be limited.

Article 1063. Action of the author's right on the area the Republic of Uzbekistan

The author's right for work published for the first time on the territory of the Republic of Uzbekistan or not produced but the original of which is in any objective form on its territory shall act on the territory of the Republic of Uzbekistan. In this case the author's right shall be recognized for an author and his heirs and also for other legal successors of the author regardless of their citizenship.

The author's right shall also be recognized for citizens of the Republic of Uzbekistan those works were published for the first time or are in any objective form on a territory of a foreign country, as well as for their heirs and other legal successors. The fact of publication of work on the territory of a foreign country shall be determined according to provisions of the corresponding international treaty in the case when the author is provided by legal protection in accordance with international treaties. For the purpose of protection of work on the territory of the Republic of Uzbekistan a person recognized as an author of work shall be determined according to laws of the state on the territory of which the work has been started to protect for the first time.

Article 1064. The start of action of the author's right

The author's right for work starts acting from the day of giving objective shape to work, reliable for impression by the third persons regardless of its publication into the light. The author's right for orally work shall act from the day of its notification to the third persons.

If work does not get into the action of Article 1063 of the

present Code, the author's right for such a work shall be protected from the day the first publication of work if it was made in the Republic of Uzbekistan.

Article 1065. Period of validity of the author's right

The author's right acts during all live of the author and fifty years after his death considering the first January of a year following after the year of the author's death.

The author's right for work created in co-authorship shall act during all live co- authors and fifty years after the death of the last of the author who has survived other co-authors.

The author's right for work which was published for the first time under the pseudonym or namelessly shall act during fifty years beginning from the first January of a year following after a year of production of work.

If during the indicated time period an anonymous author or pseudonym becomes known, the time period indicated in Paragraph 1 of the present Article shall be applied. The author's right belongs to heirs of the author and passes by inheritance during time periods indicated in the first Paragraph of the present Article. Within these time periods the author's right belongs to legal successor who have received this right under the contract with the author, his heirs and next legal successors.

The author's right for work which was published within fifty years after the death of the author shall act within fifty years after its production counting from the first January of a year which is following after the production of work.

The authorship, a name of the author and inviolability of work shall be protected without time period.

Article 1066. Passage of work into public possession

The author's right for work shall become as public possession at the expiration of time period of action of it.

The work on which its protection has never been provided on the territory of the Republic of Uzbekistan is considered as public

possession.
The works being as public possession may be used freely by any person without payment of the author's remuneration. In this case the right of authorship, the right for a name, and the right for inviolability of the work must be observed.

Article 1067. The author's contract

The author and his heir may transfer the right for use of his work to another person by the way of conclusion of the author's contract.
The author's contract is considered as onerous.
The author's contract may be concluded for the finished work or for the work which the author is liable to create (the contract of order).
The author's contract is also a contract concluded between the author and his heirs on permission for use of work within that or other limits (author's license contract).

Article 1068. Conditions of the author's contract

The author's contract must provide the following:
methods of using work (specific rights transferred under this contract);
amount of remuneration or the procedure of determination of the amount of remuneration for each method of use of work, the procedure and the terms of its payment.
In the absence of condition on time period at which the right for use of work to transfer in the author's contract, the contract may be canceled by the author at the expiration of five years from the day its conclusion if the user is notified about it in written form at six months before cancellation of the contract.
In the absence of condition on a territory within the limits of which the right for use of work acts in the author's contract, the action transferred under the contract for right shall be limited by the territory of the Republic of Uzbekistan.
The subject of the author's contract may not be rights for using of work which are unknown at the day of conclusion of the contract.

The amount of remuneration for use of work shall be determined in the author's contract by agreement of parties.

If remuneration is determined in the form of fixed sum in the author's contract on publication or on other performance of work, the maximal production of work must be established in the contract.

Refusal of the author or his heirs the right for receiving remuneration is void. The right transferred by the author's contract may be transferred to any party of the contract in full or in part to other persons only in the case when it is directly provided by such a contract.

Article 1069. Form of the author contract

The author's contract must be concluded in written form with the exception of cases provided by a Law.

Article 1070. Liability on the author contract

The party that has not performed or non-proper manner performed obligations on the author's contract shall be liable to compensate losses caused to other party including lost profit.

Article 1071. The term of validity of the author's lease contract

The author's lease contract acts within the period of time provided by it but not more the term of effectiveness of the author's right.

The author of work or his heirs regardless of including into the author's lease contract condition of time period shall have the right at the expiration of ten years from the day of conclusion of the contract unilaterally to cancel it notifying in written form about it to his contractor before six months till cancellation of the contract. Such right shall arise at an author and his heirs each ten years.

The contract may provide for the time periods of use of work, violation of which entails the right of a franchisor to cancel the contract.

Article 1072. Liability for illegal use of work without the contract

In case of use of work without the contract with the franchisor, the violator must compensate to the franchisor the lost losses caused by him including lost profit. The franchisor shall have the right claim from the violator instead of damages profits received by him as the result of violation.

The use of work by means not provided by the author's contract or by termination of effectiveness of such a contract is considered using of work without the contract.

Article 1073. Legal regulation of the author's relations

The author relations shall be regulated by the present Code and other legislation.

Chapter 61. Allied rights

Article 1074. The object of allied rights

The allied rights shall be applied to standings, performance, audio- videotape recording of performance (recording of performance), and transmittance of arrangement of on- air and cable broadcasting.

Article 1075. The subject of allied rights

The right for performance belongs to performers- artists, producers, conductors, and also their heirs. The right for using of such a performance may be transferred to other assignees.

The right for recording of performance belongs to a person created such a recording or his assignees.

The right for transmitting belongs to an organization of on - air broadcasting who has created the broadcasting or his assignees.

Article 1076. The symbols of protection of allied rights

The producer of recording of performance and a performer may use for notification on his rights the sign of protection of allied right which are located on each copy of audio - video recording or /and on each caddy contained it and consists of three elements: Latin latter "P" in circle;

A name (denomination) of a possessor of the exclusive alien

rights;
A year of the first publication of recording.

Article 1077. Rights of performance

The performer has the right for:
indication of his name during performance, on copies of recording
of performance, during broadcast or reproduction of performance;
protection of performance from defacement;
realization or allowance of use of performance.
The right of use of performance includes in the right to allow:
transmission of performance through broadcast and cable;
recording of performance with assistance of technical means;
transmission and public reproduction of recording of making
performance;
reproduction in quantity and distribution of copies of recording
of performance.
The performers exercise their rights with observance of the
rights of the authors of performed works.
Limitation of the right for use of performance shall be
established by a Law.
The provisions of Article 1062 of the present Code shall be
applied accordingly to the right for performance exercised by the
procedure of realization of the administrative task (administrative
performance).

Article 1078. Rights of a person created the recording of performance

The creator of audio recording, video recording, audio-video
recording of performance and his legal successor belong the exclusive
right for this recording. The performance of such recording by other
persons shall be allowed only with permission of the creator of recording
or his legal successor.
The creator of recording of performance or his legal successor
shall have the right to realize or to allow:
public reproduction of recording;
adaptation or other remaking of recording;
distribution of copies of recording (selling, hire and etc.)
including transmission them in abroad;

Paragraph was amended by subparagraph 10 of item 13 of Section 1
of the Law of the RUz No. 175-II of December 15, 2000.
copying of recording;

import of copies of recording.

If the right of ownership for the copy of recording of performance belongs to not a creator, the exclusive rights of use of recording including its commercial hire shall be remained for a person created this recording.

Limitation of rights of a creator of recording of performance shall be established by a Law.

Possessors of the right for recording of performance shall exercise their rights taking into consideration of the rights of authors of works and rights of performers.

Article 1079. Rights of an organization of on-air broadcasting

The organization of on-air broadcasting belongs to the exclusive right to use its telecast in any form and give permission for use of such telecast to the third persons. The use of broadcasting by the third persons shall be realized under the contract. The franchisor has the right for compensation for each type of using.

Limitation of rights of organizations of on-air broadcasting shall be established by a Law.

The organization of on-air broadcasting shall exercise its rights taking into consideration of rights of authors of works and rights of performance, and in subject to cases - possessors of rights for recording of performance and other organizations of on- air broadcasting.

Article 1080. Rights of an organization of cable broadcasting

The rights of an organization of cable broadcasting shall be established with reference to the rights of an organization of on-air broadcasting established by the present Code and a Law.

Article 1081. Liability for non-performance or non-proper performance of the contract on the use of allied rights and for illegal performance of work without the contract

A person who has not performed or performed by non-proper manner of the contract on using of allied rights or without the contract illegally using work shall bear liability for general rules on liability

for non-performance or non-proper performance of the contract or correspondingly on liability for damage caused.

Chapter 62. Right for industrial ownership (right for invention, useful model, industrial sample)

Article 1082. The legal protection of invention, useful model, industrial sample

The right for invention, useful model, and industrial sample shall be protected under the condition of giving a patent.

The claims made to invention, useful model, industrial sample under which the right arises for receiving the patent and the procedure its giving out by the Agency for intellectual property of the Republic of Uzbekistan shall be established by a Law. (In edition of the Point 1 of Article 3 of the Law of the Ruz No. ZRU-312 dtd 26.12.2011)

Article 1083. The right of use of invention, useful model, industrial sample

The patenter belongs to the exclusive rights for use of invention, useful model, and industrial sample by the patent protected at his discretion including the right to manufacture product with using of protected decisions, to use technological processes by protected patent in own manufacture, to sell or offer to selling goods containing patented decisions, to import the corresponding goods.

Other persons, other than a patenter shall not have the right to use invention, useful model, and industrial model without his permission with the exception of the cases when such use in accordance with the present Code or another Law is not violation of rights of the patenter.

Violation of the exclusive right of the patenter is a unauthorized manufacture, use, import, and offer for selling, selling, other institution in civil commerce or with this purpose storage of a product made with use of patented invention, useful model, and industrial sample and also use the method protected by the patent for invention or institution in civil commerce or with this purpose storage the product made directly by the method protected by the patent for invention.

The product is considered as made by the patented method unless otherwise proved.

Article 1084. Disposition of the right for a patent

The right for receiving a patent, rights follow from registration of an application, the right for possession of a patent and rights follow from the patent may be transferred in full or part to another person.

Article 1085. The right of authorship

The right of authorship belongs to an author of invention, useful model, and industrial sample and the right of appropriation of invention, useful model, and industrial sample for a special name.

The right of authorship and other personal rights for invention, useful model, and industrial sample arise from the day of origin of rights based on a patent.

A Law may provide for special rights, benefits and advantages of social character to an author of invention, useful model, and industrial sample.

A person indicated in the application as an author is an author unless otherwise proved. Only facts and circumstances existing till the origin of the right may be used as the proof.

Article 1086. Co-authors of invention, useful model, industrial sample

Relationship of co-authors of invention, useful model, and industrial sample shall be determined by an agreement between them.

Non- created assistance for creation of invention, useful model, industrial sample (technical, organizational or mathematic assistance, assistance for legalization of rights and etc., does not entail co-authorship.

Article 1087. Official inventions, useful model, industrial samples

The right for receiving a patent on invention, useful model, industrial sample created by a worker under fulfillment by him of his official duties or a concrete task of an employer (official invention)

belongs to the employer if it is provided by the contract between them.

The amount, terms and the procedure of payment remuneration to the author for the official invention, useful model, and industrial sample shall be determined by an agreement between him and an employer. In case of non- arrival of agreement the decision shall be made by a court.

If it is impossible to appreciate contribution of an author and an employer in the creation of an official invention, useful model, industrial sample, the right for half benefit in which the employer has received or should have received belongs to the author.

Article 1088. The form of the contract on transfer the right for patent

The contract on transfer the right for patent (on an assignment of patent) must be concluded in written form and it is the subject to registration at the agency for intellectual property of the Republic of Uzbekistan. Non- observance of written form or a claim on registration shall entail invalidity of the contract. (In edition of the Point 2 Article 3 of the Law of the Ruz No. ZRU-312 dtd 26.12.2011)

Article 1089. The form of permission (license) for use of invention, useful model, industrial sample

The lease contract and sub-lease contract shall be concluded in written form and they are subject to registration at the Agency for intellectual property of the Republic of Uzbekistan. Non-observance of written form or a claim on registration shall entail invalidity of the contract.(In edition of the Point 3 Article 3 of the Law of the Ruz No. ZRU-312 dtd 26.12.2011)

Article 1090. Liability for violation of patent

Violation of the patent must be terminated on the claim of the patenter and the violator shall be liable to compensate losses caused by him to the patenter. The patenter shall have the right to levy outcomes received by him from the violator instead of losses as the result of

violation.

Chapter 63. Rights for new grades of plants and new species of animals

Article 1091. Protection of rights for new grades of plants And new species of animals

The rights for new grades of plants and new species of animals (selective achievements) shall be protected under condition of giving of a patent.

The claims, under which the right for receiving a patent arises, and the procedure of issue of the patent for selective achievement shall be established by a Law.

The rules of Articles 1084-1090 of the present Code shall be accordingly applied to relations connected with rights for selective achievements and protection of these rights unless otherwise provided by the rules of the present Chapter and a Law.

Article 1092. Rights of an author for selective achievements for remuneration

An author of selective achievements who is not a patenter has during the period of validity the right for receiving of remuneration from the patenter for use of selective achievements.

The amount and terms of payment of remuneration to the author of selective achievements shall be determined by the contract concluded between him and the patenter.

Article 1093. Rights of a patenter

The exclusive right for use of this achievement within the limits established by a Law belongs to the possessor of the patent for selective achievement.

Article 1094. Duties of a patenter

The possessor of the patent for selective achievement must support the corresponding grade of a plant or the corresponding species of animals during the period of validity of the patent by such manner that the characteristic are preserved indicated in the description of a

grade or a species composed under their registration.

Chapter 64. Protection of secrecy of information from illegal use

Article 1095. The right for protection of secrecy of information

A person who legally possesses by technical, organizational or commercial information including of secrecies of manufacture (know-how), known to third persons (secrecy information), has the right for protection of this information from illegal use if the terms observed, established by Article 98 of the present Code.

The right for the protection of secrecy information from illegal use arises regardless of performance with respect of this information of any formalities (its registration, receiving certification and etc.).

The rules on protection of secrecy information shall not be applied with the respect to information which in accordance with a Law may not be formed official or commercial secrecy (information on legal entities, rights for property and transactions with him, which are subject to state registration, information subject to provision a state statistical report and etc.).

The right for protection of the secrecy information exercises while conditions preserved, provided by Article 98 of the present Code.

Article 1096. Liability for illegal use of secrecy of information

A person who without legal grounds received or extended the secrecy information or used it shall be liable to compensate to that who legally possesses this information losses caused by its illegal use.

If a person illegally using the secrecy information received it from a person who had not the right to expend it, about what the getter of information had not known or should not have known (a fair getter), the legal possessor of the secrecy information has the right to demand upon him compensation of losses caused of using of the secrecy information after that the fair getter has known about its illegal using.

A person legally using the secrecy information has the right to demand on termination of its using by who uses it illegally. However, a court taking into consideration of funds expended by the fair getter of the secrecy information for its using, may allows its further use on the terms of the onerous exclusive license.

A person who independently and legally received information forming the content of the secrecy information shall have the right to use this information regardless of rights of possessors of the corresponding secrecy information and shall be liable for such use before him.

Article 1097. Transfer the right for protection of secrecy of information from illegal use

A person possessing of the secrecy information may transfer the whole or its part of information forming the content of this information to another person under the lease contract.

The licensee must take appropriate measures for protection of confidentiality of information received under the contract and has the same rights for its protection from illegal use by third persons as the licensor. Unless otherwise provided in the contract, the duty to preserve confidentiality of information shall be on the licensee and after termination of the leased contract if the corresponding information goes on to remain as the secrecy information.

Chapter 65. Means of individualization of participants of civil commerce, goods, works and services

§ 1. Firm name

Article 1098. Right for a firm name

A legal entity has the exclusive right for use of the firm name on goods; package, in the advertisement, on sign-boards, prospects, accounts, printed materials, official letterheads and other documents connected with its activity and also during demonstration of goods at exhibitions and at fairs which are held on the territory of the Republic

of Uzbekistan.

Part 2 is stated in edition of Article 1 of the Law of the RUz No. ZRU-52 dtd 18.09.2006

The firm name of a legal entity shall be indicated into its founding documents. A right to the firm name shall begin from the date of state registration of a legal entity.

The firm name of a legal entity which looks like registered that it may come to identification of the corresponding persons may not be registered.

Article 1099. Use of a firm name of a legal entity in a trademark

The firm name of a legal entity may be used in the trademark belonging to him.

Article 1100. Action of the right for a firm name

The exclusive right for a name registered in the Republic of Uzbekistan as a designation of a legal entity shall act on the territory of the Republic of Uzbekistan. The exclusive right for a name registered or generally recognized by the foreign state shall act on the territory of the Republic of Uzbekistan in cases provided by a Law.

The action of the right for a firm name shall be terminated with liquidation of a legal entity or with change of its firm name.

Article 1101. Alienation of the right for a firm name

Alienation and passage of the right for a firm name of a legal entity shall be allowed only in cases reorganization of a legal entity and alienation of an enterprise in the whole. The holder of the right for a firm name may allow to another person to use his name (issue a license).

However, in this case the measures excluded of misleading a customer must be provided in the leased contract.

§ 2. Trademark (service mark)

Article 1102. Legal protection of a trademark

The legal protection of a trademark (service mark) shall be

provided on basis of its registration.
The right for a trademark shall be certified by certification on registration of a trademark (service mark). (Amended by subparagraph 8 of item 13 of Section 1 of the Law of the Republic of Uzbekistan No. 175-II of December 15, 2000.)

Article 1103. Right of use by a trademark

Article 1103 was amended by subparagraph 9 of item 13 of Section 1 of the Law of the RUz No. 175-II of December 15, 2000.

The holder of the right for a trademark has the exclusive right for use and disposition belonging to him a trademark.
The exclusive right for entering changes and additions into the trademark belongs to the holder of the right for the trademark.
The use of the trademark is considered any introduction of it into circulation by the procedure established by a Law.
Entering of any changers both as in the trademark as in its designation shall be allowed only with the consent of the holder of the right for the trademark in case of publication, public performance or other use of the trademark.
The right for inviolability of the trademark belongs to the holder of the right for the trademark.

Article 1104. Consequences of non-use of a trademark

In case of nonuse of a trademark without good reasons at all times during five years its registration may be cancelled by request of any interested person.
The issue of a license for use of the trademark is considered as its use.

Article 1105. Transfer the right to a trademark

The right for a trademark with respect of all indicated classes of goods, works and services or their part in a certification may be transferred to another person by the franchisor under the contract.
Passage of the right for a trademark shall be allowed if it may be the cause of misleading regardless of goods or its manufacturer.
Passage of the right for a trademark including its transference

under the contract or by the procedure of succession must be registered
at the Agency for intellectual property of the Republic of Uzbekistan.
(In edition of the Point 4 Article 3 of the Law of the Ruz No. ZRU-312
dtd 26.12.2011)

Article 1106. Form of the contract on transfer of the right to trademark

The contract on passage of the right for a trademark or on
provision of license must be concluded in written form or registered at
the Agency for intellectual property of the Republic of Uzbekistan.
(In edition of the Point 5 Article 3 of the Law of the Ruz No. ZRU-312
dtd 26.12.2011)

Non-observance of written form and demands on registration shall
entail invalidity of the contract.

Article 1107. Liability for violation of the right to a trademark

A person illegally using a trademark shall be liable to terminate
violation and compensate losses caused by him to the owner of the
trademark.

A person illegally using a trademark shall be liable to cancel a
picture of the trademark made, to remove from goods or its package
illegally used the trademark or its designation which looks like it
before the degree of confusion.

In case of impossibility to meet requirements established by
Paragraph 2 of the present Article, the corresponding goods are subject
to cancel.

§ 3. The name of place of location of goods

Article 1108. Legal protection of the name of place of location of goods

The legal protection of the name of place of location of goods is
given on basis of its registration.

The name of place of location (with indication of place of
location) of goods is a name of a country, settlement, region or other
geographical object using for designation of goods, particular

characteristics of it exclusively or mainly shall be determined by characteristic natural conditions for this geographical object or other factors or combination of natural conditions and these factors.

The name of place of location of goods may be a historical name of the geographical object.

The designation is not recognized as the name of place of location of goods and is not subject to registration for the purpose of its legal protection in accordance with the rules of the present Paragraph, although it represents or contains the name of a geographical object but it was entered in the Republic of Uzbekistan as universal use as the designation of goods of a fixed type not connected with the place of its manufacture. However, it does not deprive a person whose rights have been violated by unfair use of such a name, possibility of their protection by other methods provided by a Law.

The registration of a name of place of location of goods shall be made by the Agency for intellectual property of the Republic of Uzbekistan
(In edition of the Point 6 Article 3 of the Law of the Ruz No. ZRU-312 dtd 26.12.2011)

The certification on the right for use of a name of place of location of goods shall be issued on the basis of the registration.

The procedure and conditions of the registration, issue of certifications, recognition invalidity and termination of an activity of registration and certifications shall be determined by a Law.

Article 1109. Right of use of the name of place of location of goods

A person possessed the right of use of the name of place of location of goods shall have the right to place this name of a container, package, advertisement, prospects, accounts and to use it by other manner in connection with introduction of these goods in civil commerce.

The name of place of location of goods may be registered by some persons both as together as independently from each other for designation of goods meeting requirements indicated in Paragraphs 1, 2, and 3 of

Article 1108 of the present Code. The right for use of name of place of location of goods belongs to each of such a person.

Alienation, other transaction on concession a right of use of a name of place of location of goods and provision of use to them on the basis of a license shall not be allowed.

Article 1110. Area of action of legal protection of the name of place of location of goods

The legal protection of a name of a place of location of goods being on the territory of the Republic of Uzbekistan shall be provided in the Republic of Uzbekistan.

The legal protection being in another country, a name of a place of location of goods shall be provided in the Republic of Uzbekistan if this name was registered in a country of a place of location of goods and also at the Agency for intellectual property of the Republic of Uzbekistan of the Republic of Uzbekistan in accordance with the present Code.(In edition of the Point 7 Article 3 of the Law of the Ruz No. ZRU-312 dtd 26.12.2011)

Article 1111. Liability for illegal use of the name of place of location of goods

A person having the right for use of the name of place of location of goods and also organizations in protection rights of customers may demand upon that who illegally uses this name, termination of its use, removal from goods, its container, blanks and other documents illegally the used name or designation which looks like with it before degree of confusion, and if it is impossible - impressments and cancellation of goods and/or package.

A person having the right for use of the name of place of location of goods shall have the right to claim from a violator of this right compensation of losses caused.

Section V. Inheritance law

Chapter 66. General provision on inheritance

Article 1112. Bases for inheritance

Inheritance is conducted by will and by operation of law.

Inheritance by operation of law takes place when and to the extent that is not changed by will and also in other cases established by

the present Code.

Article 1113. The composition of Inheritance

The composition of the inheritance includes all rights and duties belonging to the deceased, on the day of opening of the inheritance, the existence of which does not stop with his death.

The composition of the inheritance does not include rights and duties inseparably connected with the personality of the deceased:

rights of membership, participation in commercial and other organizations being legal entities unless otherwise provided by a Law or the contract;

the right to compensation for harm caused to the life or health;

rights and duties arisen in alimentary obligations;

rights for pension, benefits and other payments on the basis of legislation on labor and social maintenance;

personal non-property rights not connected with property rights.

Personal non-property rights and other nonmaterial values belonging to the deceased may be exercised and protected by heirs.

Article 1114. Inheritance of property being of general joint ownership

The death of a participant of general joint ownership is the basis for determination of his shares in the right for general property and Section of general property or allotment from it the share of the deceased participant by the procedure established by Article 226 of the present Code. In this case an inheritance shall be opened with respect to the general property subject to a share of the deceased participant and in the case of impossibility of the Section of property in kind - with respect to value of such a share.

The participant of general joint ownership shall have the right to will his share in the right for general property which will be determined after his death in accordance with the first Paragraph of the present Article.

Article 1115. Inheritance of right for possession by land parcel of farming

Inheritance of a right for term of life heritable possession by a

land parcel of farming shall be regulated by the rules of the present
Code unless otherwise established by a Law.

Article 1116. Opening of the inheritance

An inheritance shall be opened upon the death of a citizen or
declaration by a court of him as dead.
The day of opening of the inheritance is recognized as the day
(necessarily and moment) of death of the deceased and in the case of
declaration him as dead - the day of entry into legal force of a decision
of a court declaring the citizen as dead, unless another day indicated in
the decision of the court.
If within a calendar day (twenty four hours) persons who have the
right to inherit one after another have died, they are recognized as dead
simultaneously, the inheritance shall be opened after each of them and
heirs of each of them may be called to inheritance.

Article 1117. Opening of the inheritance

The place of opening of the inheritance is the last place of
residence of the deceased. If the last place of residence of a deceased
is unknown, the place of opening of the inheritance is the place of
location belonging to the deceased of immovable property or of its based
part and in the absence of immovable property - the place of location of
the based part of movable property.

Article 1118. Heirs

Heirs under will or a Law may be citizens who are among the
loving on the day of opening of the inheritance and also children
conceived during the life of the deceased and born alive after the
opening of the inheritance.
Heirs under will may be also legal entities who were created at
the day of opening of inheritance, a state and institutions of local
governing.

Article 1119. Removal from inheritance of unworthy heirs

Persons who have intentionally derived to a life of the deceased, or any of his liable heirs or made attempt at their life shall have not the right to inherit by operation of law or by will. Exception is when persons with respect to whom the testator made the will after he had made attempt at his life.

Persons who have intentionally put obstacles in the way of the realization of the last volition by the deceased and by this have facilitated the calling of themselves or their closed persons to inheritance or an increased in the share of the inheritance due to them shall have not the right to inherit by operation of law or by will.

Parents shall not have the right to inherit by operation of law after children with respect to whom they were, by judicial procedure, deprived of parental rights and were not reinstated in these rights by the day of opening of the inheritance, and also parents (adoptive parents) and minors (adopted children) who have avoided realization of duties on the support of the deceased established by law.

Circumstances serving the basis for removal from inheritance of unworthy heirs shall be established by a court, by a suit of a person for whom such a removal creates property consequences connected with inheritance.

The rules of the present Article shall be also applied to a legacy. The rules of the present Article shall be also extend to any heirs including those who have a right to a compulsory share.

Chapter 67. Inheritance by will

Article 1120. General provisions

A will is a declaration of will of a citizen on disposition of property belonging to him or a right to it in the case of the death. A will must be made personally. Making of a will through a representative is not allowed.

A citizen may inherit all his property or a part of it to one or several persons whether included or not included in the circle of heirs

by operation of law and also legal entities, a state, or autonomous bodies.

A testator has the right without indicating the reasons for depriving of the inheritance one, several, or all heirs by operation of law. Deprivation of the inheritance an heir by operation of law shall not be applied to his issue inheriting by right of declaration unless otherwise follows from a will.

The deceased has the right to make a will containing the disposition on any property.

The deceased has the right to make a will containing the disposition on property which, at the day of making a will, was not belonged to him. If, at the day of opening of the inheritance, such a property belongs to him, the relative disposition is valid.

The deceased is free to cancel and to change a composed will at any day after its making of and has not the duty at the same time to indicate the reasons of its revocation or amendment.

The deceased has not the right to charge persons designated by him heirs in the will, duty, in its turn, to dispose by defined manner by property inherited by him in case of his death.

Article 1121. Will with condition

A testator has the right to stipulate receiving of inheritance by the defined legal condition concerning to the nature of behavior of an heir.

Unlawful conditions included in the disposal on designation of an heir or deprivation the right for inheritance, are invalid.

Condition included in the will which is not unrealizable for an heir owing to his health or according to other subjective causes may be recognized as invalid by the suit of the heir.

Article 1122. Sub-designation of an heir

A testator may, for the case if an heir indicated in the will dies before the opening of the inheritance, does not accept it or refuse from it or is removed from inheritance as worthy by the procedure of

Article 1119 of the present Code, and also in case of nonperformance by the heir under the will of legal conditions of the deceased, designate another heir (sub-designate an heir).

A sub- designated heir may be any person who in accordance with the present Code may be an heir.

Refusal of an heir under the will not in favour of a sub-designated heir shall not be allowed.

Article 1123. Inheritance of a part of property which has remained inherited

The part of property remained not living by a will shall be distributed between heirs by operation of law who are called to inheritance by the procedure of Articles 1134-1143 of the present Code.

Those heirs by operation of law are included in a number of these heirs whom another part of property was remained under a will.

Article 1124. The general rules on the form of a will

A will must be made in written form with indication of the place and day of its complication.

Wills made in written form are recognized:

notarially certificated wills;

wills equated with notarially certificated.

Wills in written form must be personally signed by the testator.

If the testator according to disfigurement, illness or illiteracy can not with his own hand sign the will, it by his request may be signed in the presence of a notary or the other person certified the will in accordance with law, by another person with indication of causes according to which the deceased can not sigh the will by his own hand.

The following may not sign the will in place of the testator:

the notary or other person certifying the will;

a person in whose benefit a will is complied or a legacy is made, the spouse of this person, his children and parents, grandchildren and great grandchildren, and also heirs by operation of law;

citizens not having full dispositive capacity;

illiterates and other persons not capable to read a will;

persons earlier condemned for false evidence.

Article 1125. Notarially certified will

A notarially certified will must be written by the testator or

written down from his words by a notary. In the writing down of the will from the testator's words by a notary, universally technical means (typewriter, computer and others) may be used.

A will written down by a notary from the testator's words must be in full read by the testator in the presence of the notary prior to singing the will.

If the testator according to disfigurement, illness or illiteracy is in a condition to read the will personally, its text shall be communicated for him by the notary, about which a corresponding note shall be made on the will with an indication of the reasons why the testator could not personally read the will.

At the wish of the testator a will may be certified by a notary without examination of its text (the secrecy of the will).

The secret of the will must be written down and signed by the testator from his hand at its risk of invalidity. A will in the presence of two witnesses and a notary must be sealed up an envelope on which the witnesses shall put their signatures with indication of the last name, first name, second name and place of residence.

The envelope signed by witnesses is sealed in the presence of witnesses and a notary in another envelope on which a notary shall put certified signature.

Article 1126. Wills equated to those notarially certified

The following are equated to notarially certified wills:

wills of citizens located for treatment in hospitals, military hospitals, other inpatient treatment institutions or living in homes for the elderly and disabled, certified by chief physicians, their deputies for the medical section, or by the duty physicians of these hospitals, military hospitals, or other inpatient treatment institutions, and also by the heads of military hospitals, directors or chief physicians of homes for the elderly and disabled;

wills of citizens who are at the time sailing on ships sailing under the state flag of the Republic of Uzbekistan, certified by the

captains of these ships; wills of citizens located in prospecting, or other similar expeditions certified by the heads of these expeditions;

wills of military service personnel and, in places of stationing of military units where there are no notaries, also wills of civilians working in these units, of the members of their families and of the members of families of military service personnel, certified by the commanders of military units;

wills of person who are in places of deprivation of freedom or who are under arrest certified by the heads of the corresponding places;

wills of person who are living in the place where there is no notary certified by officials having the right to make notarially actions in accordance with law.

The rules of Article 1125 of the present Code shall be applied to wills provided in the first Paragraph of the present Article with the exception of requirements on notarial certification of the will.

Article 1127. Revocation and amendment of a will

A testator has the duty by a new will, at any time, to revoke a will made by him entirely or to amend it by revocation, change or amendments of specific testamentary dispositions contained in it.

A will may also be revoked by elimination of all its copies by the testator or a notary or other officials by written dispositions of the testator.

An earlier made will is revoked by a later will in full or in part in which it contradicts it.

An earlier made will revoked in full or in partly by the later will is not reinstated if the later will in its turn is revoked or amended by the testator.

Article 1128. Secrecy of the will

The notary or other officials who has certified a will and also a citizen who has signed a will in place of the testator do not have the right before the opening of the inheritance to disclose information concerning the content of the will, its making, amendment, or revocation.

Article 1129. Interpretation of a will

In the inheritance of a will, the notary, the executor of the will or the court shall take into account the literal meaning of the words and expressions contained in it. In case the literal meaning of any provision of the will is not clear, the meaning shall be established by comparing this provision with other provisions and the meaning of the will as a whole.

Article 1130. Invalidity of a will

A will made in the proper form is invalid.

The invalidity of a will is also based on the rules of the present Code on invalidity of transactions.

A will may be declared invalid as the result of elimination of the procedure of making, writing or certification of the will established by the present Code, on suit of a person for whom the recognition of the will as invalid has the property consequences. The invalidity of individual dispositions contained in the will shall not affect the validity of the remaining part of the will.

In the case of declaration of the will invalid an heir who by this will was deprived of the inheritance shall have the right to inherit on the general basis.

Article 1131. Execution of a will

The testator may entrust the execution of a will to a citizen named by him in the will is not an heir (executor of the will).

The consent of this person to be the executor of the will shall be expressed by him or in an inscription on the will itself made in his own handwriting or in a statement attached to the will.

Under an agreement between them heirs have the right to entrust the execution of a will to one of the heir or another person.

In case of not attainment of such an agreement the executor of the will may be named by a court by the request of one or several heirs.

The executor of a will has the right at any time to refuse from the execution of duties charged him by the testator, will inform about it

to heirs by the will in advance. Freedom of the executor of the will from his obligations is also liable by a decision of a court according to an application of heirs.

The executor of the will must:

make protection of the inheritance and the management of it;

take all possible measures to inform all heirs and legatees on opening of the inheritance and on the testamentary legacy for their benefit;

acquire the monetary assets belonging to the deceased;

give heirs owing property to them in accordance with the wish of the deceased and law;

ensure the execution by heirs of imposed legacies to them;

perform the testamentary assignments or demand of the heirs performance of testamentary assignment by the will.

The executor of a will has the right to enter in his own name in legal and other matters connected with the management by inheritance and execution of the will and also may be engaged in participation of such matters.

The executor of a will performs his duties during the time period reasonably required for exemption of the inheritance from debts, collection being obliged to pay of amount to the deceased and accedence of all heirs into entry of the inheritance. In any case the indicated time period can not be more than a year from the day of opening of the inheritance.

The executor of a will has the right to compensation at the expense of the inheritance for necessary expenses connected with management of the inheritance and the execution of the will. Payment to the executor the will at the expense of the inheritance of compensation may be included in the will.

The executor of a will has the duty to provide for heirs on their request a report after the performance of the will.

Article 1132. Legacy

The testator ahs the right to impose on an heir by will the performance, at the expense of the inheritance, of any kind of obligation

(legacy) for the benefit of one or several persons (the legatees), who shall acquire the right to demand the performance of a legacy.

Legatees may be persons as included in or as not included in the number of heirs by operation of law.

The subject of a legacy may be the transfer to the legatee, in ownership, or in possession by other right in a thing included in the composition of the inheritance, the acquisition and transfer to him of property not included in the composition of the inheritance, the performance to him of specified work, rendering to him of a specified service and etc.

An heir upon whom the testator has imposed the performance of legacy must perform it only within the limits of the actual value of the inheritance that has passed to him less the part of debts of the testator falling upon him.

If the heir upon whom a legacy is imposed has the right to a compulsory share in the inheritance, his duty to perform the legacy is limited to the value of the inheritance that has passed to him that exceeds the amount of his compulsory share.

In cases when a legacy is imposed on all or several heirs, such legacy burdens the right to the inheritance of each of them in proportion to his share in the inheritance, unless the will has provided otherwise.

The testator has the right to impose on an heir to whom a dwelling house, apartment, or other housing premises pass the obligation to provide another person, for the right of the perpetual use of this premises or specified part thereof. In case of subsequent passage of the right of ownership to housing premises, the right of the life tenure of use shall remain in force.

The right of the perpetual use of housing premises is not alienable, not transmitted and does not pass to heirs of the legatee.

The right of the perpetual use of housing premises given to the legatee is not a reason for living of all members of a family unless otherwise indicated in the will.

In the case of the death of an heir upon whom a legacy has

imposed on or in the case of non -acceptance by him the inheritance, the performance of the legacy shall be passed to other heirs who have received his share, or the state body or autonomous bodies of citizens if the property became as escheated.

The legacy does not perform in the case of the death of a legatee before the opening of the inheritance or after the opening of the inheritance but till the day when an heir on the will had time to accept it.

A legatee is not liable for debts of the deceased.

Article 1133. Assignment of obligation

The testator may impose upon an heir obligation by will to take some actions or abstain from it not providing for anyone the right to demand as a creditor of the performance of this obligation. For conducting of general useful aim the same obligation may be imposed upon the executor of a will on the condition of the separation in the will of part of the inheritance property for the performance of assignment.

The rules containing in Article 1132 of the present Code shall be applied accordingly to assignment subject of which is actions having the property nature. The obligation to perform assignment shall be terminated if in accordance with the present Code the share of the inheritance due to or belonging to the heir upon whom was assigned the obligation to perform assignment passes to other heirs.

Chapter 68. Inheritance by operation of law

Article 1134. General provisions

Heirs by operation of law are called to inheritance in the order of priority established by Articles 1135-1141 of he present Code.

In case of inheritance by operation of law, an adopted child and his descendants on the one hand and an adoptive parent and his relatives on the other are equated to relatives by blood relatives.

An adopted child and his descendants do not inherit by operation of law after the death of the parents of the adopted child, his other

blood relatives in the line of ascent. The parents of an adopted child and his other blood relatives in the line of ascent do not inherit by operation of law after the death of the adopted child and his descendants. Each succeeding priority of the heirs by operation of law acquires the right to inheritance in case of the absence of heirs of the preceding priorities, removal from inheritance or non-acceptance by them the inheritance or refusal from it.

Article 1135. Heirs of the first priority by operation of law

Children of the deceased (included of adopted children), spouse and parents (adoptive parents) of the deceased acquire the right for the inheritance by operation of law in equal share at the first priority. Children of the deceased who were born after his death are heirs of the first priority.

Article 1136. Heirs of the second priority by operation of law

The full and half brothers and sisters of the deceased, his grandfather and grandmother, both on the side of the father and on the side of the mother acquire the right for the inheritance by operation of law in equal share at the second priority.

Article 1137. Heirs of the third priority by operation of law

The own uncles and aunts of the deceased acquire the right for the inheritance by operation of law in equal share at the third priority.

Article 1138. Heirs of the fourth priority by operation of law

The other relatives of the deceased up to the sixth degree of relation included acquire the right for the inheritance by operation of law at the fourth priority where relatives of closer degree relation have preferred right for the inheritance regarding to the relatives of farer degree of relation.

Heirs of the fourth priority calling to the inheritance inherit at the equal share.

Article 1139. Heirs of the fifth priority by operation of law

The disabled dependants of the deceased acquire the right for the inheritance by operation of law at the fifth priority if they do not inherit on the basis of Article 1141 of the present Code.

Article 1140. Inheritance by right of representation

Inheritance by right of representation assumes the passage of the share of an heir by operation of law to his descendants in case of his death before the opening of the inheritance, in which connection the share shall be divided among descendants equally who are the same degree of relation with a represented heir by operation of law. The right of representation shall act without limitation of the degree of relation upon the inheritance in a descending straight line or the right of representation shall acquire accordingly nephews (nieces) of the deceased representing his native brothers (sisters) or first cousins of the deceased representing his uncles or aunts upon the inheritance in a side line.

Article 1140-1 was supplemented in accordance with Point 1 of
Article 4 of the Law of the RUz No. ZRU-255 dtd 14.09.2010

Article 1140-1. Lapse of right to acceptance of inheritance (hereditary transmission)

In case where heir, called to inheritance under the will or law, died after opening of inheritance having had no time to accept it, the right to acceptance of inheritance due to him shall be transferred to his heirs under the law, and if all hereditary property has been bequeathed - to his heirs under the will (hereditary transmission). The right to acceptance of inheritance in the course of hereditary transmission shall not be included into the structure of inheritance opened after such heir's death.

The right to acceptance of inheritance belonged to a dead heir can be exercised by his heirs on common grounds.

The heir's right to accept a part of inheritance as an obligatory share stipulated by Article 1142 of the present Code, shall hot be transferred to his heirs.

Article 1141. Dependents of the deceased who are not capable of work

Persons who are not capable of work and who not less than one year before the death of the deceased they were dependent upon him regardless of whether they lived together with the deceased not shall be categorized as heirs by operation of law. They shall inherit together with heirs of this priority that is called to inheritance in the presence of other heirs.

Persons who are not capable of work categorized as heirs by operation of law indicated in Articles 1136-1138 of the present Code who neither are nor indicated in the circle of heirs of that priority that is called to inheritance, shall inherit together with heirs of this priority if less than one year before the death of the deceased were dependent upon him regardless of whether lived together with him.

Persons who are called to inheritance on the basis of the present Article, in the presence of other heirs by operation of law shall inherit together not more than the fourth part of inheritance.

Article 1142. The right to a compulsory share in the inheritance

Minor children or children not capable of work of the deceased including adopted children and also his spouse and parents who are not capable of work including adoptive parents inherit regardless of the content of the will not less than half the share that would have been due to each of them in case of inheritance by operation of law (compulsory share).

Toward the compulsory share shall be counted all that the heir having the right to such a share receives from the inheritance on any basis including the value of property consisting of things of ordinary

household wares and items of home use the value of a legacy established
for the benefit of such an heir.

Any limitations and encumbrances established in the will for an
heir having the right for the compulsory share in inheritance are valid
only with respect to such a part of transferring inheritance to him which
exceeds the compulsory share.

Article 1143. The rights of a spouse upon inheritance

A right of inheritance belonging to the spouse by virtue of a
will or operation of law does not affect his other property rights
connected with status of marriage with the deceased including the right
of ownership for the part of property which has been acquired jointly in
the marriage.

Paragraph was excluded by Paragraph 2 of Section IX of the Law of the RUz No. 671-II of August 27, 2004.

Article 1144. Protection of inheritance and management by it upon inheritance by operation of law

In the cases if the part of inheritance inherits by the will, the
executor of the will named by the deceased shall conduct protection of
inheritance in full and management by it including and that part of the
inheritance which will be transferred by the procedure of inheritance by
operation of law.

The executor of the will imposed in accordance with Article 1131
of the present Code heirs by the will or by a court, performs duties on
protection of inheritance in full and management by it if heirs by
operation of law shall not claim to impose a manager by inheritance for
performance of indicated duties with reference to the part of inheritance
transferring by the procedure of inheritance by operation of law.

The manager by inheritance shall be imposed by a notary on the
place of the opening of inheritance by the request of one or several
heirs by operation of law. An heir by operation of law, who does not
agree with appointment of a manager by inheritance or his choice, has the

right to contest against the manager of inheritance in a court. If heirs by operation of law are absence or unknown, a state of body or institutions of local governing of citizens must apply to a notary with the request on appointment of a manager of inheritance. In the case of appearance of heirs by operation of law, a manager of inheritance may be withdrawn by their request with compensation of necessary expenses to him and payment of reasonable remuneration at the expense of inheritance.

The manager of inheritance exercises power provided by Article 1131 of the present Code as applied to the executor of the will unless otherwise follows from peculiarities of inheritance by operation of law.

The manager of inheritance has the right to compensate at the expense of inheritance of necessary expenses on protection of inheritance and management by it unless otherwise provided by his agreement with heirs - and for remuneration.

Chapter 69. Acceptance of the inheritance

Article 1145. General provisions

An heir shall acquire the right for inheritance due to him or part of it (share) from the day of opening of the inheritance if he does not subsequently refuse from thee inheritance, does not deprive the right for the inheritance, and does not forfeit his right for the inheritance in consequence of recognition of invalid testamentary disposal on imposing him as an heir.

Article 1146. Issue of certification of the right to an inheritance

A notary at the place of opening of the inheritance by the request of an heir must give him a certification of the right to an inheritance.

A certification of the right to an inheritance shall be issued upon the expiration of six months from the day of opening of an inheritance.

For inheritance both by operation of law and by will, the

certification may be issued before the expiration of indicated time of
period if there are data at a notary to the effect that, except for the
persons applying for the issuance of the certificate, there are no other
heirs in relation of having respective property or the whole inheritance.

Article 1147. Right to refuse an inheritance

A heir shall have the right to refuse an inheritance at any time
from the date of opening of inheritance. (Part I is stated in edition of
Point 2 of Article 4 of the Law of the RUz No. ZRU-255 dtd
14.09.2010)

In the presence of good reasons this time period may be extended
by a court however not more than two months.
A refusal of an inheritance makes by presenting of application by
an heir to a notary at the place of opening of inheritance.
A refusal of an inheritance through a representative is possible
if the special power for such a refusal was provided in the power of
attorney.

(Part V is excluded in accordance with Point 2 of Article 4 of the Law of
the RUz No. ZRU-255 dtd 14.09.2010)

Article 1148. Limitation of the right of refusal
of inheritance

If an heir is called to inheritance both by will and by operation
of law, he has the right to refuse the inheritance due to him on one of
these bases or on both bases. An heir has the right to refuse of
inheritance due to him by right of accrual regardless of inheritance of
the remaining part of inheritance.
In the case of the refusal of inheritance an heir has the right
to indicate that he refuses it for the benefit of other persons from
among heirs by the will or by operation of law.
A refusal of a part of the inheritance, of an inheritance with
reservations or under a condition is also not allowed with the exception
of cases provided by the present Article.

Article 1149. The right of refusal of acceptance
of a legacy

A legatee has the right to refuse to accept a legacy.

The partial refuse, refusal with reservations or under a condition or for the benefit of another person is not allowed.

The right provided by the present Article does not depend upon his right of the legatee who is simultaneously an heir, for the refusal of the inheritance.

If the legatee has used the right provided by the present Article, an heir burdened with the testamentary refusal shall be freed from obligation to perform it.

Article 1150. Section of an inheritance

Any of heirs by operation of law accepted the inheritance has the right to demand Section of an inheritance.

The Section of inheritance shall be realized on the basis of the agreement of heirs in accordance with due to them shares and in the case of not attainment of the agreement - by the procedure of a court.

The rules of the present Article shall be applied to the Section on inheritance between heirs by will in cases when the whole inheritance or its part has been inherited in shares without indication of the specific property.

Article 1151. Rights of absent heirs

If there are persons among heirs whose whereabouts is unknown, the remaining heirs, the executor of will (a manager of inheritance) and a notary are liable to take necessary measures to finding their whereabouts and calling them to inheritance.

If an absent heir called to inheritance whose whereabouts has established does not refuse the inheritance , the remaining heirs must note him about their intention to make Section of the inheritance. If during three months from the day of such a notification an absent heir does not notify the remaining heirs about his wish to participant in an agreement on the Section of an inheritance, the remaining heirs shall have the right to make the Section on the agreement between themselves for the

separation of the share due to the absent heir. (In edition of Point 3 of
Article 4 of the Law of the RUz No. ZRU-255 dtd 14.09.2010)

If during a year from the day of opening inheritance the whereabouts of the absent heir was not established and there is no information on his refusal of the inheritance, the remaining heirs shall have the right to make the Section by the rules of the second Paragraph of the present Article.

In case there is an heir who has been conceived but not yet born, Section of the inheritance may be realized only after the birth of such heir.

If an heir who has been conceived but not yet born, shall be born alive, that the remaining heirs shall have the right to make the Section of an inheritance only with the separation of the share due to him. For the purpose of protection of the interests of a recently born, the representative of the body of guardianship and curatorship must be invited for the participation in the Section.

Article 1152. Inheritance of an enterprise

Unless otherwise established by an agreement of all heirs accepted inheritance, an enterprise included in the composition of the inheritance is not subject to the Section in the nature and enters into joint shared ownership of heirs in accordance with shares due to them.

Article 1153. Priority right of individual heirs to inherited property

Heirs who are living together with the deceased during three years before opening of the inheritance shall have, upon the Section of the inheritance, a priority right to receive from the composition of the inheritance of a dwelling house, apartment or other living premises and also objects of household wares and items of home use.

Heirs who possess together with the deceased the right of common ownership for property, upon the Section of the inheritance, shall have the priority right to receive in nature from the composition of the inheritance the property being in the common ownership.

In case of the realization of priority rights indicated in Paragraphs 1 and 2 of the present Article, the property interests of other heirs taking part in the Section must be observed.

If in the result of the realization of these rights, property forming the inheritance is not sufficient for providing to other heirs shares due to them, the heir exercising the priority right must provide them the appropriative monetary or property compensation.

Article 1154. Accrual of inheritance shares

In case of the refusal of the inheritance by an heir or his elimination by circumstances indicated in Article 1119 of the present Code, the part of the inheritance that would have been due to such an heir shall pass to the heirs by operation of law called to inheritance and shall be distributed among them in proportion to their inheritance shares.

In the case when the deceased has willed all property to heirs named by him, the part of the inheritance due to the heir who refused the inheritance or was eliminated, shall pass to the remaining heirs by will and shall distribute among them proportion to their inheritance shares unless otherwise provided by will.

The rules contained in the first Paragraph of the present Article shall not be applied to:

if an heir has been sub-designated to the heir who has refused the inheritance or has been eliminated;

in the case when a heir has refused the inheritance for the benefit of a defined person;

in cases when the refusal or elimination of an heir shall entail calling to an inheritance of the heirs of next priority by operation of law in the case of inheritance.

Article 1155. Expenses which are subject to payment at the expenses of an inheritance

Claims on compensation of necessary expenses caused by the predeath illness of the deceased, expenses for a funeral for the

deceased, expenses connected with the acceptance of the inheritance, its protection, management of it and with the execution of the will, and also payment of remuneration for the executor of will or a manager of the inheritance shall be subject to satisfaction at the expense of the inheritance before its sharing among heirs. These claims are subject to satisfaction from the value of the inheritance predominantly before all other claims including acquired mortgage or other pledge.

Article 1156. Collection of debts of the deceased by creditors

The creditors of the deceased shall have the right to present their claims following from the obligations of the deceased to an executor of will (a manager of the inheritance) or to heirs. In this case heirs shall be liable for the debts jointly and severally within the limits of the value of property passed to each of an heir.

Article 1157. Escheated property

In case if there are no heirs by operation of law or by will or none of the heirs has the right to inherit or all heirs have refused the inheritance the inherited property is considered escheated.

The inherited property is considered escheated on basis of the decision of the court by application of a state body or a body of self-government of citizens at the place of the opening of the inheritance on the expiration of three years from the day the opening of the inheritance. (In edition of Point 4 of Article 4 of the Law of the RUz No. ZRU-255 dtd 14.09.2010)

The inherited property is considered escheated before the indicated time period if expenses connected with protection of the inheritance and management by it have exceeded its value.

Escheated property passes to ownership of a body of self-government of citizens at the whereabouts of the corresponding property and in the case of its refusal of the inheritance to the ownership by the state. Protection of escheated property and management

by it shall be conducted in accordance with Article 1144 of the present Code.

Section VI. Application of norms of private international law to civil-law relations

Chapter 70. General provision

Article 1158. Determination of the law applicable to civil-law relations complicated by foreign element

The law applicable to civil-law relations with the participation of foreign citizens or foreign legal entities or complicated by another foreign element shall be determined on the basis of the present Code, or other laws, international treaties and customs recognized, and also on the basis of an agreement of parties.

An agreement of parties on alternative of law must be evidently expressed or directly followed from the conditions of a treaty and factual backgrounds considered in their body.

If in accordance with Paragraph 1 of the present Article it is impossible to determine an applicable law, shall be applied to law that closely connected with civil-law relations complicated by foreign element.

The application of norms of foreign law may not be limited only on that basis that the present norm has the public -law nature.

Article 1159. Legal Characterization

Legal characterization by a court or by other state body of legal concepts is based on their interpretation in accordance with the Republic Uzbekistan law as a country's place of consideration of contention unless otherwise provided by a Law.

If the legal concepts are unknown to the Republic Uzbekistan law as a country's place of consideration of contention or are known under another name or with another content or cannot be determined by interpretation in accordance with the Republic Uzbekistan law, foreign state law may be also applied to their legal characterization.

Article 1160. Ascertainment of the content of norms of foreign law

In the application of foreign law by the court or by another state body shall ascertain the content of its norms on accordance with their official interpretation, practice of application, and scholarly opinion in the respective foreign state.

For the purpose of ascertaining the content of norms of foreign law, the court may apply through the established procedure for assistance and explanations to the Ministry and other national competent bodies or organizations included being in abroad or involve experts.

Persons participating in a case shall have the right to present documents confirming the content of the norms of foreign law on which they rely in justification of their claims or defenses and otherwise assist the court or other state body in the ascertainment of the content of those norms.

If the content of the norms of foreign law, despite measures taken in accordance with the present Article is not ascertained within reasonable time periods, the Republic of Uzbekistan shall be applied.

Article 1161. Renvoi and renvoi to the third country law

Any reference to foreign law in accordance with the rules of the present Section shall be considered as a reference to the substantive, but not to the conflicts law of the respective country, with the exception of cases provided by the present Article. Renvoi to the Republic of Uzbekistan law and reference to the third country law shall be accepted in cases of the application of foreign law in accordance with Article 1168, Paragraphs 1, 3 and 5 of Article 1169, Articles 1171 and 1174 of present Code.

Article 1162. Consequence of avoidance of law

Agreements and other operations of participants of the relation regulated by the present Code directed to avoidance of the rules of the present Section on the applicable law to comply the respective relations with other law are invalid. In this case the respective state law shall be applied which is applicable in accordance with the present Section.

Article 1163. Reciprocity

The court or other state body applies to foreign law regardless of whether the Republic of Uzbekistan law is applied in the respective foreign state to similar relations, with the exception of cases when the application of foreign law on the principle of reciprocity is provided by a Law.

The application of foreign law depends upon reciprocity; it shall be presumed that reciprocity exists, unless it is proved otherwise.

Article 1164. Public policy exception

Foreign law shall not be applied in cases when its application would contradict the bases of the legal order (public policy) of the Republic of Uzbekistan. In these cases the law of the republic of Uzbekistan shall be applied.

A refusal to apply a foreign law may not be based merely on the difference in the legal, political, or economical system of the respective foreign state from the legal, political, or economic system of the Republic of Uzbekistan.

Article 1165. Application of imperative norms

The rules of the present Section do not affect the operation of those imperative norms of the law of the Republic of Uzbekistan regulated the respective relations regardless of the applicable law.

In the application of the law of any country according to the rules of the present Section, the court may accept the imperative norms of the law of another country having a close connection with the relation, if according to the law of that country such norms must regulate the respective relations regardless of the applicable law. In this case, the court must take into account the purpose and nature of such norms as well as the consequences of their application.

Article 1166. Application of the law of a country with a multiplicity of legal systems

In the case when the application law is the law of a country in which several territorial or other legal systems are in effect, the legal system determined in accordance with the law of that country shall be applied.

Article 1167. Retorsion

The Government of the Republic of Uzbekistan may establish retaliatory limitations (retorsion) with respect to rights of citizens and legal entities of those states in which there are special limitations of rights of citizens and legal entities of the Republic of Uzbekistan.

Chapter 71. Conflict rules

§ 1. Persons

Article 1168. Personal law of a physical person

The personal law of a physical person shall be considered to be the law of the country whose citizenship this person has. If a person has two or several foreign citizenship, his personal law shall be considered to be the law of the country in which this person has a place of residence.

The personal law of a person without citizenship shall be considered to be the law of the country in which this person has a place of residence.

The personal law of a refugee shall be considered to be the law of the country that has given him asylum.

Article 1169. The legal capacity and dispositive capacity of a physical person

The legal capacity and dispositive capacity of a physical person shall be determined by his personal law.

Foreign citizens and persons without citizenship shall enjoy in the Republic of Uzbekistan civil legal capacity equally with Uzbek citizens, except for cases established by laws and international treaties of the Republic of Uzbekistan.

The civil legal capacity of a physical person in respect of

transactions and obligations arising as a result of harm caused shall be determined by law of the country of the place of making the transaction or arising of obligations from harm caused. Capacity of a physical person to be an individual entrepreneur and to have connected with it rights and duties shall be determined by the law of the country where such a physical person is registered as an individual entrepreneur. In the absence of the country of registration, the law of the country of the main place of conduct of entrepreneurial activity shall be applied.

Recognition of a physical person as lacking dispositive capacity or as being of limited dispositive capacity is subject to the law of a country where a court is.

Article 1170. Recognizing a physical person as missing and in declaring a physical person as dead

Recognition of a physical person as missing and declaring as dead is subject to the law of a country of a court.

Article 1171. The name of a physical person

The rights of a physical person to a name, its use, and protection shall be determined by his personal law, unless otherwise arises by the rules provided by Paragraphs 4 and 7 of Article 19, Article 1179 and 1180 of the present Code.

Article 1172. Registration of acts of civil status of citizens of the Republic of Uzbekistan outside of Republic of Uzbekistan

Registration of acts of civil status of citizens of the Republic of Uzbekistan who are living abroad of Republic of Uzbekistan shall be done at the consular offices of the Republic of Uzbekistan. In this case legislation of the Republic of Uzbekistan shall be applied.

Article 1173. Recognition of documents issued by agencies of a foreign state in certification of acts of civil status

The documents issued by competent agencies of foreign states in certification of acts of civil status made abroad of the Republic of

Uzbekistan by laws of corresponding states in respect to citizens of Republic of Uzbekistan, foreign citizens and persons without citizenship shall be recognized as valid in the Republic of Uzbekistan if there is legalization or appostille. (In edition of Article 1 of the Law of the RUz No. ZRU-322 dtd 10.04.2012)

Article 1174. Guardianship and curatorship

Guardianship and curatorship over a minor or a person who is without dispositive capacity or of limited dispositive capacity shall be established and terminated according to the law of the country of a court.

The duty of the guardian (or curator) to accept the guardianship (or curatorship) shall be determined according to the personal law of the person appointed as a guardian (or curator).

The legal relations between the guardian (and curator) and the person under guardianship (or curatorship) shall be determined according to the law of the country whose organization has appointed the guardian (or curator). However, when a person who is under guardianship (or curatorship) has his place of residence in the Republic of Uzbekistan shall be applied to the law of the Republic of Uzbekistan if it is more beneficial for this person.

Guardianship (or curatorship) established under citizens of the Republic of Uzbekistan who are living abroad of the Republic of Uzbekistan shall be recognized as valid in the Republic of Uzbekistan if no one is against of establishment of guardianship (or curatorship) or against of its recognition based on a Law by the relative consular office in the Republic of Uzbekistan.

Article 1175. Law of a legal entity

The law of a legal entity shall be considered to be the law of the country where this legal entity was founded.

Article 1176. The civil legal capacity of a legal entity

The civil legal capacity of a legal entity shall be determined by the law of a physical person.

A legal entity may not rely upon a limitation of the powers of its body or representative for making of a transaction if the limitation is unknown to the law of the country in which the body or representative of the legal entity made the transaction.

Article 1177. National regime of an activity of foreign legal entities in the Republic of Uzbekistan

Foreign legal entities shall conduct entrepreneurial activity or other activity regulated by civil legislation in the Republic of Uzbekistan unless otherwise provided by a Law of the Republic of Uzbekistan for foreign legal entities.

Article 1178. Participation of the state in civil-law relations complicated by a foreign element

The rules of the present Section shall be applied on general bases to civil-law relations complicated by a foreign element unless otherwise provided by a Law.

§ 2. Personal nonproperty rights. Intellectual property

Article 1179. Protection of personal nonproperty rights

The law of the country where the place of activity or other circumstance happened that served as the basis for demand on protection of such rights shall be applied to personal nonproperty rights.

Article 1180. Rights for intellectual property

The law of the country where protection of these rights is requested shall be applied to intellectual ownership.

Contracts which are subject of the right for intellectual ownership shall be regulated by the law determined according to provisions of the present Section on contractual obligations.

§ 3. Transactions. Representation. Limitation of actions

Article 1181. Form of a transaction

The form of a transaction shall be subject to the law of the

place where it is made. However, a transaction made abroad may not be recognized as invalid as the result of nonobservance of form if the requirements of Uzbek law were observed.

A foreign economic transaction in which at least one of the parties is an Uzbek legal entity or a citizen of the Republic of Uzbekistan shall be subject, regardless of the place where the transaction is made in written form.

The form of a transaction with respect to immovable property shall be subject to the law of the country where this property is located, and with respect to immovable property that is entered into a state register in the Republic of Uzbekistan - to the Republic of Uzbekistan law.

Article 1182. Power attorney

The form and period of effectiveness of a power of attorney shall be determined according to the law of the country where the power of attorney was issued. However, a power of attorney may not be recognized as invalid as the result of nonobservance of the form if the requirements of the law of the Republic of Uzbekistan were observed.

Article 1183. Limitation of actions

Limitation of actions shall be determined according to the law of the country which is applicable to the respective relation.

The requirements on which the limitation of action does not apply shall be determined according to the law of the Republic of Uzbekistan if in which at least one of the parties of the respective relation is a citizen of the Republic of Uzbekistan or the a legal entity of the Republic of Uzbekistan.

§ 4. Rights in things

Article 1184. General provisions on the law applicable to rights in things

The right of ownership and other rights in things to immovable and movable property shall be determined according to the law of the

country where this property is located unless otherwise provided by a Law.

The classification of property as immovable or movable and also other legal classification of property shall be determined according to the law of the country where this property is located.

Article 1185. Origin and termination of rights in things

The origin and termination of the rights in things to property shall be determined according to the law of the country where this property was located at the time when the activity or other circumstances happened that served as the basis for the origin or termination of the rights in things unless otherwise provided by laws of the Republic of Uzbekistan.

The origin and termination of the rights in things to property which is subject to a transaction shall be determined according to the law of the country to whom this transaction was subordinated, unless otherwise established by an agreement of parties. The origin of the right of ownership to property by virtue of acquisitive prescription shall be determined according to the law of the country where the property was at the end of the time period of acquisitive prescription.

Article 1186. Rights in things to transport means and other property that are subject to state registers

Rights in things to transport means and other property which are subject to include in state registers shall be determined according to the law of the country where those transport means or property were registered.

Article 1187. Rights in things to movable property in transit

The right of ownership and other rights in things to movable property being in transit under a transaction shall be determined according to the law of the country from which this property was sent unless otherwise established by agreement of parties.

Article 1188. Protection of rights in things

The law of the country by the choice of an applicant where property is located or the law of the country of a court shall be applied to protection of the right of ownership or other rights in things.

The law of the country shall be applied to protection of the right of ownership or other rights in things to immovable property where this property is located. The law of the Republic of Uzbekistan shall be applied to the relation of property that was included in a state register of the Republic of Uzbekistan.

§ 5. Contractual obligations

Article 1189. Choice of law by parties to a contract

The contract shall be regulated by the law of the country chose by an agreement of parties unless otherwise provided by a Law.

The parties of the contract may choose the applicable law both for the contract as a whole as well as for individual parts thereof.

The choice of the applicable law may be done by the parties of the contract at any time both as during the conclusion of the contract as well as in the following.

The parties may also at any time make conclusion about changing of the applicable law to the contract.

Article 1190. The law applicable to a contract in the absence of agreement of the parties

In the absence of an agreement of the parties on the applicable law, the law of the country where the party is founded has the place of residence, or the main place of operation shall be applied to this contract, is in particular:

the seller - in a contract of purchase and sale;
the donor - in a contract of gift;
the lessor - in a contract of lease;
the lender - in a contract of uncompensated use by property;
the contractor - in a work contract;
the carrier - in a contract of carriage;
the freight forwarder - in a contract of freight forwarding;
the creditor - in a contract of loan or other credit contract;
the delegate - in the contract of delegation;
the commission agent - in a contract of commission agency;
the bailee - in a contract of storage;

the insurer - in a contract of insurance;
the surety - in a contract of suretyship;
the pledgor - in a contract of pledge;
the licensor - in a license contract on using of the exclusive rights.

In the absence of an agreement of the parties on the applicable law the following shall be applied regardless of provisions of the first Paragraph of the present Article:

to the contract on immovable property - the law of the country where this property is located;

to the contract on joint activity and the construction work contract - the law of the country where such activity is conducted or the results are created by provided contract; to the contract concluded at an auction, under tender or at a broker's board - the law of the country where an auction, tender, or a broker's board is located.

The law of the country shall be applied to the contract not indicated in Paragraph 1 and 2 of the present Article, in the absence of an agreement of the parties on the applicable law, where the party is founded, has the place of residence, or the principle place of activity, that makes performance having the decisive importance for the content of such a contract. In the case of impossibility to determine the performance that has the decisive importance for the content of the contract, the law of the country with which the contract is most closely connected shall be applied.

Article 1191. The law applicable to a contract for the creation of a legal entity with foreign participation

The law of the country where the legal entity is founded shall be applied to the contract for the creation of a legal entity with foreign participation.

Article 1192. Sphere of operation of the law applicable to a contract

The law applicable to a contract in accordance with provisions of the present Paragraph includes in particular:

the interpretation of the contract;

the rights and duties of parties;

the performance of the contract;
the consequences of nonperformance or improper performance of the
contract;
the termination of the contract;
the consequences of the invalidity and invalidity of the contract;
the assignment of claims and transfer debts in connection with
the contract.
The law of the country where the realization performs shall take
into consideration with respect of methods and procedures of performance
and also measures that must be taken in case of improper performance with
the exception of the applicable law.

§ 6. Noncontractual obligations

Article 1193. Obligations arising from unilateral actions

The rules of Paragraph 4 of the present Section shall be applied
to obligations arising from unilateral actions (public promise of a
reward, activity in alien interests without commission and others).

Article 1194. Obligations arising as the result of causing harm

The rights and duties to obligations arising as the result of
causing harm shall be determined according to the law of the country
where the action or other circumstances took place that served as the
basis for the claim for compensation for harm.
If the parties are citizens or legal entities of one and the same
country, the rights and duties to obligations arising as the result of
causing harm in another country, shall be determined according to the law
of this state.
If the action or other circumstances that served as the basis for
the claim for compensation for harm by legislation the Republic of
Uzbekistan is not unlawful, the foreign law shall not be applied.

Article 1195. Liability for harm caused to a customer

To a claim for compensation for caused at a customer in
connection of buying of goods, making works, or rendering services, at
the choice of the custom there shall be applied:

the law of the country where the custom has his place of residence;

the law of the country where the manufacturer or person who has performed the work, rendered services has his place of residence or the whereabouts;

the law of the country where the custom acquired goods, accepted the result of the work or services was rendered to him.

Article 1196. Unjust enrichment

The law of the country where the enrichment took place shall be applied to obligations arising as the result of unjust enrichment.

If unjust enrichment arises as the result of lapse of the basis under which property was obtained or economized, the applicable law shall be determined according to the law of the country to which this basis was subject. The definition of unjust enrichment shall be determined according to the law of the Republic of Uzbekistan.

§ 7. Inheritance law

Article 1197. Relations for inheritance

Relations for inheritance shall be determined according to the law of the country where the deceased had his last place of residence unless otherwise provided by Articles 1198 and 1199 of the present Code if the deceased does not choose the law of the country where he is a citizen in the will.

Article 1198. Capacity of persons to compile and revoke a will, the form of a will and act of its revocation

The capacity of a person to compile and revoke a will and also the form of a will or the act of its revocation shall be determined according to the law of the country where the testator had his place of residence at the time of compilation of act, if the testator has not chosen the law of the country where he was a citizen in the will. However, a will and its revocation may not be recognized as invalid as the result of nonobservance the form if the latter meets requirements of

the law of the place of compilation of act or of the Republic of Uzbekistan.

Article 1199. Inheritance of immovable property and property subject to including into the state register

Inheritance of immovable property shall be determined according to the law of the country where this property is located, or the property included into the state register in the Republic of Uzbekistan, - by the right of the Republic of Uzbekistan.