

PARTNERSHIP LAW  
OF  
AFGHANISTAN

In the Name of Almighty Allah, the Beneficent,  
the Merciful  
CHAPTER 1  
GENERAL PROVISIONS

**ARTICLE 1. The Basis:**

**This Law is enacted in the light of the provisions of the Afghanistan Constitution to regulate the affairs related to activities and creation of Partnerships.**

**ARTICLE 2. Definition of Partnership:**

**Partnership is an association of two or more persons to carry on business for profit as co-owners, as governed by the Partnership Agreement.**

**ARTICLE 3. Types of Partnerships:**

**Partnerships are of the following types:**

**General Partnership(s);**

**Special Partnership(s);**

**Work Partnership(s);**

**Credit Partnership(s).**

**ARTICLE 4. Partnership Agreement:**

**A “Partnership Agreement” is either a written or an oral and implied Agreement among the Partners of the Partnership including any subsequent amendments thereto [that] has no effect on the rights of third parties, unless the third party is aware [of the Partnership Agreement] before transacting business with the Partnership.**

**ARTICLE 5. Signing of Contracts:**

**Partnership shall have legal personality and may sign contracts in its own name, and execute transactions and possess movable and immovable properties in the name of the Partnership.**

**ARTICLE 6. Assets of the Partnership:**

**The right of establishment, of lease, of name, of title, of patent, of trademark, of models and drawings which are used to perform commercial and industrial services, may be property of a Partnership and title may be held in the Partnership’s own name.**

**ARTICLE 7. Payment of the Capital:**

**Capital contributions to Partnership shall be made in the following forms:**

**Movable tangible property (such as cash, articles, and animals);**

**Movable intangible property (such as royalties, patents, trademarks industrial marks, and commercial credit and goodwill);**

**Immovable property including, [but not limited to,] real property;**

**Profits and privileges from the use of movable and immovable properties;**

**Products and processes;**

**Commercial credit and goodwill;**

**Services performed or to be performed for the Partnership.**

**ARTICLE 8. Contribution of Capital and Delay in Contribution:**

**If a Partner does not pay such Partner's share of the Partnership capital, the Partner is indebted and responsible to the Partnership for making the contribution, and shall pay interest on the contribution from the date determined for such contribution [until the time it is paid]. If a Partner's late payment causes a loss to be suffered by the Partnership, the Partner must pay damages for the loss suffered to the Partnership.**

**ARTICLE 9. Valuation of property:**

**The value of property, including third-party indebtedness, accepted as capital [contribution] shall be determined by the Partnership Agreement. If it is not determined [by the Partnership Agreement], the current market value of the articles shall be valid. In case such articles do not have a current market value or its price can not be determined on the current day, the value determined by informed individuals [experts] shall be regarded valid by the parties.**

**ARTICLE 10. Transfer of ownership:**

**Unless there are provisions to the contrary in the Partnership Agreement, the property accepted as Partnership capital shall be considered the property owned by the Partnership.**

**ARTICLE 11. Attention to Partnership Affairs:**

**Every Partner is obliged to pay such attention to the affairs of the Partnership as if they were his personal affairs.**

**ARTICLE 12. Negligence in [Performance of] Duty:**

**Each Partner is responsible to the Partnership for any loss that may be suffered by the Partnership through such Partner's negligence, fault, or deviation of his working authority. Such Partner may not evade the compensation of loss for the reason that it was useful for**

**another case. The Partners may agree to indemnify and hold harmless each other for harms suffered by the Partnership due to negligence of all or specified Partner, to the extent related to their own rights.**

**ARTICLE 13. Claim of Partners for Wages:**

**None of the Partners are entitled to claim a wage for the work they perform [for the Partnership], unless receiving a wage is stipulated in the Partnership's Agreement.**

**ARTICLE 14. Wages as a Percentage of Profit:**

**Concerning the wage paid out to employees of a Partnership for the services they rendered, if such payment is determined to be partially or totally as a share in the benefits of the Partnership, they shall not be considered as Partners of the Partnership.**

**ARTICLE 15. Profit and Loss of Each Partner:**

**Unless [otherwise] provided by the Partnership Agreement, the profits and loss shall be distributed to each Partner proportional to such Partner's capital contributed to the Partnership.**

**ARTICLE 16. Distribution of Profit and Loss:**

**If the manner of distribution of either loss or profit is not contained in the Partnership Agreement, the other is also distributed in the same manner.**

**ARTICLE 17. Payment of the Profit Limited by the Agreement:**

**If an agreement between the Partners and third parties restricts the profit to one or some of the Partners, or if it excludes one or some of the Partners from the loss, such Agreement shall be invalid. In this case the manner of distribution shall be considered as unknown and the profit and loss should be distributed among the Partners in accordance with Articles 13 and 14 of this Law. However, in case of a Partner whose endeavors and work is taken as capital in the firm, and the Partnership Agreement provides that such Partner is not affected by the loss of the firm, this arrangement shall be valid.**

**ARTICLE 18. Preferential Conditions:**

**In the absence of a [written] Partnership Agreement, each Partner participates equally in the possession of Partnership capital and distribution of profits and losses of the Partnership. If the Partnership Agreement contains a provision governing the possession of Partnership capital, distribution of profits, and losses of the Partnership, such provision shall have preference.**

## **CHAPTER 2 PARTNERSHIPS**

**ARTICLE 19. Continuation of Activities:**

**If a Partnership continues to do business after the expiration of its determined period, it shall be considered as having indefinite existence [thereafter].**

**ARTICLE 20: Completion of Legal Existence:**

**Legal existence of a Partnership shall be established upon the association of two or more persons as co-owners of a partnership and shall be completed upon registration in the Central Registry. A Partnership shall be liable if it carries out any transaction before registration in the Central Registry. In such case the Partnership may not enforce its rights against third parties unless notified in the Central Registry.**

**ARTICLE 21. General Partnership:**

**A “General Partnership” is one which is established for the purpose of carrying out economic or business transactions between two or among more persons with collective responsibility. If the capital of the General Partnership is not sufficient to pay the debts of the General Partnership each of the Partners is responsible to pay all the debts of the General Partnership and the Partner, or Partners, paying such debts shall be entitled to receive contributions from the other Partners.**

**ARTICLE 22. Special Partnership:**

**A “Special Partnership is a Partnership established under a specified title in accordance with the provisions of this Law for the purpose of carrying out economic and business transactions, in which one or more Partners have unlimited liability (General Partners) and the rest of the Partners have limited liability with a definite capital (Special Partners). The capital of the Partners with limited liability can be divided into shares.**

**ARTICLE 23. Work Partnership:**

**A “Work Partnership” is an association of two or more persons who perform work or fulfill an obligation for another person. The profits of the work of the Partnership shall be distributed between them as agreed by the Partners.**

**ARTICLE 24. Credit Partnership:**

**A “Credit Partnership” is a company in which two or more persons agree to buy goods on credit to sell them and to share the profits and losses of the Credit Partnership. Each of the Partners shall be responsible for his specific part.**

**ARTICLE 25. Terms of the Partnership Agreement:**

**Partnerships, whether general or special, must include the following conditions, as a requirement, in the written Partnership Agreement:**

- (1) Date of concluding Partnership Agreement;**
- (2) Name, identity, and address of each Partner and if a Partner is another company, the title of that company;**
- (3) Business location and type of business;**

- (4) The fact that the company is a Partnership company;**
- (5) The title of the Partnership;**
- (6) The names of all the Partners who are jointly or severally authorized to acquire legal possession and sign;**
- (7) The capital contribution committed by each Partner, the approximate value of non-cash capital, and the method applied to determine such approximate value;**
- (8) Each Partner's share in loss and profit; [and]**
- (9) If the General or Special Partnership is for a limited period, the date for expiration of its term;**
- (2) In addition to the conditions provided in Paragraph (1) of this Article, the Partners may include any other terms and conditions in the Partnership Agreement, which are deemed useful by the Partners.**

**ARTICLE 26. Duration of Partnership:**

**A Partnership can either be for an unlimited duration, or for a definite term. Unless the Partnership Agreement specifies a definite term, the Partnership is deemed to have an unlimited duration.**

**ARTICLE 27. Registration:**

**“Register” means making recordation in the “Central Registry”. For the purposes of this Law, the term “Central Registry” means a Government office under the Ministry of Commerce and Industries where the documents related to companies shall be recorded.**

**ARTICLE 28. Court**

**“Court” means the competent Commercial Court of Afghanistan.**

## **CHAPTER 3 RULES OF PARTNERSHIP**

**ARTICLE 29. Scope of Application:**

**The provisions of this CHAPTER shall apply to all Partnerships covered by this Law, unless otherwise provided for in CHAPTERS 4, 5, and 6 of this Law. In such a case, the provisions [of these chapters] shall prevail.**

**ARTICLE 30. Damage of Goods:**

**The partners are as trustee towards each other and the goods of the partnership are like trust to the partner. If the goods are damaged without fault or encroachment of the partner, the**

**partner shall not be liable, but if the goods are damaged due to fault and encroachment of the partner, the partner shall be deemed responsible.**

**ARTICLE 31. Failure to Pay Share:**

**Where a Partner has agreed to contribute cash to a Partnership and fails to make such a contribution, the Partner shall be bound, without any judicial demand or announcement, to pay the legal interest accrued as well as to compensate the Partnership for the damage inflicted on the Partnership since the time when the payment of the share is not made.**

**ARTICLE 32. Equivalent Payment:**

**If a Partner does not make a promised contribution of property, other than cash, the Partner is obligated to contribute money equal to that portion of the value of the stated contribution which has not been made.**

**ARTICLE 33. Performance of Action in the Agreement:**

**(1) If a Partner's contribution is of action or services, the Partner shall either perform the services he had committed or shall contribute money equal to the value of the services.**

**(2) The share of performance shall be considered paid with the practical performance of the action to which a Partner is committed. In such case, such Partner shall be responsible only for the services he performs for the Partnership.**

**ARTICLE 34. Contribution of Partner in the Form of Debt:**

**If a Partner's contribution is in the form of a debt to the Partnership, the liability of the Partner shall be deemed fulfilled when the debt is paid to the Partnership in due time. In case of non-payment, the Partner shall be bound to compensate the Partnership for the loss incurred from the deferred payment of the debt, in addition to the responsibility which may arise from non-payment of debt in due time.**

**ARTICLE 35. Distribution of Shares:**

**Before liquidation, distribution of shares shall be made at the time and manner provided for in the Partnership Agreement.**

**ARTICLE 36. Distribution of Unspecified Profit:**

**Where the share of each Partner in the profit and loss is not specified in the Partnership Agreement, the share of profit of each Partner shall be distributed in proportion to such Partner's share in the capital of [the Partnership].**

**ARTICLE 37. Determining Profits and Losses in the Agreement:**

**The Partnership Agreement may specify the Partners' shares of profits and losses regardless of the contributions of the Partners. Where a provision of the Partnership Agreement fixes the share of profit of each Partner, and does not provide for the Partners' share of losses, such provision shall be valid for determining the share of loss incurred. Likewise, any provision made in the Partnership Agreement for determining the share of loss of each**

**Partner shall also be deemed valid in determining each Partner's share of profit, unless otherwise stated in the Agreement.**

**ARTICLE 38. Share of Partner Limited to Work and Performance:**

**(1) Where the share of a Partner is limited to such Partner's work and performance, unless otherwise provided in the Partnership Agreement, such Partner's share of profit and loss shall be subject to the use which the Partnership makes from such Partner's service.**

**(2) In case the Partner, in addition to rendering of service or performance of action, pays money in cash or something else, such Partner shall be entitled to a share in return to such Partner's action and to another in return for such Partner's contribution other than the service such Partner performed.**

**ARTICLE 39. Purchase of Goods by Credit:**

**In a Credit Partnership, the profits and losses shall be distributed in proportion to the property that each of the Partners bought on credit in the account of the Partnership, and guaranteed [the payment thereof], unless the Partnership Agreement provides otherwise.**

**ARTICLE 40. Administration of the Partnership:**

**The Partnership Agreement shall require establishment of an administration. Partners may designate persons from the partners or other than Partners to administer the affairs of the Partnership.**

**ARTICLE 41. Continuation of Activity:**

**Where on the basis of a provision stipulated in the Partnership Agreement, one of the Partners is assigned with the task of administering the Partnership, such Partner shall continue with administering the Partnership and the performance of those activities which ensures the objectives of the Partnership are realized, provided such [Partner's] activities and the changes such Partner would bring in the Partnership are free from dishonesty. Assigning such person shall be subject to the terms and conditions of the relevant contract and charter, and dismissal of such Partner without any legal reason or amendment of Partnership Agreement shall not be permitted as long as the Partnership survives, unless otherwise provided in the Partnership Agreement.**

**ARTICLE 42. Approvals of Partners:**

**Where the Partnership Agreement provides that the decisions should be made by a majority of votes of partners, a partner may perform an urgent work which if not done would cause a great loss to the Partnership, which can not be compensated, and such decisions shall not be rejected, unless the rejection is for performance of an urgent work which, if not done, would cause a great loss to the Partnership, which cannot be compensated.**

**ARTICLE 43. Majority Consensus in Approvals:**

**Unless otherwise provided in the Partnership Agreement, approvals requiring majority consent shall mean consent of a majority of the Partners, regardless of their shares [contribution].**



**ARTICLE 44. Partner's Participation in Management of the Partnership:**

**The right of Partners to participate in management may be limited by the Partnership Agreement, provided that such Agreement may not limit a Partner's right to access information about the management and conduct of activities of the Partnership.**

**ARTICLE 45. Non-competition and Misuse of Partnership Assets:**

**A Partner or Chairman of the Partnership may not compete with the Partnership or use Partnership property for benefit or purposes other than those specified in the Partnership Agreement, unless the Partnership Agreement provides otherwise.**

**The Partner or Chairman of the Partnership shall be obliged to exert all efforts in the interest of the Partnership in such a way as such Partner would for such Partner's own personal interests.**

**ARTICLE 46. Receiving Money or Possession of Property by Partners and Additional Contribution:**

**(1) Where a Partner acquires or takes possession of some property or a sum [of money] from the Partnership, such Partner shall, without any judicial demand or warning, be obliged to pay the interest from the date such Partner has acquired or taken possession of the property. Such Partner shall also be obliged to pay the compensation for the loss inflicted, if required.**

**(2) Where a Partner spends some of such Partner's property for the benefit of the Partnership, or makes useful expenditures in good faith in the interest of the Partnership, beyond the amount the Partner has agreed to contribute to the capital of the Partnership, such Partner may get the interest of such [Partner's] sums spent, or paid, from the Partnership since the date when the payment is made.**

**ARTICLE 47. Payment of Debts:**

**(1) Where the assets of the Partnership are not sufficient to meet its liabilities, each of the Partners shall be obliged to make contribution proportionate to their shares of losses from their personal properties, for the fulfillment of the debts, unless otherwise agreed to [by the Partners]. Any Agreement by the Partners on their non-liability for the debts of the Partnership shall not be valid.**

**(2) Creditors of the Partnership can claim against any of the Partners in the Partnership in accordance with the provisions of this Law.**

**ARTICLE 48. No Suretyship of Partners against each Other:**

**(1) The Partners shall not be deemed as sureties against each other with respect to the debts of the Partnership for the payment of which they are made responsible, unless otherwise agreed.**

**(2) In the event of insolvency of one of the Partners, such Partner's share of the losses incurred shall be divided proportionately among other Partners.**

**ARTICLE 49. Obtaining Personal Debts:**

**In cases where the Partnership is ongoing (i.e. not liquidated) and where one of the Partners is indebted the creditors cannot demand their rights from the Share which the indebted Partner holds in the capital of the Partnership. However, such demand can be made out of the profits of the indebted Partner collected in the Partnership. In the event the Partnership is under liquidation, the creditors can demand their rights from the share of the indebted Partner in the capital and profits of the Partnership to the extent such capital and profits are otherwise to be distributed to the Partner. In any case, the creditors have the right to demand from the Partnership to impose precautionary restrictions on the share of indebted Partner.**

**ARTICLE 50. Dissolution of the Partnership:**

**A Partnership shall be dissolved in one of the following cases:**

- 1. Expiration of the period set in the Partnership Agreement;**
- 2. Realization of the objective for the achievement of which the Partnership has been established;**
- 3. Elimination of the whole or most part of the capital of the Partnership as no profit is envisaged to continue with its activity;**
- 4. The death of one of the Partners, or when a Partner is ordered by the Court to be dispossessed, or when a Partner is registered as bankrupt;**
- 5. Withdrawal of one of the Partners from the Partnership when the period of the activity of the Partnership is unlimited, provided that the Partner declares such Partner's intention of withdrawal to other Partners three months in advance. Otherwise, such Partner's withdrawal would be deemed arising from dishonesty or it would be considered inappropriate, unless agreement is made to the contrary;**
- 6. Agreement of the Partners to dissolve the Partnership;**
- 7. Dissolution of the Partnership by Court order; [or]**
- 8. An adjudication of the bankruptcy of the Partnership by the Court, or by agreement of the Partners and creditors of the Partnership to bankrupt the Partnership.**

**ARTICLE 51. Continuation of the Partnership after Death [of a Partner]:**

**(1) The Partners may agree that after the death of one of the Partners, the Partnership should not dissolve but shall continue with the heir or heirs of the Partner becoming Partners.**

**(2) In case of the death, order of Court for dispossession, or bankruptcy of one of the Partners, the Partnership should not dissolve but shall continue among the remaining Partners. In case the Partners do not agree with the heir to continue with the Partnership, such Partner and such Partner's heirs shall not have any right except to the share they hold in the assets of the Partnership according to the daily prevailing price on the day of the event. The share shall be paid to them in cash and such Partner shall not enjoy the rights**

which may be created later, except what is accrued from the result of the accomplishments of the Partnership prior to such Partner's withdrawal from the Partnership.

**ARTICLE 52. Extension of Partnership Activities:**

(1) Where the fixed period of Partnership expires, or the activity for which the Partnership has been established ends, and the Partners nevertheless decide to embark on such activity, which is the objective of the establishment of the Partnership, the Partnership Agreement shall be extended year-by-year with the same terms.

(2) The creditors of one the Partners can object to the extension of the activity of the Partnership provided in paragraph (1) of this Article and can stop the Partnership of the indebted Partner.

**ARTICLE 53. Court Decision for the Dissolution of the Partnership:**

The Court can make an order [for dissolution of the Partnership] on the basis of a demand made by one of the Partners, by reason of non-fulfillment of the obligations of another respective Partner, or by other rational arguments presented for the dissolution of the Partnership. The Partnership Agreement may not modify this right.

**ARTICLE 54. Demand for Expulsion from Partnership :**

(1) A Partner may request from the Court the expulsion of any Partner whose activities would result in the dissolution of the Partnership, or cause objection to its extension.

(2) In case the period of the activity of the Partnership is limited, any Partner may request the Court his expulsion from the Partnership by presenting justifiable reasons. In this case the Partnership shall be dissolved unless the remaining Partners agree to the continuation of the Partnership.

**ARTICLE 55. Liquidation and Distribution of the Partnership Assets:**

Liquidation and distribution of the assets of the Partnership shall take place according to the terms and conditions provided in the Partnership Agreement. In case the Partnership Agreement does not have such provisions, the provisions of Articles 56, 57, 58, 59, and 60 of this Law shall be applicable.

**ARTICLE 56. Continuation of the Activities of a Partnership until Liquidation:**

The authority of the Partners shall be limited to taking concerted actions for the purpose of liquidating the Partnership, but the Partnership may continue until the accounts of the Partnership are cleared and the assets of the Partnership have been distributed in accordance with Article 58 of this Law.

**ARTICLE 57. Appointment of Persons for Liquidation of Partnership :**

(1) The Partnership shall be liquidated by Partners, or the person or persons appointed by the majority of votes of the Partners.

**(2) Where the Partners appoint no person or persons by majority of votes, the Court shall appoint one of the Partners on the request of one of the Partners, as liquidator.**

**(3) In case of dissolution of the Partnership by judicial proceeding, the Court shall appoint the liquidator and determine the scope of such liquidator's authority and the liquidation procedures, on the demand of interested persons.**

**ARTICLE 58. Partnership Activities and Sale of its Assets by Liquidators:**

**(1) The liquidator of the Partnership cannot embark on new activity in the Partnership unless it is complementary to the previous activities and consistent with dissolution of the Partnership.**

**(2) The liquidator may sell, by way of bidding or otherwise, the property of the Partnership, whether it is immovable or movable, unless such liquidator's authority was restricted during [such liquidator's] appointment.**

**ARTICLE 59. Distribution of Partnership Assets:**

**(1) The assets of the Partnership shall be distributed among the Partners after the payment of immediate, mediate, and disputed debts, expenses incurred and loans taken through one of the Partners in the interest of the Partnership.**

**(2) A sum [of money], equivalent to the share held in the capital of the Partnership, shall be appropriated to each Partner, according to the Partnership Agreement. In case the value of the share is not described in the Partnership Agreement, such value shall be calculated from the time of delivery, unless the share of the Partner is limited to performance of action and consultation or allocation of a part of [its] property for the benefit of the Partnership or only for profit.**

**(3) To the extent the Partnership Agreement does not provide for distributions on liquidation of the Partnership, the property of the Partnership remaining after the payment of debts shall be divided among the Partners proportionate to their respective shares.**

**(4) Where after payment of the sums provided in paragraph (1) of this Article the residual property of the Partnership is not sufficient for the Partners, the shares of the loss shall be calculated and distributed proportional to the shares of Partners.**

**ARTICLE 60. Application of the Provisions of the Civil Code relating to Jointly-owned Property:**

**Where there are no provisions with regard to distribution of the assets of a Partnership in this law, the provisions pertaining to the distribution of jointly-owned properties in the Civil Code shall be observed.**

## **CHAPTER 4 GENERAL PARTNERSHIPS**

**ARTICLE 61. Establishment of Partnership:**

**Within one month from the date the General Partnership is established, persons establishing a General Partnership must register and advertise a copy of the written Partnership Agreement in the locality where the office of the General Partnership is situated.**

**ARTICLE 62. Establishment of a New Branch:**

**If a General Partnership should establish a branch outside the region where it is registered, it shall be obliged to register a copy of the Partnership Agreement in the new registry office as well.**

**ARTICLE 63. Changes in the Partnership:**

**After a General Partnership has been registered and advertised, any changes to the General Partnership regarding its title, business location, authorized signing Partners, withdrawal or inclusion of Partners, increase or decrease of Partnership capital, dissolution of the General Partnership before, or continuing beyond the specified period, or amalgamation with another company, must be put in a statement signed by all Partners. This statement must be registered in the relevant office and any other changes may be registered therein.**

**ARTICLE 64. Prohibition on Using Details:**

**Information that is to be registered and advertised according to ARTICLE 61, or registered according to ARTICLES 62 and 63, cannot be used against a third person before registration and subject to ARTICLE 61 cannot be used against third person before advertisement, unless the third person has prior knowledge of the facts that require registration. If before registration and advertisement, a transaction has been concluded in the name of the General Partnership, the General Partnership is responsible to the third party. In case the General Partnership has not been registered and/or advertised as required by Law and the Partners deny existence of the Partnership, third parties can prove the existence of the General Partnership by whatever direct or circumstantial evidence.**

**ARTICLE 65. Conducting Transactions in the Name of the Partnership:**

**If the registration and advertisement of a General Partnership has not taken place during or after the period of time prescribed in ARTICLE 61 of this Law, until Registration of dissolution whatever transactions are made in the name of the General Partnership do not damage the interest of third parties, unless the third parties have knowledge of the dissolution.**

**ARTICLE 66. Relationships between the Partners:**

**Relationships between the Partners of a General Partnership are governed by the Partnership Agreement, and the terms and conditions of the Partnership Agreement may be included in writing either in the contract document or the supplementary documents thereof. Where no terms and condition are provided in the Partnership Agreement, the provisions of this Law shall apply.**

**ARTICLE 67. Delegation of Administrative Affairs of the Partnership:**

**Unless otherwise provided in the Partnership Agreement, the day to day administration of the General Partnership, by majority of votes, may be delegated to one, some, or all of the Partners, or delegated to a person outside the General Partnership. Any person delegated with such authority shall be known as “Manager.”**

**ARTICLE 68. Dismissal of the Manager:**

**If the administrative authority of the Manager is determined in the Partnership Agreement of the General Partnership, the Partners may limit the Manager’s, or Managers’ authority, or may dismiss the Manager or Managers only in accordance with the terms of the Agreement, or by unanimous majority [sec] vote of all Partners. If the Manager neglects such Manager’s duties, or is unable to administer the affairs of the General Partnership, the Manager may be dismissed by majority of votes upon the request of one or more Partners for cause shown. In case the Partners reject the complaint of Partners in spite of good cause shown, they may refer the matter to the Court.**

**ARTICLE 69. Decision on the Daily Management, and Major and Important Issues:**

**Unless otherwise provided by the Partnership Agreement, ordinary matters and transactions affecting the purpose and objective of the General Partnership shall relate to the day-to-day administration of the General Partnership. The Manager, or Managers, shall be authorized to take action and determine matters concerning the day-to-day administration of the General Partnership using the same standard of care as making decisions about their own business affairs. Important matters outside the day-to-day ordinary matters, including but not limited to matters such as contributions, price, transfer of substantially all the General Partnerships’ immovable properties and other matters which are not included in ordinary activities of the Partnership, must be decided by majority votes of the Partners, unless otherwise provided by the Partnership Agreement.**

**ARTICLE 70. Payment of Loans taken by a Partner:**

**If a Partner should take a loan from the General Partnership, or collects a sum of money in the name of the General Partnership (when the Partnership Agreement does not provide otherwise), and does not pay this sum in due time to the General Partnership, in addition to paying the original sum such Partner shall be obliged to pay interest for the late period as well.**

**ARTICLE 71. Transfer of Shares:**

**No Partner is authorized to transfer such Partner’s shares to a person outside the General Partnership, whether in part or in full, without the unanimous vote of the other Partners, and any loss incurred by Partners or third parties as a result of such transfer shall be the sole responsibility of the transferring person, unless otherwise provided in the Partnership Agreement.**

**ARTICLE 72. Non -Acceptance of Other Person as Partner:**

**A person authorized to administer the General Partnership can not accept an outsider as a Partner in the General Partnership or substitute another person for himself in the administration of the General Partnership, without the unanimous approval of other Partners.**

**ARTICLE 73. Profit from Interest:**

**The Partnership Agreement may provide for [payment of] interest for the contributed capital.**

**ARTICLE 74. Access of Partners or Managers to Information:**

**Partners and Manager are entitled to obtain information on the activities of the General Partnership as well as its financial status and may use the information for the governance of the General Partnership. The General Partnership Administration may refuse to give information to any Partner, or manager, if there is suspicion that Partner is going to use the information to damage the General Partnership. The Partnership Agreement shall include access to information and refusal to provide them, however, the Partnership Agreement may not unreasonably eliminate or restrict such rights.**

**ARTICLE 75. Decisions on Daily Affairs of the Partnership:**

**Amending the Partnership Agreement shall be made by unanimous vote of the Partners and decisions concerning the ordinary course of conducting the day-to-day business of the General Partnership shall be made by the majority vote of the Partners, unless otherwise provided in the Partnership Agreement.**

**ARTICLE 76. Preparation of Loss and Profit Statement of Partnership:**

**The Partners, or a manager (if the duty is delegated to a manager), at the end of each fiscal year must prepare the profit and loss statement of the General Partnership based on a balance sheet and determine the share of each Partner according to it. Unless otherwise provided in the Partnership Agreement, distribution of all or part of the shares before the liquidation of the General Partnership shall be decided by unanimous vote of the Partners.**

**ARTICLE 77. Partner Not Required to Pay Compensation for Loss:**

**Unless otherwise provided in the Partnership Agreement, a Partner cannot be made to complete such Partner's share of the loss of capital until dissolution of the Partnership, but the amount of loss of capital of the Partners may be paid from the profits made in subsequent years.**

**ARTICLE 78. Partner's Involvement in Similar Business Transaction and Becoming a Responsible Partner in Another Company:**

**(1) Unless otherwise provided in the Partnership Agreement or this Law, a Partner may not execute a business transaction separate from the General Partnership's transactions in such Partner's own, or someone else's, account without the unanimous vote of the other Partners. If the Partners of a newly established General Partnership know that one of the Partners, at the time of joining the General Partnership, has been a responsible Partner of another**

**company, and if the Partners do not object explicitly concerning such Partner's separation from the other company, such Partner's Partnership in the [newly established] General Partnership is considered to have been accepted.**

**(2) If Partners after receiving information about one Partner's partnership in another company or execution of a transaction by him do not object within six months, their right to complain shall be cancelled. However, they shall have a right to request the Court for dissolution of the General Partnership according to the provisions of Chapter Four of this law.**

**ARTICLE 79. Existence of the Partnership:**

**A General Partnership acquires legal personality as of the date of registration and advertisement, and as amended by any subsequent amended registration(s).**

**ARTICLE 80. Relations of Partners with Third Parties:**

**The Partners' relationship with third parties shall be subject to the provisions of this Law, except where provisions have been made to the contrary in the Partnership Agreement.**

**ARTICLE 81. Transactions by Agents:**

**A Partner, manager or person, appointed to represent a General Partnership within the authority delegated to him shall be authorized to sign all legal transactions in the name of the General Partnership and bind the General Partnership. Agents of General Partnerships may also conduct business in accordance with the law. All such agents must act in good faith and honesty. Partners may also perform transactions on behalf of the General Partnership that are agreed upon in the contract and bind the General Partnership.**

**ARTICLE 82. Responsibility of the Partners:**

**The General Partners shall be jointly and severally responsible for the debts and commitments of the General Partnership.**

**ARTICLE 83. Lawsuits:**

**Any claims about the debts and commitments of the Partnership shall be first brought against the General Partnership. In case it is not possible to file a claim against the General Partnership or if the General Partnership has been dissolved, the claim may be made against the Partners. In this case, the Court upon the request of creditors and based on the cause shown, may order that the General Partnership properties and transactions be managed by the Court until the time needed to settle the accounts.**

**ARTICLE 84. Implementing Judicial Action:**

**The decision of the Court with respect to the operations of a General Partnership shall be binding on the Partnership.**

**ARTICLE 85. Payment of Creditors' Rights [Debts]:**



**In case of liquidation of a General Partnership, the creditors of the General Partnership shall have priority over the personal creditors of the Partners as to the property of the General Partnership.**

**ARTICLE 86. Court Order to the Creditors' Claims:**

**The bankruptcy of the General Partnership shall not be considered as the bankruptcy of Partners. In case the assets of the bankrupt General Partnership is not sufficient to fulfill the demands of the creditors, the creditors can claim their remaining debts from the Partners. However, if the property of Partners is also insufficient to satisfy the claims, the Partners may be announced bankrupt by the Court.**

**ARTICLE 87. Partners Cannot Utilize Assets [of the Partnership ]:**

**Partners of a bankrupt General Partnership may not make use of General Partnership assets. However, they may claim [their] other claims from the General Partnership as creditors of the General Partnership.**

**ARTICLE 88. Non Payment of Claims Related to Debts:**

**A person indebted to the General Partnership cannot escape the debt if a Partner of the General Partnership is indebted to such person. Neither can a Partner escape the debtsuch Partner owes to the General Partnership if a person indebted to such Partner happens to owe the General Partnership. But if a creditor of the General Partnership, should not be able to receive such creditor's money from the General Partnership, if such creditor seeks payment from the individual Partners and if the Partner from whom the payment is sought happens to have a personal claim on the creditor of the General Partnership, in that case such Partner can use such creditor's claim to pay the debt of the General Partnership.**

**ARTICLE 89. Duration of Activities of the Partnership:**

**Unless otherwise specified by the Partnership Agreement, the duration of the General Partnership shall end upon the death of any individual Partner, or the dissolution of any Partner that is a legal person. In spite of this if a General Partnership's duration is not definite and the nature of its business activities is such as to limit the existence of the General Partnership the duration of the General Partnership shall end on the date of completion of the activities.**

**ARTICLE 90. Dissolution of Partnership :**

**A General Partnership is dissolved in accordance with the provisions of ARTICLE 53 of this Law.**

**ARTICLE 91. Conclusion of Valid Partnership Agreement:**

**If the Partnership Agreement of a General Partnership excludes certain reasons as the causes of dissolution it shall be valid, but if it absolutely excludes all the reasons as the cause of dissolution such provision shall be invalid.**

**ARTICLE 92. Informing Creditors of Dissolution of the Partnership:**

**After the dissolution of the General Partnership, the General Partnership must register the dissolution as a change to its existence and must take reasonable actions to notify its creditors and others having transactions with the Partnership of its dissolution. The General Partnership shall then commence liquidation in accordance with the provisions of this Law. All contracts existing at the time of dissolution, or entered before the Registration of the dissolution and notification of third parties, shall remain valid and binding on the General Partnership and its Partners pursuant to this Law.**

**ARTICLE 93. Informing the Partners of Dissolution of the Partnership:**

**If a General Partnership is established for an unlimited (indefinite) period, any of the Partner/Partners can, at least six months before the end of the General Partnership's fiscal year, notify in writing other Partners of his/their intention to dissolve the General Partnership.**

**ARTICLE 94. Court Order for Dissolution of the Partnership:**

**General Partnerships established for limited or unlimited duration may be dissolved by decision of the Court through the request of a Partner in the following cases:**

**Non-realization of the objectives of the General Partnership for any reason;**

**Dishonesty of a Partner whether in administrative or accounting affairs;**

**Failure on the part of a Partner to perform the principal duties delegated to such Partner;**

**Misusing the title or the properties of the General Partnership by a Partner for personal benefits;**

**Disqualification and incompetence of a Partner because of a continued illness, or other reasons which will disable such Partner from taking part in the business affairs of the General Partnership; [or]**

**Failure of a Partner to contribute such Partner's agreed upon capital if an earlier demand for payment has been made to the Partner by one of the Partners.**

**ARTICLE 95. Duration of Partnership:**

**If the duration of a General Partnership is limited, or if duration depends on the life of one of the Partners, after the death of the Partner or termination of such duration, the General Partnership is considered as existing for a time to complete outstanding business transactions consistent with the provisions of this law on dissolution.**

**ARTICLE 96. Dissolution of the Partnership because of Death, Bankruptcy or Incompetency of one of the Partners:**

**If the General Partnership is considered dissolved because of the death, bankruptcy, or incompetence of one of the Partners, the heir of the deceased, the legal financial executor of the bankruptcy or his [legal] counsel or the custodian of the incompetent must, without delay, inform the Partners of the matter. If any unreasonable delay in notification damages the business of the General Partnership, the General Partnership may recover damages from**

**the estate of the Partner causing dissolution unless the General Partnership otherwise knows of the event of dissolution.**

**ARTICLE 97. Continuation of the Partnership after Death or Voluntary Withdrawal of a Partner**

**When any Partner voluntarily withdraws from the General Partnership or dies, the General Partnership's business may continue without any settlement of accounts as between the voluntarily withdrawn or the heir of the deceased Partner; unless otherwise agreed in the Partnership Agreement. If the withdrawn or heir of the deceased Partner, or such Partner's legal representative have interest in the General Partnership at the date of dissolution, they shall receive, as ordinary creditors, an amount equal to the value of such withdrawn or deceased Partner's interest in the dissolved General Partnership with interest, or at their option in lieu of interest they can receive the profits attributable to the use of such withdrawn or deceased Partner's heir's right in the property of the dissolved General Partnership; provided that the creditors of the General Partnership, as against the creditors or the representative of the withdrawn or deceased Partner's heir, shall have priority on any claim arising under this ARTICLE.**

**ARTICLE 98. Incompetency of Partner**

**If any Partner becomes incompetent, the provisions of ARTICLE 97 of this Law shall be applicable.**

**ARTICLE 99. Bankruptcy of Partners:**

**Unless otherwise stated in the Partnership Agreement, in case of the bankruptcy of one of the Partners, the bankrupt Partner is expelled from the General Partnership.**

**ARTICLE 100. Expulsion of a Partner by Court Decision:**

**If the request to dissolve a General Partnership is made by a Partner, the Court may, on request of the other Partners, make a decision to continue the General Partnership and expel the requesting Partner.**

**ARTICLE 101. Request of Dissolution of the Partnership or Refusal**

**If a Partner requests the dissolution of a General Partnership whose business duration is unlimited one or more of [the other] Partners can reject the request for dissolution and continue with the General Partnership. In such a case, the matter concerning expulsion of the Partner shall be referred to the Court in accordance with the Provisions of this law.**

**ARTICLE 102. Request of Dissolution of the Partnership by one of the Partners:**

**If a Partner makes a request based on ARTICLE 94 to dissolve a General Partnership whose term of business is limited, the other Partner/Partners may pay out such requesting Partner's shares and continue the business of the General Partnership.**

**ARTICLE 103. Transferring the Debts and Assets:**

**If a General Partnership is composed of two Partners and one withdraws from the General Partnership, the remaining Partner may obtain a Court order transferring title to all the assets of the General Partnership's business without dissolution, or liquidation. In this case the provisions of ARTICLES 104 and 105 of this Law shall be applicable on the withdrawn Partner.**

**ARTICLE 104. Continuation of Administration and Transactions after Dissolution:**

**If there should be only two Partners in a General Partnership and if a person to whom a Partner is personally indebted should use such person's right to dissolve the General Partnership as set forth in ARTICLE 108, or if one of the Partners should go bankrupt, the other Partner may, in compliance with ARTICLE 102 of this Law, perform administrative affairs and execute the transactions of the General Partnership in such Partner's own account.**

**ARTICLE 106. Payment of the Profit of the Partner who Withdraws from the Partnership:**

**Unless otherwise provided in the [Partnership] Agreement, the value of the General Partnership profit of a Partner who is expelled or who wishes to withdraw from a General Partnership is determined from the value of the assets of the General Partnership as of the date the expulsion demand has been made, and the sum shall be paid in cash.**

**The profit of a Partner who is expelled or withdrawn according to paragraph (1) of this Article shall be paid at the time provided by the Partnership Agreement, however, if it is not determined in the Partnership Agreement the payment shall be made when the first balance sheet is prepared after the Partner is expelled or withdrawal.**

**ARTICLE 106. Expelled Partner and Non-involvement in the Decisions of the Partnership:**

**A Partner who is expelled, or who has asked to withdraw, is to participate in the privileges and responsibilities of the transactions taking place before the expulsion is effective, but such Partner cannot prevent the execution of transactions already acted upon or decided by the other Partners. If the winding up of the General Partnership's business is not immediately possible, such expelled, or withdrawn Partner can ask at the end of the General Partnership's fiscal year for the accounts of transactions which have taken place during such fiscal year. Such expelled or withdrawn Partner also is entitled to request information on current transactions in progress at the end of the fiscal year.**

**ARTICLE 107. Payment of Personal Debt:**

**The expulsion or withdrawal of a Partner as it relates to third parties is in effect as of the date of registration and advertisement [of this matter], and prior to the date of such registration and advertisement, such partner shall continue to be responsible to third parties.**

**ARTICLE 108. Non-satisfaction of Debt:**

**If a person to whom a Partner is personally indebted should not be able to satisfy such person's claim from the personal properties of the debtor, such person may, at the time of the winding up of the General Partnership's business, control, through the order of the**

**Court, the Partner's interest in the General Partnership, and may request [the Court] dissolve the General Partnership at the end of the fiscal year for any of the strong reasons provided in ARTICLE 100 of this law. The General Partnership, or the rest of the Partners, can, before the order to dissolve the General Partnership should become effective, pay the debt, or expel the debtor Partner, in accordance with ARTICLE 105 of this law. In such a case, the order of the Court shall be invalidated.**

**ARTICLE 109. Merger of Partnerships:**

**Two or more General Partnerships may merge or enter into any other type of amalgamation with each other to establish a new General Partnership. In this case the resulting new General Partnership shall be treated as a continuation of the prior General Partnership Companies and shall not be deemed to have been dissolved.**

**ARTICLE 110. Agreement of Partners for Merger:**

**For a merger of General Partnerships with agreement of all partners, separate decisions are to be made by each General Partnership and should be registered and advertised; unless otherwise provided by the Partnership Agreement. The merger shall be effective upon the later of Registration or advertisement.**

**ARTICLE 111. Preparation of Balances of Merged Partnerships**

**Each of the merged Partnerships must arrange and advertise its balance in unified forms. They must also approve decisions as to payment of debts and these decisions must accompany the balances. Each Partner may receive the balances and an explanation of them before the merger.**

**ARTICLE 112. Informing the Creditors about the Merger of the Partnership:**

**The decision to merge General Partnerships becomes effective three months after the date it has been registered and advertised. Each of the merged partnerships shall be obliged to give notice to known creditors of the merger. If the merged General Partnerships pay their debts, or deposit the equivalent amount in a recognized bank, or if the persons to whom they are indebted agree with the merger, it is not necessary to wait three months.**

**The receipt received from the bank for the amount equivalent to debts is to be registered and advertised as well. Each of the persons to whom the merged General Partnerships are indebted can, within three months, submit a protest to the relevant Court on the matter of the merger. Until such time as the protester rescinds his protest, or the Court has made the final decision relating to the creditor who has protested, the merger cannot take place.**

**ARTICLE 113. Period of Time to Object to Merger:**

**If during the period mentioned in ARTICLE 112 of this law there should not be any protest, the merger becomes final. The newly created General Partnership is the successor of previous General Partnerships and all the rights and responsibilities are transferred thereto, In this case the new partnership shall be registered and advertised.**

**ARTICLE 114. Liquidation of Deals:**

**If there are no provisions relating to the winding up of the business of the General Partnership in the General Partnership's Partnership Agreement, the winding up of the business of the General Partnership shall be executed in accordance with the provisions of this Law.**

**ARTICLE 115. Liquidation of Partnership:**

**The winding up of a General Partnership's business shall be the responsibility of the liquidating officers.**

**ARTICLE 116. Partnership's Liquidation Officers:**

**The liquidating officers shall be:**

**1. The persons determined as liquidating officers in the Partnership Agreement of the General Partnership;**

**2. If the liquidating officers are not determined in the Partnership Agreement, the persons elected as liquidating officers by the Partners either prior to, or after, the Partners' decision to dissolve the General Partnership; [or]**

**3. In the event that no liquidating officers are determined, each partner or his legal executor is deemed to be the liquidating officer for a General Partnership's business. Where a Partner petitions the relevant Court, the liquidating officers shall be assigned by the relevant Court.**

**ARTICLE 117. Appointment of Liquidation Officers:**

**The liquidating officers, whether chosen by the Partners or assigned by the Court, may be among the Partners or persons other than partners.**

**ARTICLE 118. Decision of Liquidation:**

**If more than one liquidating officer shall be responsible for winding up the business of the General Partnership, such liquidating officers may work collectively and cooperatively in the winding up of the General Partnership's business. If one liquidating officer is to act independently on any given matter, he is obliged to register such matter with the Central Registry and inform third parties dealing with the General Partnership in the winding up of its business.**

**ARTICLE 119. Appointment of a Member of Partnership for Liquidation:**

**If a General Partnership transacts business while the General Partnership is winding up its business, the liquidating officers may elect only one person from among themselves to transact such business with third parties and such transaction is binding against the General Partnership if done for the purposes of winding up the General Partnership's business.**

**ARTICLE 120. Business Transactions of Partnership during Liquidation:**

**When a General Partnership's business is being wound up, on all contracts, or other documents, prepared in the name of the General Partnership the Statement "Winding up of the General Partnership" shall be recorded, and shall be signed by the General Partnership's liquidating officer, or officers. In the event that such Statement is not recorded on a contract, or other document, prepared in the name of the General Partnership while its business is being wound up the General Partnership the liquidating officer, or officers, shall be responsible to any third party with respect to such contract or other document, unless the third person has knowledge of the General Partnership's dissolution or winding up of its business.**

**ARTICLE 121. Preferential Rights:**

**The priority given to persons to whom the General Partnership is indebted over persons to whom Partners are personally indebted is protected even after the dissolution of the General Partnership.**

**ARTICLE 122. Insufficiency of Assets for Satisfaction of Debts during Liquidation:**

**If the assets of the General Partnership at the time of dissolution are insufficient to satisfy the General Partnership's creditors, the Court may issue a decision that causes the bankruptcy of the Partnership in accordance with the provisions of the Law.**

**ARTICLE 123. Dismissal of the Liquidating Officer Pursuant to Agreement:**

**If the liquidating officers of the General Partnership are elected according to the General Partnership's Partnership Agreement from among or outside of the Partners of the General Partnership before or after dissolution, such liquidating officers may be dismissed by the unanimous vote of the Partners. In the event that a unanimous decision [of the Partners to dismiss such liquidating officers] cannot be reached, the Court may order such removal, upon the request of any one of the Partners.**

**ARTICLE 124. Dismissal of Liquidating Officer by the Court**

**A liquidating officer appointed by the Court may only be dismissed by the Court.**

**ARTICLE 125. Request of Cooperation on Liquidation:**

**During the winding up of the General Partnership, the liquidating officers may:**

- 1. Request that the managers of the General Partnership (if any) assist in the winding up of the General Partnership;**
- 2. Prepare an accounting of the assets of the General Partnership and the General Partnership's current balance sheet if the managers do not assist;**
- 3. If necessary, obtain an appraisal of the General Partnership's assets to determine their value.**

**After the managers of the Partnership have signed the books and the prepared balance sheet, take control over, and responsibility for, the General Partnership's assets and accounts in the presence of such managers.**

**ARTICLE 126. Maintaining the Assets of the Partnership:**

**The liquidating officers shall be responsible for the safety of all assets and accounts of the General Partnership during the winding up of its business.**

**ARTICLE 127. Responsibilities of Liquidating Officer:**

**The liquidating officers are responsible for executing the following:**

- 1. To complete all of the General Partnership transactions that commenced prior to its dissolution.**
- 2. To pay the debts, and other claims, of the General Partnership in cash. If the persons to whom such debts are paid agree, such payment may be in kind.**
- 3. To collect the General Partnership's third party claims and convert assets of the General Partnership into cash.**
- 4. To take necessary actions to execute transactions necessary for the collection of the General Partnership's accounts, and for the distribution of General Partnership assets among the Partners.**

**ARTICLE 128. The Liquidating Officer as a Representative of the Legal Personality of the General Partnership:**

**The liquidating officers shall represent of the General Partnership's legal personality, while it is being wound up, before the Courts, or before other legal persons.**

**ARTICLE 129. Non-execution of Transactions not Related to the Liquidation of the Partnership:**

**The liquidating officers cannot execute any transactions not related to the winding up of the business of the General Partnership. In the event that they do so, such liquidating officers shall assume any responsibility that might arise from such transactions.**

**ARTICLE 130. Resolution of Partnership's Transactions:**

**The liquidating officers are authorized to enter into negotiations, or (if necessary) to appoint an arbitrator, to resolve any transactions of the General Partnership.**

**ARTICLE 131. Sale of Properties of the Partnership:**

**The liquidating officers are permitted to sell the movable property of the General Partnership, whether at auction or by another way that provides maximum benefit for the Partnership, but the immovable property of the General Partnership, unless the Partners agree otherwise, may only be sold at auction. The presence of a minor or incompetent Partner shall not prevent the sale of the movable, or immovable, property of the General Partnership.**

**ARTICLE 132. Transacting Business not Related to Liquidation of the Partnership:**



**The liquidating officers who are appointed by the Court, upon unanimous agreement of the Partners, may, if necessary, execute transactions that are unrelated to the winding up of the business of the General Partnership.**

**ARTICLE 133. Payment of Installment Debts:**

**The liquidating officers shall pay any installment debts of the General Partnership with discount as soon as possible where creditors agree.**

**ARTICLE 134. Payment of Debts:**

**If the assets of a General Partnership do not satisfy the liabilities of the General Partnership, the Partners shall be responsible for full payment of the liabilities of the General Partnership.**

**ARTICLE 135. Prohibited Sale of Partnership Properties:**

**Unless the Partners unanimously agree, the liquidating officers may not sell all of the General Partnership property in one lot.**

**ARTICLE 136. Increasing and Limiting the Powers:**

**The legal authority of the liquidating officers may be expanded, or limited, by the unanimous vote of the Partners, or by decision of the Court, if such expansion or limitation is registered with the Central Registry and advertised. If the matter of limitation or expansion of authority has not been registered and advertised such limitation or expansion does not affect third parties dealing in good faith with the General Partnership unless such third parties have knowledge of the facts regarding legal authority of the liquidating officers.**

**ARTICLE 137. Liquidation of the Partnership Limited to Decision of Partners or Court**

**During the winding up of the Partnership's business liquidating officers are bound by any decision made by the Partners or Court relating to the winding up of the Partnership's business. In case of bankruptcy, death, or incompetence of one of the Partners, ARTICLE 138 of this law shall be applicable.**

**ARTICLE 138. Appointments and Dismissals of Representative:**

**In case of bankruptcy, death, or incompetence of a Partner during the winding up of the General Partnership's business, the lawyer, or executor, of such Partner shall have the right to participate in Partnership decisions to appoint, dismiss, or give directions to any liquidating officers. The heirs [of such Partner] may also appoint a lawyer to represent such heirs. If the heirs fail to agree on appointment of a lawyer, or such Partner has no heirs, the Court may appoint a person as lawyer to represent such Partner's profits.**

**ARTICLE 139. Maintaining Some of the Properties of the Partnership for Payment of Debts:**

**The liquidating officers may, after retaining the necessary reserves to satisfy debts of the General Partnership, distribute the remaining assets among the Partners.**

**ARTICLE 140. Responsibilities of the Liquidating Officer:**

**The liquidating officers shall have the responsibilities as set forth below during winding up the business of a General Partnership;**

- 1. Accurately prepare the final books and records of the General Partnership to secure proper winding up of the business of the partnership;**
- 2. Report to the Partners orally, or in writing, regarding the status of the winding up of the business of the General Partnership upon request of the Partners;**
- 3. Make available all books and records of the Partnership relating to the General Partnership's liquidation whenever the Partners so request. The liquidating officers may not prevent Partners from copying the General Partnership's books and records.**
- 4. The liquidating officers, during the winding up of the business of the General Partnership, must deposit any money above the Partnership's operating requirements in a recognized bank.**

**ARTICLE 141. Recording and Advertising the Decisions of the Partners:**

**All statements in the General Partnership's Partnership Agreement relating to liquidating officers, together with directives decided upon by the Partners and the Court concerning the appointment, change, and dismissal of liquidating officers, is to be registered with the Central Registry and advertised.**

**ARTICLE 142. Responsibilities of Liquidating Officer after Termination of Liquidation:**

**At such time that the winding up of the business of the General Partnership is complete the liquidation officers, according to the Partnership Agreement or to decisions made by the Partners or a Court, must prepare an accounting of the winding up and a balance sheet containing the shares of the Partners in the capital, profit, loss, and other items. The accounting and balance sheet must be submitted to the Partners. If the Partners raise no objection within one month, the accounting and balance sheet are considered final. After such one-month period, if Partners fail or refuse to accept such Partners' distributions of General Partnership assets, the liquidating officers may deposit such distributions under such Partners' names in a recognized bank.**

**ARTICLE 143. Distribution of Net Assets among the Partners:**

**The net assets of the General Partnership, in accordance with the Partnership Agreement or the decision of the Partners, should be distributed by the liquidating officers to the Partners, unless otherwise stated by the Partnership Agreement or as directed by the Partners, such distribution shall be made in cash.**

**ARTICLE 144. Liabilities of Liquidating Officers:**

**Liquidating officers are liable to the Partners and third parties for actions taken on their behalf by agents, or other representatives, who the liquidating officers appointed to perform their duties to the General Partnership.**

**ARTICLE 145. Wages of Liquidating Officers:**

**Liquidating officers appointed from among the Partners may not be compensated, unless so stated in the Partnership Agreement or upon the decision of other Partners. Liquidating officers who are not Partners, regardless of whether compensation has been stated in the Partnership Agreement or otherwise, are entitled to compensation for performing their duties as liquidating officers.**

**ARTICLE 146. Depositing of Papers in a Safe Location :**

**At such time that the winding up of the General Partnership's business is complete, the General Partnership's books and records are to be deposited in a safe place designated by the Partners for a period of 15 years from the completion of the winding up of the business of the General Partnership. If the Partners do not agree regarding the place for such books and records to be kept, such place shall be assigned by the Court.**

## **CHAPTER 5: SPECIAL PARTNERSHIPS**

**ARTICLE 147. Application of Provisions of Chapter Four:**

**Unless otherwise stated in this law, rules of this law governing General Partnerships apply to Special Partnerships as well. Where it cannot be decided if a company is a General Partnership or a Special Partnership, it is considered to be a General Partnership.**

**ARTICLE 148. Registering the Name of Partners and the Capital Paid by Them:**

**In the Special Partnership Agreement, in addition to the requirements of ARTICLE 152 of this law, the names of the Special Partners, as well as the capital of each that has been paid or promised, should be entered and should be, registered with The Central Registry ,and advertised.**

**ARTICLE 149. Exception of Some Goods as Capital:**

**A Partner to a Special Partnership cannot submit such Partner's work, action, reputation, or profession (other than such Partner's scientific and technical invention or other intellectual [property] rights belonging to the Partner), as capital.**

**ARTICLE 150. Legal Relations of the General Partners:**

**The legal relations of General Partners to each other, to Special Partners, and to third parties are subject to provisions of CHAPTER 4 of this Law.**

**ARTICLE 151. Items Included in the Articles of Partnership:**

**A Special Partnership's Articles of Partnership, established on the basis of its Partnership Agreement shall include:**

**(1) The name of the Special Partnership;**

**(2) The address and name of its registered agent;**

**(3) The name(s) and address (es) of the Special Partnership's General Partner(s);**

**(4) The total number and value of the Special Partnership's authorized ownership shares, if any.**

**ARTICLE 152. Partnership Agreement in composition of the Articles of Partnership :**

**The Partnership Agreement of Special Partnerships should be signed by all of the Partners. Partners who participate in the preparation of the Articles of Partnership are considered as founders. The founders cannot be fewer than five Partners provided that one of such founder is a Partner. Special Partners who are founders should include in the Partnership Agreement the amount they have agreed to contribute.**

**ARTICLE 153. Dismissal of Special Partnership Managers:**

**Managers of Special Partnerships can be dismissed in accordance with the conditions and circumstances determined in ARTICLE 68 of this law.**

**ARTICLE 154. Involvement of General Partner in the Same Activity:**

**As in a General Partnership, a General Partner of the Special Partnership cannot engage in a company [Partnership] with a business identical to that of the Special Partnership without the permission of the rest of the General Partners of the Special Partnership or to subscribe in the company as a General Partner. The General Partner violating this is subject to the provisions of ARTICLE 78 of this law. However, if the other General Partners of the Special Partnership, or the Board of Supervisors, have notice of the participation by the General Partner in another company and do not object within one year after receiving notice, they shall be considered to have given permission.**

**ARTICLE 155. Appointment of Board of Supervisors:**

**The Special Partners may select a Board of Supervisors which may not include General Partners. The Board of Supervisors shall be responsible for carrying out the decisions made collectively by the Special Partners.**

**ARTICLE 156. Representation of Special Partners by Board of Supervisors:**

**The Board of Supervisors can represent the Special Partners in case of a claim between the General Partners and the Special Partners.**

**ARTICLE 157. Relationship among Partners:**

**Unless the Partnership Agreement provides otherwise, the relations among Partners is regulated by provisions of this law.**

**ARTICLE 158. Interference of Special Partners Prohibited into Administrative Affairs:**

**Special Partners are not authorized to interfere into the administrative affairs of the Partnership and cannot prevent those authorized from executing their duties, but they can vote on transactions not included in the authority of the administrative personnel.**

**ARTICLE 159. Review and Investigation of Balance Sheet, Papers and Asset Books:**

**Each Special Partner is allowed at the end of the year to investigate the balance sheet, asset books, and papers of the Special Partnership either personally, or through an informed person. If there is an objection to an opinion made by the informed persons, the informed person may be appointed by the Court on the request of the Special Partner.**

**ARTICLE 160. Establishment of an Institution whose Subject of Business Constitutes the Activities of Special Partnership:**

**The contents of ARTICLE 78 if this law are not applicable to Partners of the Special Partnership unless one or more of the Special Partners should establish an institution whose activities constitute the subject of the business of the Special Partnership, or join another person having established such an institution, or join an company doing the same business. Such Special Partners will not be entitled to investigate the books and papers of the Special Partnership.**

**ARTICLE 161. Responsibility Proportional to Capital**

**The responsibility of a Special Partner is limited to such Special Partner's promised or paid-in capital.**

**ARTICLE 162. Receiving of the Profit and Dividend by the Special Partner:**

**The Special Partner can at the end of the fiscal year receive such Special Partner's dividend, or if stated in the Special Partnership Agreement, such Special Partner's interest. If the Special Partnership has suffered a loss, until the loss is recovered, the interest is not paid but in future years, after the loss of capital is made up from remaining profit, the interest of previous years is paid out.**

**ARTICLE 163. No Return of Dividends:**

**(1) Special Partners are not required to return interest and dividends paid in previous years to make up for losses caused thereafter.**

**(2) Special Partners are not required to return dividends and interest received on the basis of a false or improperly prepared balance sheet.**

**ARTICLE 164. Legal Representative:**

**In case of the death of a Special Partner, such Special Partner's legal representative of the heirs replaces such Special Partner.**

**ARTICLE 165. Transferring Interest of Special Partner, Wholly, or in part, to Another Person:**

**If a Special Partner transfers, without the permission of other Partners, such Special Partner's interest in the Special Partnership wholly, or in part, to another person, this new Partner is not entitled to investigate or interfere in, the affairs of the Special Partnership.**

**ARTICLE 166. Liability of Special Partner:**

**A Special Partner, whose name is in the title of the Special Partnership, has unlimited liability to third persons.**

**ARTICLE 167. Designation of Special Partner to Transact Business of the Partnership:**

**The responsibility to administer and represent a Special Partnership rests with the Partners who has unlimited liability. The extent of this authority is subject to the legislative documents that are applicable to General Partnerships. Unless otherwise stated in the Special Partnership Agreement, a Special Partner may be delegated, by the Manager, or Managers, of the Special Partnership, on the consent of such Special Partner, to execute certain transactions. In such cases the liability arising through the execution of such Special Partner's delegated transactions is that of the [Special] Partnership. If a Special Partner acts beyond such Special Partner's delegated duty, or acts without having been delegated, such Special Partner is personally liable for such Special Partner's actions.**

**ARTICLE 168. Consultation, Right to Investigation and Controlling the Affairs of the Partnership:**

**In compliance with the provisions of ARTICLE 159 of this law, the giving of advice and consultations, the right to investigate, and controlling the affairs of the Special Partnership and, participation in the appointment and dismissal of employees in accordance with law, or employment for minor work in the Special Partnership, cannot cause unlimited liability for the Special Partners.**

**ARTICLE 169. Liability of Special Partners to the Creditors of the Partnership:**

**The Special Partners are liable, until the time of dissolution of Partnership, to persons to whom the Special Partnership is indebted for the contributions they are obliged to make; or persons to whom the Special Partnership is indebted cannot, during the time that the case is under processing, refer to Special Partners. In the event of dissolution of the Partnership, the creditors have the right to claim against the entire assets of the Special Partnership.**

**ARTICLE 170. Prioritizing the Claims of Creditors:**

**In the case of dissolution of a Special Partnership, claims on the Special Partnership are given priority over claims on the Partners personally.**

**ARTICLE 171. The Equity of Rights of Personal Creditors and Partnership's:**

**In case the assets of a Special Partnership are not sufficient for the claims against it, creditors can demand their claims from the personal assets of the General Partners. In such cases the creditors of the Special Partnership and the creditors of the General Partners have equal rights.**

**ARTICLE 172. Demand for Committed Capital:**

**In case that the assets of the Special Partnership do not satisfy the debts incurred by the Partnership, the Partnership shall be authorized to demand the Special Partner's unpaid committed capital. In this case, the debts of a Special Partnership, as well as the debts of personal creditors, have equal status.**

**ARTICLE 173. Dissolution and Liquidation of Special Partnerships:**

**Provisions regarding the Liquidation of General Partnerships apply as well to Special Partnerships.**

**ARTICLE 174. Creditors of the Partnership:**

**Where a creditor of the Special Partnership is indebted to a [Special] Partner of such Partnership and the Special Partner has not fulfilled such Special Partner's promises to the Special Partnership, it is possible to apply the debt of the Special Partner against that of the creditor.**

## **CHAPTER 6: WORK PARTNERSHIPS**

**ARTICLE 175. Demand for Performance of Work and Demand for Wage by Partners:**

**Each of the Partners in a Work Partnership shall be deemed a representative of the other Partners in accepting work on behalf of the Work Partnership and the owner of work may demand completion of work from any of the Partners. Conversely, each of the Partners may demand wages from the owner of work and if the owner of work pays the wages for such work to one of the Partners, such payment shall be deemed payment of the wages to all of the Partners.**

**ARTICLE 176. Delegation of Work to Others:**

**Unless otherwise provided in the Work Partnership Agreement, a Work Partner may assign such Partner's work to another Work Partner, or to other persons, unless the owner of work has stated to the Partners that the work must be completed by a specific Work Partner.**

**ARTICLE 177. Distribution of Profits for the Work Performed:**

**Profits shall be distributed among the Work Partners as is agreed upon [by the Partners]. In determining the distribution of profits among the Work Partners, the amount of work performed by each Work Partner may be made a condition to the amount of wages paid to each such Partner.**

**ARTICLE 178. Ensuring Wages of Work:**

**A Work Partner shall be entitled to a portion of the profits by guaranteeing the performance of the work even though such Partner did not perform the work.**

**ARTICLE 179. Compensation of Damages Regarding the Work:**

**Where the work is damaged by one or more of the Work Partners, the owner of work can compel one or more of the Work Partners to compensate the owner of the work for such damages. The loss shall be borne by the Work Partners in accordance with the terms of the Work Partnership Agreement. In the event that there is no Work Partnership Agreement, then the loss shall be borne by the Work Partners in proportion to their share of the profits of the Work Partnership; if the loss is caused by an act of gross negligence of one, or more, of the Work Partners, then the loss shall be borne by the Partners who acted with gross negligence.**

**ARTICLE 180. Provision of Work Site and Equipment:**

**In a Work Partnership, some of the Work Partners may provide the work site and other Partners may supply certain work equipment and performance of the work.**

## **CHAPTER 7: MISCELLANEOUS PROVISIONS**

**ARTICLE 181. Continuation of Business:**

**(1) Any partnership which has obtained a business license from the authorized State Authorities, before the effective date of this Law, and which has registered such license at the Administration for Documents and Trademarks, shall there after continue its legal existence and be governed under the provisions of this Law.**

**Partnership(s) which are not constituted in compliance with this Law shall not be legal Partnership(s).**

**ARTICLE 182. Paying Tax Duties:**

**The Partnerships referred to in this law and their Partners shall be responsible to pay all taxes and any other charges due, in accordance with the provisions of this law.**

**ARTICLE 183. Enacting Rules, Regulations and Procedures:**

**For the better implementation of this law, the Ministry of Commerce and Industry propose Regulations and enact relevant Procedures and Rules.**

**ARTICLE 184. Effective Date:**

**This Law is applicable from the date of signing [by the President] and shall be published in the Official Gazette. As of the Effective Date, the provisions of Articles relating to Partnerships in the Commercial Code published in the Official Gazette #89, dated Mizan, 1336 and Civil Code dated 15.10.1355 and any other provisions of other laws which contradict the provisions of this law, are voided.**