

LAW ON CONSENSUAL CHARGES ON MOVABLES REGULATIONS

Authority to Make Regulations

Article 1 - The following Regulations are made by the Minister of Justice in accordance with Article 42 of the *Law of Consensual Charges on Movable*s.

Definitions

Article 2: In these regulations:

"Aircraft" – means a machine, including an airplane or helicopter, that is propelled by a propeller or a jet engine and that is supported by the dynamic reaction of the air against its wings or against its propeller.

"Charge Registry Certificate" – is a hard copy document issued by the Charge Registry pursuant to Article 48 of the *Law of Consensual Charges on Movable*s.

"Charge Registry System" – means the computer system of the Charge Registry.

"CH Number" -- means a number issued to a chargeholder by the Chief Registrar that may be used in place of JP number or the name of the chargeholder in a registration to identify the chargeholder.

"Chief Registrar" – means the person appointed by the Minister of Justice in accordance with paragraph (3) of Article 41 of the *Law of Consensual Charges on Movable*s.

"Database" - means the database created and operated by the Charge Registry pursuant to the *Law of Consensual Charges on Movable*s.

"JP Number" means the (13) digit identification number assigned to a juridical person (joint-stock company or limited liability company) by _____ according to relevant legislation.

"Law" - means the Law of Consensual Charges on Movable

s.

"Vehicle" - means a motor vehicle or vehicle as defined in Section 1 of the Traffic Code but does not include a trailer, a wagon or bicycle.

"Name of the chargeholder" means the name in the form as prescribed by Article 10 and the Registry Rules;

"Name of the chargor" means the name in the form as prescribed by Article 10;

“Registration” – includes the data transmitted to the Charge Registry and entered into the Charge Registry Database in a manner provided for in the Law and these regulations and includes an amendment to a registration.

“Registration information -- means data transmitted to the Charge Registry in order to effect a registration or a discharge of a registration.

“Registration Number” – is a unique number assigned to each registration by the Charge Registry System.

“Registry Rules” – means rules promulgated by the Chief Registrar relating to use of Registry facilities and operation of the Registry.

“Screen” - means an electronically reproduced image prescribed by the Charge Registry System that is used for the purpose of facilitating the transfer of data to the Charge Registry or viewing of data that exist in the Charge Registry as a Search Result or a Confirmation of Registration.

Search Result - means data supplied to a person by the Charge Registry as provided in Article 48 of the Law.

"Serial numbered property" - means a motor vehicle and an aircraft.

“Serial Number”

-for a vehicle, means the last ten-alpha-numeric characters of the vehicle registration number as set out on the registration certificate issued under the Traffic Code without punctuation, hyphens or other markings;

-for an aircraft that must be registered pursuant to the Aeronautics Act Convention on International Civil Aviation 1944 (Chicago) is the registration marks, without hyphens, assigned to the airframe by the relevant licensing authority as described in the Convention ;

“User Account” – means an account assigned by the Charge Registry which allows access to the Charge Registry Database for the purpose of effecting registrations and obtaining search results.

“User Account Owner” – is a person under whose name the User Account is recorded in the Charge Registry database.

Operation of the Charge Registry System

Article 3 -- The Charge Registry shall provide its services to any person who complies with the requirements to obtain these services as provided in the *Law*, these Regulations, Registry Rules and any other Law providing for registration in the Charge Registry.

Article 4 -- The Chief Registrar may make Registry Rules for effecting registrations and obtaining search results and for accessing any other service of the Charge Registry as may be

required for its proper functioning and may from time to time amend, supplement or repeal the Rules.

Article 5 – (1) The Charge Registry accepts registrations between 08:00 to 15:00 daily except weekends and holidays. Searches are available 24 hours a day including weekends and holidays.

Article 5 - (2) The services of the Charge Registry may be provided by an agency of the Government of Iraq pursuant to arrangements between the Chief Registrar and the managers of the agency.

Registry Fees and User Accounts

Article 6 – (1) The services of the Charge Registry shall provided only to a person who has a User Account with sufficient credit to pay Registry fees or to a person who has otherwise tendered payment for the service requested.

Article 6 – (2) A user account for a person shall be created when a contract providing for an account has been entered into between the person and the Chief Registrar. Access to Registry services shall be in accordance with these Regulations and the terms of the contract.

Article 6 – (3) A User Account Owner shall deposit money in any designated account of the Charge Registry which money shall be credited to that person's user account.

Article 6 – (4) Upon termination of a user account contract, the Chief Registrar shall return to the User Account Owner the amount of any credit in that person's user account.

Article 6 – (5) A User Account Owner is deemed to have full authority to transmit registration information to effect a registration or to amend or discharge a registration that was effected by that owner or another person who is also a User Account Owner of the same account including a registration in which in which persons other than or in addition to the User Account Owner are identified as chargeholders.

Effecting a Registration

Article 7 – (1) A person seeking to effect a registration or a discharge of a registration shall submit to the Charge Registry in the manner prescribed by the Registry Rules registration information and related information using the relevant registration form or screen.

Article 7 – (2) The Charge Registry has no responsibility for changes, omissions or corruption of data until the data are received by the Charge Registry and has no obligation to verify registration information submitted to it.

Article 7 - (3) Except as specifically provided in these Regulations or the *Law*, the Chief Registrar shall not change, alter or add to any registration information received by the Charge Registry.

Article 7 - (4) Registration information that does not comply with these Regulations or that is incomprehensible, illegible or incomplete or not otherwise suitable for the purposes of effecting a registration or discharge of a registration shall be rejected by the Chief Registrar or the Charge Registry System and a registration or discharge based on this information may not be effected. The Chief Registrar may provide an explanation when registration information is rejected.

Responsibility of the Charge Registry

Article 8 – (1) The Charge Registry System may permit a registration without proof that the person who has submitted registration information is a person who has authority to do so.

Article 8 – (2) A form of Discharge of Registration that has been completed in accordance with these regulations and submitted to the Charge Registry shall be deemed to have been submitted or authorized by the chargeholder identified in the registration.

Article 9: The maximum amount payable pursuant to Article 53 of the *Law* for loss directly resulting from an error or omission of Charge Registry or from a malfunction of the registry system with respect a registration or discharge of a registration shall not exceed _____ dinars.

Identification of Chargor and Chargeholder

Article 10 - (1) If the chargor or chargeholder is a natural person the name must be specified in the designated place on the relevant registration form or screen in the manner prescribed by the Registry Rules. For this purpose, a person's name is the following information set out in the following order: personal name and father's personal name and grandfather's personal name and mother's personal name and family and, in the case of a chargor, the birth date stated as day/month/year.

Article 10: (2): If the chargeholder is a natural person who carries on a business activity which is not a registered as a juridical person, in addition to the name as required by paragraph (1), the trade name of the business registered with the Register of Commerce must be specified in the designated place on the relevant registration form or screen in the manner prescribed by the Registry Rules

Article 10 -- (3) If the chargor or the chargeholder is a juridical person, the JP number, or, in the case of a chargeholder who has been issued a CH number, the CH number, must be specified in the designated place on the relevant registration form or screen in the manner prescribed by the Registry Rules.

Description of Collateral

Article 11 – (1) When registration information relates to serial numbered property that is not held for sale in the ordinary course of the chargor's business, there must be included in the designated places on the relevant registration form or screen in the manner prescribed by the Registry Rules:

- a. the type of collateral using the following designations: C for car; T for truck; Ag. V for agricultural vehicle; Con. V. for construction vehicle; and M for motorcycle;
- b. the serial number of the serial numbered property;
- c. the name of the manufacturer as displayed on the property; and
- d. the model year of the collateral.

Article 11 – (2) When the registration information relates to property that is not serial number property or that is serial number property held for sale in the ordinary course of the chargor’s business, there must be included in the designated place on the relevant form or screen in the manner prescribed by the Registry Rules, a description of the property that:

- a. identifies specific items of property; or
- b. states in generic terms the kind or kinds of property.;

Article 11 – (3) A description of property in generic terms shall be interpreted as including all property of that kind owned by the chargor at the date of the registration and property of that kind acquired by the chargor while the registration is effective.

Article 11 – (4) Where the registration relates to a general privilege, there is no requirement that a property description be included in the registration information.

Article 11 - (5) Where the registration relates to a special privilege, there must be included in the designated place on the relevant registration form or screen a description of the property affected by the privilege as if the privilege were a charge on that property.

Article 11 - (6) Except as otherwise provided in the *Law*, proceeds collateral, other than property referred to in paragraph (1), shall be described in the space on the relevant registration form or screen designated for the description of property as provided in clauses (a) and (b) of paragraph (2) preceded by the word “proceeds”.

Article 11 – (7) Proceeds collateral in the form of property referred to in paragraph (1), shall be described, in the space on the relevant registration form or screen designated for the description of property referred to in paragraph (1).

Amendments and Discharges

Article 12: The following amendment to or discharge of a registration may be made in the manner provided in the Regulations and Registry Rules:-

- a. Extension of registration period
- b. Discharge of a registration
- c. Deletion of a chargeholder where two or more chargeholders are identified in the registration
- d. Addition of a chargeholder
- e. Deletion of a chargor when two or more chargors are identified in the registration

- f. Addition of chargor
- g. Deletion or addition of collateral
- h. Change of name of the chargor
- i. Change of name of chargeholder
- j. Amendment to the address of a chargor of chargeholder

Duration of a Registration

Article 13 -- (1) A registration is effective for the period between 1 and 25 years as indicated in the manner prescribed by the Registry Rules in the appropriate space on the relevant registration-form or screen starting from the time when the registration is effected as provided in Article 43 of the *Law*.

Article 13-- (2) For the purpose of calculating the period of effectiveness of a registration:

- a. the time from registration up to but not including 12:00 a.m. of the first anniversary date of the date of registration is the first year of the period;
- b. the time from each subsequent anniversary date up to but not including 12:00 a.m. of the next anniversary date is a year; and
- c. the anniversary date of a registration made on February 29 is February 29 where the year in which the registration is to expire is a leap year, and March 1 where the year in which the registration is to expire is not a leap year.

Article 13 – (3) A registration may be reinstated as provided in Article 12 of the *Law* by submitting to the Charge Registry, in the manner prescribed by the Registry Rules, in the space on the relevant registration form or screen the following information in the manner identical to that recorded in the discharged registration:

- a. the name of the chargeholder;
- b. the name of the chargor;
- c. the description of the collateral including proceed collateral in the form prescribed by Article 11;
- d. the date and time when the registration was effected;
- e. the duration of the registration;
- f. the registration number allocated to the registration; and
- g. a statement that no charge affecting the same collateral has been published by registration after the discharge of the registration.

Confirmation of Registration

Article 14 – (1) When a registration is effected, the Charge Registry shall provide, in the manner prescribed by the Registry Rules, a Confirmation of Registration containing of the following information contained in the registration:

- h. the name of the chargeholder;

- i. the name of the chargor;
- j. the description of the collateral including proceed collateral;
- k. the date and time when the registration was effected;
- l. the duration of the registration; and
- m. the registration number allocated to the registration.

Notice of Discharge

Article 14 – (2) When a registration is discharged, the Charge Registry shall provide a Notice of Discharge containing of the following information contained in the registration:

- a. the name of the chargeholder;
- b. the name of the chargor;
- c. the description of the collateral including proceed collateral;
- d. the date and time when the registration was discharged;
- e. the number allocated to the registration; and
- f. a statement that if the chargeholder delivers to the Charge Registry a notice of reinstatement of registration using the appropriate form or screen not later than 30 days after the discharge, the registration may be reinstated as provided in Article 12 of the *Law*.

Article 14 – (3) The documents referred to in paragraph (1) or (2) may be delivered electronically on a screen or in such other manner as is determined by the Chief Registrar to the address of the chargeholder named in the registration.

Registration Certificates and Search Results

Article 15 – (1) The Charge Registry shall issue a Registry Certificate or search result when the following conditions have been met:

- a. a request for the Registry Certificate or search result containing the information required by Article 48 of the *Law* and these Regulations has been submitted in the manner prescribed by the Registry Rules;
- b. the person requesting the search result has tendered the Registry fee for the Registry Certificate or search result or has a User Account that has a credit sufficient to pay the Registry fee for the Registry Certificate or search result.

Article 15 – (2) The Registry Certificate or search result issued by the Charge Registry shall set out all registrations that exist in the Registry database at the date and time of the issue of the Certificate or search result issue under the search criterion specified in the request and the following information with respect to each such registration;

- a. the name of the chargeholder;
- b. the name of the chargor;
- c. the description of the collateral including proceed collateral;
- d. the date and time when the registration was effected;
- e. the duration of the registration; and
- f. the registration number allocated to the registration.

Article 15 – (3) A Registry Certificate shall be a printed document in the form determined by the Chief Registrar and shall contain the signature of the Chief Registrar and the seal of the Charge Registry.

Article 15 – (4) A search result may be may be delivered to the person requesting it electronically on a screen or in such other manner as is determined by the Chief Registrar.

***Presumed Loss,-Fee and Collateral Value**

Article 16 - (1) The amount referred to in paragraph (2) of Article 31, paragraph (4) of Article 50 or paragraph (7) of Article 51; of the *Law* is _____ dinars.

Article 16 – (2) The fee payable pursuant to paragraph (2) of Article 50 of the *Law* is ____ dinars.

Article 16 – (3) The value of collateral for the purposes of Article 20 is ____ dinars.

Article 16 – (4) The amount payable as provided in paragraph (2) of Article 53 shall not exceed _____ dinars.

Sale of Collateral by Public Auction

Article 17 -- (1) For the purpose of these Regulations, a public auction is a public sale of collateral (auctioned object) carried out pursuant to Article 32 of the *Law* where bidders compete against each other on the basis of price.

Article 17 -- (2) The organizer of the auction is the chargeholder, a person authorized by the secured party or Directorate of Execution.

Article 17:(3): The auctioneer is the person who conducts the auction. The auctioneer is the agent of the organizer and shall account to the organizer for money received from the sale of collateral.

Article 17: (4): When there is a conflict between instructions given to the auctioneer by the organizer and these regulations, the auctioneer is required to comply with these regulations.

Article 18: The auctioneer who conducts the auction must be a natural person who may be one of the following:

- a. the chargeholder himself, if chargeholder is a natural person;
- b. an employee of the chargeholder if the chargeholder-is a juridical person;
- c. a natural person authorized by the chargeholder or Directorate of Execution.
- d. a person named by the court.

Article 19: (1): The auctioneer is obligated to:

1. Arrange for and conduct the auction in a manner that is honest, efficient and that is commercially acceptable for sale of property of the same kind as the collateral;
2. Treat all participants fairly;
3. Give no preference or advantage to the chargeholder who is a participant in the auction;
4. Establish with the organizer the rules of the auction;
5. Set the starting price for each item of collateral to be sold taking into account the price of similar property available in the market;
6. Advertise the auction at least 15 days prior to the date it is to be held in a manner sufficient to inform persons who can reasonably be expected to be interested in buying the collateral;
7. Provide a space for the auction at a location that is readily available to the public;
8. Hold the auction during regular business hours; and
9. Make available the auction rules to anyone requesting them and post the rules at a conspicuous place at the location where the auction is being held.

Article 19: (2): Information contained in the advertisement referred to in clause (6) of paragraph (1) shall include:

- a. name of the auctioneer;
- b. description and characteristics of object of sale;
- c. whether the object is to be sold as a unit or in marketable units;
- d. the time and place where, prior to the auction, the collateral can be inspected by interested parties;
- e. name of a contact person and instructions for obtaining the rules of the auction and any relevant additional information.

Article 20: (1): The auctioneer shall postpone the auction sale if less than three bidders are in attendance.

Article 20 – (2) When the auction is postponed the auctioneer shall set a new date for continuation of the auction and shall advertise the auction at least 15 days prior to that date in a manner sufficient to inform persons who can reasonably be expected to be interested in buying the collateral.

Article 20: (3): The auction can proceed at the new date when at least one person attends and submits a bid for the collateral.

Article 21: When a person violates the auction rules or acts in a manner that is disruptive to the conduct of the auction, the auctioneer may refuse to accept a bid made by such person or require the person to depart from the auction.

Article 22 – (1) If after the call of the auctioneer, no participant has placed a bid against the starting price of the collateral as set by the auctioneer, the auctioneer shall set a lower starting price.

Article 22 – (2) If a bid is made for the starting price, the auctioneer shall call upon on participants to place bids for a greater amount.

Article 22 – (3) The process of increasing the price of the collateral continues as long as participants are placing their bids.

Article 22 – (4) If, after the auctioneer’s second call, there is no bid for a higher price, he shall make the final call on participants to place their bids.

Article 22 - (5) If, after the auctioneer’s third call for placing a higher bid, no participant in the auction has placed a bid, the auctioneer shall declare the person placing the last stated bid a buyer of the collateral and declare auction for that object finished.

Article 22 – (6) If two or more auction participants placed a bid on the last stated price, the auctioneer shall declare the one who placed the bid first as the buyer of the collateral.

Article 23 – (1) Immediately after a bid for an item of collateral has been accepted a contract for the sale of the item shall be signed by the auctioneer as agent for the organizer and by the buyer.

Article 23 – (2) The contract shall contain:

- a. the name and address of the buyer;
- ~~b.~~ the name and address of the auctioneer and organizer;
- c. a detailed description of the item of collateral sold;
- d. the selling price of the item of collateral sold;
- e. a provision stating that if the full price of the collateral is not paid within 24 hours, the contract of sale shall be void;
- f. A provision stating that, until the full price of the collateral has been paid, ownership of the collateral shall not vest in the buyer and the buyer may not take possession of the collateral.

Article 24: If the buyer fails to fulfill the obligations of Article 23 or the terms of the contract of sale, the contract of sale shall be void.

Article 25 - (1) If, in accordance with Article 24, the contract of sale is void, the auctioneer shall offer the collateral to the participant who made nearest lower bid in the auction, if there is such a participant. If the participant agrees to purchase the collateral, Article 23 shall apply to the contract of sale between the Auctioneer and the buyer.

Article 25 – (2) If the auction participant who is invited according to paragraph 1 of this Article, does not accept the invitation, the auctioneer shall offer the collateral to the participant who made nearest lower bid in the auction, if there is such a participant. If the participant agrees to purchase the collateral, Article 23 shall apply to the contract of sale between the Auctioneer and the buyer.

Article 25 – (3) If the auction participant referred to in paragraph 2 of this Article does not accept the invitation, the auction will be considered unsuccessful

Article 26: Money paid to the auctioneer shall be delivered to the chargeholder within 12 hours of its receipt by the auctioneer. The auctioneer may deduct from the amount given to the organizer the costs of the auction, include the auctioneer’s fees.

Article 27 – (1) The following person shall not bid at an auction: directly or represented by proxy:

- a. a judge involved in any aspect of the legal proceedings affecting the collateral;
- b. an employee of the Execution Directorate;
- c. the auctioneer or an employee of the auctioneer;
- d. a person who is related or who is connected by a direct economic interest with the person referred to in clauses a, b, and c.

Article 27 – (2) A contract of sale with a person who is not entitled to bid at an action is void.

Article 27 – (3) A person who bids at an auction in violation of this Article must pay to the organizer the amount of costs resulting from the need to resell the collateral.

Article 28 The auctioneer shall prepare a record for each item of collateral sold that shall include:

- a. the name of the auctioneer;
- b. the location of the auction;
- c. the name and address of the buyer;
- d. the opening and closing time of the auction;
- e. the manner in which the auction was advertised;
- f. the starting price and the sale price of each item of collateral sold;
- g. the amount of the last three bids for each item sold and the identity of each bidder;
- h. list of the objects not sold auctioned;
- i. an estimate of the number of bidders at the auction;
- j. the costs of the auction attributed to the item of collateral;
- a. the amount of money remitted to the organizer.

Sale of Collateral by Tender

Article 29 For the purpose of these Regulations, tender is the sale within the execution procedure made by collecting the offers to purchase (tenders) from potential buyers, in accordance with predefined criteria for obtaining and evaluating tenders.

Article 30 – (1) The organizer of the sale by tender is the chargeholder, a person authorized by the chargeholder or the Execution Directorate.

Article 30 – (2) The manager must be a natural person appointed by the organizer who is of good reputation and adequate expertise to manage the tender procedure and to receive tenders for tender.

Article 31 Tender preparation procedures shall be set by the manager and shall:

- a. establish the rules of tender;
- b. specify object of tender;
- c. provide for public invitation for submission of tenders;
- d. arrange for the receipt and opening of tenders.

Article 32. Public invitation to submit tenders for tender must be published at least 15 days before start of the deadline for submission of applications. Public invitation contains following information:

- a. name of the organizer;
- b. description and characteristics of the collateral offer for sale;
- c. state if the collateral is to be sold as unit or in marketable units;
- d. describe the criteria for selection of the most favorable tender;
- e. the time and place where, prior to tender, the collateral offered for sale can be inspected by interested parties;
- f. the name of the contact person, and telephone number for obtaining the rules of tender and additional information;
- g. the manner of submitting tenders;
- h. the name and address of the manager to whom tenders are delivered;
- i. the date after which tenders will not be accepted;
- j. the date, time and place of announcement of successful buyer.

Article 33 – (1) Interested parties must deliver tenders in sealed envelopes to the organizer by physical delivery or by registered mail, within the deadline set in public invitation.

Article 33 – (2) Tenders submitted by mail will be considered valid only if tender envelopes are actually received by the organizer prior to deadlines set in the public invitation.

Article 33 – (3) After the submission of a tender, a person is entitled to revoke or submit amendments to his tender in the manner prescribed for tender submissions any time before the date after which tenders may not be accepted.

Article 34 – (1) Tenders received by the organizer are opened and the following information is recorded with respect to each tender:

- a. the name and address of the person tendering;
- b. the amount of the tender;
- c. the date of receipt of the tender; and
- d. whether or not the requirements of these regulations, the rules of tender and the requirements set out in the public invitation have been met by the person submitting the tender.

Article 34 – (2) The procedure for evaluation and announcement of tenders shall take place if at least one of the tenders submitted meets the requirements of these regulations, the rules of tender and the requirements set out in the public invitation.

Article 34 – (3) Not later than 5 days after the end of the period for receipt of tenders, the organizer shall determine which tender is successful for each item of collateral offered for sale. The successful tender must offer the highest price for the collateral and must comply with the requirements of these regulations, the rules of tender, the requirements set out in the public invitation.

Article 34 – (4) If no tender meets the requirements referred to in the preceding paragraph, the manager shall declare the procedure terminated and shall issue a new public invitation for tenders as provided in these regulations.

Article 34 – (5) When two tenders are equal by all the other criteria, the person who is able to deliver the price of the collateral in cash, certified cheque or some other form of immediate payment to the manager at the date of announcement of the successful tender shall be selected as the buyer.

Article 34 –(6) If two or more tenders meet the requirements of the previous paragraph, the successful tender shall be chosen by a simple lottery procedure as specified in the rules of tender.

Article 35. On the date for announcement of successful tenders, the organizer shall inform in writing all person who submitted tenders that comply with the requirements of these regulations, the identify of the person who has been selected as buyer.

Article 36 – (1) Immediately after a tender for an item of collateral has been accepted, a contract for the sale of the item shall be signed by the organizer and by the buyer. The contract shall contain:

- a. the name and address of the buyer;
- b. the name and address of the organizer;

- c. a detailed description of the item of collateral sold;
- d. the selling price of the item of collateral sold;
- e. a provision stating that if the full price of the collateral is not paid within 24 hours, the contract of sale shall be void;
- f. a provision stating that, until the full price of the collateral has been paid, ownership of the collateral shall not vest in the buyer and the buyer may not take possession of the collateral.

Article 36 – (2) If the buyer fails to fulfill the terms of the contract of sale, the contract of sale is void.

Article 36 – (3) If, in accordance with paragraph (2), the contract of sale is void, the organizer shall offer the collateral to the person who made nearest lower tender, if there is such a person. If the person agrees to purchase the collateral, paragraph (1) shall apply to the contract of sale between the organizer and the buyer.

Article 36 – (4) If the person who is invited the first according to Article 35, does not accept the organizer's offer, the organizer shall offer the collateral to the person who delivered the nearest lower tender if there is such a person. If the person agrees to purchase the collateral, paragraph (1) shall apply to the contract of sale between the organizer and the buyer.

Article 36 – (5) If no person who submitted a tender accepts the organizer's offer, the organizer shall declare the procedure terminated and shall issue and the collateral shall be returned to the chargor.

Article 37 – (1) The organizer shall prepare a record for each item of collateral sold that shall include:

- a. the name of the organizer;
- b. the manner in which the tender proceeding was announced;
- c. the sale price of each item of collateral sold;
- d. the amount of the last three tenders for each item sold and the identity of persons submitting the tenders;
- e. a list of the objects not sold;
- f. a record of the tenders received that did meet the requirements of these regulations, the rules of tender and the requirements set out in the public invitation;
- g. a record of the tenders that did not meet the requirements of these regulations, the rules of tender and the requirements set out in the public invitation;
- h. the costs of the tender proceedings attributed to each item of collateral;
- i. the amount of money remitted to the organizer.

Article 37 – (2) Upon request, the organizer's report and all tenders received by the organizer shall be delivered to the buyer, the debtor and any other person having an interest in the collateral sold.

Article 37 – (3) The Organizer shall keep safe all the tenders received, for six months after their receipt.

Article 38 – (1) The following persons shall not submit tenders to the organizer-directly or represented by proxy:

- a. a judge involved in any aspect of the legal proceedings affecting the collateral;
- b. an employee of the Execution Directorate;
- c. the organizer-or an employee of the organizer
- d. a person who is related or who is connected by a direct economic interest with the person referred to in clauses a, b, and c.

Article 38 – (2) A contract of sale with a person who is not entitled to tender at an action is void.

Article 38 – (3) A person who submits a tender in violation of these regulations must pay to the organizer the amount of costs resulting from the need to resell the collateral.

Direct Sale of Collateral

Article 39 Direct sale is a sale of the collateral through direct negotiations between the chargeholder and a buyer of the collateral.

Article 40 – (1) When the agreement has been reached between the interested parties, a sales contract must be entered. The sales contract shall be signed by the buyer and the chargeholder or their representatives.

Article 40 - (2) The buyer is obligated to pay the purchase price upon delivery of the collateral in accordance with the provisions of the sales contract.

Article 40 – (3) The contract shall contain:

- a. the name and address of the buyer;
- b. the name and address of the secured party;
- c. a detailed description of the item of collateral sold;
- d. the selling price of the item of collateral sold;
- e. a provision stating that if the full price of the collateral is not paid within 24 hours, the contract of sale shall be void;
- f. a provision stating that, until the full price of the collateral has been paid, ownership of the collateral shall not vest in the buyer and the buyer may not take possession of the collateral;
- g. a provisions stating that the buyer is unaware of any failure on the part of the chargeholder to comply with the *Law of Consensual Charges on Movables* or the Regulations.

Article 40 – (4) If the buyer fails to fulfill the obligation of these regulations or the terms of the contract of sale, the contract of sale is void.

Article 41 The following persons acting directly or by proxy may not be buyers:

- a. a judge involved in any legal proceedings affecting the collateral;
- b. the chargeholder;
- c. an employee of the Execution Directorate;
- d. a person related to the chargeholder;
- e. a person directly connected to the chargeholder by an economic interest, when the secured party is a natural person;
- f. a person who is connected, through an ownership interest in whatever form or through employment, with the chargeholder, when the chargeholder is a juridical person.