

BOOK ONE – GENERAL PROVISIONS

SECTION I. BASIC PROVISIONS

Chapter 1. CIVIL LEGISLATION OF UKRAINE

Article 1. Relations Regulated by the Civil Legislation

1. Civil legislation shall regulate personal property and non-property relations (civil relations) founded on the basis of legal equality, goodwill and property independence of their parties.
2. The civil legislation shall be not applied to the property relations founded on the administrative or other power subordination of one party to another as well as to tax and budgetary relations unless otherwise established by the law.

Article 2. Participants of Civil Relations

1. Natural persons and legal entities represent participants of civil relations (hereinafter – the “persons”).
2. Participants of civil relations shall include the state of Ukraine, the Autonomous Republic of Crimea, territorial communities, foreign states and other subjects of the Public Law.

Article 3. General Foundations of Civil Legislation

1. General foundations of the civil legislation include:
 - 1) unacceptability of a self-willed intrusion into a private life of a human;
 - 2) unacceptability of ownership deprivation except as established by the Constitution of Ukraine and the law;
 - 3) freedom of agreement;
 - 4) freedom of entrepreneurial activity;
 - 5) remedy of a civil right and interest;
 - 6) equity, good faith and reasonability.

Article 4. Acts of Civil Legislation of Ukraine

1. The Constitution of Ukraine shall constitute the framework of the civil legislation of Ukraine.
2. The Civil Code of Ukraine is the basic act of the civil legislation of Ukraine.

The other laws approved according to the Constitution of Ukraine and this Code shall also represent the acts of the civil legislation (hereinafter – the “law”).

If a legislative initiative subject presents to the Verkhovna Rada of Ukraine a draft law, which regulates civil relations otherwise than provided by this Code, he/she/it shall be

obliged to present concurrently the draft law on the introduction of modifications to the Civil Code of Ukraine.

3. Civil relations may be regulated by the Acts of the President of Ukraine as established by the Constitution of Ukraine.
4. The Decrees of the Cabinet of Ministers of Ukraine shall be also referred to the civil legislation acts.

If the Decree of the Cabinet of Ministers of Ukraine contradicts provisions of this Code or the other law, the respective provisions of this Code or the other law shall be applied.

5. Other state power authorities of Ukraine and the Autonomous Republic of Crimea may adopt normative-legal acts that regulate civil relations only in the events and to the extent established by the Constitution of Ukraine and the law.
6. Civil relations shall be regulated alike all over the territory of Ukraine.

Article 5. Operation of Civil Legislation Acts Throughout the Time

1. Civil legislation acts shall regulate relations that have appeared since their effective date.
2. Civil legislation acts shall have no retroactive effect in course of time except as it mitigates or cancels the Person's responsibility.
3. In the event that civil relations occurred earlier and were regulated by the civil legislation act, which lost its effect, the new civil legislation act shall be applied to the rights and obligations that occurred beginning from its effective date.

Article 6. Civil Legislation Acts and the Agreement

1. The parties shall be entitled to enter into agreement not provided by the civil legislation acts but complying with the general foundations of the civil legislation.
2. The parties shall be entitled to regulate their relations not regulated by the civil legislation acts in the agreement provided thereby.
3. In this agreement, the parties may deviate from the provisions of civil legislation acts and regulate their relations at their own discretion.

The parties may not deviate from the provisions of civil legislation acts in this agreement unless expressly specified in these acts as well as in the event that mandatory nature of the provisions of the civil legislation acts results from their subject matter or the substance of relations between the parties.

4. Provisions of parts 1, 2 and 3 of this Article shall be applied to the unilateral legal actions.

Article 7. Practice

1. Civil relations may be regulated by the practice, in particular, the business-dealing practice.

Practice is a rules of conduct not established by civil legislation acts but applied to a certain sphere of civil relations.

Practice may be specified in the appropriate document.

2. The practice contradicting the agreement or civil legislation acts shall be not applied to the civil relations.

Article 8. Analogy

1. If civil relations are not regulated by this Code, any other civil legislation acts or the agreement, they shall be regulated by those legal norms hereof and the other civil legislation acts, which regulate civil relations similar in substance (law analogy).
2. In case of failing to use the law analogy for the regulation of civil relations, they shall be regulated according to the general foundations of the civil legislation (law analogy).

Article 9. Application of Civil Code of Ukraine to Regulation of Relations in the Area of Business, Natural Resources Use, Environmental Protection, Labor and Family Relations

1. Provisions of this Code shall be applied to the regulation of relations occurring in the sphere of natural resources use and environmental protection as well as to labor and family relations if they are not regulated by any other legislative acts.
2. The law may provide the features of property relations in the economic sphere.

Article 10. International Agreements

1. The effective international agreement that regulates civil relations and is approved as a mandatory one by the Verkhovna Rada of Ukraine shall be a part of the national civil legislation of Ukraine.
2. If the effective international agreement of Ukraine entered into according to the procedure specified by the law includes the rules other than those established by the appropriate civil legislation act, the rules of the appropriate international agreement of Ukraine shall be applied.

Chapter 2. GROUNDS FOR ACCRUAL OF CIVIL RIGHTS AND OBLIGATIONS. EXERCISE OF CIVIL RIGHTS AND FULFILLMENT OF OBLIGATIONS

Article 11. Grounds for the Accrual of Civil Rights and Obligations

1. Civil rights and obligations shall appear from persons' actions provided by the civil legislation acts as well as from those that are not provided hereby but generate civil rights and obligations by analogy.
2. Grounds for the accrual of civil rights and obligations include the following:
 - 1) agreements and other legal actions;
 - 2) creation of literary and art works, inventions and other outcomes of intellectual and creative activity;
 - 3) inflicting property (material) and moral damage to the other person;
 - 4) other legal facts.
3. Civil rights and obligations may accrue directly from the civil legislation acts.
4. In cases specified by the civil legislation acts, civil rights and obligations shall accrue directly from the acts of state power authorities, power authorities of the Autonomous Republic of Crimea or local self-government bodies.
5. In cases specified by the civil legislation acts, the civil rights and obligations may accrue from court decisions.
6. In cases specified by the civil legislation acts or the agreement, the occurrence or non-occurrence of a certain event may become a ground for the accrual of civil rights and obligations.

Article 12. Exercise of Civil Rights

1. A person shall exercise its civil rights freely and at his/her own discretion.
2. Person's non-exercising his/her/its civil rights shall be not a ground for the termination thereof except cases established by the law.
3. A person may waive his/her/its property right.

The waiver of the property right to vehicles, animals and immovable things shall be made according to the procedure established by the civil legislation acts.

4. According to the agreement with or without consideration, a person may assign its property right to the other person except cases established by the law.
5. If the law fixes legal consequences (implications) of unfair or unreasonable exercising the right by a person, the person's conduct shall be deemed as fair and reasonable unless otherwise established by the court.

Article 13. Limits to Exercise Civil Rights

1. A person shall exercise his/her/its civil rights within the limits specified by the agreement or civil legislation acts.

2. When exercising the rights, a person shall be obliged to refrain from actions, which could injure the rights of other persons and damage environment and cultural legacy.
3. A person's actions aimed at hurting other persons as well as abusing the right in any other way shall be not acceptable.
4. When exercising his/her/its civil rights, a person shall follow moral norms of the society.
5. Use of civil rights with the purpose of unlawful competition restriction, abusing the monopoly position on the market as well as the unfair competition shall be not acceptable.
6. In the event that a person does not meet the requirements specified in parts 2-5 of this Article when exercising his/her/its rights, the court may commit him/her/it to terminate abusing his/her/its rights as well as apply other implications established by the law.

Article 14. Fulfilment of Civil Obligations

1. Civil obligations shall be fulfilled within limits specified by the agreement or a civil legislation act.
2. A person cannot be enforced to actions, which are non-mandatory therefor.
3. The fulfillment of civil obligations shall be ensured by the incentive means and imposing the responsibility specified by the agreement or the civil legislation act.
4. A person may be released from the civil obligation or the fulfillment thereof in cases established by the agreement or civil legislation acts.

Chapter 3. PROTECTION OF CIVIL RIGHTS AND INTERESTS

Article 15. Right to Protect Civil Rights and Interests

1. Each person has a right to the protection of its civil rights in case of the infringement, disclaimer or contesting thereof.
2. Each person has a right to the protection of his/her/its interests not contradicting the general foundations of the civil legislation.

Article 16. Protection of Civil Rights and Interests by the Court

1. Each person shall be entitled to apply to the court for the protection of his/her/its private non-property or property rights and interests.
2. Civil rights and interests remedies may include:
 - 1) right recognition;
 - 2) recognition of a legal action as invalid;
 - 3) termination of the action violating the right;

- 4) restoration of pre-violation position;
- 5) enforcement of in kind fulfillment of obligation;
- 6) modification of legal relationship;
- 7) termination of legal relationship;
- 8) indemnification for losses and other means of property damage indemnification;
- 9) indemnification for moral (non-material) damages;
- 10) recognition of decisions, actions or inactivity of the state power authority, the power authority of the Autonomous Republic of Crimea or the local self-government body as well as of their officials and employees to be unlawful.

The court may protect a person's civil right or interest in any other way established by the agreement or the law.

3. The court may deny the protection of a person's civil right and interest in case of violating thereby the provisions of parts 2-5 of Article 13 of this Code.

Article 17. Protection of Civil Rights and Interests by the President of Ukraine, State Power Authorities, Power Authorities of the Autonomous Republic of Crimea or Local Self-Governments

1. The President of Ukraine shall protect civil rights and interests within powers established by the Constitution of Ukraine.
2. In cases specified by the Constitution of Ukraine and the law, a person shall be entitled to apply for the protection of his/her/its civil rights and interests to the state power authority, the power authority of the Autonomous Republic of Crimea or the local self-government body.
3. The state power authority, the power authority of the Autonomous Republic of Crimea or the local self-government body shall protect civil rights and interests within limits, on the grounds and in the way specified by the Constitution of Ukraine and the law.

The decision taken by the aforesaid authorities on the protection of civil rights and interests shall not hamper the application to the court for the protection thereof.

Article 18. Protection of Civil Rights by a Notary

1. A notary shall protect civil rights by making the executive inscription on the debt instrument (document) in cases and according to the procedure specified by the law.

Article 19. Self-protection of Civil Rights

1. A person shall have a right to self-protection of his/her/its civil right and the right of any other person against violations and unlawful infringements.

Self-protection consists in taking by a person countermeasures not prohibited by the law and not contradicting the moral norms of the society.

2. Self-protection means must comply with the substance of the violated right, the nature of actions that caused this violation as well as with the consequences resulted therefrom.

Self-protection means may be chosen by a person or specified by the agreement or civil legislation acts.

Article 20. Exercise of the Right to Protection

1. A person may exercise the right to protection at its own discretion.
2. Non-exercise of the right to protection by a person shall be not a ground for the termination of the violated civil right except cases established by the law.

Article 21. Recognition of the Legal Act of the State Power Authority, the Power Authority of the Autonomous Republic of Crimea or Local Self-Government Body as Unlawful

1. The court shall recognize as unlawful and cancel the legal act of the individual nature adopted by the state power authority, the power authority of the Autonomous Republic of Crimea or the local self-government body if it contradicts the civil legislation acts and violates civil rights or interests.
2. The court shall recognize as unlawful and cancel the normative-legal act of the state power authority, the power authority of the Autonomous Republic of Crimea or the local self-government body if it contradicts the civil legislation acts and violates civil rights or interests.

Article 22. Indemnification for the Losses and Other Ways of Property Damage Indemnification

1. The person who incurred losses as a result of destruction or damaging thing shall have a right to the indemnification therefor.
2. The damages include:
 - 1) losses incurred by a person as a result of destroying or damaging thing as well as expenses, which a person has incurred or must incur in order to restore its violated rights (real losses);
 - 2) incomes that a person could receive under ordinary circumstances if his/her/its right would have not been violated (the lost profit);
3. Damages shall be indemnified in full unless any other extent of indemnification is provided by the agreement or the law.

If a violating person receives incomes with this connection, the amount of the lost profit to be indemnified to a person whose right was violated may not be less than incomes received by a violating person.

4. Upon the request of a person who incurred the loss and in accordance of the circumstances of the case, the property damage may be indemnified in other way, in

particular, in kind (by transferring the thing of the same type and quality, repairing the damaged thing, etc.).

Article 23. Indemnification for Moral Damage

1. A person shall have a right to the indemnification for the moral damage resulted from the violation of his/her/its right.
2. Moral damage consists in:
 - 1) physical pain and misery suffered by a natural person in connection with his/her disability or other health impairment;
 - 2) soul sufferings incurred by a natural person in connection with the illegal conduct of his/her family or close relatives;
 - 3) soul sufferings incurred by a natural person in connection with the destruction or damaging his/hers property;
 - 4) abasement of honor and dignity of an individual as well as business standing of an individual or a legal entity.

(Paragraph 4, part two of Article 23
as amended by the Law of Ukraine
of 22.12.2005 N 3261-IV)

3. Moral damage shall be indemnified by cash, other property or otherwise.

The amount of moral damage indemnification shall be specified by the court in dependence of the infringement nature, physical and moral suffering extent, degradation of a sufferer's capabilities or depriving him/her of the possibility to realize them, degree of guilt of the person inflicting moral damage if this guilt is a ground for the indemnification as well as having regard to other circumstances of material significance.

4. Moral damage shall be indemnified regardless of the property damage, which is subject to the indemnification, and is not connected with the amount of this indemnification.
5. Moral damage shall be indemnified on a nonrecurring basis unless otherwise established by the agreement or the law.

SECTION II. PERSONS

Sub-section 1. A NATURAL PERSON

Chapter 4. GENERAL PROVISIONS ON A NATURAL PERSON

Article 24. Notion of a Natural Person

1. An individual, acting as a party of legal relations, shall be deemed a natural person.

Article 25. Legal Capacity of a Natural Person

1. All natural persons shall be able to have civil rights and obligations (legal capacity).
2. Natural person's legal capacity shall occur at the moment of his/her birth.

In cases specified by the law the interests of a conceived but not yet given birth baby shall be also protected.

3. In cases specified by the law the capacity to have certain civil rights and obligations may be connected with a natural person's coming of the appropriate age.
4. Natural person's legal capacity shall be terminated at moment of his/her death.

Article 26. Extent of a Natural Person's Legal Capacity

1. All natural persons shall be equal in their capacity to have civil rights and obligations.
2. A natural person shall have all non-property rights established by this Code and the other law.
3. A natural person may have all property rights established by this Code and the other law.
4. The natural person may have other civil rights not established by the Constitution of Ukraine, this Code and the other law unless they are in conflict with the law and moral foundations of the society.
5. The natural person may have obligations as a party of civil relations.

Article 27. Prevention from Restricting Natural Person's Possibility to Have Civil Rights and Obligations

1. The legal action that restricts a natural person's possibility to have civil rights and obligations not prohibited by the law shall be inessential.
2. The legal Act of the President of Ukraine, the state power authority, the power authority of the Autonomous Republic of Crimea or the local self-government body as well as of their officials and employees may not restrict a natural person's possibility to have civil rights and obligations not prohibited by the law except such restriction is provided by the Constitution of Ukraine.

Article 28. Name of a Natural Person

1. A natural person shall acquire rights and obligations and exercise them under his/her name.

The name of a natural person-a citizen of Ukraine shall be composed of his/her family name, first name and patronymic unless otherwise arises from the law or national minor practice he/she belongs to.

2. According to the law, a natural person may use pseudonym (assumed name) or act without name identification when exercising separate civil rights and obligations.
3. A natural person shall be given a name according to the law.

Article 29. Residence Place of a Natural Person

1. Residential building, apartment, any other premises suitable for residing therein (i.e. hostel, hotel, etc.) located in the appropriate place where the natural person resides constantly, dominantly or temporary shall be deemed a place of residence of a natural person.
2. A natural person who reached fourteen years may freely choose his/her place of residence except restrictions established by the law.
3. As for a natural person of ten through fourteen, the place of residence of his/her parents (adoptive parents) or one of them with whom the natural person resides or of the guardian or the place of location of the educational or health care institution etc. where he/she resides, unless any other place of residence is specified with the consent of a child and parents (adoptive parents, guardians) or by the organization performing functions of a guardian, shall be considered to be his/her place of residence.

In case of dispute, the place of residence of a natural person of ten through fourteen shall be specified by the guardianship and trusteeship body or the court.

4. For a natural person, who has not attained ten years, the place of residence of his/her parents' (adoptive parents) or one of them with whom the natural person resides or of a guardian or the place of location of the educational or health care institution etc. where he/she resides shall be deemed his/its place of residence.
5. For a legally incapable person, the place of residence of his/her guardian or the place of location of the organization acting as a guardian shall be regarded as his/her place of residence.
6. A natural person may have several places of residence.

Article 30. Legal Capability of a Natural Person

1. A natural person who is able to perceive and control his/her actions shall have a legal capability.

A natural person's legal capability shall mean his/her capability to acquire civil rights by his/her actions and to exercise them independently as well as the capability to create civil obligations by his/her actions, perform these obligations independently and bear responsibility therefor in case of non-performance thereof.

2. The scale of the natural person's legal capability shall be specified by this Code and may be restricted exclusively in cases and according to the procedure established by the law.

Article 31. Partial Legal Capability of a Natural Person Under Fourteen

1. The natural person who has not attained fourteen (a child) shall be entitled:

1) to take independently inessential social legal actions.

Legal action shall be regarded as inessential social one if it meets social needs of a person, complies with his/her physical, moral and social development and relates to the object with low value;

2) to exercise his/her non-property rights to the outcomes of intellectual and creative activity protected by the law.

2. A child shall be not responsible for the losses inflicted thereby.

Article 32. Partial Legal Capability of a Natural Person of Fourteen Through Eighteen

1. In addition to legal actions provided by Article 31 of this Code, a natural person of fourteen through eighteen (minor) shall be entitled:

1) to dispose independently of his/her earnings, fellowship or other incomes;

2) to exercise independently his/her rights to the outcomes of intellectual and creative activity protected by the law.

3) to become a participant (a founder) of legal entities unless it is prohibited by the law or the constituent documents of the legal entity;

4) to conclude independently the bank deposit (bank account) agreement and dispose his/her deposit entered in his/her favor (costs on his/her account).

2. The minor shall take other legal actions by the consent of his/her parents (adoptive parents) or guardians.

Taking legal actions by a minor with respect to transportation means or real estate must be acknowledged by the notarized approval of parents (adoptive parents) or a guardian and by permission of a guardianship and trusteeship body.

(Paragraph two, part two of Article 32
as amended by the Law of Ukraine
of 02.06.2005 N 2620-IV)

3. A minor may dispose of cash means deposited by other persons to the financial institution to his/her favor by the consent of parents (adoptive parents) or guardians.

4. Approval of making legal actions by the minor may be received from any of parents (adoptive parents). In case of objection on the part of that one of the parents who resides with the minor, the legal action may be performed by the approval of guardianship and trusteeship body.

5. In case of availability of sufficient grounds, the court may restrict a minor's right to dispose independently of his/her earnings, fellowship or other incomes or to deprive

his/her of this right by the application of his/her parents (adoptive parents), guardians and guardianship and trusteeship body.

The court shall cancel its decision on the restriction or deprivation of this right in case disappearance of circumstances that were the grounds for the approval thereof.

6. The procedure for the restriction of a minor's legal capability shall be specified by the Code of Civil Procedure of Ukraine.

Article 33. Civil Liability of a Minor

1. A minor shall bear personal liability for the breach of the agreement concluded thereby independently according to the law.
2. A minor shall bear personal liability for the breach of the agreement concluded thereby by the approval of his/her parents (adoptive parents) or guardians. If a minor has not enough property to indemnify for losses, his/her parents (adoptive parents) or guardians bear the additional liability.
3. The minor shall be liable for the damage inflicted thereby to other person according to Article 1179 of this Code.

Article 34. Full Legal Capability

1. A natural person who attained eighteen years (full legal age or majority) shall have full legal capability.
2. In case of marriage registration of a natural person under full age, he/she shall acquire a full legal capability since the moment of his/her marriage registration.

In the event of marriage termination prior to the natural person attains the majority, the full legal capability acquired thereby shall be held.

If the marriage is recognized invalid by the reasons not connected with the illegal conduct of the minor, the full legal capability acquired thereby shall be held.

Article 35. Granting a Full Legal Capability

1. Full legal capability may be granted to a natural person who has attained sixteen and works by the labor agreement as well as to a minor registered as a baby's mother or a father.
2. Full legal capability shall be granted by the decision of the guardianship and trusteeship body according to the application of the interested person and the written approval of parents (adoptive parents) or guardians and in case of absence of such approval, the full legal capability may be granted by court decision.
3. Full legal capability may be granted to a natural person who has attained sixteen and wishes to deal with the entrepreneurial activity.

Such person may be registered as an entrepreneur in case of availability of a written approval from his/her parents (adoptive parents), guardian or the guardianship and trusteeship body.

4. Full legal capability granted to a natural person shall extend to all civil rights and obligations.
5. In case of termination of the labor agreement and the entrepreneurial activity of a natural person, his/her full legal capability shall be held.

Article 36. Restriction of a Natural Person's Legal Capability

1. The court may restrict the legal capability of a natural person with mental disorder that materially influences on his/her capability to perceive and (or) control his/her actions.
2. The court may restrict a natural person's legal capability if he/she abuses alcohol, drugs, toxic substances etc. whereby bringing himself/herself or his/her family as well as other persons he/she has to maintain by the law into hard circumstances.
3. The procedure for restriction of a natural person's legal capability shall be specified by the Code of Civil Procedure of Ukraine.
4. A natural person's legal capability shall be restricted since the effective date of the court decision thereon.

Article 37. Legal Consequences of Restriction of a Natural Person's Legal Capability

1. A natural person with the restricted legal capability shall be placed in ward.
2. A natural person with the restricted legal capability may take only inessential legal actions.
3. Legal actions regarding the disposal of property and other legal actions that lap over these inessential legal actions shall be taken by a natural person whose legal capability is restricted by the approval of his/her guardian.

The guardian's refuse to give the approval for legal actions that lap over these inessential legal actions may be appealed by the natural person with the restricted legal capability in the guardianship and trusteeship body or the court.

4. The guardian shall receive earnings, pension, fellowships and other incomes of a natural person with the restricted legal capability and dispose thereof. The guardian may provide a written permit to a natural person with the restricted legal capability to receive his/her earnings, pension, fellowships and other incomes and dispose thereof.
5. A natural person with the restricted legal capability shall incur independent liability for breaching agreement concluded thereby with the guardian's consent and for the damages inflicted thereby to any other person.

Article 38. Restoration of Legal Capability of a Natural Person with the Restricted Legal Capability

1. In case the recovery of a natural person with the restricted legal capability or the improvement of his/her mental health, what has fully restored his/her capability to perceive and control his/her actions, the court shall restore his/her legal capability.
2. If a natural person stops using alcohol, drugs, toxic substances etc., the court shall restore his/her legal capability.
3. The guardianship over a natural person shall be terminated on the basis of the court decision regarding the restoration of his/her legal capability.
4. The procedure for the restoration of the guardianship over a natural person with restricted legal capability shall be specified by the Code of Civil Procedure of Ukraine.

Article 39. Recognition of a Natural Person's Legal Incapability

1. A natural person may be recognized by the court as legally incapable if he/she is not capable to perceive and (or) control his/her actions due to chronic and stable mental disorder.
2. The procedure for the recognition of a natural person's legal incapability shall be specified by the Code of Civil Procedure of Ukraine.
3. If the court refuses to allow the application for the recognition of a natural person's legal incapability and it appears that the request has been laid unfair without any serious reason, a natural person who was inflicted the moral damage shall be entitled to require the indemnification therefor from the applicant.

Article 40. Date of Recognizing a Natural Person's Legal Incapability

1. A natural person shall be recognized as legally incapable from the effective date of the court decision thereon.
2. If the recognition of marriage, agreement or other legal action as invalid depends on the time of occurring a natural person's legal incapability, the court may determine the date of recognition thereof in its decision with regard to the opinion of psychiatric-court expertise and other evidences of the natural person's mental health.

Article 41. Legal Consequences of Recognizing a Natural Person's Legal Incapability

1. The natural person shall be placed in ward.
2. Legally incapable natural person shall be not entitled to take any legal actions.
3. The guardian shall take legal actions on behalf and in favor of a legally incapable natural person.

4. The guardian shall bear liability for the damage inflicted by a legally incapable natural person (Article 1184 of this Code).

Article 42. Restoration of Legal Capability of a Natural Person Recognized as Legally Incapable

1. By claim of the guardian or the guardianship and trusteeship body, the court shall restore the legal capability of a natural person recognized as legally incapable and terminate the guardianship if it is fixed that a natural person's capability to perceive and control his/her actions has been restored as a result of his/her recovery or the improvement of his/her mental health.
2. The procedure for the restoration of legal capability of a natural person, who was recognized as legally incapable, shall be specified by the Code of Civil Procedure of Ukraine.

Article 43. Recognition of a Natural Person as Missing

1. The natural person may be declared as the missing if in the place of his/her residence there has been no information on his/her lodgment during one year.
2. If it is impossible to determine the date of receiving the last information on a natural person's lodgment, the first day of the month following the month of receiving such information shall be regarded as the beginning of missing of this person and if it is impossible to determine this month, the first January of the next year shall be considered as the beginning of missing.
3. The procedure for the recognition of a natural person as the missing shall be specified by the Code of Civil Procedure of Ukraine.

Article 44. Guardianship over the Property of a Natural Person Recognized as Missing and a Natural Person with Unknown Residence

1. On the basis of the court decision on recognizing a natural person as the missing, the notary shall make inventory of his/her property and place it in ward according to his/her last place of residence.
2. According to the application of the interested person or the guardianship and trusteeship body placing the property of a natural person with unknown residence in ward, the guardianship may be appointed by the notary prior to the approval of the decision on the recognition of a natural person as missing by the court.
3. The guardian over the property of a natural person recognized as missing or with the unknown place of residence shall assume the performance of civil obligations in his/her favor, repay debts for the account of his/her property and manage this property in his/her interests.

4. According to the application of an interested person, the guardian over the property of a natural person recognized as missing and that one with the unknown place of residence shall maintain persons they have to maintain by the law at the expense of this property.
5. The guardianship over the property shall be terminated in case of vacation of the court decision on the recognition of a natural person as missing as well as in case of appearing a natural person with the unknown place of residence.

Article 45. Cancellation of Court Decision on the Recognition of a Natural Person as Missing

1. In case of appearance of a natural person who has been recognized as missing or the receipt of information on his/her lodgment, the court by the location of his/her lodgment or the court that made decision on the recognition of this person missing shall cancel this decision by the application of this person or any other interested person.

Article 46. Declaration of a Natural Person as Deceased

1. A natural person may be declared by court as deceased if in place of his/her residence there has been no information on his/her lodgment during three years or six months if he/she disappeared under the circumstances, which threatened him/her with death or allowed to presume the natural person's death due to the accident.
2. A natural person who disappeared in connection with military actions may be declared deceased after expiring two years from the day of military action termination. Having regard to the specific circumstances, the court may declare the natural person deceased before this term expires but not earlier than in six months.
3. A natural person shall be declared deceased from the effective date the court decision thereon. A natural person who disappeared under the circumstances, which threatened him/her with death or allowed to assume the natural person's death due to the accident or in connection with military actions, may be declared deceased as from the supposed date of his/her death.
4. The Code of Civil Procedure of Ukraine shall specify the procedure for declaration of a natural person as deceased.

Article 47. Legal Consequences of Declaring a Natural Person Deceased

1. Legal consequences of declaring a natural person deceased shall be equaled to the legal consequences that occur in case of death.
2. Inheritors of a natural person who has been declared deceased shall be not entitled to alienate the real estate, which has been transferred thereto in connection with the occurrence of the heritage, during five years.

The notary who issued the certificate of the real estate heritage right to the inheritor shall impose the alienation injunction thereon.

Article 48. Legal Consequences of Appearance of a Natural Person Who Was Declared Deceased

1. If a natural person who has been declared deceased appears or there is obtained the information on the place of his/her lodgment, the court by the place of lodgment of this person or the court that has taken decision on declaring him/her deceased shall vacate this decision by the application of this person or other interested person.
2. Regardless of the date of his/her appearance, the natural person who has been declared deceased shall be entitled to demand the return of his/her property from the natural person owning thereof if it was kept safe and transferred thereto on free of charge basis after declaring the natural person deceased except the property with the limitation of acquisition as well as cash funds and bearer securities.
3. A natural person, whom the property has been transferred to according to the reimbursement agreement, shall be obliged to return it in the event that it is fixed that at the moment of this property acquirement he/she has already known that the natural person who has been declared deceased is alive.

If it is impossible to return the property in kind to the natural person declared deceased this property value shall be indemnified.

4. If the property of the natural person who has been declared deceased and appeared passes into possession of state, the Autonomous Republic of Crimea or territorial community and is sold thereby, this individual shall be returned the amount received from the sale of this property.

Article 49. Acts of Civil Status

1. Act of civil status represent events and actions that are inseparably connected with a natural person and initiate, modify, amend or terminate his/her possibility to become a subject of civil rights and obligations.
2. Act of civil status include a natural person's birth, identification of his/her origin and nationality, expatriation and loss of nationality, attaining the appropriate age, getting full legal capability, restriction of legal capability, recognition of a natural person as legally incapable, marriage, divorcement, adoption, annulment and restoration of parent rights, change of name, disability, death, etc.

(Part two of Article 49 as amended by the Law of
Ukraine of 23.06.2005 N 2710-IV)

3. A natural person's birth, origin, nationality, marriage, divorce, change of name and death shall be subject to the state registration.
4. Registration of the acts of civil status shall be carried on pursuant to the law.

A natural person's birth, origin, adoption, annulment and restoration of parent rights, marriage, divorce, change of name and death shall be subject to compulsory entry into the

State Registry of Acts of civil status in the justice bodies par the procedure established by the Cabinet of Ministers of Ukraine.

(Part four of Article 49 is supplemented with a new paragraph two pursuant to the Law of Ukraine of 22.12.2006 N 524-V)

Chapter 5. A NATURAL PERSON-ENTREPRENEUR

Article 50. A Natural Person's Right to Entrepreneurship

1. A natural person with full legal capability shall have the right to the entrepreneurial activity not prohibited by the law.

The restriction of a natural person's right to the entrepreneurial activity shall be established by the Constitution of Ukraine and the law.

2. A natural person shall exercise his/her right to the entrepreneurial activity provided that his/her state registration will be carried on according to the procedure specified by the law.

Information on the state registration of natural persons-entrepreneurs shall be open.

3. If a natural person starts his/her entrepreneurial activity without state registration by having concluded the appropriate agreements, he/she shall be not entitled to appeal these agreements on the ground of his/her not being an entrepreneur.

Article 51. Application of Regulatory Acts that Regulate the Legal Entities' Entrepreneurship to the Natural Persons' Entrepreneurship

1. The normative-legal acts, which regulate the entrepreneurial activity of legal entities, shall be applied to the entrepreneurial activity of natural persons unless otherwise provided by the law or arises from the substance of relations.

Article 52. Civil and Legal Liability of a Natural Person-Entrepreneur

1. A natural person-entrepreneur shall incur liability on obligations connected with the entrepreneurial activity by all his/her property other than the property that may be not withdrawn pursuant to the law.
2. The married natural person-entrepreneur shall incur liability on obligations connected with the entrepreneurial activity by all his/her private property and his/her share in couple's joint ownership right that would belong him/her in case of property separation.

Article 53. Bankruptcy of a Natural Person-Entrepreneur

1. A natural person who is incapable to meet creditors requirements connected with the entrepreneurial activity may be declared a bankrupt according to the procedure established by the law.

Article 54. Administration of the Property Used in the Entrepreneurial Activity by the Guardianship and Trusteeship Body

1. In case a natural person-entrepreneur is recognized as missing or legally incapable or his/her legal capability is restricted or if a minor or a child becomes the owner of the property used in the entrepreneurial activity, the guardianship and trusteeship body may appoint the property administrator.

The guardianship and trusteeship body enters into agreement on the administration of this property with the administrator.

2. When exercising his/her powers to administrate the property, the administrator shall act on his/her behalf and in the interests of the natural person who is a property owner.
3. The agreement on property administration shall specify the administrator's rights and obligations.

The guardianship and trusteeship body shall execute control over the property administrator's activity according to the rules of controlling the guardian's activity.

4. The agreement on property administration shall be terminated if the circumstances that served as a ground for the conclusion thereof have passed.

Chapter 6. GUARDIANSHIP AND TRUSTEESHIP

Article 55. Objectives of Guardianship and Trusteeship

1. The guardianship and trusteeship shall be established with the purpose of ensuring personal non-property and property rights and interests of children and minors as well as majors who cannot exercise their rights and fulfill their obligations themselves due to the state of their health.

Article 56. Body of Guardianship and Trusteeship

1. The bodies entrusted with guardianship and trusteeship, their rights and obligations on ensuring rights and obligations of natural persons requiring guardianship and trusteeship shall be established by the law and other normative-legal acts.

Article 57. The Duty to Notify of Natural Persons Requiring Guardianship or Trusteeship

1. The person who got aware of the natural person requiring guardianship or trusteeship shall be obliged to notify promptly the guardianship and trusteeship body thereof.

Article 58. Natural Persons Placed in Ward

1. The guardianship shall be established over the children divested of parents' care and natural persons recognized as legally incapable.

Article 59. Natural Persons Requiring Trusteeship

1. The trusteeship should be established over the minors voided parents' care and natural persons with the restricted legal capability.

Article 60. Establishment of Guardianship and Trusteeship by the Court

1. The court shall establish guardianship over a natural person in case of recognition him/her incapable and shall appoint a guardian upon submission of a guardianship and trusteeship body.
2. The court shall establish guardianship over a natural person in case of restriction his/her civil capability and shall appoint a guardian upon submission of a guardianship and trusteeship body.
3. The court shall establish tutorship over a minor if in the course of case examination it is established that he/she has been voided parents' care and shall appoint a tutor upon submission of a guardianship and trusteeship body.
4. The court shall establish tutorship over a juvenile if in the course of case examination it is established that he/she has been voided parents' care and shall appoint a tutor upon submission of a guardianship and trusteeship body.

(Article 60 as edited by the Law of Ukraine of 03.03.2005 N 2450-IV)

Article 61. Establishment of Guardianship and Trusteeship by the Guardianship and Trusteeship Body

1. Guardianship and trusteeship body shall establish guardianship over a child and trusteeship over a minor except cases specified by parts one and two of Article 60 hereof.

Article 62. Place of Establishing Guardianship and Trusteeship

1. Guardianship and trusteeship shall be established by the place of residence of the natural person requiring guardianship or trusteeship or by the place of residence of a guardian or a trustee.

Article 63. Appointment of a Guardian or a Trustee

1. A guardian or a tutor shall be appointed by the guardianship and trusteeship body, except for the cases stipulated in Article 60 hereto.

(Part one of Article 60 as edited by the Law of Ukraine of 03.03.2005 N 2450-IV)

2. Only a natural person with full legal capability may become a guardian or a trustee.

3. A natural person may be appointed as a guardian or a trustee only by his/her written application.
4. A guardian or a trustee shall be mostly appointed from among persons having family or blood relations with the ward having regard to personal relations between them and a person's capability to fulfill guardian's or trustee's obligations.

When appointing a guardian for the child and a trustee for a minor, it is necessary to take into account the ward's will.

5. One or several guardians or trustees may be appointed for one natural person.

Article 64. A Natural Person Who Cannot Become a Guardian or a Trustee.

1. A natural person cannot become a guardian or a trustee if he/she:
 - 1) is deprived of parental rights and these rights were not restored;
 - 2) his/her behavior and interests contradict interests of a natural person requiring guardianship or trusteeship.

Article 65. Guardianship or Trusteeship over a Natural Person for Whom the Guardian or the Trustee Was not Established

1. Prior to the establishment of guardianship or trusteeship and the appointment of a guardian and a trustee, the guardianship or trusteeship over a natural person shall be carried out by the appropriate guardianship and trusteeship body.

Article 66. Guardianship or Trusteeship over a Natural Person Staying in a Special Institution

1. If guardianship or trusteeship is not established over the natural person who stays in the educational establishment, the institution of health care and social protection, the guardianship and trusteeship over this natural person shall be carried out by this institution.

Article 67. Rights and Obligations of a Guardian

1. A guardian shall be obliged to take care of the ward, to create everyday conditions as well as ensure the care and treatment thereof.

A child's guardian shall be obliged to take care of his/her upbringing, education and habilitation.

2. A guardian shall be entitled to demand the return of a child from the persons who keep him/her without any legal grounds therefor.
3. A guardian shall make legal actions on behalf and in the interests of the ward.

4. A guardian shall be obliged to take measures on the protection of the ward's legal rights and interests.

Article 68. Legal Actions That Cannot be Taken by a Guardian

1. A guardian, his/her wife, husband and close relatives (parents, children, siblings) may not enter into any agreements with the ward except those on transferring the property into the ward' possession under the deed of a gift or into free of charge use thereof under loan agreement.
2. A guardian shall not be entitled to make gifts as well as undertake to give any warranties on behalf of the ward.

Article 69. Rights and Obligations of a Trustee

1. The trustee of a minor shall be obliged to take care of the creation of the required everyday conditions therefor, his/her upbringing, education and habilitation.

The trustee of a natural person with restricted legal capability shall be obliged to take care of his/her treatment and creation of the required everyday conditions.

2. A trustee shall give his/her approval for making legal actions by a ward according to Articles 32 and 37 of this Code.
3. A trustee shall be obliged to take measures on the protection of the ward's legal rights and interests.

Article 70. Transactions that Cannot Be Approved by a Trustee

1. A trustee may not approve the conclusion of agreements between a ward and his (her) wife (husband) or his/her close relatives except those on transferring the property into the ward' possession under the deed of a gift or into free of charge use thereof under loan agreement.

Article 71. Legal Actions Made by Authority of the Guardianship and Trusteeship Body

1. Without the guardianship and trusteeship body's approval, the guardian shall be not entitled to:
 - 1) waive the ward's property right;
 - 2) provide written obligations on behalf of the ward;
 - 3) enter into agreement that are subject to the notary witness and (or) state registration including agreements on partitioning or exchange of dwelling house and apartment.
 - 4) enter into agreements on other valuable property.
2. A trustee shall be entitled to give his/her approval to making legal actions provided by part one of this Article only by authority of the guardianship and trusteeship body.

Article 72. Administration of a Ward's Property

1. The guardian shall be obliged to take care of keeping safe and using the ward's property in his/her interests.
2. If a child may determine his/her needs and interests himself/herself, the guardian has to take into account his/her will when administrating his/her property.
3. The guardian shall himself incur expenses required for meeting the ward's needs at the expense of pension, maintenance, incomes from the ward's property etc.
4. If the ward is the owner of real estate or the property that needs administration, the guardian may administer this property and transfer it into administration to other person by authority of the guardianship and trusteeship body.

Article 73. The Right of a Guardian and a Trustee to Payment for the Fulfillment of Their Duties

1. Grounds for arising of the right to payment for the guardian's and trustee's services, its amount and the payment procedure shall be specified by the Cabinet of Ministers of Ukraine.

Article 74. Property Guardianship

1. If a person placed in ward has a property in other location, the guardianship over this property shall be established by the guardianship and trusteeship body by property location.

The guardianship over the property shall be also established in other cases specified by the law.

Article 75. Guardian and Trustee Release from Their Authorities

1. The court in case of appointment of a guardian or a tutor, or the guardianship and trusteeship body upon a person's application shall release the person from his/her guardian or tutor's authorities. Such application shall be considered by the court or the guardianship and trusteeship body within a month.

A person shall exercise guardian or tutor's authorities till having taken the decision on the release thereof from his/her guardian or tutor's authorities or till the termination of a month term since the day of submitting the application, unless it was considered within this term.

(Part one of Article 75 as edited by the
Law of Ukraine of 03.03.2005 N 2450-IV)

2. The court in case of appointment of a guardian or a tutor or the guardianship and trusteeship body may release a trustee from his/her authorities upon the application of the person placed in ward.

(Part two of Article 75 as edited by the
Law of Ukraine of 03.03.2005 N 2450-IV)

3. On the guardianship and trusteeship body's application, the court may release a person from guardian or trustee's authorities in case of non-performance thereby of his/her duties, violation of the ward's rights as well as in case of placing the ward to the educational establishment and health care or social protection institution.

(Part three of Article 75 as amended by the Law of Ukraine of 17.01.2006 N 3348-IV)

Article 76. Termination of Guardianship

1. Guardianship shall be terminated if a child is returned to parents (adoptive parents).
2. Guardianship shall be terminated if the ward attains fourteen years. In this case the person who performed guardian's duties shall become a trustee without special decision thereon.
3. Guardianship shall be terminated in case of the restoration of legal capability of a natural person recognized as legally incapable.

Article 77. Termination of Trusteeship

1. The trusteeship shall be terminated in case of:
 - 1) natural person's attaining full legal age;
 - 2) registration of minor's marriage;
 - 3) providing a minor with full legal capability;
 - 4) restoration of legal capability of a natural person with the restricted legal capability.

Article 78. Assistance to Legally Capable Natural Person in the Exercise of his/her Rights and Fulfilment of his/her Obligations

A legally capable natural person who cannot exercise his/her rights and fulfill his/her obligations shall be entitled to take an assistant.

Any legally capable natural person may become an assistant.

On the application of the person requiring help, his/her assistant's name shall be registered by the guardianship and trusteeship body what is acknowledged by the appropriate document.

1. The assistant shall be entitled to receive pension, maintenance, salary and mail belonging to the person requiring help.
2. The assistant shall be entitled to make inessential legal actions in the interests of the person requiring help pursuant to the authorities granted thereto.
3. The assistant shall represent a person in state power authorities, power authorities of the Autonomous Republic of Crimea, local self-government bodies and organizations, activity of which is connected with population service.

The assistant may represent the natural person in court only on the basis of a separate power of attorney.

4. The assistant's services shall be paid unless otherwise specified by the parties.
5. The assistant may be anytime revoked by the person requiring help. In this event the assistant's authorities shall be terminated.

Article 79. Appeal Against Actions of a Guardian and Decisions of the Guardianship and Trusteeship Body

1. Guardian's actions may be appealed by the concerned person including the ward relatives in the guardianship and trusteeship body or the court.
2. The decision of the guardianship and trusteeship body may be appealed in the appropriate authority the guardianship and trusteeship body is subordinated to or in the court.

Subsection 2. LEGAL ENTITY

Chapter 7. GENERAL PROVISIONS ON LEGAL ENTITY

Article 80. Notion of Legal Entity

1. Legal entity is an organization established and registered according to the procedure specified by the law.

Legal entity is vested with legal capacity and capability and may act as a plaintiff or a defendant in the court.

Article 81. Types of Legal Entities

1. Legal entity may be created by integration of natural persons and (or) the property.
2. Legal entities shall be divided to the legal entities of the Private Law and those of the Public Law.

Legal entity of the Private Law shall be organized on the basis of constituent documents according to Article 87 hereof.

Legal entity of the Public Law shall be established by the regulatory Act of the President of Ukraine, the state power authority and the power authority of the Autonomous Republic of Crimea or the local self-government body.

3. This Code establishes the procedure for the creation of legal entities of the Private Law, their organizational-legal forms and legal status.

The procedure for the creation of legal entities of the Private Law and their legal status shall be established by the Constitution of Ukraine and the law.

4. Legal entity may be organized by enforced segregating (separating) as established by the law.

Article 82. Participation of Legal Entities of the Private Law in Civil Relations

1. Provisions of this Code shall extend to legal entities of the Private Law in civil relations unless otherwise established by the law.

Article 83. Organizational-Legal Forms of Legal Entities

1. Legal entities may be created in the form of partnerships, institutions and other forms established by the law.
2. A partnership is an organization created by uniting persons (participants) with the right to the participation in this partnership. The partnership may be organized by one person unless otherwise established by the law.

Partnerships shall be divided to entrepreneurial and non-entrepreneurial.

3. Institution is an organization created by one or several persons (founders) who do not participate in management thereof by uniting (separation) their property with the purpose of achieving the goal specified by the founders at the expense of this property.

The distinctive features of the legal status of separate kinds of institutions shall be established by the law.

4. Provisions of this Chapter shall be applied to all partnerships and institutions unless other rules for separate kinds of partnerships or institutions established by the laws.

Article 84. Entrepreneurial Partnerships

The partnerships carrying out the entrepreneurial activity with the purpose of receiving profit and subsequent distribution thereof among their participants (entrepreneurial partnerships) may be created solely as economic partnerships (general partnership, limited partnership, limited liability partnership, additional liability partnership, joint-stock partnership) or production cooperatives.

Article 85. Non-entrepreneurial Partnerships

1. Non-entrepreneurial partnerships are the partnerships not aimed at the receipt of profit for the subsequent distribution thereof among their participants.
2. The distinctive features of the legal status of separate kinds of non-entrepreneurial partnerships shall be established by the law.

Article 86. Carrying out Entrepreneurial Activity by Non-Entrepreneurial Partnerships and Institutions

1. Non-entrepreneurial partnerships (consumer cooperatives, citizen associations etc.) and institutions along with their principal activity may carry out the entrepreneurial activity

unless otherwise established by the law and if this activity complies with the goal they were created for and promotes the achievement thereof.

Article 87. Creation of a Legal Entity

1. To create a legal entity, its members (founders) shall develop constituent documents, which should be executed in writing and signed by all its members (founders) unless the other procedure for the approval thereof was established.
2. The partnership's constituent documents include the charter approved by all its members and the foundation agreement between the members unless otherwise established by the law.

The partnership created by one person shall act on the basis of the charter approved by this person.

3. Institution shall be created on the basis of individual or joint constituent act made up by the founder (founders). The constituent act may be also included to the testament. The constituent act composed by one or several persons may be canceled by the founder (founders) prior to the creation of the institution.
4. Legal entity shall be deemed as created as from the date of its state registration.

Article 88. Requirements to the Contents of Constituent Documents

1. The partnership's charter shall include legal entity's name, its location, address, the partnership management bodies, their terms of reference, procedure for taking decisions thereby, procedure for joining and withdrawal from the partnership unless the additional requirements to the charter established by this Code or any other law.
2. The partnership's foundation agreement shall specify its members obligation to create the partnership, procedure for their joint activity on this creation, conditions of transferring members' property to the partnership unless the additional requirements to the charter established by this Code or any other law.
3. The institution's constituent act shall determine its goal, specify the property, which is transferred to the institution and is necessary for the achievement of this goal, as well as the institution management structure. If the constituent act included to the testament has no some of the aforesaid provisions, they shall be established by the state registration authority.

Article 89. State Registration of Legal Entity

1. Legal entity shall be subject to the state registration according to the procedure specified by the law. State registration data shall be included to the Uniform State Register free for general familiarization.
2. The violation of the procedure for legal entity creation established by the law or non-compliance of its constituent documents with the law shall be the ground for the denial of the state registration of the legal entity. Denial of the state registration by any other reasons (inexpediency etc.) shall be not accepted.

3. Denial of the state registration as well as its delay may be appealed in the court.
4. The Uniform State Register shall include information on organizational-legal form of a legal entity, its name, location management body, branches and representations, institution's goal and other data established by the law.
5. Modifications to the constituent documents of a legal entity shall come into effect for the third parties since the day of their state registration and in cases established by the law since the moment of notifying the state registration authority of these modifications. Legal entities and their members shall be not entitled to refer to the absence of the state registration of these modifications in their relations with the third parties, which acted with regard to these modifications.

Article 90. Name of Legal Entity

1. Legal entity must have the name containing information on its organizational-legal form.

The name of a legal entity must contain information on the nature of its activity.

In addition to the full name, the legal entity may have a short name.

2. Legal entity that is a entrepreneurial partnership may have a commercial (firm) name.

Commercial (firm) name of a legal entity may be registered according to the procedure established by the law.

3. Legal entity's name shall be pointed out in its constituent documents and included to the Uniform State Register.
4. In case of changing its name, besides meeting other requirements established by the law, a legal entity shall be obliged to publish the announcement thereon in print media where there is published information on legal entity state registration and to notify thereof all persons with whom it has contractual relations.
5. Legal entity shall be not entitled to use the name of any other legal entity.

Article 91. Legal Capacity of Legal Entity

1. Legal entity may have the same civil rights and obligations (legal capacity) as a natural person other than those, which by their nature may belong only to a human.
2. Legal entity's legal capacity may be restricted only by court decision.
3. Legal entity may carry out separate kinds of activity, the list of which shall be specified by the law, after receiving thereby the special approval (license).
6. Legal entity's legal capacity shall occur from the moment of its creation and shall terminate from the day of entering the record on its termination to the Uniform State Register.

Article 92. Legal Capability of Legal Entity

1. Legal entity shall acquire civil rights and obligations and exercise them through the bodies acting in accordance with the constituent documents and the law.

Procedure for the creation of a legal entity's bodies shall be specified by its constituent documents and the law.

2. In cases specified by the law, the legal entity may acquire civil rights and obligations and exercise them through its members.
3. The body or the person, which in accordance with the legal entity's constituent documents or the law acts on its behalf, is obliged to perform fair and reasonable actions in the interests of the legal entity and not to exceed its/his/her powers.

In relations with third parties, the limitation of powers to represent legal entity shall be not effective except as when legal entity would prove that the third party knew about such restrictions or could not but know thereon.

4. If members of a legal entity's body and other persons, who in accordance with the constituent documents or the law act on behalf of the legal entity, violate their obligations regarding representation, they shall bear joint responsibility for the losses inflicted thereby to the legal entity.

Article 93. Location of Legal Entity

1. Legal entity's location shall be specified by the place of its state registration unless otherwise established by the law.
2. Legal entity's location shall be fixed in its constituent documents.

Article 94. Personal Non-Property Rights of Legal Entity

1. Legal entity shall have a right to its business standing immunity, a secrecy of correspondence, information and other personal non-property rights it may own.

Personal non-property rights of a legal entity shall be protected according to Chapter 3 of this Code.

Article 95. Branches and Representations

1. The branch is a separated subdivision of a legal entity situated outside its location that performs all or part of its functions.
2. Representation is a separated subdivision of a legal entity situated outside its location that represents and protects the legal entity's interests.
3. Branches and representations shall not be legal entities. They are provided the property of the legal entity, which created them, and act on the basis of the regulations approved thereby.
4. The chief persons of branches and representations shall be appointed by the legal entity and act on the basis of the power of attorney granted thereby.

5. Information on legal entity's branches and representations shall be included to the Uniform State Register.

Article 96. Liability of Legal Entities

1. Legal entity shall incur the independent liability on its obligations.
2. Legal entity shall incur liability on its obligations with all property it owns.
3. The member (founder) of the legal entity shall not incur liability on the legal entity's obligations and the legal entity shall not answer for the obligations of its member (founder) except as established by constituent documents and the law.
4. Persons, who created the legal entity, shall incur joint liability on obligations that occurred prior to its state registration.

Legal entity shall incur liability on obligations of its members (founders), which are connected with the creation thereof, only in case of subsequent approval of their actions by the appropriate body of the legal entity.

Article 97. Management of a Partnership

1. Management of the partnership shall be carried out by its bodies.
2. General meeting of the partnership's participants and the executive body shall act as the management bodies of the partnership unless otherwise established by the law.

Article 98. General Meeting of the Partnership Participants

1. General meeting of the partnership participants shall be entitled to adopt resolutions on all issues of the partnership's activity including those transferred by the general meeting to the executive body.
2. Resolutions of the general meeting shall be adopted by a simple majority of the attendants unless otherwise established by constituent documents and the law.

Resolution on the introduction of modifications to the partnership's charter, the alienation of the partnership's property for the amount equal to fifty or more per cent of the partnership's property and on the liquidation of the partnership shall be adopted by majority of no less than 3/4 votes unless otherwise established by the law.

3. The partnership member shall not have a voting right when the general meeting resolves issues on the legal action made in relation to it and on the dispute between a member and a partnership.
4. The procedure for the general meeting convocation shall be specified in the partnership's constituent documents. The partnership's members owning no less than ten per cent of votes may demand to convene the general meeting.

If the members' demand to convene the general meeting is not met, these members shall be entitled to convene such general meeting themselves.

5. The general meeting resolution may be appealed by a partnership member in the court.

Article 99. Executive Body of a Partnership

1. The general meeting of the partnership shall establish by its resolution the executive body and specify its terms of reference and membership.
2. The executive body of the partnership may be composed of one or several persons. The executive body made of several persons shall adopt resolution according to the procedure established by paragraph one of part two of Article 98 hereof.
3. Members of the executive body may be released from the fulfillment of their duties at any time if the grounds for the relieving the executive body member of his/her duties are not specified in the constituent documents.
4. According to the constituent documents or the law the executive body may be named as “the board”, “directorate” etc.

Article 100. The Right to Participate in a Partnership

1. The right to participate in the partnership shall be a personal non-property right and may not be separately transferred to any other person.
2. The partnership members shall be entitled to withdraw from the partnership if the member’s duty to notify of his/her/its withdrawal from the partnership in writing within the established term not exceeding one year is not established in the constituent documents.
3. The partnership member may be expelled from the partnership in cases and according to the procedure specified by the constituent documents or the law.

Article 101. Administration of the Institution

1. The institution founders shall not participate in its administration.

In the institution it shall be necessary to create the board, to which provisions of Article 99 of this Code are applied.

The constituent act may also stipulate the creation of other bodies and specify the procedure for their formation and membership.

2. Supervisory Board shall carry out control over the management of the institution’s property, achievement of the institution goal and its other activity pursuant to the constituent act.

Article 102. Transfer of Property to the Institution

1. The constituent act shall specify the property to be transferred by the founder (and in case of his/her death – by the obliged person) to the institution upon its registration.

Article 103. Change of the Institution’s Goal and Administrative Structure

1. If the achievement of the institution's goal becomes impossible or it threatens social interests, the appropriate body carrying out the state registration may apply to the court with the application to specify another goal for the institution upon the agreement with the administration bodies of the institution.
2. In case of changing the institution's goal, the court must consider the founders' intentions and take care of the transfer of the benefits from the use of the institution's property to those destinators whom these benefits were designed for according to the founder's intent.
3. The court may change the institution's administration structure if required due to changing the institution's goal or by other substantial reasons.
4. In case of changing the institution's goal or its administration structure, its board shall be obliged to notify the court in writing of its opinion on this issue.

Article 104. Termination of Legal Entity

1. A legal entity shall be terminated as a result of transfer of all its property and rights and obligations to other legal entities, i.e. to its successors (by merging, joining, separating or transforming) or due to its liquidation.
2. A legal entity shall be deemed terminated from the day of entering the record on its termination to the Unified State Register.
3. The procedure for a legal entity termination in the course of the restoration its solvency or bankruptcy shall be established by the law.

Article 105. Obligations of a Person Making Decision on a Legal Entity Termination

1. A legal entity members, the court or the body that has taken decision on a legal entity termination shall be obliged to notify immediately in writing thereof the body carrying out the state registration, which enters records on legal entity's termination to the Unified State Register.
2. A legal entity members, the court or the body that has taken decision on a legal entity termination shall appoint the commission on a legal entity termination (liquidation commission, liquidator etc.) and establish the procedure for and terms of a legal entity termination according to this Code upon the agreement with the body carrying out the state registration.

The performance of functions of the commission on a legal entity termination may be imposed on the legal entity administration body.

3. Since the moment of appointing this commission, it shall be assigned all powers on administration of a legal entity's matters.
4. The commission on a legal entity termination shall give a notice of a legal entity termination as well as the procedure for and the term of advancing creditors' requirements thereto in the print media where the information on a legal entity state registration is published. This term may not be less than two months from the day of publishing the notice of a legal entity termination.

The commission shall take all possible measures to look for the creditors as well as notify in writing of a legal entity termination.

Article 106. Merger, Joining, Separation and Transformation of Legal Entity

1. Merger, joining, separation and transformation of a legal entity shall be carried out by the decision of its members or a legal entity's body empowered therewith by the constituent documents and in the events provided by the law – by the decision of the court or the appropriate power authorities.
2. The law may envisage obtaining the approval from the appropriate power authorities to terminate a legal entity by merging or joining.

Article 107. Procedure for a Legal Entity Termination by Merger, Joining, Separation and Transformation

1. The creditor of the legal entity that is under termination may demand therefrom the termination of the pre-term fulfillment of its obligations.
2. Upon expiring the term of presenting requirements to the creditor and meeting or rejecting thereof, the commission on a legal entity termination shall compose the transfer act (in case of merging, joining or transformation) or the distribution balance (in case of separation), which have to include provisions on the succession of all obligations of the legal entity that is under termination to all its creditors and debtors including obligations appealed by the parties.
3. The statement of transfer and the distribution balance shall be approved by the legal entity members or the body that has taken decision on the termination thereof.

The notarized copies of the statement of transfer and the distribution balance shall be transferred to the body carrying out the state registration by the location of the state registration of the legal entity that is in the process of the termination as well as to the body carrying out the state registration by the location of the legal entity's successor.

4. The violation of parts two and three of this Article shall become the ground for the refusal to enter records on the legal entity termination and the state registration of the created legal entities, i.e. successors.
5. If several legal entities become a legal entity successor and it is impossible to determine the successor for the specific obligations of the terminated legal entity, the legal entities-successors shall bear joint responsibility to the creditors of the terminated legal entity.

Article 108. Transformation of Legal Entity

1. Transformation of a legal entity shall be modification of its organization-legal form.
2. In case of transformation, all property, rights and obligations of the previous legal entity shall be transferred to a new legal entity.

Article 109. Separation

1. Separation is a transfer of a part of property, rights and obligations of a legal entity to one or a few new legal entities being created.
2. Provisions of parts one, two and four of Article 105 and provisions of Articles 106 and 107 hereof shall be applied to the separation by analogy.

Article 110. Liquidation of Legal Entity

1. A legal entity shall be liquidated:
 - 1) by the decision of its members or the legal entity's body empowered therewith by the constituent documents including in connection with expiring the term and the achievement of the goal, for which this legal entity has been created, as well as in other cases provided by the constituent documents.
 - 2) by the decision of the court on the recognition of the legal entity state registration ineffective due to violations made in the course of its creation, which cannot be removed, as well in other cases provided by the constituent documents.
2. The demand for the legal entity liquidation on the grounds specified in point 2 of part one of this Article shall be advanced to the court by the body carrying out the state registration and the legal entity member.

A legal entity members or the body empowered by the constituent documents to take decision on the legal entity liquidation may be imposed obligations on the legal entity liquidation.

3. If the value of a legal entity's property is insufficient to meet creditors' demands, the legal entity shall be liquidated according to the procedure established by the law for the renewal of its solvency or recognition as a bankrupt.
4. Peculiarities of bank liquidation shall be specified by the law on banks and banking activity.

Article 111. Procedure for a Legal Entity Liquidation

1. Upon expiring the term of advancing demands to the creditors, the liquidation commission shall draw up the liquidation balance that includes information on the property composition of the legal entity under liquidation, a list of demands advanced by the creditors as well as on the results of the demands consideration.

The interim balance sheet shall be approved by a legal entity members or by the body that has taken decision on the legal entity liquidation.

2. The payment of cash amounts to the creditors of the legal entity being under liquidation shall be effected in order of priority specified by Article 112 hereof according to the interim balance sheet beginning from the day of its approval except for the fourth in turn creditors who are paid after one month expiry from the day of the interim balance sheet approval.

In the event that a legal entity being under liquidation has insufficient funds for meeting creditors' demands, the liquidation commission shall effect the sale of the legal entity's property.

3. Having completed settlements with creditors, the liquidation commission shall draw up the liquidation balance sheet, which must be approved by the legal entity members or by the body that has taken decision on the legal entity liquidation.
4. A legal entity's property remained after meeting creditors' demands shall be transferred to its members unless otherwise established by the constituent documents or the law.
5. A legal entity shall be deemed liquidated from the day of entering the record on its termination to the Unified State Register.

Article 112. Meeting the Creditors' Demands

1. In case of liquidation of a solvent legal entity, its creditors' demands shall be met in such order of priority:
 - 1) in the first place, the demands on the indemnification of losses caused by the disability, other health injuries or the death as well as creditors' demands secured by pledge or otherwise shall be met;
 - 2) in the second place, the employees' demands connected with labor relations and the author's demands regarding the payment for the use of the results of his/her intellectual and creative activity shall be met;
 - 3) in the third place, the demands on taxes and duties (mandatory payments) shall be met;
 - 4) in the fourth place, all other demands shall be met.

The demands of one of the above-specified priorities shall be met pro rata to the sum of demands that belong to each creditor of this priority.

2. In the event that the liquidation commission refuses to meet the creditor's demands or deviates from the examination thereof, the creditor shall be entitled to bring a claim against the liquidation commission to the court prior to the approval of the legal entity's liquidation balance sheet. According to the court decision, the creditor's demands may be met at the expense of the property remained after a legal entity liquidation.
3. The creditor's demands claimed upon expiring the term specified by the liquidation commission shall be met on the account of the property of the legal entity being under liquidation that remained after meeting the creditor's demands claimed in due time.
4. Creditors' demands non approved by the liquidation commission if the creditor has not applied to the court within one month after receiving a notice on full or partial refusal to accept his/her/its demands, the demands not met due to the absence of a legal entity's property as well as demands, which were not met due to the absence of the property of the legal entity being under liquidation, shall be deemed satisfied.

Chapter 8. ENTREPRENEURIAL PARTNERSHIPS

§1. Economic partnerships

1. *General Provisions*

Article 113. Notion and Types of Economic Partnerships

1. A legal entity with the charter (aggregate) capital divided into shares among its members shall be deemed an economic partnership.
2. Economic partnerships may be created in the form of a full liability partnership, a limited partnership, a limited liability partnership or an additional liability partnership and a joint stock partnership.

Article 114. Members of Economic Partnership

1. A natural person or a legal entity may become a member of an economic partnership.

Limitation of the participation in an economic partnership may be established by the law.

2. An economic partnership other than a general partnership and a limited partnership may be created by one person who becomes its single member.

Article 115. Property of Economic Partnership

1. An economic partnership shall be the owner of:
 - 1) the property transferred thereto into possession by the economic partnership members as a contribution to the charter capital;
 - 2) the products manufactured by the partnership as a result of its economic activity;
 - 3) the received incomes;
 - 4) other property acquired on the basis not prohibited by the law.
2. Money, securities and other things or property and other alienable rights that have pecuniary value may become a contribution to the charter capital of the economic partnership unless otherwise provided by the law.

Pecuniary valuation of the contribution of an economic partnership member shall be effected upon agreement of the economic partnership members and in cases established by the law it shall be subject to the independent expert examination.

Article 116. Rights of the Members of Economic Partnership

1. Economic partnership members shall be entitled according to the procedure specified by the constituent documents of the partnership and the law to:
 - 1) participate in the partnership management pursuant to the procedure specified in the constituent documents except in cases established by the law;

- 2) take part in the distribution of the partnership's profit and receive its part (dividends);
 - 3) withdraw from the partnership according to the established procedure;
 - 4) alienate the shares of the partnership's charter capital and securities, which acknowledge the participation in the partnership, according to the procedure established by the law;
 - 5) obtain information on the partnership's activity according to the procedure specified by the constituent documents;
2. An economic partnership members may also have other rights specified by the constituent documents and the law.

Article 117. Obligations of the Members of Economic Partnership

1. Economic partnership members shall be obliged to:
 - 1) follow the partnership's constituent document and execute resolutions of the general meeting;
 - 2) fulfill their obligations to the partnership including those connected with the property participation as well as to make contributions (pay for the shares) in the amount and according to the procedure and by means provided by the constituent document;
 - 3) not to disclose a commercial secrecy and confidential information on the partnership activity.
2. Economic partnership members may also have other obligations specified by the constituent documents and the law.

Article 118. Dependent Economic Partnership

1. An economic partnership (limited liability partnership, additional liability partnership or a joint stock partnership) shall be dependent if the other (principal) economic partnership owns twenty or more per cent of the charter capital of the limited liability partnership or additional liability partnership or twenty or more per cent of ordinary shares of the joint stock partnership.
2. The economic partnership that purchased or otherwise acquired twenty or more per cent of the charter capital of the limited liability partnership or additional liability partnership or twenty or more per cent of ordinary shares of the joint stock partnership shall be obliged to promulgate this information according to the procedure established by the law.

2. *General Partnership*

Article 119. Notion of General Partnership

1. General partnership is a partnership, which members according to the agreement concluded thereby carry out the entrepreneurial activity on behalf of the partnership and incur joint additional (subsidiary) liability on its obligations by all property it owns.
2. A person may be a member of only one general partnership.

3. A member of a general partnership shall be not entitled to take legal actions on its behalf and in its interests or in the interests of third parties, which are similar to those, which are the subject of the partnership activity, without approval of its other members.

In case of violation of this rule, the partnership shall be entitled at its option to demand from such member either the indemnification for the losses inflicted to the partnership or the transfer of all benefits resulted from these legal actions to the partnership.

4. The name of a general partnership must include the names of all its members and the words “general partnership” or the name of one or a few members with addition of the words “and the partnership” as well as the words “general partnership”.

Article 120. Foundation Agreement of General Partnership

1. A general partnership shall be created and act on the basis of the foundation agreement. The foundation agreement shall be signed by all its members.
2. In addition to the information provided by Article 88 of this Code, the foundation agreement of a general partnership must include information on: the amount and composition of the total capital; the amount and the procedure of changing a share of each member in the total capital; and the amount, composition and the terms of making the contributions thereby.

Article 121. Management of General Partnership

1. A general partnership activity shall be managed upon joint agreement of all its members. The foundation agreement of the general partnership may envisage the cases when the resolution shall be adopted by the majority of its members’ votes.
2. Each member of a general partnership shall have one vote unless the other procedure for determining the number of votes provided by the agreement.
3. Each member of a general partnership whether authorized to run the partnership business or not shall be entitled to familiarize with all documentation on carrying on the partnership business. The waiver of this right or its restriction, in particular upon the agreement between the partnership’s members, shall be inessential.

Article 122. Running Business of General Partnership

1. Each member of a general partnership shall be entitled to act on behalf of the partnership unless joint running the partnership business by all its members or entrusting its separate members therewith specified by the foundation agreement.

In case of joint running the partnership’s business, the approval of all partnership members is required so as to make each legal action. If the separate members of a general partnership are entrusted with running business, the other partnership members may take legal actions on behalf of the partnership in case of being granted a power of attorney issued by the members entrusted to run the partnership business.

In the relations with third parties a general partnership may not refer to the provisions of the foundation agreement, which restrict the powers of the general partnership to act on

behalf of the partnership except as when it would be proved that the third party knew or could know about the member's having no right to act on behalf of the partnership at the moment of taking a legal action.

2. In case of non-approving actions of a member of a general partnership, who acted in joint interests but had no powers therefor, by other members, he/she/it shall be entitled to demand from the partnership to indemnify for the expenses incurred thereby if he/she/it proves that in connection with his/her actions the partnership has retained or acquired the property with value exceeding these expense.
3. In case of dispute among the members of a general partnership, the powers to run the partnership business granted to one or a few members thereof may be terminated by court upon the request of one or a few other members of the partnership if there are enough grounds therefor, in particular, by reason of a gross violation of obligations by a member empowered to run the partnership business or its incapability to run business reasonably. On the basis of the court decision, the required modifications shall be introduced to the foundation agreement of the partnership.

Article 123. Distribution of General Partnership's Incomes and Losses

1. Incomes and losses of a general partnership shall be distributed among its members pro rata to their shares in the total capital unless otherwise provided by the foundation agreement or arranged by its members.
2. Depriving a general partnership member of a right to participate in the distribution of incomes and losses shall be unacceptable.

Article 124. Liability of General Partnership Members on Its Obligations

1. If a general partnership has no property sufficient to meet creditors' demands in full, the members of the general partnership shall bear a joint liability on the partnership's obligations by all their property that may be subject to levy.
2. A member of a general partnership shall be liable for the partnership's debts, weather they occurred prior to or after his/her/its joining the partnership.
3. A member of a general partnership that has withdrawn from the partnership shall be liable for the partnership's obligations, which occurred prior to the moment of his/her/its withdrawal, to the same extent as the remained members during three years from the day of the approval of the statement on the partnership activity for the year of his/her/its withdrawn from the partnership.
4. A member of a general partnership, which has paid in full the partnership's debts, shall be entitled to apply with the recourse claim in the appropriate part to the other members, which incur liability thereto pro rata to their shares in the total capital of the partnership.

Article 125. Changes to the Membership of General Partnership

1. Changes to the membership of a general partnership may be connected with:

- 1) the withdrawal of a general partnership member from its membership on his/her/its own initiative;
- 2) the suspension of membership;
- 3) the withdrawal from membership by reasons independent on the member.

Article 126. Withdrawal from the Membership of General Partnership

1. A member of a general partnership created for the indefinite term may withdraw from the partnership any time, having notified thereof not less than three months prior to the actual withdrawal from the partnership.

Pre-term withdrawal of a member from the general partnership created for the definite term shall be accepted only by material reasons.

2. Waiver of the right to withdraw from a general partnership shall be inessential.

Article 127. Transfer of the Share (or Its Part) in the Total Capital of General Partnership by Its Member

1. A member of a general partnership shall be entitled to transfer his/her/its share of the total capital or its part to another member of the partnership or the third party with the consent of its other members.
2. In case of transferring the share of a capital (its part) to a new owner, the rights owned by the member, who transferred the share of a capital (its part) in full or in the appropriate proportion, shall pass to a new owner. The person, to whom the share of a capital (its part) has been transferred, shall incur liability on the partnership's obligations according to part two of Article 124 hereof.
3. In case of transferring the full share to the other person, this member participation in the general partnership shall be terminated if/he/she is subject to the implications provided by part three hereof.

Article 128. Exclusion from the Membership of General Partnership

1. The general partnership member, which regularly doesn't fulfill or unduly fulfills obligations imposed thereon by the partnership or prevents by his/her actions (omission of actions) from the achievement of the partnership's goals, may be expelled from the partnership according to the procedure established by the foundation agreement.
2. Resolution on the exclusion from a general partnership may be appealed in the court.

Article 129. Withdrawal from General Partnership

1. A general partnership may take decision on the recognition of its member as withdrawn in case of:
 - 1) a member death or the recognition thereof as deceased if he/she/it has no inheritors;

- 2) the liquidation of a legal entity –a partnership member including in connection with the recognition thereof a bankrupt;
 - 3) the recognition of a member as legally incapable, the restriction of his/her legal capability or the recognition thereof as missing;
 - 4) the enforced reorganization of a legal entity by court decision, in particular, in connection with its insolvency;
 - 5) imposing a levy on a part of a general partnership's property that corresponds to a member's share in the total capital of the general partnership.
2. Decision on the recognition of a general partnership member as withdrawn from its membership may be appealed by the concerned persons in the court.
 3. In case of a member withdrawal of from a general partnership due to the grounds envisaged by part one of this Article, the partnership may continue its activity unless otherwise established by the foundation agreement or arranged by the remaining participants.

Article 130. Settlements Effected in Case of Exclusion or Withdrawal from General Partnership

1. A member, which has been excluded or withdrawn from a general partnership due to the grounds specified in Articles 126, 128 and 129 hereof, shall be paid a value of the part of the general partnership's property pro rata to his/her/its share in the total capital of the partnership unless otherwise established by the foundation agreement.
2. If the inheritor of a general partnership member—a natural person or the successor of a legal entity did not join the general partnership, all settlement therewith should be effected pursuant to part one of this Article.
3. Valuation procedure of a member's share in the general partnership's property and the terms of its payment shall be specified by the foundation agreement and the law.

Article 131. Levying Part of a General Partnership's Property Pro Rata to a Member's Share in the Partnership's Total Capital

1. Imposing a levy on a member's share in the total capital of a general partnership on his/her/its own obligations shall be accepted only in case of insufficiency of other property to meet creditors' demands. In the event the members of a general partnership are lacking the property to fulfill its obligations to the creditors, they may demand to withdraw a part of the general partnership's property pro rata to a share of a member-debtor in the total capital of the partnership according to the established procedure.
2. A part of the general partnership's property pro rata to a share of a member-debtor in the total capital of the partnership shall be withdrawn in the monetary form or in kind according to the balance sheet made up as of the moment of this member withdrawal from the partnership.

Article 132. Liquidation of General Partnership

1. General partnership shall be liquidated on the grounds established by Article 110 hereof as well as in the event that it consists of one member. This member shall be entitled to transform this partnership into a new economic partnership within six months as from the moment of his/her/its becoming a single member of the partnership according to the procedure specified by this Code.
2. In case of a member's withdrawal from the general partnership, the exclusion of one of its members and the death of a general partnership member as well as the liquidation of a legal entity-a partnership member or imposing a levy on the part of the property pro rata to the member's share in the total capital of the partnership by a creditor of one of its members, the partnership may continue its activity if it is provided by the foundation agreement of the partnership or arranged by the remained members.

3. Limited Partnership

Article 133. Basic Provisions on Limited Partnership

1. Limited partnership is a partnership, which along with members carrying out the entrepreneurial activity on behalf of the partnership and incurring joint additional (subsidiary) liability on the partnership's obligations by all their property (full members), includes one or a few members (contributors) who bear the loss risks connected with the partnership activity within amounts of their contributions and do not participate in the partnership activity.
2. A limited partnership must include the names of all its full members, the words "limited partnership" or contain the name of at least one full member with the addition of words "and the Company" as well as the words "limited partnership".

If a limited partnership's name includes the name of a contributor, such contributor shall become a full member of the limited partnership.

3. Provisions on a general partnership shall be applied to a limited partnership unless otherwise established by this Code or any other law.

Article 134. Foundation Agreement of Limited Partnership

1. A limited partnership shall be established and act on the basis of a foundation agreement. The foundation agreement shall be signed by all full members.
2. In addition to the information provided by Article 88 hereof, the foundation agreement of a limited partnership should include information on: the amount and composition of the total capital; the amount and the procedure of changing a share of each full member in the total capital; and the aggregate amount of contributions by the contributors.
3. Should as a result of the withdrawal or the exclusion, a limited partnership gets include only one full member, the foundation agreement shall be transformed into a sole application signed by a full member. If a limited partnership is created by one full member, this sole application (memorandum) that contains all information specified by this Article shall act as a constituent document.

Article 135. Limited Partnership Members

1. The legal status of a limited partnership full members and their liability on the partnership's obligations shall be specified by the provisions of this Code on general partnership members.

2. A person may become a full member only of one limited partnership.

A full member of a limited partnership may not become a member of a general partnership.

A full member of a limited partnership may not become a contributor thereof.

3. The aggregate amount of contributors' investments should not exceed fifty per cent of the total capital of a general partnership.

As of the moment of a limited partnership registration, each of the contributors should make a contribution in the amount established by the law.

Article 136. Management of Limited Partnership

1. A limited partnership shall be managed by its full members according to the procedure established by this Code for a general partnership.

2. Contributors shall not be entitled to participate in the management of a limited partnership activity and object against full members' actions on the management of the partnership. The contributors of a limited partnership may act on behalf of the partnership only on the basis of the power of attorney.

Article 137. Rights and Obligations of a Limited Partnership Contributor

1. A limited partnership contributor shall be obliged to make its contribution to the total capital. Such contribution shall be acknowledged by the certificate on participation in the limited partnership.

2. A limited partnership contributor shall be entitled to:

1) receive a part of the partnership's profit according to its share in the partnership's total capital pursuant to the procedure established by the foundation agreement (memorandum);

2) act on behalf of the partnership in case of granting the power of attorney thereto and in accordance therewith;

3) acquire the alienated share in the total capital (or its part) mostly with respect to third persons according to the provisions of Article 147 hereof.

If a few contributors wish to buy out a share (or its part), this share shall be distributed among them according to their shares in the partnership's total capital;

4) demand to pay back the contribution on a preferential basis in case of the partnership liquidation;

5) familiarize with annual reports and balance sheets of the partnership;

- 6) withdraw from the partnership and receive its contribution according to the procedure established by the foundation agreement (memorandum) upon closing the financial year.
- 7) transfer its share in the total capital (or its part) to another contributor or third person having notified the partnership thereof.

The transfer by a contributor of his/her/its share in full to the other person shall terminate his/her/its participation in a limited partnership.

3. The foundation agreement (memorandum) of a limited partnership may also envisage the other rights of a contributor.

Article 138. Liability of a Limited Partnership Contributor

1. If a limited partnership contributor takes a legal action on behalf and in the interests of the partnership without the appropriate powers therefore, he/she/it shall be released from the liability to creditors for this legal action in case of approval of his/her/its actions by a limited partnership.

In case of non-receipt of such an approval from a limited partnership, a contributor shall be liable to the third persons for the legal action he/she/it has taken by all his/her/its property that may be seized according to the law.

2. A limited partnership contributor, who has not made a contribution provided by the foundation agreement (memorandum), shall be liable to the partnership according to the procedure established by the foundation agreement (memorandum).

Article 139. Liquidation of Limited Partnership

1. A limited partnership shall be liquidated in case of withdrawal of all its contributors. Full members shall be entitled to transform the limited partnership into a general partnership in case of withdrawal of all its contributors. A limited partnership shall be also liquidated on the grounds specified by Article 132 hereof.

A limited partnership shall be not obliged to undergo a liquidation if it includes at least one member and one contributor.

2. In case of the limited partnership liquidation upon effecting settlements with the creditors, the contributors shall have a preferential right, as compared with its full members, to receive contributions according to the procedure and under the terms and conditions established by this Code, any other law and the foundation agreement (memorandum). Due to lack of partnership's funds to repay in full contributions to the contributors, the available funds shall be distributed among the contributors pro rata to their shares in the partnership's total capital.

4. Limited Liability Company

Article 140. The Notion of Limited Liability Company

1. A limited liability company is a company established by one or a few persons, the charter capital of which shall be divided into shares of the amount specified by the Charter.

2. Members of a limited liability company shall be not liable for its obligations and bear risks of loss connected with the company activity within their contribution value.

Members of the company, who have not made their contributions in full, shall incur a joint liability on its obligations within the value of not contributed share of the contribution of each its member.

3. The name of a limited liability company should include the company's name and the words "limited liability company".

Article 141. Members of Limited Liability Company

1. The number of members of a limited liability company shall be established by the law. In case of exceeding this number, a limited liability company shall be subject to the transformation into a joint stock company within one year and upon expiring this term – to the liquidation by prosecution if the number of its members does not decrease to the established limit.
2. A limited liability company may not include the other economic company consisting of one participant in capacity of its sole member.

A person may become a member of only one limited liability company consisting of one member.

Article 142. Agreement on a Limited Liability Company Foundation

1. Should a limited liability company is founded by a few persons, these persons, if required to determine their interrelations, shall conclude the agreement in writing to specify the procedure for the foundation of the company, conditions of their joint activity on the creation of the company, the charter capital amount, the share of each member in the charter capital as well as the terms of and procedure for making of contributions and other conditions.
2. The agreement on the foundation of a limited liability company shall not be deemed a constituent document. Submission of this document for the state registration of the company shall not be mandatory.

Article 143. Charter of Limited Liability Company

1. A founding document of a limited liability Company shall be a charter.

In addition to the data indicated in Article 88 of this Code, the charter shall determine conditions regarding: amount of the authorized capital determining the share of each participant; composition and competence of governing bodies and the procedure for decision-making by these bodies; amount and procedure for the reserve creation; procedure for transfer (passing on) of shares in the authorized fund.

2. The charter of a limited liability company with all subsequent amendments and additions shall be kept with the body that performed its state registration, and shall be open for familiarization.

Article 144. Authorized Capital of Limited Liability Company

1. The authorized capital of a limited liability company shall be composed of the value of contributions of its participants.

The authorized capital shall determine the minimum amount of the company's property that secures the interests of its creditors. The amount of the authorized capital may not be less than the sum determined by law.

2. Release of a participant to a limited liability company from the obligation to make a contribution to the authorized capital of the company, including by means of offsetting claims against the company, shall not be allowed.
3. By the time of state registration of a limited liability company, its participants shall pay not less than fifty per cent of the amount of their contributions. The remaining unpaid part of the authorized capital shall be subject to payment within the first year of the company's activity.

In the event the participants do not pay their contributions in full within the first year, the company must either announce a reduction of its authorized capital and register the appropriate changes to the charter per the established procedure, or take a decision on company liquidation.

4. If, following the second or any subsequent fiscal year, the value of the net assets of a limited liability company turns out to be less than the registered authorized capital, the company shall be obliged to announce a reduction of its authorized capital and register the appropriate changes to the charter per the established procedure, unless the participants decided to make additional contributions. If the value of the net assets becomes less than the minimum amount of the authorized capital established by the law, the company shall be subject to liquidation.
5. Reduction of the authorized capital of a limited liability company shall be allowed only after notification of all its creditors under the procedure provided by the law. In this case, the creditors shall have the right to demand early termination or fulfillment of the respective obligations of the company, and compensation for losses to them.
6. An increase in the authorized capital of the limited liability company shall be allowed only after all its participants make contributions in full. The procedure for making additional contributions shall be determined by the law and the charter of the company.

Article 145. Management of Limited Liability Company

1. The supreme body of a limited liability company shall be the general meeting of its participants.
2. In a limited liability company, an executive body (collective or single-person) shall be created, which performs day-to-day management of its activities and is accountable to the general meeting of its participants. The executive body of the company may be also elected from outside the composition of the company's participants.

3. The competence of the limited liability company's executive body, the procedure for making decisions and acting on behalf of the company, shall be established by this Code, the other law and the charter of the company.
4. The exclusive competence of the general meeting of a limited liability company shall include:
 - 1) to determine main directions of activities of the limited liability company and to approve its plans and reports on their fulfillment;
 - 2) to amend the company's charter and to change the amount of the authorized capital;
 - 3) to form and to recall the company's executive body;
 - 4) to establish forms of supervision over the activities of the executive body, to create and establish authorities of the respective supervisory bodies;
 - 5) to approve annual reports and balance sheets, to distribute the company's profits and losses;
 - 6) to resolve an issue of acquisition of a participant's share by the company;
 - 7) to expel a participant from the company;
 - 8) to make a decision on liquidation of the company, to appoint the liquidation committee, to approve the liquidation balance sheet.

The charter of the company and the law may attribute the solution of other issues to the exclusive competence of the general meeting.

Issues attributed to the exclusive competence of the company's general meeting may not be delegated by it for the solution by the company's executive body.

The priority and procedure of convening the general meeting shall be established by the company's charter and by the law.

Article 146. Supervision over Operation of the Executive Body of Limited Liability Company

1. Operation of the executive body of a limited liability company shall be supervised per the procedure established by the charter and the law.
2. The general meeting of a limited liability company may form the bodies that constantly supervise over financial and economic operation of the executive body.

Procedure for creation and authorities of the supervisory body shall be determined by the general meeting of the company's participants.

3. To supervise over financial operation of a limited liability company, pursuant to the general meeting's decision and in other cases established by the company's charter and the law, an audit may be appointed.
4. Procedure for auditing of the operation and accounts of a limited liability company shall be established by the company's charter and the law.

On the request of any participant of the company, the annual financial statements of the company may be audited by attracting a professional auditor not related to the company or to its participants by property interests.

Expenditures for such an audit shall be charged to the participant on whose request the audit is carried out, unless otherwise established by the company's charter.

5. Public reporting of a limited liability company about the results of its operation shall not be required, except for the cases established by the law.

Article 147. Transfer of a Participant's Share in the Authorized Capital of Limited Liability Company to Another Person

1. A participant of a limited liability company shall have the right to sell or otherwise cede his/her share (part of it) in the authorized capital to one or several participants of this company.
2. Alienation by a participant of his/her share (part of it) to third persons shall be admissible, unless otherwise established by the company's charter.

Participants of the company shall have a priority right to buy a participant's share (part of it) pro rata to the amounts of their shares, unless the company's charter or the participants' agreement established another procedure for exercising this right. The purchase shall be executed at the price and on the other terms on which the share (part of it) was offered for sale to third persons. If the participants of the company do not use their priority right within one month following notification about the participant's intention to sell the share (part of it), or within another period established by the company's charter or the participants' agreement, the participant's share (part of it) can be alienated to the third person.

3. A share of a participant of a limited liability company may be alienated before its complete payment only in that part which has been already paid.
4. In case of acquisition of a participant's share (part of it) by the limited liability company itself, the company shall be obliged to sell it to other participants or third persons within the term and under the procedure established by the charter and the law or to reduce its authorized capital pursuant Article 144 of this Code.
5. A share in the authorized capital of a limited liability company shall be transferred to the heir of the natural person or to the successor of the legal entity, the company's participant, unless the company's charter envisages such transfer to be admissible only with the consent of the other participants of the company.

Settlements with the participant's heirs (successors) who have not joined the company shall be made pursuant to the provisions of Article 148 of this Code.

Article 148. Withdrawal of a Participant from a Limited Liability Company

1. A participant of a limited liability company shall have the right to withdraw from the company, by notifying the company of his/her withdrawal not later than three months prior to the withdrawal, unless another term established by the charter.
2. The participant that withdraws from a limited liability company shall have the right to receive the value of the part of its property pro rata to his/her share in the authorized capital of the company.

Upon the agreement between the participant and the company, payment of the participant's share may be replaced with the property transfer in kind.

Where a contribution to the authorized capital was made by means of transfer of the right to use property, the respective property shall be returned to the participant without recompense.

The procedure and the method of establishing the value of part of the property pro rata to the participant's share in the authorized capital, as well as the procedure and the term of its payment, shall be established by the charter and the law.

3. Disputes arising in connection with withdrawal of a participant from a limited liability company, including disputes over the procedure of determining the share in the authorized capital, its amount and terms of payment, shall be decided by the court.

Article 149. Seizure of Part of the Property of a Limited Liability Company Pro Rata to a Participant's Share in the Authorized Capital

1. Seizure of part of the property of a limited liability company pro rata to a participant's share in the authorized capital for his/her personal debts shall be allowed only in case the other property of the participant is insufficient to satisfy the creditors' claims. Creditors of such a participant shall have the right to demand from the company payment of the value of the part of the company's property pro rata to the debtor's share in the company's authorized capital, or allotment of this property with the purpose of seizure. The part of the property subject to allotment or the amount of the funds that constitute its value shall be determined pursuant to the balance sheet made as of the date of the creditors' claims submission.
2. Seizure of the whole share of a participant in the authorized capital of a limited liability company shall terminate his/her participation in the company.

Article 150. Liquidation of Limited Liability Company

1. A limited liability company may be liquidated by the decision of the general meeting of its participants, including in connection with expiration of the period for which the company was created, as well as by a court decision - in cases established by the law.
2. A limited liability company may be reorganized into a joint-stock company or a production co-operative.

Article 151. Notion of an Additional Liability Company

1. An additional liability company shall be a company founded by one or several entities, the authorized capital thereof is divided into shares with the amount determined by the charter.
2. Participants to an additional liability company bear solidary secondary (subsidiary) liability for its obligations with their property in the amount established by the company's charter and being equally multiple for all the participants to the value of a contribution made by each participant. In case one of the participants is acknowledged bankrupt, his or her liability for the company's obligations shall be divided among the other participants pro rata to their shares in the authorized capital of the company
3. The name of an additional liability company shall contain the name of the company, as well as the words "additional liability company".
4. Provisions of this Code on a limited liability company shall apply to an additional liability company, unless otherwise established by the company's charter and the law.

5. *Joint-Stock Company*

Article 152. Notion of a Joint-Stock Company

1. A company whose authorized capital is divided into a definite number of shares of the same nominal value shall be a joint stock company.
2. A joint-stock company shall be independently liable for its obligations with all its property. Shareholders shall not be liable for the company's obligations and shall bear the risk of losses related to the company's operation within the value limits of the shares owned by them.

In the cases provided by the charter, the shareholders who have not fully paid their shares shall be liable for the company's obligations within the limits of the unpaid shares' value owned by them.

Guarantees to protect property rights of shareholders shall be established by the law.

3. The firm name of a joint-stock company shall contain its name and an indication that the company is a joint-stock company.
4. Specifics of the legal status of joint-stock companies established during privatization of state enterprises shall be established by the law.
5. A joint-stock company that conducts public offering for shares shall be obliged to publish annually for the purpose of general notice its annual report, balance sheet, information about profits and losses, as well as other information envisaged by the law.

Article 153. Incorporation of a Joint Stock Company

1. A joint-stock company may be incorporated by legal and/or natural persons.

2. If several persons incorporate a joint-stock company, they shall enter into agreement among themselves to determine the procedure for joint operation regarding incorporation of the company.

This agreement shall not be deemed a constituent document of the company.

An agreement to constitute a joint-stock company shall be concluded in writing, and, if the company is established by natural persons, it shall be subject to notary witnessing.

3. Persons incorporating a joint stock company shall bear joint responsibility for the obligations that arose prior to the company state registration.

A joint stock company shall be liable for the obligations of its participants related to its incorporation only if the general meeting of shareholders subsequently approves their actions.

4. A joint stock company may be incorporated by one person or consist of one person in case all shares of the company are acquired by one shareholder. Information about this is subject to registration and publication for general notice.

A joint stock company cannot have another business association consisting of only one person as its sole participant.

5. The procedure and terms of action performing on joint stock company incorporation, including the procedure of the constituent assembly holding and its authority, shall be established by the law.

Article 154. Charter of a Joint-Stock Company

1. The charter of a joint-stock company shall be its constituent document.
2. Apart from the data stipulated in Article 88 of this Code, the charter of a joint stock company shall contain information about the amount of the authorized capital, conditions regarding the categories of stocks issued by the company, their nominal value and number; the rights of shareholders; the composition and the competence of the managing bodies of the company and the procedure for decisions' approval by them. The charter of a joint stock company shall also contain other data envisaged by the law.

Article 155. Authorized Capital of a Joint-Stock Company

1. The authorized capital of a joint stock company shall be formed from the value of the shareholders' contributions made as a result of shares' acquisition by them.

The authorized capital of a joint stock company shall determine the minimum amount of the company's property that secures interests of its creditors. It cannot be less than the amount established by the law.

2. During incorporation of a joint-stock company, all its shares shall be distributed among the founders. Public offering of the shares of a joint-stock company shall not be allowed

before the authorized capital is fully paid. The procedure for public offering shall be established by the law.

3. If, upon termination of the second and each subsequent fiscal years, the value of the company's net assets turns out to be less than its authorized capital, a joint stock company shall have to announce reduction of its authorized capital and to register respective amendments to the charter per the established procedure. If the value of the net assets becomes less than the minimum amount of the authorized capital established by the law, a joint stock company shall be subject to liquidation.

Article 156. Increase in the Authorized Capital of a Joint-Stock Company

1. A joint stock company shall be entitled, upon the decision of the general meeting of shareholders, to increase its authorized capital by increasing the nominal value of shares or by issuing additional shares.
2. Increase in the authorized capital of a joint stock company shall be allowed after it is fully paid. An increase in the company's authorized capital to recover losses suffered by the company shall not be allowed.
3. In cases established by the company's charter or by the law, the shareholders' preference to acquire additional shares issued by the company may be established.

Article 157. Reduction of the Authorized Capital of a Joint-Stock Company

1. A joint stock company shall be entitled to reduce, upon the decision of the general meeting of shareholders, its authorized capital by reducing the nominal value of shares or by purchasing a part of the issued shares in order to reduce their total number.

Reduction of the company's authorized capital shall be allowed after notification of all its creditors thereof per the procedure established by the law. At that, the company's creditors shall have the right to demand either early termination or fulfillment of the respective obligations by the company and compensation for losses.

2. Reduction of the company's authorized capital by way of purchasing and paying off a part of the shares shall be admissible, provided such opportunity is envisaged in the company's charter.
3. Reduction of a joint stock company's authorized capital below the minimum amount established by the law shall result in liquidation of the company.

Article 158. Limitations on Issuance of Securities and on Payment of Dividends

1. The part of preference shares in the total volume of the authorized capital of a joint stock company may not exceed twenty-five per cent.
2. A joint stock company shall have the right to issue bonds to the amount not exceeding its authorized capital or security given to the company for this purpose by third persons.
3. A joint stock company shall not have the right to announce and pay dividends:

- 1) prior to full payment of the entire authorized capital;
- 2) when the value of the company's net assets is reduced to the amount less than the authorized capital and the reserve;
- 3) in other cases established by the law.

Article 159. General Meeting of Shareholders

1. The highest body of a joint-stock company shall be the general meeting of shareholders. All its shareholders, regardless of the quantity and type of shares owned by them, shall be entitled to participate in the general meeting.

Shareholders (their representatives) taking part in the general meeting shall be registered, with indication of the number of votes which each participant has.

2. The exclusive competence of the general meeting includes:
 - 1) amendment of the company's charter, including changing of the amount of its authorized capital;
 - 2) election of members of the supervisory board, as well as creation and recall of the executive and other bodies of the company;
 - 3) approval of the annual financial accounts and distribution of the company's profits and losses; and
 - 4) making a decision on the liquidation of the company.

The law and the company's charter can relate the decision of other issues to the exclusive competence of the general meeting.

Issues relegated by the law to the exclusive authority of the shareholders' general meeting cannot be transferred to the other bodies of the company for decision.

3. The procedure for voting at the general meeting shall be determined by the law.

A shareholder shall have the right to appoint his/her representative for participation in the meeting. The representative can be permanent or appointed for a specific term. The shareholder shall have the right to substitute his/her representative in the supreme body of the company, by notifying the executive body of the joint-stock company thereof.

4. Decisions of the general meeting of shareholders shall be adopted by the majority of 3/4 votes of the shareholders participating in the meeting, on the issues of:
 - 1) amending the company's charter; and
 - 2) making a decision on liquidation.

Decisions on other issues shall be adopted by a simple majority of votes of the shareholders participating in the meeting.

5. The general meeting of shareholders shall be convened not less than once a year,.

An extraordinary meeting of shareholders shall be convened in case of insolvency of the company, as well as under the circumstances stipulated in the company's charter, and in any other case required by the interests of the joint-stock company in a whole.

The procedure for convening and holding of the general meeting, the conditions of convening and holding of the extraordinary meeting, and notification of shareholders shall be established by the law and the company's charter.

Article 160. Supervisory Board of a Joint-Stock Company

1. In a joint-stock company, a supervisory board, which performs control over the activity of its executive body and protection of the rights of the company's shareholders, can be created.

Cases for compulsory creation of a supervisory board shall be established by the law.

2. The law and the company's charter shall establish the exclusive competence of the supervisory board. Issues relegated by the charter to the exclusive competence of the supervisory board cannot be transferred by it for decision to the executive body of the company.
3. Members of the supervisory board of a joint stock company cannot be the members of its executive body.
4. The supervisory board of a joint stock company shall determine the forms of control over the activity of its executive body.

Article 161. Executive Body of a Joint-Stock Company

1. The executive body of a joint-stock company, exercising the management of its current operation, shall be a board of directors or any other body determined by the charter.

The executive body shall resolve all the issues of the joint-stock company operation, except for those relegated to the competence of the general meeting and the supervisory board of the company.

The executive body shall be reporting to the general meeting of shareholders and the supervisory board of a joint-stock company, and shall organize execution of their decisions. The executive body shall act on behalf of a joint-stock company within the limits established by the charter of a joint-stock company and the law.

2. An executive body of a joint stock can be collective (board of directors, directorate), or a single person (director, director general).

Article 162. Auditing of a Joint-Stock Company

1. A joint stock company, which is obliged pursuant to the law to publish documents stipulated by Article 152 of this Code for general information, must engage, for the purpose of examination and confirmation of the accuracy of its annual financial accounts, an auditor not related to the company or its shareholders by property interests.

2. An audit of a joint-stock company operation, including such that is not obliged to publish documents for general information, must be conducted at any time on the request of the shareholders who jointly own not less than 10 per cent of the shares.

The procedure for auditing of a joint stock company's operation shall be determined by the company's charter and the law.

Expenditures for conduct of such an audit shall be charged to the persons on whose request the audit is carried out, unless otherwise is decided by the general meeting of shareholders.

§ 2. Production Co-operative

Article 163. Notion of a Production Co-operative

1. A volunteer association of citizens on the grounds of membership for joint production or other economic activities based on their own labor participation and on the pooling of property share contributions by its members shall be recognized as a production co-operative. The law and the charter of the production co-operative may provide for the participation of other persons on the grounds of membership in the production co-operative operation.
2. Members of a production co-operative shall bear secondary liability for the co-operative's obligations, in the amount and under the procedure established by the co-operative's charter and the law
3. The co-operative's firm name shall include its name and the words "production co-operative".
4. The legal status of production co-operatives and the rights and responsibilities of their participants shall be established pursuant to this Code and to the other law.
5. The law can establish specifics for creation and operation of agricultural co-operatives.

Article 164. Founding Documents of a Production Co-Operative

1. The founding document of a production co-operative shall be its charter, approved by the general meeting of its members.
2. In addition to the data stipulated by Article 88 of this Code, the charter of a production co-operative must contain information about: the amount of a share contribution of a co-operative member; composition and the procedure for making share contributions by the co-operative members and their liabilities for breach of the obligation to make a share contribution; the nature and procedure of the labor participation of its members in the co-operative's operation and on their liabilities for breach of the obligations relating to the personal labor participation; the procedure of distribution of profits and losses of the co-operative; the amount and conditions of subsidiary liability of its members for the co-operative's obligations; the composition and competence of the co-operative's managing bodies and the procedure for making decisions by them.

3. The number of co-operative's members cannot be less than that established by the law.

Article 165. Property of a Production Co-operative

1. The property owned by a production co-operative shall be divided into shares of its members pursuant to the co-operative's charter.
2. Prior to the moment of the state registration of a co-operative, a co-operative member shall be obliged to pay not less than 10 per cent of a share contribution, and the remaining part shall be paid within a year from the moment of the state registration, unless another term is established by the co-operative's charter.

Procedure for making share contributions by members of a production co-operative shall be established by the co-operative's charter and the law.

3. A production co-operative shall not be entitled to issue stocks.
4. Profits of a production co-operative shall be distributed between its members in accordance with their labor participation, unless another procedure is established by the co-operative's charter.
5. The property remaining after liquidation of a production co-operative and satisfaction of its creditors' claims shall be distributed between its members in accordance with their labor participation, unless another procedure is established by the co-operative's charter.

Article 166. Termination of Membership in a Production Co-operative and Transfer of a Share

1. A production co-operative member shall have the right to withdraw from the co-operative. In this event, the value of the share must be paid to him/her, or the property pro rata to his/her share must be returned to him/her, as well as other payments stipulated by the co-operative's charter must be made.

Return of a share, payment of the share's value and other payments to the withdrawing co-operative member shall be made per the procedure established by the co-operative's charter and the law.

2. A co-operative member may be expelled from the co-operative by the decision of the general meeting, in case of failure to perform or unduly performance of the obligations assigned to him/her by the co-operative's charter, as well as in other cases established by the co-operative's charter and the law.

The member expelled from the co-operative shall have the right to receive a share and other payments established by the co-operative charter pursuant to paragraph 1 of this Article.

3. A co-operative member shall have the right to transfer his/her share or a part of it to another member of the co-operative, unless otherwise established by the co-operative's charter and the law.

Transfer of a share (part of it) to a person who is not a co-operative member shall be admissible only upon the co-operative's consent. In this event, other co-operative members shall use the priority right to buy such share (part of it). Procedure for alienation of a share or part thereof to another co-operative member or to a third person shall be established by the co-operative's charter and the law.

4. In case of death of a co-operative member, his/her successors may be admitted as members of the co-operative, unless otherwise established by the co-operative's charter. In the event of refusal to accept successors as members of the co-operative, the co-operative shall pay the value of the share of the deceased participant to his/her successors.
5. Seizure of the share of a production co-operative member upon his/her own obligations shall be admissible only in case his/her other property is insufficient and is made per procedure established by the co-operative's charter and the law.
6. In case a mortgagee seizes a pledged share of a production co-operative's member provisions of paragraph 3 of this Article shall be applied.

Subsection 3. PARTICIPATION OF THE STATE, THE AUTONOMOUS REPUBLIC OF CRIMEA AND TERRITORIAL COMMUNITIES IN CIVIL RELATIONS

Chapter 9. LEGAL FORMS OF PARTICIPATION OF THE STATE, THE AUTONOMOUS REPUBLIC OF CRIMEA AND TERRITORIAL COMMUNITIES IN CIVIL RELATIONS

Article 167. Legal Forms of the State Participation in Civil Relations

1. In civil relations the state shall act on equal rights with other participants to these relations.
2. The state can create legal entities of public law (state enterprises, educational institutions, etc.) in cases and per the procedure established by the Constitution of Ukraine and the law.
3. The state can create legal entities of private law (entrepreneurial associations, etc.) and take part in their operation on the general grounds, unless otherwise established by the law.

Article 168. Legal Forms of the Autonomous Republic of Crimea Participation in Civil Relations

1. The Autonomous Republic of Crimea shall act in civil relations upon equal rights with other participants of these relations.
2. The Autonomous Republic of Crimea can create legal entities of public law (educational institutions, etc.) in cases and per the procedure established by the Constitution of Ukraine and the law.

3. The Autonomous Republic of Crimea can create legal entities of private law (entrepreneurial associations, etc.) and take part in their operation on the general grounds, unless otherwise established by the law.

Article 169. Legal Forms of Territorial Communities Participation in Civil Relations

1. Territorial communities shall act in legal relations upon equal rights with other participants of these relations.
2. Territorial communities can create legal entities of public law (municipal enterprises, educational institutions, etc.) in cases and per the procedure established by the Constitution of Ukraine and the law.
3. Territorial communities can create legal entities of private law (entrepreneurial associations, etc.) and take part in their operation on the general grounds, unless otherwise established by the law.

Chapter 10. BODIES AND REPRESENTATIVES THROUGH WHICH THE STATE, THE AUTONOMOUS REPUBLIC OF CRIMEA, AND TERRITORIAL COMMUNITIES ACT IN CIVIL RELATIONS

Article 170. Bodies through Which the State Acts In Civil Relations

1. The state shall acquire and exercise civil rights and obligations through public authorities within the limits of their competence established by the legislation.

Article 171. Bodies through Which the Autonomous Republic of Crimea Acts in Civil Relations

1. The Autonomous Republic of Crimea shall acquire and exercise civil rights and obligations through authorities of the Autonomous Republic of Crimea within the limits of their competence established by the legislation.

Article 172. Bodies through Which Territorial Communities Act in Civil Relations

1. Territorial communities shall acquire and exercise civil rights and obligations through bodies of local self-government within the limits of their competence established by the legislation.

Article 173. Representatives of the State, the Autonomous Republic of Crimea and Territorial Communities

1. In cases and per the procedure established by the law and by other regulatory acts, physical and legal entities, public authorities, authorities of the Autonomous Republic of Crimea and local self-government bodies can act on behalf of the state, the Autonomous Republic of Crimea and territorial communities by special orders.

Chapter 11. LIABILITY FOR THE OBLIGATIONS OF THE STATE, THE AUTONOMOUS REPUBLIC OF CRIMEA AND TERRITORIAL COMMUNITIES

Article 174. Liability for the Obligations of the State

1. The state shall be liable for its obligations with its property, except for the property that cannot be seized pursuant to the law.

Article 175. Liability for the Obligations of Territorial Communities

1. Territorial communities shall be liable for their obligations with their property, except for the property that cannot be seized pursuant to the law.

Article 176. Delimitation of Liability for Obligations of the State, the Autonomous Republic of Crimea, Territorial Communities and Legal Entities Established by Them

1. The state, the Autonomous Republic of Crimea and territorial communities shall not be liable for the obligations of legal entities established by them, except for the cases established by the law.
2. Legal entities established by the state, the Autonomous Republic of Crimea and territorial communities shall not be liable for the obligations of the state, the Autonomous Republic of Crimea and territorial communities respectively.
3. The state shall not be liable for the obligations of the Autonomous Republic of Crimea and territorial communities.
4. The Autonomous Republic of Crimea shall not be liable for the obligations of the state and territorial communities.
5. The territorial community shall not be liable for the obligations of the state, the Autonomous Republic of Crimea and other territorial communities.

Section III. OBJECTS OF CIVIL RIGHTS

Chapter 12. GENERAL PROVISIONS ON OBJECTS OF CIVIL RIGHTS

Article 177. Types of Civil Right Objects

1. Objects of civil rights shall be things, including money and securities, other property, ownership rights, results of work, services, results of intellectual and creative activity, information, as well as other tangible and intangible welfare.

Article 178. Circulating Capacity of Civil Rights

1. Objects of civil rights may be freely alienated or transferred from one person to another under the procedure of succession or inheritance, or by other means, unless they are withdrawn from circulation or restricted in circulation, or are inalienable from a natural or legal person.
2. Types of civil rights objects prohibited for civil circulation (objects withdrawn from the circulation) must be directly indicated in law.

Types of civil rights objects which may belong only to specific circulation participants or which may be allowed in circulation only with special authorization (objects with restricted circulating capacity) shall be established by the law.

Chapter 13. THINGS. PROPERTY

Article 179. Concept of a Thing

1. An item of the material world with respect thereto civil rights and obligations may arise shall be recognized as a thing.

Article 180. Animals

1. Animals shall be specific objects of civil rights. The legal regime of a thing shall extend to them, except for the cases established by the law.
2. Rules of animals' treatment shall be established by the law.
3. Animals included in the Red Book can be an object of civil circulation only in cases and per the procedure established by the law.

Article 181. Immovable and Movable Things

1. Immovable things (immovable property, immovables) shall include land parcels and the objects located on them, which cannot be moved without their devaluation and change of their target use.

The regime of an immovable thing can be also extended by the law to aircrafts and sea crafts, inland-navigation vessels, space objects and other things the rights thereto shall be subject to state registration.

2. Things that can be freely moved in space shall be recognized as movable things.

Article 182. State Registration of the Rights to Immovables

1. An ownership right and other property rights to immovable things, restrictions thereof, their emergence, transfer and termination shall be subject to state registration.
2. State registration of rights to immovables and transactions relating to immovables shall be public and conducted by an appropriate body, which shall be obliged to provide information on the registration and the registered rights under the procedure established by the law.

3. Rejection of state registration of the right to immovables or of transactions relating to immovables, evasion of the registration and refusal to provide information about registration can be appealed in a court.
4. Procedure for state registration of rights to immovables and grounds for the registration refusal shall be established by the law.

Article 183. Divisible and Indivisible Things

1. A thing that can be divided without loss of its target use shall be recognized as divisible.
2. A thing that cannot be divided without loss of its target use shall be recognized as indivisible.

Article 184. Things Identified by Individual or Generic Characteristics

1. A thing shall be identified by individual characteristics if it possesses the unique inherent features that distinguish it from other similar things and individualize the thing.

Things identified by individual features shall be irreplaceable.

2. A thing shall be identified by generic features if it has the features inherent to all other things of the same gender and is measured by a number, weight and measure.

A thing identified by generic features shall be replaceable.

Article 185. Consumable and Non-consumable Things

1. A thing shall be considered consumable if it is destroyed or ceases to exist in its initial form as a result of one-time use.
2. A thing shall be considered non-consumable if it is designed for repeated use and preserves its initial form over a long period of time.

Article 186. Principal Thing and Accessory

1. A thing designed for servicing another (principal) thing and related to it by a common designation shall be considered its accessory.
2. An accessory shall follow a principal thing, unless otherwise established by the agreement or the law.

Article 187. Constituents of a Thing

1. Everything that cannot be separated from a thing without destroying it or substantially reducing its value shall be a constituent of the thing.
2. During transfer of a right to a thing, its constituents shall not be liable to separation.

Article 188. Compound Things

1. If several things form a single entity, thus allowing its use according to its designation, they shall be considered as one thing (a compound thing).
2. Transaction made with regard to a compound thing shall extend to all its constituents, unless otherwise envisaged by the agreement.

Article 189. Production, Benefits and Income

1. Everything that is produced, extracted, derived from a thing or yielded by a thing shall be considered as production.
2. Production, benefits and income shall belong to the owner of a thing, unless otherwise established by the agreement or the law.

Article 190. Property

1. Property as a specific object shall be considered a separate thing, a set of things, as well as property rights and obligations.

Article 191. Enterprise as an Integrated Property Complex

1. An integrated property complex used for carrying out of businesses shall be considered an enterprise.
2. As an integrated property complex, an enterprise shall comprise all types of property intended for its operation, including land parcels, buildings, structures, equipment, inventory, raw materials, production, rights of claim, debts, the right to a trademark or another marking and other rights, unless otherwise established ed by the agreement and the law.
3. An enterprise as an integrated property complex shall be deemed immovables.
4. An enterprise or part of it can be an object of purchase and sale, pledge, lease and other transactions.

Article 192. Money (Monetary Funds)

1. The legal means of payment, obligatory for acceptance at its nominal value is at the whole territory of Ukraine shall be hryvnia.
2. Foreign currency can be used in Ukraine in cases and per the procedure established by the law.

Article 193. Currency Valuables

1. Types of property recognized as currency valuables and the procedure for transactions with them shall be determined by the law.

Chapter 14. Securities

Article 194. Notion of a Security

1. A security shall be a document of a prescribed form with appropriate requisites that certifies monetary or any other property right and determines relations between the person that issued it and its owner, and provides for the obligations fulfillment pursuant to conditions of its issuance as well as for the possibility of transfer of rights arising from this document to other persons.
2. A person that acquired ownership rights in the security shall own all the rights certified by it in the aggregate.

Article 195. Groups and Types of Securities

1. The following groups of securities can be under circulation in Ukraine:
 - 1) share securities which witness participation in the authorized fund and provide their owners with the right to participate in the management of the issuer and to receive a part of profit, including in the form of dividends, and a part of property at the liquidation of the issuer;
 - 2) debt securities, which witness loan relations and provide for the issuer's obligation to pay funds pursuant to the obligation within a specified period;
 - 3) derivative securities, whose mechanism of issuance and circulation is linked to the right of acquisition or sale of securities, other financial and/or commodity resources within a period stipulated by the agreement;
 - 4) documents of title to the goods, that provide their holder with the right to dispose of the property indicated in these documents.

The law may also determine other groups of securities.

2. Types of securities and the procedure of their circulation shall be established by the law.
3. Securities may be issued in documentary and non-documentary forms pursuant to the law.

Article 196. Requirements to a Security

1. Compulsory requisites of securities, requirements to their form and other necessary conditions shall be established by the law.
2. A document that does not contain compulsory requisites of securities and does not comply with the form established for securities shall not be a security.

Article 197. Transfer of Rights Certified by a Security

1. The rights certified by a security may belong to:
 - 1) the bearer of a security ("a bearer security");

- 2) the person named in a security ("a registered security");
 - 3) the person named in a security that can exercise these rights on its own or appoint another authorized person by its instruction (order) ("an order security").
2. The law may exclude the possibility of issuing securities of a certain type as registered or as order or as bearer securities.
 3. To transfer the rights witnessed by a bearer security to another person, it shall be sufficient to deliver the security to this person.
 4. The rights certified by a bearer security shall be transferred per the procedure established for assignment of a claim (cession). A person transferring the right under a security shall be liable for the invalidity of a relevant claim, but not for the failure to fulfill it.
 5. The rights under an order security shall be transferred by means of effecting an endorsement on the security. The endorser shall be liable for the existence and exercise of this right.

An endorsement effected on a security shall transfer all rights witnessed by that security to a person to whom or by whose order the rights under the security are transferred (an endorsee). An endorsement may be blank (without indication of a person to whom the enforcement should be effected) or order (with indication of a person to whom or by whose order the enforcement should be effected). An endorsement may be restricted only by an assignment to exercise the rights witnessed by a security, without transfer of these rights to the endorsee. In this case, the endorsee shall act as a representative.

Article 198. Enforcement under a Security

1. A person that issued a security and persons that endorsed it shall be jointly liable to its lawful owner. In the event that one or several persons of those liable under the security satisfy claims of the lawful owner of the security regarding enforcement of an obligation certified by that security, they shall acquire the right of recourse against other persons liable under that security.
2. A refusal to fulfill an obligation certified by a security by referring to absence of grounds for the obligation or its invalidity shall not be allowed.

An owner of an illegally issued or fake security shall be entitled to claim proper fulfillment of the obligation certified by the security and indemnification from the person that transferred the security to him/her.

Chapter 15. INTANGIBLE BENEFITS

Article 199. Results of Intellectual, Creative Activity

1. Results of intellectual, creative activity and other objects of intellectual property rights shall create civil rights and obligations pursuant to Book IV of this Code and of the other laws.

Article 200. Information

1. Documented or publicly announced data about events and phenomena that has taken or are taking place in the society, the state and environment shall be recognized as information.
2. A subject of informational relations may demand elimination of any violation of his/her right and compensation for the property and moral damage caused by such violations.
3. Procedure for use of the information and protection of the right to it shall be established by the law.

Article 201. Personal Non-property Benefits

1. Personal non-property benefits protected by the civil legislation shall be life and health; honor, dignity and business reputation; name (firm name); authorship; freedom of literary, artistic, scientific and technical creative work and other benefits protected by the civil legislation.
2. Pursuant to the Constitution of Ukraine, person's life and health, honor and dignity, inviolability and safety shall be recognized as the utmost social value.

Section IV. TRANSACTION. REPRESENTATION

Chapter 16. TRANSACTIONS

§ 1. General Provisions on Transactions

Article 202. Notion and Types of Transactions

1. A transaction shall be an action of a person aimed at acquisition, changing or termination of civil rights and obligations.
2. Transactions may be unilateral, bilateral or multilateral (contracts).
3. A unilateral transaction shall be an action of one party, which may be represented by one or several persons.

A unilateral transaction may create obligations only for the person that made the transaction.

A unilateral transaction may create obligations for other persons only in cases established by the law or by the agreement with these persons.

4. A bilateral or multilateral transaction shall be a coordinated action of two or more parties.
5. General provisions on obligations and contracts shall apply to legal relations arising from the unilateral transactions, unless this contradicts the civil legislation acts or the essence of a unilateral transaction.

Article 203. General Requirements Necessary for Validation of a Transaction

1. Contents of a transaction cannot contradict this Code, other acts of civil legislation and moral principles of the society.
2. A person that effects a transaction shall have a required scope of civil capacity.
3. Expression of the will of a participant to a transaction shall have to be free and shall correspond to his/her inner volition.
4. A transaction shall be effected in the form established by the law.
5. A transaction shall be aimed at realistic occurrence of legal consequences stipulated by it.
6. A transaction effected by parents (adoptive parents) cannot contradict the rights and interests of their infants, minors or disabled children.

Article 204. Presumption of Legitimacy of a Transaction

1. A transaction shall be legitimate, unless the law directly establishes its invalidity or the court invalidates it.

Article 205. Form of Transaction. Ways of Intension Expressing

1. A transactions can be effected in either verbal or written form. The parties shall have the right to choose the form of transaction, unless otherwise established by the law.
2. A transaction for which the law does not prescribe a mandatory written form, shall be considered concluded, provided the behavior of the parties witnesses their intention prior to occurrence of the appropriate legal consequences.
3. In cases established by an agreement or the law, the intention of the party to conclude a transaction may be expressed by its silence.

Article 206. Transactions That May Be Concluded in Verbal Form

1. Transactions can be concluded in verbal form in case they are fully performed by the parties at the moment of their conclusion, except for transactions subject to notarization and/or state registration, or those for which non-observance of a written form entails their invalidity.
2. A legal person that paid for goods and services based on a verbal transaction with another party shall be issued a document which certifies the grounds for payment and the amount of the funds received.
3. Transactions to perform a contract concluded in writing may, by the parties' agreement, be concluded in verbal form, unless this contradicts the contract or the law.

Article 207. Requirements to Written Form of Transaction

1. A transaction shall be considered concluded in writing, in case its substance is fixed in one or several documents, letters, or telegrams exchanged by the parties.

A transaction shall be considered concluded in writing, in case the will of the parties is expressed by teletype, electronic or any other technical communication facilities.

2. A transaction shall be considered concluded in writing, in case it is signed by the party (parties).

A transaction concluded by a legal person shall be signed by persons authorized thereto by the founding documents, a proxy, the law or other civil legislation acts and stamped with a seal.

3. At conclusion of transactions, the use of a facsimile reproduction of a signature by means of mechanical or any other copying, electronic and digital signature or any other analog of a personal signature shall be admissible in cases established by the law, other acts of civil legislation or by a written consent of the parties containing specimens of the appropriate analog of the personal signature.

4. If a physical entity cannot personally sign due to illness or physical disability, the text of the transaction shall be signed on his/her request and in his/ her presence by another person.

Signature of another person on the text of a notarized transaction shall be certified by a notary or an official eligible to effect such notary action, indicating the reasons why the text of the transaction cannot be signed by the person that concludes it.

Signature of another person on the text of the transaction, notarization thereof is not required, can be witnessed by an appropriate official at the place of work, study or medical treatment of the person that concludes it.

Article 208. Transactions Eligible to Conclusion in Writing

1. The following shall be concluded in writing:

- 1) transactions between legal entities;
- 2) transactions between a legal and a natural person, except for transactions stipulated by part one, Article 206 of this Code;
- 3) transactions of natural persons between themselves for the amount exceeding by 20 times the non-taxable minimum income of citizens, except for transactions stipulated by part one, Article 206 of this Code;
- 4) other transactions in respect thereof a written form is established by the law.

Article 209. Notarization of Transaction

1. A transaction concluded in written form shall be subject to notarization only in cases established by the law or by agreement of the parties.
2. A transaction shall be witnessed by a notary or by the other official who, pursuant to the law, is authorized for such notary action, by effecting it on the document where the text of a transaction is set forth.
3. Only the text of a transaction that meets the general requirements established in Article 203 of this Code can be notarized.
4. On the request of a natural or a legal person, any transaction with their participation can be notarized.

Article 210. State Registration of Transaction

1. A transaction shall be subject to state registration only in cases established by the law. Such transaction shall be considered concluded since the moment of its state registration.
2. The list of bodies that perform state registration, the procedure for registration and the keeping appropriate registers shall be established by the law.

Article 211. Place of Transaction Concluding

1. In case a transaction does not indicate the place of its conclusion, then:

1) the place of conclusion of a unilateral transaction shall be the place of expressing the party's will;

2) the place of conclusion of a bilateral or multilateral transaction shall be determined pursuant to Article 647 of this Code.

Article 212. Transactions in Respect Thereof Legal Consequences are Connected with Occurrence of a Certain Circumstance

1. Persons concluding a transaction shall have the right to stipulate the occurrence or change of the rights and obligations by a circumstance with regard to which it is unknown whether it will occur or not (deferring circumstance).
2. Persons concluding a transaction shall have the right to stipulate termination of the rights and obligations by a circumstance with regard to which it is unknown whether it will occur or not (annulling circumstance).
3. If the occurrence of a circumstance was unfairly impeded by a party that would be disadvantaged thereby, the circumstance shall be considered as such that has occurred.
4. If the occurrence of a circumstance was unfairly promoted by a party which benefits from that, the circumstance shall be considered as such that has not occurred.

Article 213. Interpretation of the Contents of a Transaction

1. The contents of a transaction can be interpreted by a party (parties).
2. On the request of one or both parties, a court may take a decision on interpretation of the contents of a transaction.
3. In the interpretation of the contents of a transaction, the meaning of words and expressions uniform for the whole content of the transaction and the meaning of terms generally accepted in the appropriate field of relations shall be taken into account.

In case the literal meaning of words and expressions as well as the meaning of terms generally accepted in the appropriate field of relations does not allow to establish the content of certain parts of the transaction, the content shall be established by comparing the relevant part of the transaction with the content of other parts thereof, with its general content and intentions of the parties.

4. Where it is impossible to establish the true will of the person that concluded the transaction on the basis of regulations set forth in the third paragraph of this Article, the purpose of the transaction, contents of previous transactions, the established practice of relations between the parties, business circulation customs, subsequent conduct of the parties, the text of a typical contract and other circumstances that are of considerable importance shall be taken into account.

Article 214. Renunciation of Transaction

1. A person that concluded a unilateral transaction shall have the right to renounce it, unless otherwise established by the law. Where such renunciation of a transaction violates the rights of another person, these rights shall be subject to protection.
2. Persons that concluded a bilateral or a multilateral transaction shall have the right, by mutual agreement of the parties, as well as in cases provided by the law, to renounce it even if its terms and conditions have been completely fulfilled by them.
3. A transaction shall be renounced in the same form in which it was concluded.
4. Legal consequences of renunciation of a transaction shall be determined by the law or by agreement of the parties.

§ 2. Legal Consequences of Non-Compliance by the Parties with Law Requirements at Conclusion of a Transaction

Article 215. Invalidity of a Transaction

1. A ground for invalidity of a transaction shall be non-compliance of a party (parties) with the requirements established in paragraphs 1-3, 5 and 6 of Article 203 of this Code at the moment of the transaction concluding.

2. A transaction shall be invalid if its invalidity is established by the law (void transaction). In this case, invalidation of the transaction by the court shall not be required.

In cases established by this Code a void transaction may be found valid by the court.

3. Where the invalidity of a transaction is not directly established by the law, but one of the parties or any other concerned person denies its validity on the grounds established by the law, such transaction may be invalidated by the court (voidable transaction).

Article 216. Legal Consequences of Invalidity of Transaction

1. An invalid transaction does not entail legal consequences, except for those related to its invalidity.

In case of invalidity of a transaction, each party shall be obliged to return in kind to the other party everything it has acquired in pursuance of the transaction, or, if such return is impossible, including in cases where the acquisition consists in the use of property, work performed, or services provided, to reimburse the value of the acquired at the prices existing at the moment of reimbursement.

2. Where, in connection with conclusion of an invalid transaction the other party or a third person incurred losses, they shall be subject to reimbursement by the guilty party.
3. Legal consequences envisaged by paragraphs 1 and 2 of this Article shall apply, unless special requirements of their application or special legal consequences of certain types of invalid transactions are provided by law.
4. Legal consequences of invalidity of a void transaction established by the law cannot be changed by the agreement of the parties.
5. Any concerned person can require to apply the consequences of invalidity of a void transaction

A court can apply the consequences of an invalid void transaction on its own initiative.

Article 217. Legal Consequences of Invalidity of Separate Parts of Transaction

1. Invalidity of separate part of a transaction shall not entail invalidity of its other parts or of the transaction as a whole, where it might be assumed that the transaction could have also been concluded without inclusion of the invalid part therein.

Article 218. Legal Consequences of Non-Compliance with Written Form of Transaction

1. Failure to comply with a written form of transaction established by the law shall not entail its invalidity, except for the cases established by the law.

Denial by one of the parties of the fact of transaction conclusion or contesting of some of its parts shall be proven with documentary evidence, means of audio/ video records and other evidence. The court decision cannot be based on testimonial evidence.

2. Where, in accordance with the transaction for which mandatory written form is established, one of the parties performed an act and the other party confirmed its performance, including by means of acceptance of the performance, then in case of a dispute, such transaction may be found valid by the court.

Article 219. Legal Consequences of Failure to Meet the Law Requirement on Notarization of Unilateral Transaction

1. In case of non-observation of the law requirement on notarization of a unilateral transaction, such transaction shall be void.
2. A court may find such transaction valid if it establishes the conformity to the true intention of a person who concluded it, and notarization of the transaction was hindered by a circumstance, which was beyond the control of that person.

Article 220. Legal Consequences of Failure to Fulfill the Law Requirement on Contract Notarization

1. In case of failure to fulfill the requirement of law as to notarization of a contract, such contract shall be void.
2. Where parties agreed on all essential conditions of a contract, as proved by documentary evidence, and the contract was fulfilled completely or partially, but one of the parties evaded its notarization, a court may find such contract valid. In that case, subsequent notarizations of the contract shall not be required.

Article 221. Legal Consequences of Transaction Conclusion by an Infant Beyond His/Her Civil Capacity

1. A transaction concluded by an infant beyond his/her civil capacity may be subsequently approved by his/her parents (adoptive parents) or by the one of them with whom the minor resides, or by a guardian.

A transaction shall be considered approved, where these persons, having learned about its conclusion, do not file any claim against the other party within a month.

2. In case of absence of such approval, the transaction shall be void.

Upon the demand of a concerned person, a court may acknowledge such transaction valid, in case it is established that the transaction was concluded for the benefit of the infant.

3. Where a natural person with full civil capacity concluded a transaction with an infant, he/she shall be obliged to return to the persons indicated in the first paragraph of this Article everything that he/she has acquired per such transaction from an infant.

4. A capable party shall be also required to compensate losses inflicted by conclusion of an invalid transaction, if, at the moment of the transaction conclusion it was aware or could be aware of the age of the other party. Parents (adoptive parents) or guardians of an infant shall be required to return to a capable party everything acquired under the transaction in kind, or, where it is impossible to return it in kind, to compensate its value at the prices existing at the moment of compensation.
5. Where both parties of a transaction are infants, each of them shall be obliged to return to the other party everything that he/she acquired under the transaction in kind. In case it is impossible to return the property, its value shall be reimbursed by parents (adoptive parents), provided it is established that the transaction conclusion or the loss of the property being the subject of transaction was furthered by their guilty behavior.
6. In the event of a transaction conclusion with an infant by a minor (a person at the age of fourteen to eighteen), the consequences established by the third paragraph of Article 222 of this Code shall be effective.

Article 222. Legal Consequences of Transaction Conclusion by a Minor Beyond His/Her Civil Capacity

1. A transaction concluded by a minor beyond the limits of his/her civil capacity without consent of his/her parents (adoptive parents) or a tutor, may be subsequently approved by them per the procedure established by Article 221 of this Code.
2. A transaction concluded by a minor beyond the limits of his/her civil capacity without consent of his/her parents (adoptive parents) or tutors may be invalidated by a court upon a claim of a concerned person.
3. Where both parties to an invalid transaction are minors, each of them shall be obliged to return to the other party everything that he/she has acquired under the transaction in kind. Where it is impossible to return the acquired objects in kind, their value shall be compensated at the prices existing at the moment of reimbursement.

If the minor does not have sufficient funds for compensation, his/her parents (adoptive parents) or tutor shall be obliged to compensate for the inflicted losses, where they, by their guilty behavior, furthered the transaction conclusion or the loss of the property being the subject of transaction.

Article 223. Legal Consequences of Transaction Conclusion by a Natural Person with Limited Civil Capacity Beyond the Limits of His/Her Civil Capacity

1. A transaction concluded by a natural person with limited civil capacity beyond the limits of his/her civil capacity without consent of a tutor may be subsequently approved by him/her per the procedure established by Article 221 of this Code.
2. In absence of such consent, upon a tutor's claim, a transaction may be invalidated by a court, if it is established that it contradicts the interests of the ward or the family members, or of the persons whom he/she is obliged to support under the law.

Article 224. Legal Consequences of Transaction Conclusion without Consent of the Guardianship and Tutorship Body

1. A transaction concluded without consent of a guardianship and tutorship body (Article 71 of this Code) shall be void.
2. Upon the demand of a concerned person, a court may acknowledge such a transaction valid, if it is established that it corresponds to the interests of an individual placed under guardianship or tutorship.

Article 225. Legal Consequences of Transaction Conclusion by a Capable Natural Person Who at the Moment of Its Conclusion did not Comprehend the Meaning of His/Her Actions and/or Could not Control Them

1. A transaction concluded by a capable natural person at the moment when he/she did not comprehend the meaning of his/her actions and/or could not control them may be invalidated by a court upon the claim of that person, and in case of his/her death, on the claim of other persons whose civil rights or interests were violated.
2. In case of subsequent acknowledgement of a natural person that concluded a transaction incapable, a claim for invalidation of the transaction may be lodged by his/her guardian.
3. A party that was aware of the state of a natural person at the moment of transaction conclusion shall be obliged to compensate him/her for the moral damage caused in connection with such transaction conclusion.

Article 226. Legal Consequences of Transaction Conclusion by an Incapable Natural Person

1. A guardian may approve a small domestic transaction concluded by an incapable natural person per the procedure established by Article 221 of this Code.

In absence of such an approval, such transaction and other transactions concluded by an incapable natural person shall be void.

2. On the request of a guardian, a transaction concluded by an incapable natural person may be acknowledged valid by a court, provided it is established that it is concluded for the benefit of an incapable natural person.
3. A capable party shall be obliged to return everything that he/she has acquired under this transaction to a guardian of an incapable natural person, or, where such return is impossible, to compensate for the property value at the prices existing at the moment of reimbursement

A guardian shall be required to return everything that an incapable natural person has acquired under a void transaction. Where the property was not preserved, a guardian shall compensate for its value, if the transaction conclusion or the loss of the property being a subject of transaction was furthered by his/her guilty behavior.

4. A capable party shall be obliged to compensate the guardian or family members of an incapable natural person for the moral damage, if it is established that the party was aware of the mental disorder or imbecility of the other party or could presume such state of the person.

Article 227. Legal Consequences of Transaction Conclusion by a Legal Entity not Entitled to Do It

1. A transaction concluded by a legal entity without an appropriate authorization (license) may be invalidated by a court.
2. Where a legal entity misled the other party as regards to its right to conclude such a transaction, it shall be required to compensate that party for the moral damage caused by such transaction.

Article 228. Legal Consequences of Concluding Transaction that Violates Public Order

1. A transaction shall be considered as such that violates public order where it was aimed at violation of constitutional rights and freedoms of a man and a citizen, destruction, damage of property of a natural or legal person, of the state, the Autonomous Republic of Crimea, territorial community, illegal seizure thereof.
2. A transaction that violates public order shall be void.

Article 229. Legal Consequences of Transaction Concluded under the Influence of Mistake

1. If a person that concluded transaction made a mistake with regard to circumstances being of significant importance, such transaction may be invalidated by a court.

Mistakes as to the nature of transaction, rights and obligations of the parties, and such properties and characteristics of an object that considerably reduce its value or the possibility of its targeted use shall be of significant importance. A mistake as to the motivations of transaction shall not be of significant importance, except for the cases established by the law.

2. In case of transaction invalidation, a person that made a mistake due to its negligence shall be obliged to compensate the other party for the losses inflicted to it.

A person that furthered a mistake by its imprudent behavior shall be required to compensate the other party for the losses inflicted to it.

Article 230. Legal Consequences of Transaction Conclusion under Influence of Deceit

1. If one of the parties to transaction purposely deceived the other party with regard to the circumstances that are of significant importance (paragraph 1 of Article 229 of this Code), such transaction shall be invalidated by a court.

A deceit takes place both in case when a party denies existence of circumstances that might hinder from transaction conclusion, and in case when it withholds their existence.

2. A party that used deceit shall be obliged to compensate the other party for the losses double and for the moral damage caused in connection with the transaction conclusion.

Article 231. Legal Consequences of Transaction Conclusion under Influence of Violence

1. Transaction concluded by a person against his/her true will due to application of physical or psychical pressure to him/her by the other party or by another person, shall be invalidated by a court.
2. A guilty party (another person) that applied physical or psychical pressure to the other party shall be obliged to compensate him/her for the losses double and for the moral damages caused in connection with the transaction conclusion.

Article 232. Legal Consequences of Transaction Conclusion as a Result of Malevolent Agreement of a Representative of One Party with the Other Party

1. A transaction concluded due to malevolent agreement of a representative of one party with the other party shall be invalidated by a court.
2. A principal shall have the right to demand from his/her representative and the other party joint compensation for the losses and the moral damage caused to him/her by transaction conclusion due to malevolent agreement between them.

Article 233. Legal Consequences of Transaction Conclusion Under Influence of a Difficult Circumstance

1. A transaction concluded by a person under influence of a circumstance difficult for him/her and on extremely disadvantageous conditions may be invalidated by a court, regardless of who initiated such transaction.
2. At invalidation of such transaction, the consequences established by Article 216 of this Code shall apply. The party that used the difficult circumstance shall be obliged to compensate the other party for the losses and the moral damage caused to it in connection with this transaction conclusion.

Article 234. Legal Consequences of Sham Transaction

1. A sham transaction shall be the transaction effected without intention to establish the legal consequences stipulated by this transaction.
2. A sham transaction shall be invalidated by a court.

Article 235. Legal Consequences of a Deceptive Transaction

1. A deceptive transaction shall be the transaction concluded by the parties to conceal another transaction that they actually concluded.
2. In case of establishing the fact that the transaction was concluded by the parties to conceal another transaction that they actually concluded, the relations of the parties shall be regulated by the rules regarding the transaction that the parties have actually concluded.

Article 236. Moment of Transaction Invalidity

1. A void transaction or a transaction acknowledged invalid by a court shall be considered invalid from the moment of its conclusion.
2. Where, under an invalid transaction, the rights and obligations are provided only for the future, the possibility of their occurrence in the future shall be terminated.

Chapter 17. REPRESENTATION

Article 237. The Notion and Grounds for Representation

1. Representation shall mean legal relations in which one party (representative) is obliged or entitled to conclude a transaction on behalf of the other party which it represents.
2. A person acting in the interests of another person, but on his/her own behalf, as well as a person authorized to negotiate for possible future transactions, shall not be a representative.
3. Representation shall arise on the grounds of a contract, the law, act of a body of a legal person, or on other grounds established by acts of civil legislation.

Article 238. Transactions that May be Concluded by a Representative

1. A representative may be authorized to conclude only those transactions that the person which he/she represents has the right to conclude.
2. A representative may not conclude a transaction, which, according to its contents, may be concluded only personally by that person which he/she represents.
3. A representative cannot conclude a transaction on behalf of the person that he/she represents for the sake of himself/herself, or of another person whom he/she represents simultaneously, except for commercial representation, or regarding any other persons established by the law.

Article 239. Legal Consequences of Transaction Conclusion by a Representative

1. A transaction concluded by a representative shall establish, change or terminate civil rights and obligations of a person whom he/she represents.

Article 240. Reassignment

1. A representative shall be obliged to personally conclude a transaction under the authority granted to him/her. He/she can transfer his/her authority, in full scope or in part, to another person, where established by an agreement or the law between a person that is represented and a representative, or in case the representative was forced to do it aimed to protect the interests of a person whom he/she represents.

2. A representative that transferred his/her authority to another person shall inform thereof a person whom he/she represents and provide that person with all necessary information about a person to whom the authority was transferred (substitute). Failure to fulfill this requirement shall impose on a person that transferred the authority responsibility for the actions of the substitute like for his/her own.
3. A transaction concluded by a substitute shall establish, change, or terminate civil rights and obligations of a person whom he/she represents.

Article 241. Conclusion of Transactions with Exceeding of Authority

1. A transaction concluded by a representative with exceeding of authority shall establish, change, terminate civil rights and obligations of a person whom he/she represents only in case of subsequent approval of a transaction by that person. A transaction shall be considered approved, in particular, in case the person that is represented has committed actions witnessing to the transaction's acceptance for execution.
2. Subsequent approval of a transaction by a person that is represented shall establish, change and terminate civil rights and obligations since the moment of its conclusion.

Article 243. Representation Under the Law

1. Parents (adoptive parents) shall be legitimate representatives of their infants and minors.
2. A guardian shall be a legitimate representative of an infant and a natural person declared incapable.
3. In cases established by the law, other persons may be legitimate representatives.

Article 243. Commercial Representation

1. A commercial representative shall be a person who permanently and independently represents entrepreneurs at conclusion of contracts in the sphere of businesses.
2. Simultaneous commercial representation of several parties to a transaction shall be allowed with the consent of these parties and in other cases provided by the law.
3. Authority of a commercial representative may be confirmed by a written agreement between him/her and a person that is represented, or by a proxy.
4. Specifics of commercial representation in particular fields of businesses shall be established by the law.

Article 244. Representation by Proxy

1. Representation based on a contract may be performed by proxy.
2. Representation by proxy may be based on the act of a body of a legal person.

3. A proxy shall be a written document issued by one person to another for representation to the third parties. A proxy to conclude a transaction by a representative may be granted by a person that is represented (by a trustee) directly to a third person.

Article 245. Form of Proxy

1. A proxy shall correspond to the form in which a transaction is to be concluded pursuant to the law.
2. A proxy issued under the reassignment procedure shall be notarized, except for the cases established by paragraph 4 of this Article.
3. A proxy of a serviceman or any other person undergoing treatment in a hospital, sanatorium and other military medical institution may be witnessed by the chief of this institution, deputy chief for medical unit, senior doctor or doctor on duty.

A proxy of a serviceman and, in places of location of a military unit, formation, establishment and military training institution where there is no notary or other agency effecting notary actions, also a proxy of a worker, employee, their family member and member of a serviceman family may be witnessed by a commander (a chief) of this unit, formation, establishment or institution.

A proxy of a person kept in a place of confinement (investigation ward) may be certified by the chief of a place of confinement.

Proxies witnessed by the mentioned officials shall be equal to notarized ones.

4. A proxy for receipt of salary, scholarship, pension, alimonies, other payments and mail (mail orders, parcels, etc) may be witnessed by an official of the organization where a trustee works, studies or undergoes hospital treatment or at the place of his/her residence.

Article 246. Proxy of a Legal Person

1. A proxy on behalf of a legal person shall be issued by its body or any other person authorized to do so by its founding documents and shall be sealed with a seal of that legal person.

Article 247. Term of Proxy

1. Term of a proxy shall be established in the proxy. If the term of a proxy is not indicated, it shall remain effective till its termination.
2. Term of a proxy issued per the procedure of reassignment may not exceed the term of the main proxy based on which it was issued.
3. A proxy without indication of the date of its execution shall be void.

Article 248. Representation Termination by Proxy

1. Representation by proxy shall terminate in the event of:

- 1) expiration of the term of proxy;
- 2) revocation of a proxy by a person that issued it;
- 3) refusal of a representative to perform actions established by a proxy;
- 4) termination of a legal person that issued a proxy;
- 5) termination of a legal person to whom a proxy was issued;
- 6) death of a person that issued a proxy, declaring it deceased, acknowledging it incapable or missing, restriction of its capacity.

In the event of death of a person who issued a proxy, a representative shall preserve its authorities under proxy to conduct urgent affairs or such actions non-fulfillment thereof may result in losses;

- 7) death of the person to whom the proxy was issued, declaration of him or her to be deceased, acknowledgement of him or her to be incapable or missing, and restriction of his or her capacity.
2. Reassignment shall become ineffective with termination of a proxy.
 3. In case of termination of a representation by proxy, a representative shall be obliged to immediately return a proxy.

Article 249. Revocation of a Proxy

1. A person who issued a proxy may at any time revoke the proxy or reassignment. Waiver of this right shall be void.
2. A person who issued a proxy and later revoked it must immediately inform thereof the representative and third parties, known to him/her, for whose representation a proxy was issued.
3. Rights and obligations in respect of the third parties arising as a result of a transaction conclusion by a representative before he/she learned or could learn about revocation of a proxy shall remain effective for a person who issued a proxy and for his/her legal successors. This rule shall not apply if the third party knew or could know about the proxy termination.
4. The law may establish the right of a person to issue irrevocable proxies for a certain period of time.

Article 250. Refusal of a Representative to Perform Actions Assigned by a Proxy

1. A representative shall be entitled to refuse to perform actions assigned by a proxy.
2. A representative shall immediately notify a person whom he/she represents about refusal to perform actions assigned by a proxy.

3. A representative cannot refuse to perform actions assigned by a proxy, if these actions are urgent or such that are aimed at prevention of inflicting losses to a person whom he/she represents, or to any other persons.
4. A representative shall be liable to a person that issued a proxy for the losses caused due to non-compliance with the requirements established by paragraphs 2 and 3 of this Article.

SECTION V. PERIODS AND DATES. LIMITATION OF ACTION

Chapter 18. DEFINITION AND CALCULATION OF PERIODS

Article 251. Concept of a Period and a Date

1. A period shall mean a certain period of time to which expiration an action or an event of legal significance is linked.
2. A date shall mean a certain moment in time to which occurrence an action or an event of legal significance is linked.
3. A period and a date may be determined by civil legislation acts, by a transaction or a court decision.

Article 252. Definition of a Period and a Date

1. A period shall be defined in years, months, weeks, days or hours.
2. A date shall be defined by a calendar date or by reference to an event that must inevitably occur.

Article 253. Beginning of a Period

1. A period shall begin on the next day after the calendar date or occurrence of the event connected with its beginning.

Article 254. End of a Period

1. A period measured in years shall expire in the corresponding month and date of the last year of the period.
2. Rules regarding periods measured in months shall apply to a term defined by half a year or a quarter. At that, quarters shall be counted off from the beginning of the year.
3. A period defined by months shall expire on the corresponding date of the last month of the period.

A period defined as half a month shall be equal to fifteen days.

In case the expiration of a period measured in a month falls on a month where there is no corresponding date, the period shall expire on the last day of the month.

4. A period defined by weeks shall expire on the corresponding day of the last week of the period.
5. If the last day of a period falls on a weekend day, a holiday or another non-working day established pursuant to the law at a place of a certain act performance, the end of the period shall be the first working day that follows that day.

Article 255. Procedure for Performing Actions on the Last Day of a Period

1. If a period is established for an action performance, it can be performed before expiration of the last day of the period. In the event this action must be performed at an institution, the period shall expire at the moment when respective operations close at this institution pursuant to the established rules.
2. Written applications and notifications submitted to a post office before the end of the last day of the period shall be considered timely.

Chapter 19. LIMITATION OF ACTION

Article 256. Concept of Limitation of Action

1. Limitation of action shall be a period within which a person may file a claim for protection of his/her civil right or interest.

Article 257. General Limitation of Action

1. General limitation of action shall be established for three years.

Article 258. Special Limitation of Action

1. For certain types of claims the law may establish a special limitation of action, either shorter or longer than the general limitation of action.
2. A one-year limitation of action shall apply to the claims:
 - 1) for recovery of a forfeit (penalty, fine);
 - 2) for disclaimer of false information placed in mass media.

In this case limitation of action shall be counted off either from the day of the information placement in mass media or from the day when a person learned or could learn about this information;

- 3) for transfer of the buyer's rights and obligations to a co-owner in case of violation of a preferential right to buy a share in the joint shared ownership right (Article 362 of this Code);
- 4) in connection with defects of a sold goods (Article 681 of this Code);

- 5) for cancellation of a contract of donation (Article 728 of this Code);
 - 6) in connection with freight, mail transportation (Article 925 of this Code);
 - 7) for appeal of actions of a testamentary executor (Article 1293 of this Code).
3. A five-year limitation period shall apply to claims for invalidation of a transaction concluded under the influence of violence or deceit.
 4. A ten-year limitation period shall apply to claims for application of consequences of a void transaction.

Article 259. Change of a Limitation Period

1. A limitation period established by the law may be increased by agreement of the parties.
An agreement to increase the limitation period shall be concluded in writing.
2. A limitation period established by the law may not be reduced by agreement of the parties.

Article 260. Calculation of a Limitation Period

1. A limitation period shall be calculated per general rules for determining periods established by Articles 253-255 of this Code.
2. Procedure for a limitation period calculation may not be changed by agreement of the parties.

Article 261. Commencement of a Limitation of Action Duration

1. Duration of a limitation period shall begin from the day when a person learned or could learn about violation of his/her right or about a person that violated the right.
2. Duration of a limitation period for claims to invalidate a transaction concluded under the influence of violence shall begin from the day of the violence termination.
3. Duration of a limitation period for claims to apply consequences of a void transaction shall begin from the day when its execution was commenced.
4. In case of violation of a civil right or interest of a minor, the limitation period shall start from the day of majority attainment by that minor.
5. For obligations with the established period of performance, duration of a limitation period shall begin upon the period of performance expiration.

For obligations which period of performance is not established or established at the moment of a claim, duration of a limitation period shall start from the day when the creditor acquires the right to claim the obligation fulfillment. Where the debtor is given a

grace period to perform such a claim, duration of the limitation period shall start upon expiration of this period.

6. For regressive obligations, a limitation period shall start from the moment of the principal obligation fulfillment.
7. Exceptions to the rules stipulated by paragraphs 1 and 2 of this Article may be established by the law.

Article 262. Limitation of Action in Case of Parties to Obligation are Changed

1. Change of the parties to an obligation shall not change the procedure of calculation and duration of limitation of action.

Article 263. Suspension of Limitation of Action Duration

1. A limitation of action shall be suspended:
 - 1) if an extraordinary event or an event inevitable under the circumstances hindered a claim filing (force majeure);
 - 2) in case of deferment of an obligation performance (moratorium) on the grounds established by the law;
 - 3) in case of suspension of effect of the law or any other regulatory act that governs respective relationship;
 - 4) if a plaintiff or a defendant are members of the Armed Forces of Ukraine or any other military units established pursuant to the law, being transferred into state of martial law.
2. In case of occurrence of the circumstances indicated in paragraph 1 of this Article, the limitation period shall be suspended for the whole period of such circumstances' existence.
3. Starting from the day when the circumstances being the ground for suspension of a limitation period cease to exist, the limitation period shall continue, taking into account the period that passed prior to its suspension.

Article 264. Discontinuation of Limitation of Action

1. Limitation of action shall be discontinued if a person commits an action witnessing to his/her acknowledgement of a debt or another obligation.
2. Limitation of action shall be discontinued if a person files an action against one of several debtors, and when a subject of the action is only part of the claim to which the plaintiff is entitled.
3. After interruption, the limitation of action shall start anew.

The time passed prior to discontinuation of limitation of action shall not be counted in the new period.

Article 265. Expiration of Limitation of Action in Case of the Action Dismissal

1. Dismissal of an action shall not suspend the limitation of action.
2. Where a court dismisses an action filed under criminal procedure, the limitation of action commenced prior to the action filing shall be suspended until enforcement of the court decision by which the action was dismissed. The period for which the limitation of action was suspended shall not be counted in the limitation period.

If the remaining part of the period is less than six months, it shall be extended to six months.

Article 266. Application of Limitation of Action to Additional Claims

1. When the limitation period to the principal claim expires, it shall be considered that the limitation period has also expired to an additional claim (recovery of a forfeit, seizure of pledged property, etc.).

Article 267. Consequences of Limitation of Action's Expiration

1. A person that fulfilled an obligation after a limitation period expiration shall have no right to demand reversal of performance, even if that person was not aware of the expiration of the limitation period at the moment of performance.
2. An application to protect a civil right or interest shall be accepted for consideration by a court irrespective of the expiration of the limitation period.
3. The court shall apply the limitation of action only by the application of a party to a dispute filed prior to the court decision.
4. Expiration of the limitation period which was application was demanded by a party to a dispute shall be a ground for an action dismissal.
5. Where a court considers that the limitation period was missed for valid reasons, the violated right shall be subject to protection.

Article 268. Claims not Covered by Limitation of Action

1. Limitation of action shall not cover:
 - 1) a claim resulting from violation of personal non-property rights, except for the cases established by the law;
 - 2) a depositors' claim to a banking (credit) institution for restitution of a deposit;
 - 3) a claim for indemnification of damage inflicted by injury, other health damage or by the death;

- 4) a claim by the owner or any other person to invalidate a legal act of a governmental body, an authority of the Autonomous Republic of Crimea, local self-government which infringed his/her right of ownership or other proprietary interest;
 - 5) a claim by an insurant (insured person) against an insurer to effect insurance payment (insurance compensation).
2. The law may also establish other claims not covered by the limitation of action.

BOOK TWO - PERSONAL NON-PROPERTY RIGHTS OF A NATURAL PERSON

Chapter 20. GENERAL PROVISIONS ON PERSONAL NON- PROPERTY RIGHTS OF A NATURAL PERSON

Article 269. Concept of Personal Non-Property Right

1. Personal non-property rights shall belong to every natural person from his/her birth or according to the law.
2. Personal non-property rights shall have no economic substance.
3. Personal non-property rights shall be closely connected with the person. A natural person cannot abandon personal non-property rights, and cannot be deprived of them.
4. A natural person shall possess personal non-property rights for life.

Article 270. Types of Personal Non-Property Rights

1. Pursuant to the Constitution of Ukraine a natural person shall have the right to life, health protection, safe environment, freedom and personal security, inviolability of personal and family life, respect of dignity and honour, the right to the privacy of correspondence, telephone conversations, telegraphic and other correspondence, the right to inviolability of dwelling, the right to a free choice of residence and to free movement, the right to freedom of literary, artistic, scientific and technical creativity.
2. This Code and other laws may stipulate other personal non-property rights of a natural person.
3. The list of personal non-property rights established by the Constitution of Ukraine, by this Code and by the other law shall not be exhaustive.

Article 271. Substance of Personal Non-Property Right

1. Substance of personal non-property right shall constitute a possibility for a natural person to freely and at its own discretion determine his/her conduct in the area of private life.

Article 272. Exercise of Personal Non-Property Rights

1. A natural person shall independently exercise personal non-property rights. In the interests of infants, minors and persons of age, who, because of their age or state of health, are unable to independently exercise their personal non-property rights, their rights shall be exercised by their parents (adoptive parents), guardians and tutors.

2. A natural person shall be entitled to require official persons to take relevant actions aimed at ensuring the exercise of personal non-property rights.

Article 273. Ensuring the Exercise of Personal Non-Property Rights

1. Bodies of state power, governmental bodies of the Autonomous Republic of Crimea, local self-governments within the limits of their authority shall ensure the exercise of personal non-property rights by a physical entity.
2. Legal entities, their employees, separate natural persons whose professional responsibilities concern the personal non-property rights shall be obliged to refrain from actions which may violate these rights.
3. Operation of physical and legal entities cannot violate personal non-property rights.

Article 274. Restriction of Personal Non-Property Rights

1. Personal non-property rights of a natural person established by the Constitution of Ukraine may be restricted only in cases stipulated by the Constitution of Ukraine.
2. Personal non-property rights of a natural person established by this Code and by the other law may be restricted only in cases stipulated by them.

Article 275. Protection of Personal Non-Property Right

1. A natural person shall be entitled to protect his/her personal non-property right against illegal invasions of other persons. Protection of the personal non-property right shall be exercised in the ways established by Chapter 3 of this Code.
2. Protection of the personal non-property right may be also realised in a different way - according to the contents of this right, the manner of its violation and the consequences resulted from such violation.

Article 276. Restoration of the Violated Personal Non-Property Right

1. A state power body, a body of the Autonomous Republic of Crimea, a local self-government, a physical or a legal entity, whose decisions, actions or inactions violate the personal non-property right shall be obliged to take necessary actions for immediate restoration of such right.
2. If the actions necessary for immediate restoration of the violated personal non-property right are not taken, the court may adopt a decision on restoration of the violated right and on compensation for moral damage due to such violation.

Article 277. Disproof of Untruthful Information

1. A natural person, whose personal non-property rights were violated due to dissemination of untruthful information about him/her and his/her family members, shall have the right to response and to disprove this information.

2. The right to response and disprove the untruthful information about the person who is dead shall belong to his/her family members, relatives and other concerned persons.
3. Disseminated negative information about the person shall be considered untruthful, unless the person disseminated it prove opposite.

(Part three of Article 277
as edited by the Law of Ukraine
of 22.12.2005 N 3261-IV)

4. Disproof of untruthful information shall be realised by the person who disseminated such information.

Disseminator of the information submitted by an official person performing his/her official duties shall be a legal entity, for which such an official person works.

If the person who disseminated untruthful information is unknown, the natural person whose right is violated may go to court to ascertain the fact of untruthful information and to disprove it.

(Paragraph 3, part four of Article 277
as edited by the Law of Ukraine
of 22.12.2005 N 3261-IV)

5. If a document issued by a legal entity contains untruthful information, such document must be withdrawn.
6. A natural person whose personal non-property rights were violated in the press or other mass media shall have the right to response, as well as to disprove such information in the same mass medium per the procedure stipulated by the law.

If the response and disproof in the same mass medium is impossible due its termination, such response and disproof must be promulgated in the other mass medium at the expense of the person who disseminated the untruthful information.

Disproof of untruthful information shall be realized irrespective of the blame of the person who disseminated it.

7. Disproof of untruthful information shall be made in the same manner as its dissemination.

Article 278. Prohibition to Disseminate Information Violating Personal Non-Property Rights

1. If the personal non-property right of a natural person is violated in a newspaper, a book, a film, a TV or radio program etc. which are going to be released, the court may forbid to release the relative information.
2. If the personal non-property right of a natural person is violated in an issue of a newspaper, in a book, a film, a TV or radio program etc. which have been released, the court may forbid (terminate) their release until this violation is eliminated and when the elimination of

the violation is impossible, to confiscate the whole edition of the newspaper, the book, etc. aimed at its destruction.

(Article 278 as edited by the Law of Ukraine
of 22.12.2005 N 3261-IV)

Article 279. Legal Consequences of Non-Compliance with the Court Decision on Protection of Personal Non-Property Right

1. If a person, bound by the court to commit relevant actions to eliminate the violation of the personal non-property right, evades from execution of the court decision, a fine may be imposed on him/her according to the Civil Procedural Code of Ukraine.
2. Payment of the fine shall not release a person from the responsibility to satisfy the judgement.

Article 280. Right of a Natural Person Whose Personal Non-Property Rights are Violated to Compensate for Damage

1. If a natural person as a result of violation of his/her personal non-property right incurred material and/or moral damage, such damage shall be subject to compensation.

**Chapter 21. PERSONAL NON-PROPERTY RIGHTS PROVIDING
NATURAL EXISTENCE OF AN INDIVIDUAL**

Article 281. The Right to Life

1. Each person shall have the inalienable right to life.
2. A natural person cannot be deprived of life.

A natural person shall have the right to protect his/her life and health, as well as the life and health of another natural person from illegal encroachment with any means not prohibited by the law.

3. Medical, scientific and other experiments may be conducted only regarding a capable natural person of age upon his/her free consent.
4. Satisfaction of the request of a natural person to terminate his/her life shall be prohibited.
5. Sterilisation may be carried out only at will of a natural person of age.

Sterilisation of an incapable natural person, given medical indications, may be carried out upon the consent of his/her guardian under observation of the requirements established by the law.

6. Artificial discontinuing of pregnancy, provided such pregnancy does not exceed 12 weeks, may be realised at will of the woman.

In cases stipulated by the law, the artificial discontinuing of pregnancy may be carried out during terms of pregnancy from 12 to 22 weeks.

The law shall establish the list of circumstances under which a 12-week and longer pregnancy may be discontinued.

7. An adult woman or man shall have the right, given the medical indications, to undertake medical treatment programs of supportive reproductive technologies per the procedure and conditions established by the legislation.

(Article 281 as amended by the Law of Ukraine of 02.11.2004 N 2135-IV)

Article 282. The Right to Eliminate the Danger Threatening the Life and Health

1. A natural person shall have the right to require elimination of the danger threatening the life and health as a result of business or other activity.

Article 283. The Right to Health Protection

1. A natural person shall have the right to his/her health protection.
2. Health protection shall be provided by the system activity of the state and other organisations stipulated by the Constitution of Ukraine and by the law.

Article 284. The Right to Medical Aid

1. A natural person shall have the right to be provided with medical aid.
2. A natural person, who reached the age of fourteen years and applied for medical aid, shall have the right to choose a doctor and the methods of treatment recommended by a doctor.
3. Medical aid for a natural person who reached the age of fourteen years shall be provided upon his/her consent.
4. A natural capable person of age who is aware of his/her actions and can control them shall have the right to abandon treatment.
5. In the emergency upon a real threat to the life of a natural person the medical aid is provided without consent of a natural person or his/her parents (adoptive parents), a guardian, a tutor.
6. A natural person shall be provided with psychiatric medical aid pursuant to the law.

Article 285. The Right to Information on the State of Health

1. A natural person of age shall have the right to reliable and complete information on the state of his/her health, including familiarization with the relevant medical documents concerning his/her health.

2. Parents (adoptive parents), a guardian, a tutor shall have the right to information about the state of health of their child or ward.
3. If the information about the illness of a natural person may aggravate his/her state of health or aggravate the state of health of the natural persons mentioned in part two of this Article, or may damage the process of treatment, medical staff shall have the right to provide incomplete information about the state of health of the natural person, and to restrict access to certain medical documents.
4. In case of death of a natural person, his/her family members or other natural persons authorised by them shall have the right to be present during examination of causes of his/her death and to familiarise themselves with the conclusions on causes of death as well as to appeal to court against such conclusions.

Article 286. The Right to Health Secrecy

1. A natural person shall have the right to health secrecy, to the secrecy of the fact of addressing for medical aid, to confidentiality of the diagnosis and information received during medical examination.
2. It is forbidden to require and submit information about the diagnosis and methods of treatment of a natural person to the places of work or study.
3. A natural person shall be obliged to refrain from dissemination of the information, indicated in part one of this Article, which she/he got to know in the process of performing his/her official functions or from other sources.
4. A natural person may be obliged to undergo medical examination in cases established by the legislation.

Article 287. Rights of a Natural Person Undergoing Treatment in a Hospital

1. A natural person undergoing treatment in a hospital shall have the right to admission to him/her of other medical workers, members of his/her family, a guardian, a tutor, a notary and an attorney.
2. A natural person undergoing medical treatment in a hospital shall have the right to admission to him/her of a priest to worship and to hold devotions.

Article 288. The Right to Freedom

1. A natural person shall have the right to freedom.
2. Any forms of physical or mental pressure on a natural person, involvement of him/her in alcohol drinking, the use of narcotic and psychotropic drugs, commitment of other actions violating the right to freedom shall be prohibited.

Article 289. The Right to Person Immunity

1. The natural person shall have the right to person immunity.

2. No natural person shall be subjected to torture, cruel, inhuman or degrading treatment or punishment that violates his/her dignity.
3. Physical punishment by parents (adoptive parents), guardians, tutors, educators of minors, infant children and wards shall be prohibited.

In case of cruel immoral conduct of a natural person concerning another person being helpless, the measures established by this Code and by the other law shall be taken.

4. A natural person shall have the right to give instructions to transfer, after death, his/her members (organs) and other anatomic materials of his/her body to scientific, medical or educational institutions.

Article 290. The Right to be a Donor

1. A capable natural person of age shall have the right to be the donor of blood, its components, as well as organs, other anatomic materials and reproductive cells.

Donation of blood and its components, organs and other anatomic materials, reproductive sells shall be conducted according to the law.

2. Taking organs and other anatomic materials from the body of a natural person who is dead shall not be allowed except for the cases and per the procedure stipulated by the law.
3. A natural person can give his/her written consent to donation of anatomic materials in view of death or forbid such donation.

Family members and relatives of the donor shall have the right to know the name of the natural person-recipient.

Article 291. The Right to Family

1. A natural person irrespective of his/her age and state of health shall be entitled to family.
2. A natural person may not be separated from his/her family against his/her will, except for cases stipulated by the law.
3. A natural person shall be entitled to maintain relations with his/her family members and relatives irrespective of his/her residence.
4. Nobody shall be entitled to interfere with the family life of a natural person except for the cases established by the Constitution of Ukraine.

Article 292. The Right to Guardianship and Tutorship

1. A natural person being a minor or under age, recognised incapable or with limited capability, shall be entitled to guardianship or tutorship.

Article 293. The Right to Safe Environment

1. A natural person shall have the right to safe environment as well as the right to reliable information about the state of environment, the quality of food products and articles of everyday life as well as the right to collect and disseminate this information.
2. Activities of the natural and legal person that result in destruction, deterioration, pollution of the environment shall be illegal. Everyone shall have the right to require termination of such activities.

Activities of the natural and legal person that are detrimental to the environment may be terminated upon the court decision.

3. A natural person shall have the right to safe consumer products (food products and articles of everyday life).
4. A natural person shall have the right to appropriate, safe and healthy conditions of work, life, study etc.

Chapter 22. PERSONAL NON-PROPERTY RIGHTS PROVIDING SOCIAL LIFE OF A NATURAL PERSON

Article 294. The Right to Name

1. A natural person shall have the right to name.
2. A natural person shall have the right to a transcribed record of his/her surname and personal name according to his/her national tradition.
3. In case of distortion of the name, the record should be corrected. If a document contains a distorted name, such document shall be subject to replacement. If the name was distorted in mass media, it should be corrected in the same mass media.

Article 295. The Right to Change the Name

1. A natural person who reached sixteen years of age shall be entitled at his/her own discretion to change his/her last name and (or) first name.
2. A natural person who reached fourteen years of age shall be entitled to change his/her last name and (or) first name upon the consent of his/her parents or one of the parents in case the other parent died, acknowledged missing, declared deceased, acknowledged limited capable, incapable, deprived parent rights in respect of this child as well as when the information about the child's father (mother) is withdrawn from the entry of the birth act or when the information about a man as a child's father is entered into the birth act upon the mother's request.

A natural person who reached fourteen years of age and is under tutorship may change his/her last name and (or) first name upon the consent of a tutor.

3. A natural person who reached fourteen years of age shall be entitled to change patronymic name in case of change of the father's first name or when the information about this person as a child's father is withdrawn from the entry of the birth act.
4. Last name, first name and patronymic name of a natural person may be changed in case of his/her adoption, acknowledgment of adoption invalid or abrogation of adoption pursuant to the law.
5. Last name of a natural person may be changed in case of registration of marriage, divorce or recognising such marriage invalid.
6. The grounds to refuse the name change are as follows:

an applicant being under investigation/examination;

an applicant has a non-cancelled conviction or a conviction is not cancelled per legally established procedure;

foreign country law protection bodies have officially requested to announce search of an applicant;

an applicant has submitted untruthful information about himself.
7. Procedure to consider applications about the natural person's name change (last name, first name, patronymic) shall be established by the Cabinet of Ministers of Ukraine.

(Article 295 as edited by the Law of Ukraine
of 22.12.2006 N 524-V)

Article 296. The Right to Use the Name

1. A natural person shall be entitled to use his/her name in all spheres of activity.
2. Use of a natural person's name as a character in literary and other works, except for documentary works, is admitted only by his/her consent, and after his/her death, by the consent of his/her children, widow (widower), and in case of their unavailability, by the consent of his/her parents and siblings.

(Part 2 of Article 296
as amended by the Law of Ukraine
of 22.12.2005 N 3261-IV)

3. The natural person's name based on relevant documents (reports, shorthand records, protocols, audio and video records, archival materials etc) may be used without his/her consent with the purpose of highlighting his/her activity or the activity of organisation where he/she works or studies.
4. Name of a natural person arrested, suspected of or accused in committing a crime, or of a person who has committed an administrative offence may be used (made public) only in

case of entering into force of the conviction in a case on administrative offence and also in the other cases stipulated by the law.

(Part four of Article 296
as edited by the Law of Ukraine
of 22.12.2005 N 3261-IV)

5. The name of the victim of the offence may be made public only by his/her consent.
6. A name of the participant to the civil dispute regarding the parties' private life may be used by the other persons only upon his/her consent.
7. Use of the initial letters of a person's surname in mass media, literary works shall not be violation of his/her right.

Article 297. The Right to Respect for Dignity and Honour

1. Everyone shall be entitled to respect for his/her dignity and honour.
2. Human dignity and honour shall be inviolable.
3. A natural person shall have the right to appeal to court with a claim to protect his/her honour and dignity.

Article 298. Respect for a Dead Person

1. Everyone shall be obliged to treat the body of a dead person with respect.
2. Everyone shall be obliged to treat the burial place of a person with respect.
3. In case of desecration of the dead person's body or the grave, the family members, relatives shall have the right to compensate for material and moral damage.

Article 299. The Right to Inviolability of Business Reputation

1. A natural person shall have the right to inviolability of his/her business reputation.
2. A natural person can address the court with a claim for protection of his/her business reputation.

Article 300. The Right to Individuality

1. A natural person shall have the right to individuality.
2. A natural person shall have the right to preserve his/her national, cultural, religious, language originality, as well as the right to a free choice of the forms and ways to display his/her individuality unless they are prohibited by the law and contradict moral principles of the society.

Article 301. The Right to Personal Privacy and Its Secrecy

1. A natural person shall have the right to personal privacy.
2. A natural person, on its own, shall determine his/her personal privacy and the possibility to familiarize other persons with it.
3. A natural person shall be entitled to keep secret the circumstances of his/her personal privacy.
4. Other persons may disclose circumstances of personal privacy of a natural person only in case they contain indications of an offence confirmed by the court decision as well as the natural person's consent.

(Part four of Article 301
as edited by the Law of Ukraine
of 22.12.2005 N 3261-IV)

Article 302. The Right to Information

1. A natural person shall be entitled to freely collect, store, use and disseminate information.

Collecting, storage, use and dissemination of information on private life of a natural person without his/her consent shall be inadmissible, except for the cases established by the law and only to the benefit of the national security, economic welfare and human rights.

2. A natural person disseminating information shall be obliged to make sure in its reliability.

A natural person disseminating information obtained from official sources (governmental bodies, local self-governments, reports, shorthand records, etc.) shall not be obliged to verify its reliability and shall not be liable in case of its disproval.

A natural person disseminating information obtained from official sources shall be obliged to refer to such source.

(Article 302 as edited by the Law of Ukraine
of 22.12.2005 N 3261-IV)

Article 303. The Right to Personal Papers

1. Personal papers (documents, photos, diaries, other records, personal archival materials etc.) shall be the property of a natural person.
2. Familiarization with personal papers, their utilisation, in particular, by way of publication shall be admitted only by the consent of a natural person.
3. If personal papers of a natural person concern the other person's privacy, then to use such papers, including publication, the consent of this other person shall be necessary.

4. In view of death of the natural persons indicated in parts two and three of this Article, the personal papers may be used, including publication, only with the consent of their children, widow (widower), and in case of their unavailability, with the consent of parents and siblings.

Article 304. Disposal of Personal Papers

1. A natural person, the holder of personal papers, may orally or in writing dispose of them, including in view of his/her death.

Article 305. The Right to Familiarization with Personal Papers Transferred to the Library or Archive Stock

1. A natural person shall have the right to freely familiarize himself/herself with, and use, including publication, any personal papers transferred to the library or archive stock, observing the rights of natural persons indicated in parts three and four of Article 303 of this Code unless otherwise is stipulated by the agreement, based on which the personal papers were transferred.

Article 306. The Right to the Privacy of Correspondence

1. A natural person shall have the right to the privacy of correspondence, cables, telephone conversations, telegraphic messages and other kinds of correspondence.

Letters, cables etc. shall be the property of the addressee.

2. Letters, cables and other kinds of correspondence may be used, particularly by way of publication, only with the consent of the person who sent them and the addressee.

When the correspondence concerns the privacy of other natural person, in order to use it, particularly by way of publication, it is necessary to obtain the consent of this person.

3. In case of death of the natural person who sent the correspondence and the addressee, the use of the correspondence, in particular by way of its publication, shall be possible only with the consent of the natural persons indicated in part four of Article 303 of this Code.

In case of death of the natural person who sent the correspondence and the addressee, as well as in case of death of the natural persons indicated in part four of Article 303 of this Code, the correspondence being of scientific, artistic or historical value may be published per the procedure stipulated by the law.

4. Correspondence concerning the natural person may be attached to a legal case only if it contains important evidences to resolve the case. The information contained in such correspondence shall not be subject to disclosure.
5. Breach of correspondence privacy may be allowed by court in cases stipulated by the law with the purpose to prevent crime or to clarify the truth during the criminal case investigation provided it is impossible to obtain the information by other means.

Article 307. Protection of Interests of a Natural Person being Photographed, Filmed, Televised or Videotaped

1. A natural person may be photographed, filmed, televised or videotaped only by his/her consent. The consent of a person to be photographed, filmed, televised or videotaped is admitted provided such person is photographed, filmed, televised or videotaped openly in the street, at assemblies, conferences, meetings and other public events.
2. A natural person agreed to be photographed, filmed, televised or videotaped can demand to terminate public demonstration in the part of personal privacy. Costs connected with the exhibition or the record dismantling shall be reimbursed by this natural person.
3. A natural person can be photographed, filmed, televised or videotaped including secretly without his/her consent only in cases stipulated by the law.

Article 308. Protection of Interests of a Natural Person Portrayed on Photographs and Other Products of Fine Art

1. A photo, other products of fine art on which a natural person is portrayed can be publicly demonstrated, reproduced, distributed only by the consent of this person, and in case of his/her death, by the consent of the persons established in part four of Article 303 of this Code.

The consent granted by the natural person portrayed on the photograph or another product of fine art may be withdrawn after his/her death by the persons established in part four of Article 303 of this Code. Losses incurred by the person who conducted public demonstration, reproduction or distribution of the photo or another product of fine art shall be reimbursed by these persons.

2. If a natural person posed to the author for fee, the photograph or another product of fine art may be publicly demonstrated, reproduced or distributed without his/her consent.

A natural person who posed to the author of a photograph or another product of fine art for fee, and after his/her death – his/her children and widow (widower), parents, siblings can demand to terminate public demonstration, reproduction or distribution of the photo or another product of fine art provided the author or another person is reimbursed for the losses incurred in connection therewith.

3. A photo can be distributed without consent of a natural person portrayed on it, provided it is stipulated by the necessity to protect his/her interests or the interests of other persons.

Article 309. The Right to Freedom of Literary, Art, Scientific and Technical Creativity

1. A natural person shall have the right to freedom of literary, art, scientific and technical creativity.
2. A natural person shall have the right to freely select the area, the contents and forms (ways and methods) of creativity.

Censorship of the creativity process and the results of creative activities shall be inadmissible.

Article 310. The Right to Residence

1. A natural person shall have the right to residency.
2. A natural person shall have the right to freely select the residence and its change, except for the cases stipulated by the law.

Article 311. The Right to Inviolability of Dwelling

1. The dwelling of a natural person is inviolable.
2. Entry into the dwelling or into another holding of a natural person, its inspection or search can take place only under a motivated court decision.
3. In the emergency cases connected with rescue of the people's lives and property or direct pursuits of the persons suspected in the crime commitment, the law can establish a different procedure for entry into the dwelling or another holding of a natural person, and conducting of inspection and search.
4. A natural person cannot be evicted or otherwise forced dispossessed of the dwelling except for the cases stipulated by the law.

Article 312. The Right to a Free Choice of Occupation

1. A natural person shall be entitled to a free choice and change of occupation.
2. A natural person can be prohibited to perform certain functions or to hold particular positions in cases and per the procedure stipulated by the law.
3. Use of the forced labour shall be prohibited.

Military or alternative (non-military) service, operations or services performed by the person under sentence or other court decisions, as well as operations or service according to the martial law or the emergency state shall not be deemed forced labour.

Article 313. The Right to Freedom of Movement

1. A natural person shall be entitled to freedom of movement.
2. A natural person who reached fourteen years of age shall have the right to freely and independently move on the territory of Ukraine and to select a place of stay.

A natural person who has not reached fourteen years of age shall have the right to move on the territory of Ukraine only by the consent of his/her parents (adoptive parents), guardians and accompanied by them or by the persons authorised by them.

3. A natural person, a citizen of Ukraine, shall have the right to freely return to Ukraine.

A natural person who reached the age of sixteen years shall have the right to freely and independently leave Ukraine for abroad.

A natural person who has not reached the age of sixteen years shall have the right to leave Ukraine for abroad only with the consent of his/her parents (adoptive parents), guardians and accompanied by them or the persons authorised by them.

4. A natural person can be limited in exercising the right to movement only in cases stipulated by the law.
5. A natural person cannot be evicted from the chosen place of stay, the access thereto is not prohibited by the law.
6. The law can establish specific rules of access to certain territories provided the interests of state security, protection of public order, life and health of people require them.

Article 314. The Right to Freedom of Association

1. Natural persons shall have the right to freedom of association in political parties and public organisations.
2. Membership or non-membership of a natural person in a political party or a public organization shall not be the ground to restrict his/her rights, to grant him/her privileges or advantages.

Article 315. The Right to Peace Assemblies

1. Natural persons shall have the right to freely gather for peace assemblies, conferences, meetings, festivals etc.
2. Restrictions to realize the right to peace assemblies can be established by the court pursuant to the law.

BOOK THREE – OWNERSHIP RIGHT AND OTHER PROPRIETARY RIGHTS

SECTION I. OWNERSHIP RIGHT

Chapter 23. General Provisions on the Ownership Right

Article 316. Notion of the Ownership Right

1. Ownership Right shall be the right of an individual in a thing (property) that he/she enjoys in compliance with the effective legislation on his/her own will irrespective of the will of the third persons.

Article 317. Content of the Ownership Right

1. The owner shall have the right to own, use and dispose of his property.
2. The content of the ownership right shall not be affected by the owner's place of residence and the location of the property.

Article 318. Subjects of the Ownership Right

1. Subjects of the ownership right shall be the Ukrainian people and other participants to civil relations specified in this Code.
2. All subjects of the ownership right shall be equal before the law.

Article 319. Implementation of the Ownership Right

1. The owner shall possess, use and dispose of his/her property at his/her own discretion.
2. The owner shall be entitled to perform any actions to his/her property if these actions do not contradict the legislation.

In enjoying the rights and performing the obligations the owner shall be obliged to meet the moral principles of the society.

3. All owners shall be given equal conditions for implementing their rights.
4. Ownership shall make the owner be obliged.
5. The owner may not enjoy the ownership right in violation of the rights, freedoms and dignity of the citizens, interests of the society, deterioration of ecological situation and natural qualities of the land.
6. The state shall not intervene with the owner's implementation of his/her ownership rights.
7. Actions of the owner towards his/her ownership may be restricted or terminated or the owner may be obliged to let other persons use his/her property only in cases and per the procedure provided in the law.
8. Specifics of exercising of the ownership right in national, cultural and historical valuables shall be established by the law.

Article 320. Use of the Property by Its Owner for Businesses

1. The owner shall have the right to use his/her property for businesses except for the cases provided by the law.
2. The law may establish conditions for the property use by its owner for entrepreneurial activities.

Article 321. Inviolability of the Ownership Right

1. The ownership right is inviolable. No one can be illegally deprived of this right or restricted in its implementation.
2. The person can be deprived of the ownership right or restricted in its implementation only in cases and per the procedure established by the law.
3. Forced alienation of the objects of ownership right may be applied only as an exception for the reasons of public necessity on the ground and per the procedure established by the law and on the condition of preliminary and full compensation for its value, except as provided in part two of Article 353 of this Code.

Article 322. Burden of the Property Maintenance

1. The owner shall be obliged to maintain the property he/she owns unless otherwise is provided by the contract or the law.

Article 323. Risk of Accidental Destruction or Accidental Damage of the Property

1. A risk of accidental destruction or accidental damage of the property shall be born by its owner unless otherwise is provided in the contract or the law.

Article 324. Ownership Right of Ukrainian People

1. Earth, its mineral resources, atmospheric air, water and other natural resources located within the boundaries of Ukraine, natural resources of its continental shelf, exclusive (marine) economic zone shall be the objects of ownership right of Ukrainian people.
2. Bodies of the state power and local governments shall be delegated the ownership right on behalf of the state within the limits established by the Constitution of Ukraine.
3. Every citizen shall have the right to use the natural objects of the ownership right of Ukrainian people pursuant to the law.

Article 325. Right of Private Property

1. Physical and legal persons shall be the subjects of private property.
2. Physical and legal persons may be the owners of any property except for specific types of property that cannot be in their possession pursuant to the law.
3. Composition, quantity and value of property that can be owned by physical and legal persons shall have no limitations.

The law may establish a limited size of the land parcel that can be owned by physical or legal persons.

Article 326. Right of the State Property

1. The state shall own the property including monetary funds possessed by the Ukrainian State.
2. Relevant bodies of the state power shall exercise the property right on behalf and to the interests of the Ukrainian State.

Article 327. Right of the Municipal Property

1. The municipal property shall comprise property including monetary funds owned by the territorial community.
2. The municipal property shall be managed directly by the territorial community and the local bodies created thereby.

Chapter 24. ACQUISITION OF THE OWNERSHIP RIGH

Article 328. Grounds for Acquisition of the Ownership Right

1. The ownership right shall be acquired on the grounds not prohibited by the law, in particular, by transactions.
2. The ownership right shall be deemed as legally acquired unless otherwise is directly resulted in the law or unless the illegality of such acquisition is established by the court.

Article 329. Acquisition of the Ownership Right by the Legal Person of the Public Right

1. Legal person of the public right shall acquire the right in property transferred to its ownership and in property acquired in its possession on the grounds not prohibited by the law.

Article 330. Acquisition by the Bona Fide Beneficiary of the Ownership Right to the Property Illegally Alienated by a Person

1. If the property is illegally alienated by the person from the bona fide beneficiary, the latter shall acquire the right in this property, unless the property may be claimed from him pursuant to Article 390 of this Code.

Article 331. Acquisition of the Ownership Right in Newly Created Property

1. Right of ownership in a new thing made (created) by a person shall be acquired by this person unless otherwise is stipulated by the contract or the law.

A person that made (created) a thing based on the contract using his own materials shall be the owner of this thing.

2. Ownership right in the newly created real estate (houses, buildings, constructions and others) shall arise since the moment of the construction completion (creation of property).

If a contract or the law envisages acceptance of the property for operation, the ownership right shall arise since the moment the property is put into operation.

If the ownership right in real estate is subject to state registration pursuant to the law, the ownership right shall arise since the moment of the state registration.

3. Before the construction is completed (property is created) the person shall be deemed the owner of the materials, equipment, etc. used for construction (property creation).
4. Upon the claim of the concerned party the court may recognize it the owner of unfinished real estate if it is established that a share of the project work left is inconsiderable.

Article 332. Acquisition of the Ownership Right in the Processed Thing

1. Processing shall imply the use of one thing (material) for producing a new thing.
2. A person that illegally processed a thing possessed by the other person shall not acquire the ownership right in this thing and shall be liable to reimburse the value of the material to its owner.
3. Ownership right in a movable thing created by a person by processing of his own material shall be acquired by the owner of this material at his will unless otherwise is established by the contract or the law.
4. If the cost of processing and a newly created thing essentially exceed the value of the material, the ownership right in the new thing shall be acquired by a person that created this thing upon his wish. In this case the person that processed the material shall be obliged to reimburse to the owner of the material for the moral damage.

5. The owner of the material that acquired the ownership right in the thing created from this material shall be obliged to reimburse for the cost of processing to the person that did it, unless otherwise is established by the law.

Article 333. Appropriation of Popular Gifts of Nature

1. A person that collected berries, medicinal herbs, caught a fish or obtained another thing in the forest, water body etc. shall become its owner if he/she acted in compliance with the law, local tradition or general permission of the owner of the relevant land parcel.

Article 334. Moment of Acquisition of the Ownership Right by the Contract

1. The ownership right of the beneficiary by the contract shall arise since the moment of the property transfer, unless otherwise is established by the contract or the law.
2. Transfer of the property shall be its delivery to the beneficiary or carrier, post office for sending, carriage of the property to the beneficiary without the commitment to deliver.

Delivery of the bill of lading or other title document for the property shall be equal to the property transfer.

3. The ownership right in the property by the contract that is subject to notarization shall arise with the beneficiary since the moment of such notarization or since the moment of the court decision on recognition of the non-notarized contract becomes effective.
4. If the contract on the property alienation is subject to state registration, the beneficiary shall acquire the ownership right since the moment of such registration.

Article 335. Acquisition of the Ownership Right in an Ownerless Thing

1. An ownerless thing shall be the thing that has no owner or the latter is unknown.
2. Ownerless real estate shall be registered by the body responsible for state registration of the real estate upon application of the local government on which territory this real estate is located. Registration of the ownerless real estate shall be announced in the press.

In one year after registration of the ownerless real estate the latter can be transferred to the municipal property by the court decision upon application of the body authorized to manage the property of the relevant territorial community.

3. Ownerless real estate may be acquired into ownership by the acquisitive prescription except for the cases specified in Articles 336, 338, 341 and 343 of this Code.

Article 336. Acquisition of the Ownership Right in Movable Thing Rejected by the Owner

1. A person that came into possession of the movable thing rejected by the owner (Article 347 of this Code) shall acquire the ownership right in this thing since the moment of its possession.

Article 337.1. The Find

1. A person that found a lost thing shall be obliged to immediately notify about it a person that lost it or the owner of the lost thing and to return the found thing to this person.

A person that found a lost thing in the premises or transportation facility shall be obliged to transfer it to the person representing the owner of the premises or transportation facility. The person to whom the found thing is transferred shall acquire the rights and obligations of a person that found this thing.

2. If it is unknown where a person that has the right to claim the lost thing is, a person that found the lost thing shall be obliged to notify the militia or the local government on the find.

3. A person that found a lost thing shall have the right to keep it or lodge it to the militia or the local government or to transfer it to a person they indicated.

A perishable thing or a thing which storage costs are incomparably large as against its value may be sold by a person that found it upon the written proof of the sales proceeds. Money amount from such sale transaction shall be subject to return to a person that has the right to claim it.

4. A person that found a lost thing shall be liable for its loss, damage or destruction within its value only in case of his/her intent or gross negligence.

Article 338. Acquisition of the Ownership Right in the Find

1. A person that found a lost thing shall acquire the ownership right in this thing within six months after notification of the militia or the local government about it, in cases:

- 1) the owner or the other person that has the right to claim the lost thing is not identified;
- 2) the owner or the other person that has the right to claim the lost thing does not claim his/her lost thing from a person that found it, from militia or from the local government.

2. If a person that found the lost thing notifies the local government in writing about his/her refusal to acquire the ownership right in this thing, the latter shall be transferred to the property of the territorial community.

3. Found transportation facilities shall be lodged to militia with respective announcement in the press.

If during six months since the day of announcement the owner or the other person that has the right to claim the lost transportation facility is not identified or he/she does not claim this transportation facility, the militia shall have the right to sell it and to deposit the received money to a special account. If during three years the former owner does not claim the sales proceeds, this money shall be transferred to the property of the community on whose territory the transportation facility was found.

Article 339. Right of a Person that Found the Lost Thing to Reward and Reimbursement of Losses Related to the Find

1. A person that found the lost thing shall have the right to claim a reimbursement of the expenses related to this thing (storage, search for the owner, sale of the thing and others) from a person to whom the lost thing was returned or a person who acquired the ownership right in the lost thing.
2. A person that found the lost thing shall have the right to claim from his/her owner (holder) a reward for the find amounting up to 20% of the lost thing value.
3. If the owner (holder) promised the reward for the lost thing in public, this reward shall be paid on conditions of the public promise.
4. The right to reward shall not arise if the person that found the lost thing does not notify about the find and made an attempt to conceal it.

Article 340. Abandoned Domestic Animal

1. A person that retained the abandoned domestic animal shall be obliged to immediately notify about it the owner and to return the animal to him/her. If the owner of the abandoned domestic animal or his location is unknown, the person that retained the animal shall be obliged within three days to notify about it the militia or the local government, that will take measures for finding the owner.

2. A person that retained the abandoned domestic animal can for the period of searching the owner keep and use the animal or transfer it either to another person if the latter can care of the animal observing veterinary rules or to militia or local government.
3. A person that retains the abandoned domestic animal shall be liable for its death or injury within its value only in case of his/her intent or gross negligence.

Article 341. Acquisition of the Ownership Right in the Abandoned Domestic Animal

1. If within six months since the notification on the retention of the abandoned working animal or cattle and within two months as to the other animals the owner is not identified or does not claim the lost animal, the ownership right in this animal shall be transferred to the person that keeps and uses it.
2. In case the person that keeps and uses the animal refuses from the ownership right to this animal, the latter shall be transferred to the possession of the community on whose territory the animal was found.

Article 342. Reimbursement of Expenses Related to the Retention of the Abandoned Domestic Animal and the Reward Payment

1. In case the abandoned domestic animal is returned to its owner, a person that retained the animal and a person that received this animal to keep and use shall have the right for reimbursement of expenses related to retention of the animal minus the profit generated from its use.
2. A person that retained the abandoned domestic animal shall have the right for reward pursuant to Article 339 of this Code.

Article 343. Acquisition of the Ownership Right in the Treasure

1. Treasure shall mean money, currency or other valuables hidden in the earth or in some other way the owner thereof is either unknown or the one who legally lost the ownership right in these things.
2. A person that discovered the treasure shall acquire the ownership right in it.
If the treasure was hidden in the property owned by another person, the person that discovered the treasury and the property owner shall have the right for joint shared ownership in the treasure in equal shares.
3. In case the treasure is discovered by a person involved into excavations or search of values without the consent of the owner of property where the treasure was hidden, the ownership right in this treasure shall be acquired by the owner of this property.
4. In case the discovered treasure is the monument of history and culture, the ownership right in this treasure shall be acquired by the state.

A person that discovered such treasure shall have the right for reward from the state amounting up to 20 per cent of the treasure value at the moment of its discovery, provided the person immediately notified militia or local government about the treasure and transferred it to the relevant governmental body or local government.

If the monument of history and culture was discovered in the property owned by another person, the person that discovered the treasure and the owner shall have the right for the reward in the amount of up to 10 per cent of the treasure value for each of them.

5. Provision of this article shall not cover the persons that discovered the treasure during excavations and search performed according to their labor or contract obligations.

Article 344. Acquisitive Prescription

1. A person that bona fide came into possession of somebody's property and continues to possess the immovable property during ten years and movable property during five years shall acquire the ownership right in this property (acquisitive prescription), unless otherwise stipulated by this Code.

Acquisition of the ownership right in the land parcel by acquisitive prescription shall be regulated by the legislation.

Ownership right in immovable property subject to state registration shall apprise by acquisitive prescription since the moment of state registration.

2. A person claiming the acquisitive prescription may add to the time period of his/her possession the whole time period, the property in question was possessed by the person whose successor he/she is.
3. If a person came into possession of the property by a contract with its owner who after the contract expiration did not claim his/her property back, the person shall acquire the ownership right by the acquisitive prescription in immovable property in fifteen years and in movable property in five years since the limitation period is expired.

Loss of property by the owner not through his/her fault shall not interrupt the acquisitive prescription if the property is returned during one year or if an action for its claim is brought during a year.

4. Ownership right by acquisitive prescription in immovable property, transportation means, securities shall be acquired by the court decision.

Article 345. Acquisition of the Ownership Right in Case of Privatization of the State and Municipal Property

1. A physical or legal person can acquire the ownership right in case of privatization of the state and municipal property.
2. Privatization shall be implemented per the procedure established by the law.

Chapter 25. TERMINATION OF THE OWNERSHIP RIGHT

Article 346. Grounds for the Ownership Right Termination

1. Ownership right shall be terminated in the case of:
 - 1) alienation of the property by its owner;
 - 2) refusal of the owner from the ownership right;
 - 3) termination of the ownership right in the property that cannot be owned by this person by law;
 - 4) destruction of the property;
 - 5) buyout of the monuments of history and culture;
 - 6) buyout of the land parcel for the public needs;
 - 7) buyout of the real estate related to the buyout of the land parcel where this real estate is located for the public needs;
 - 8) seizure of the property upon the owner's obligations;
 - 9) requisition;
 - 10) confiscation;

- 11) termination of a legal person or death of the owner.
2. Ownership right can be terminated in other cases specified by the law.

Article 347. Refusal from the Ownership Right

1. A person may refuse from the ownership right in property by announcing about it or by taking any other actions that witness of his/her refusal from the ownership right.
2. In case of refusal from the ownership right in the property not subject to state registration this ownership right shall be terminated since the moment of effecting an action that witnessing of such refusal.
3. In case of refusal from the ownership right in the property subject to state registration, this ownership right shall be terminated since the moment of the entry made in the State Register upon the owner's application.

Article 348. Termination of the Person's Ownership Right in Property that Cannot Belong to It

1. If by the grounds not forbidden by the law a person acquired the ownership right in the property that pursuant to the law approved later cannot belong to it, the property in question shall be alienated by the owner within a period established by the law.

If the property is not alienated in the terms specified by the law, this property, with accounting its nature and purpose, shall be subject to forced sale upon the court decision based on the application of the relevant governmental body. In the event of forced sale of the property, its former owner shall receive the sales proceeds with deduction of the expenses related to the property alienation.

If the property is not sold, it shall be transferred to the state ownership by the court decision. In this case the former owner shall receive the sum determined by the court decision.

2. If by the grounds not forbidden by the law a person acquired the ownership right in the property that pursuant to the law approved later required a special permission that was denied to this person, this property shall be subject to alienation per the procedure specified by the part one of this article.

Article 349. Termination of the Ownership Right as a Result of the Property Destruction

1. The ownership right in the property shall be terminated in the event of the property destruction.
2. In the event of destruction of the property which ownership right subjects to state registration, this right shall be terminated since the moment of introducing changes to the State Register upon the owner's application.

Article 350. Buyout of the Land Parcel in Connection with the Public Need

1. Buyout of the land parcel in connection with the public need shall be performed by the consent of the owner or upon the court decision per the procedure established by the law.
2. Decision on the land parcel buyout in connection with the public need shall be made by the governmental, power body of the Autonomous Republic of Crimea or local government within their competence.
3. The body that made a decision on the land parcel buyout in connection with the public need shall be obliged to notify its owner about it in writing not later than a year before the buyout.
4. Payment for the land parcel being bought out (buyout price), terms and other conditions of the buyout shall be specified upon the agreement with the land parcel owner and in case of disputes – by the court.

5. Buyout price shall include the market value of the land parcel and the real estate located on it and losses suffered by the owner in connection with the land parcel buyout (including the missed profit) in full scope.
6. As agreed with the owner of the land parcel subject to buyout, the body that made a decision on the land parcel buyout in connection with the public need may grant him/her another land parcel whose value is included in determining the buyout price.

Article 351. Termination of the Ownership Right in Real Estate in Connection with Buyout of the Land Parcel Underneath the Real Estate

1. Ownership right in the house, other constructions, structures and plantations in connection with buyout of the land parcel underneath them (Article 350 of this Code) may be terminated upon the court decision by way of buying them out with obligatory preliminary reimbursement of all the losses in full scope.
2. Action for the buyout of the house, other constructions, structures and plantations in connection with buyout of the land parcel underneath them may be filed by the bodies specified by part two of Article 350 of this Code.

A request for buyout of the property in question shall be subject to satisfaction, if the claimant proves that the use of the land parcel bought out in connection with the public need is impossible without termination of the ownership right in this property.

3. The court may decide to demolish the house, other constructions, structures and plantations located on the land parcel eligible to buyout or to move them at the owner's will to another place or their reconstruction if it is possible.

In the event of demolition or transfer of these objects to another land parcel a person shall have the right for preliminary reimbursement of losses including the expenses for quality improvement of the land parcel and the missed profit.

4. A person whose ownership right is terminated shall be entitled to require another land parcel of equal quality within the boundaries of the relevant settlement.
5. Demolition of the house shall not be permitted until the person residing in this house as the owner, members of his/her family, the person residing in this house as a leaseholder and the members of his/her family are given the apartments in the size and per the procedure established by the law.
6. If the owner of the land parcel eligible to buyout in connection with the public need is the owner of the house, other constructions, structures and plantations located on it, a request on termination of the ownership right in these objects shall be considered together with the request on the land parcel buyout.
7. If the owner of the land parcel eligible to buyout in connection with the public need is not the owner of the house, other constructions, structures and plantations located on it, the owner of these objects shall be attracted to participate in a case.
8. Prior to effectuation of the court decision on the land parcel buyout in connection with the public need, the owner shall have the right to dispose of the house, other constructions, structures and plantations located on this land parcel at his own discretion.

Article 352. Buyout of the Monument of History and Culture

1. If as a result of the action or a lack of action of the owner of historical and cultural monument the latter is threatened by damage or destruction, the state body on protection of historical and cultural monuments shall make a respective warning to the owner of the monument.

2. If the owner of the historical and cultural monument does not take measures for its preservation, particularly due to impossibility to create the necessary conditions for this, the court upon the action of the state body for protection of the historical and cultural monuments may decide on its buyout.
3. In case of the urgent need to create conditions for the monument of history and culture preservation, an action for its buyout may be filed without the warning.
4. The bought-out monument of history and culture shall become the property of the state.
5. Buyout price for the monument of history and culture shall be determined by the decision of the parties and in the event of dispute – by the court.

Article 353. Requisition

1. In case of calamity, accident, epidemic, epizootic and other extraordinary events the property may be forcibly alienated from the owner for the public needs on the ground and per the procedure established by the law, provided preliminary and full redemption of its value (requisition).
2. In conditions of military or extraordinary situation the property may be forcibly alienated from the owner followed by full reimbursement for its value.
3. The requisitioned property shall be transferred into possession of the state or liquidated.
4. Value assessment used for reimbursement of the property value to the previous owner may be appealed against in the court.
5. In the event of the property requisition the owner may claim another property in exchange, if this is possible.
6. If after cessation of the extraordinary circumstances the requisitioned property remains preserved, its former owner may claim it back, if this is possible.

In the event the property is returned to the owner, his ownership right shall be restored and he/she shall be simultaneously obliged to return the amount of money or the thing that he/she received in connection with requisition minus a reasonable payment for the use of the property.

Article 354. Confiscation

1. Deprivation of the ownership right in the property (confiscation) may be applied to a person by the court decision as a sanction for committing a crime in the cases specified by the law.
The confiscated property shall be transferred to the property of the state free of charge.
2. The law shall establish the scope and procedure for the property confiscation.

Chapter 26. JOINT OWNERSHIP RIGHT

Article 355. Notion and Types of Joint Ownership Right

1. Property owned by two or more persons (co-owners) belong to them by right of joint ownership (joint property).
2. Property may belong to persons by right of joint share or joint common ownership.
3. Joint ownership right shall arise on the grounds not forbidden by the law.
4. Joint ownership shall be deemed share unless the contract or the law specifies a joint common ownership in property.

Article 356. Right of Joint Share Ownership

1. Ownership of two or more persons with identification of shares of each of them in the joint ownership shall be a joint share ownership.
2. Subjects of the joint share ownership right may be physical persons, legal entities, the state and territorial communities.

Article 357. Determination of Shares in the Joint Share Ownership Right

1. Shares in the right of joint share ownership shall be deemed equal unless otherwise specified by the agreement of co-owners or the law.
2. If a size of share in the right of joint share ownership is not determined by the agreement of co-owners or by the law, it shall be determined regarding a contribution of each of co-owners in acquisition (production, construction) of the property.
3. A co-owner shall have the right for a respective increase of its share in the joint share ownership if improvements inseparable from the joint ownership are made at his/her cost by the agreement with all co-owners and under observing the established procedure for the joint property use.
4. A co-owner of the apartment house, other construction or structure may make at his/her cost and per the procedure established by the law an annex (extension) without agreement with other co-owners, unless this violates their rights. Such annex (extension) shall be the ownership of the co-owner that made it, and shall not change a size of the shares of co-owners in their joint share ownership right.
5. A separable improvements of the joint property shall be the ownership of the co-owner that made it, unless otherwise established by the law.

Article 358. Implementation of the Joint Share Ownership Right

1. Joint share ownership right shall be exercised by co-owners upon their consent.
2. Co-owners may agree upon the procedure of owning and using the property under their joint share ownership.
3. Each of the co-owners shall have the right to own and use that part of the joint share property in kind, which corresponds to his/her share in the joint share property. In the event that the above is impossible he/she shall be entitled to claim a corresponding material compensation from other co-owners that own and use the joint property.
4. If the agreement between the co-owners on the procedure of owing and using their shares in the joint share ownership is certified in the notary office, it shall become binding to a person that will eventually acquire a share in the property under joint share ownership.

Article 359. Benefits, Products and Profits from Using the Property under Joint Share Ownership

1. Benefits, products and profits from the property use under joint share ownership shall be delivered to the warehouse of joint property and distributed among co-owners in compliance with their shares in the joint share ownership, unless otherwise specified between them.

Article 360. Maintenance of the Property under Joint Share Ownership

1. A co-owner in compliance with his/her share in the joint share ownership shall be obliged to take part in the expenses on management, maintenance and preservation of the joint property, in paying taxes, duties (compulsory payments) and to be responsible before the third persons for commitments related to the joint property.

Article 361. Right of the Co-Owner to Dispose Its Share in the Joint Share Ownership

1. A co-owner shall have the right to independently dispose its property in the joint share ownership.

Article 362. Preemption of the Share in the Joint Share Ownership

1. In the event of sale of the share in the joint share ownership, the co-owner shall enjoy the preemption to other persons for its purchase for the price quoted for sale with all other conditions being equal, except for sale from public bids.
2. The seller of the share in the joint share property shall be obliged to notify in writing the other co-owners on the intent to sell his/her share indicating the price and other selling conditions.

If other co-owners refuse from the preemption or they do not realize this right during one month for the immovable property and ten days for the movable property since the written notification, the seller shall be entitled to sell his/her share out to another person.

3. If several co-owners express their intention to purchase the share in the joint share property, the seller shall be entitled to choose the purchaser.
4. In the event of selling a share of the joint share ownership with violation of the preemption, the co-owner may bring an action to the court on transfer of the rights and obligations of the buyer to him. At the same time the claimant shall be liable to deposit to the court account the money amount to be paid by the buyer pursuant to the contract.

Limitation of action for one year shall be applied to these claims.

5. A co-owner shall not be allowed to transfer his preemption of the share in the joint share ownership to another person.

Article 363. Moment of a Share Transfer in Joint Share Ownership to the Beneficiary by the Contract

1. A share in the joint share ownership shall be transferred to the beneficiary by the contract since the moment of the contract conclusion, unless otherwise specified by the parties.
2. A share in the joint share ownership by a contract eligible to notary witness and/or state registration shall be transferred to the beneficiary according to Article 334 of this Code.

Article 364. Share Allotment from Property under Joint Share Ownership

1. A co-owner shall have the right for allotment in kind of a share from the joint share ownership.
2. If allotment in kind of the share from the joint share ownership is not possible (part two of Article 183 of this Code), the co-owner that wishes the allotment shall have the right for monetary or other material compensation from the co-owners equal to his/her share value.

Compensation can be given to the co-owner only on his consent.

3. Contract on allotment of the share from the joint share ownership in kind shall be concluded in writing and notary witnessed.

Article 365. Termination of the Right in a Share in the Joint Share Ownership by Request of Other Co-Owners

1. Right of a person in a share in the joint share ownership may be terminated by the court decision on the basis of the action brought by other co-owners, if:
 - 1) a share is inconsiderable and cannot be allotted in kind;

- 2) a thing is indivisible;
 - 3) joint ownership and use of the property is impossible;
 - 4) such termination will not essentially damage the interests of the co-owner and his/her family members.
2. The court shall make a decision on termination of the joint share ownership right for a person provided that the claimant transfers in advance the value of the share to the court account.

Article 366. Seizure of a Share in the Joint Share Ownership

1. Creditor of the property co-owner in the joint share ownership may bring an action on allotment of the share in kind from the joint share ownership for recovery, if the co-owner lacks other property that can be seized.

If allotment of the share in kind from the joint share ownership results in the change of its target designation or other co-owners object to this allotment, the dispute shall be settled in the court.

2. In case it is impossible to allot the share in kind from the joint share ownership or other co-owners object to this allotment, the creditor shall have the right to claim a sale of the share from the joint share ownership by the debtor and to use the sales proceeds for the debt recovery.

In the event the debtor refuses to sell his/her share of the joint share ownership or other co-owners refuse from purchasing the debtor's share, the creditor shall have the right to claim this share sale through public bids or transfer of the rights and obligations of the debtor-co-owner to him with corresponding recalculation.

Article 367. Division of Property under Joint Share Ownership

1. Property under joint share ownership may be divided in kind among co-owners by agreement among them.
2. In the event the joint property is divided among co-owners the right of the joint share ownership shall be terminated.
3. Agreement on division of the real estate under joint share ownership shall be concluded in writing and notary witnessed.

Article 368. Right of Joint Common Ownership

1. Joint ownership of two or more persons without determination of shares for each of them in this joint property shall be joint common ownership.
2. Physical and legal persons, the state and territorial communities may be subjects of the joint common ownership, unless otherwise established by the law.
3. Property obtained by the married couple during marriage shall be its joint common property, unless otherwise specified by the law.
4. Property obtained as a result of joint work and for joint monetary funds of family members shall be their joint common property, unless otherwise specified in the agreement concluded in writing.

Article 369. Implementation of the Joint Common Ownership Right

1. Co-owners of the property under joint common ownership shall own and use this property jointly, unless otherwise specified in the agreement between them.

2. Property under joint common ownership shall be disposed upon the agreement of all co-owners.

In the event one of the co-owners effects a transaction to dispose of joint common property, this transaction shall be deemed effected upon the agreement of all co-owners.

Agreement of co-owners on effecting of a transaction to dispose of joint common property eligible to notarization and/or state registration must be expressed in writing and notary witnessed.

3. Co-owners shall have the right to delegate one of them for effecting a transaction to dispose of joint property.
4. A transaction to dispose of joint property effected by one of the co-owners may be recognized invalid by the court upon the suit of one of the co-owners provided that the co-owner that performed an action does not have the necessary authorities.

Article 370. Allotment of a Share from the Property under Joint Common Ownership

1. Co-owners shall have the right on allotment of a share in kind from the joint common ownership.
2. In the event of allotment of a share from the joint common ownership it shall be deemed that shares are equal for all of them, unless otherwise specified by the agreement between them, by the law or by the court decision.
3. A share from the property under joint common ownership shall be allotted per the procedure established by Article 364 of this Code.

Article 371. Seizure of Share from the Property under Joint Common Ownership

1. Creditor of the co-owner of the share in the joint common ownership may bring an action on allotment of the share in kind from the joint common ownership for its seizure if a co-owner lacks other property to be seized.
2. Share from the property under joint common ownership shall be allotted for seizure per the procedure established by Article 366 of this Code.

Article 372. Division of Property under Joint Common Ownership

1. Property under joint common ownership may be divided among co-owners as agreed upon between them.
2. In case of division of the property under joint common ownership the shares of co-owners in this property shall be deemed equal, unless otherwise established by their agreement or by the law.

A share of the co-owner may be decreased or increased by the court decision with due regard to the circumstances of essential significance.

3. In case of the property division among co-owners the joint common ownership right shall be terminated.
4. Agreement on division of the real estate under joint common ownership shall be concluded in writing and notary witnessed.

Article 27. PROPERTY RIGHT IN LAND (LAND PARCEL)

Article 373. Land (Land Parcel) as the Object of Ownership Right

1. Land shall be the main national wealth specifically protected by the state.

2. Property right in land shall be guaranteed by the Constitution of Ukraine.

Property right in land (land parcel) shall be acquired and implemented pursuant to the law.

3. Property right in land parcel shall be extended to the surface (ground) layer within the boundaries of the land parcel, water objects, forests, perennial vegetation growing on it, space above and beneath the land parcel, height and depth necessary for construction of apartment houses, production and other constructions and structures.
4. The land parcel owner shall be entitled to use it at his/her own discretion pursuant to its targeted designation.
5. The land parcel owner may use at his/her own discretion everything located above and beneath the surface of this land parcel, unless otherwise specified by the law and unless this violates the rights of other people.

Article 374. Subjects of Property Right in Land (Land Parcel)

1. Subjects of property right in land (land parcel) are physical and legal persons, the state and territorial communities.
2. Foreigners, persons without citizenship may acquire the property right in land (land parcel) according to the law.
3. Foreign legal persons, foreign states and international organizations may be subjects of property right in land (land parcel) in cases stipulated by the law.
4. The rights and obligations of the subjects of property right in land (land parcel) shall be established by the law.

Article 375.2. Right of the Owner for the Land Parcel Development

1. The land parcel owner shall have the right to construct buildings and structures, to create closed water bodies, to reconstruct and to permit construction to other people on his/her land parcel.
2. The land parcel owner shall acquire the property right in buildings, structures and other real estate developed by him on his land parcel.
3. Right of the owner for the land parcel development shall be exercised by him under observation of architectural, construction, sanitary, ecological and other norms and rules as well as under condition that the land parcel is used according to its targeted designation.
4. Legal consequences of unauthorized development undertaken by the owner on his/her land parcel shall be established by Article 376 of this Code.

Article 376. Unauthorized Construction

1. An apartment house, building, structure, other real estate shall be deemed unauthorized construction if they are constructed or are being constructed on the land parcel not allocated for this purpose or without due permission or duly approved building project or with essential violations of building norms and regulations.
2. A person that fulfilled or is fulfilling unauthorized construction of the real estate shall not acquire the property right therein.
3. Property right in unauthorized real estate may be recognized by the court for a person that fulfilled unauthorized construction on the land parcel not allocated for this purpose provided the land parcel was allocated to a person per the established procedure for the already constructed real estate.

4. If the land parcel owner (user) objects against recognition of the property right in the real estate for a person that fulfilled or is fulfilling unauthorized construction of this real estate on his/her land parcel or if this violates the rights of other persons, the real estate shall be subject to demolition by the person that fulfilled (is fulfilling) unauthorized construction or at its own cost.
5. Upon the request of the land parcel owner (user), the court may recognize the property right to the unauthorized real estate in him, unless this violates the rights of other persons.
6. A person that fulfilled unauthorized construction shall have the right for compensation of building costs, if the property right in the real estate is recognized for the owner (user) of the land parcel where this real estate is located.
7. In case of essential deviations from the building project contradicting to the public interests or violating the interests of other persons or essentially violating building norms and regulations, the court, upon the plaint of a relevant state body or a local government, may oblige the person that fulfilled or is fulfilling construction to undertake necessary reconstruction.

If such reconstruction is impossible or the person that fulfilled or is fulfilling this construction refuses from reconstruction, this real estate, upon the court decision, shall be subject to demolition at the expense of a person that fulfilled or is fulfilling construction. A person that fulfilled or is fulfilling unauthorized construction shall be liable to reimburse expenses related to bringing the land parcel to the previous condition.

Article 377. Right in the Land Parcel during Acquisition of the Apartment House, Construction or Structure Located on It

1. Property right to a land parcel where the apartment house, construction or structure is located, shall be transferred to a person that acquired this apartment house, construction or structure without changing its targeted designation and in the size specified in the contract.

If the contract on alienation of the apartment house, construction or structure does not specify the land parcel size, the beneficiary shall acquire the ownership right in that part of the land parcel occupied by the apartment house, construction or structure and in the part of the land parcel necessary for their maintenance.

2. If an apartment house, construction or structure are located on the land parcel authorized to use, then in the event of their alienation, the beneficiary shall receive the use right in that part of the land parcel where they are located and the part of the land parcel necessary for their maintenance.

Article 378. Termination of the Property Right in the Land Parcel

1. Property right of a person in the land parcel may be terminated by the court decision and in cases stipulated by the law.

Chapter 28. PROPERTY RIGHT IN HOUSING

Article 379. Notion of Housing

1. Housing of a physical person shall be an apartment house, a flat or other premises intended and suitable for permanent residence.

Article 380. Apartment House as the Property Right Object

1. An apartment house shall be a capital construction built under observation of requirements established by the law, relevant regulatory acts and intended for permanent residence in it.

Article 381. Homestead as the Property Right Object

1. Homestead shall be a land parcel together with the apartment house, household structures, ground and underground communications, perennial plantations located on it.
2. In the event of the apartment house alienation, the whole homestead shall be deemed alienated, unless otherwise established by the contract or the law.

Article 382. Flat as the Property Right Object

1. A flat shall be an isolated housing area in the apartment house intended and suitable for permanent residence.
2. Owners of the flats in a two- or multi-flat apartment house shall have the right of joint common ownership in the general purpose space, support structures of the house, mechanical, electric, sanitary engineering equipment outside and inside the flat, which service more than one flat, as well as constructions and structures intended to meet the needs of all the flat owners as well as owners of nonresidential premises located in the apartment house.

Article 383. Rights of the Owner of Apartment House/Flat

1. An owner of an apartment house/flat shall have the right to use the dwelling for his/her residence, residence of his/her family members, other persons and shall have no right to use it for commercial production.
2. An owner of the flat shall have the right at his/her own discretion to make repair and changes in the flat given to him/her to be used as an integration provided these changes will not result in violation of rights of the owners of other flats in the multi-flat apartment building and the sanitary-hygienic requirements and rules of the house use.

Article 384. Rights of Housing-Construction (Housing) Cooperative and Its Members in the Flat of the Cooperative House

1. A house constructed or acquired by a housing-construction (housing) cooperative shall be its property.
2. A member of the housing-construction (housing) cooperative shall have the right to own and use and, upon the cooperative consent, to dispose of the flat he/she occupies in the cooperative house unless he/she bought it out.
3. In case of the flat buyout the member of the housing-construction (housing) cooperative shall become its owner.

Article 385. Association of the Owners of Apartment Houses/ Flats

1. Owners of flats may create associations of flat (housing) owners to maintain the multi-flat apartment house, use of flats and joint property of the apartment house.
Similar association may be created by the owners of apartment houses.
2. Association of the owners of flats/apartment houses shall be a legal entity created and functioning according to the statute and the law.

Chapter 29. PROTECTION OF PROPERTY RIGHTS

Article 386. Principles for Property Right Protection

1. The state shall provide equal protection of rights for all subjects of the property right.

2. An owner that has grounds to foresee a possibility of violation of his/her property right by another person may apply to court with the request to prohibit performing the actions that may violate his/her right or to undertake specific actions to prevent this violation.
3. An owner whose rights are violated shall have the right for compensation of his material and moral losses.

Article 387. Right of the Owner to Claim the Property from the Other's Illegal Possession

1. An owner shall have the right to claim his/her property from the person that possessed it illegally without any lawful ground.

Article 388. Right of the Owner to Claim the Property from Bona Fide Beneficiary

1. If the property is purchased on the basis of the paid contract from a person who had no right to alienate it, and the buyer (a bona fide beneficiary) did not and could not know about it, the owner shall have the right to claim this property from the beneficiary only in case if the property:
 - 1) was lost by the owner or by the person to whom the owner transferred the property into possession;
 - 2) was stolen from the owner or the person to whom the owner transferred the property into possession;
 - 3) retired from the possession of the owner or the person to whom the owner transferred the property into possession beyond his will by other way.
2. Property cannot be claimed from a bona fide beneficiary if it was sold per the procedure established for fulfillment of the court decisions.
3. If the property was obtained free from a person that did not have the right to alienate it, the owner shall have the right to claim it from a bona fide beneficiary in all cases.

Article 389. Claim of Money and Securities

1. Money and bearer securities cannot be claimed from a bona fide beneficiary.

Article 390. Settlements under Claim of Property from the Other's Illegal Possession

1. The property owner shall have the right to claim from a person that knew or could know about his/her illegal possession of the property (unfair beneficiary) transfer of all profits from the property that he/she received or could receive for the whole time of possession.
2. The property owner shall have the right to claim from a bona fide beneficiary all transfer of all profits from the property that he/she received or could receive since the moment he learned about illegality of his/her possession or since the moment he/she received a subpoena to the court for the action brought by the owner on claiming the property.
3. A bona fide or unfair beneficiary (holder) shall have the right to claim from the property owner to reimburse the expenses necessary for maintenance and preservation of the property since the moment the owner acquired the right to return the property or transfer the profit.
4. A bona fide beneficiary (holder) shall have the right to leave for himself the property improvements if they can be separated from the property without damaging it. If the improvements cannot be separated from the property, a bona fide beneficiary shall have the right for reimbursement of the expenses for the amount by which the value of the property increased.

Article 391. Protection of Property Right from Violations not Related to Foreclosure

1. The property owner shall have the right to demand removal of the obstacles that interfere him in exercising the use and disposal right of his property.

Article 392. Recognition of the Property Right

1. The property owner can bring an action for recognition of his property right if this right is contested or is not recognized by another person or in case he lost the document proving his property right.

Article 393. Recognition of the Legal Act that Violates the Property Right Illegal

1. Legal act of the state power body, power body of the Autonomous Republic of Crimea or local government that does not correspond to the law and violates the owner's rights shall be recognized illegal by the court and annulled upon the action brought by the owner.
2. The property owner, whose rights are violated as a result of the legal act issued by the state power body, power body of the Autonomous Republic of Crimea or local government, can demand restoration of the status quo ante. In case it is impossible to restore the status quo ante, the owner shall have the right for compensation of the proprietary and moral damage.

Article 394. Reimbursement for Damage Inflicted to the Owner of the Land Parcel, Apartment House, other Constructions in Connection with their Value Decrease

1. Owner of a land parcel, apartment house, other constructions shall have the right for reimbursement due to decrease of these objects value as a result of activities that led to a decrease of ecological state, noise protection of the territory, deterioration of the land natural properties.

SECTION II. PROPRIETARY RIGHT IN OTHER'S PROPERTY

Chapter 30. GENERAL PROVISIONS ON PROPRIETARY RIGHT IN OTHER'S PROPERTY

Article 395. Types of Proprietary Rights in Other's Property

1. Proprietary rights in other's property shall be:
 - 1) right of possession;
 - 2) right of use (easement);
 - 3) right of the land parcel use for agricultural production (emphyteusis);
 - 4) right for the land parcel development (superficies).
2. The law may establish other property rights for the other's property.

Article 396. Protection of Proprietary Rights in Other's Property

1. A person that enjoys the proprietary right in the other's property shall have the right to protect this right including against the property owner in compliance with Chapter 29 of this Code.

Chapter 31. RIGHT OF THE OTHER'S PROPERTY POSSESSION

Article 397. Subjects of Right of the Other's Property Possession

1. A person that actually holds the property with himself shall be its holder.
2. The right of possession of the other's property may belong to two or more persons.

3. Actual possession of property shall be deemed legal unless otherwise results from the law or establishes by the court decision.

Article 398. Arising of the Right of Possession

1. The right of possession shall arise on the contract basis with the owner or the person to whom the owner transferred the property or on other grounds established by the law.

Article 399. Termination of the Right of Possession

1. The right of possession shall be terminated in case of:
 - 1) refusal of the holder from holding the property;
 - 2) claim of the property from the holder by the owner or by the other person;
 - 3) destruction of the property.
2. The right of possession shall be terminated in other cases established by the law.

Article 400. Obligation of an Unfair Owner to Immediately Return the Property to a Person Having the Ownership or Other Right in It or Being a Bona Fide Owner

1. An unfair holder shall be obliged to immediately return the property to a person who has the ownership or other right in this property pursuant to the contract or the law or who is a bona fide holder. In the event an unfair holder fails to fulfill this obligation, the concerned party shall have the right to bring an action to the court claiming this property.

Chapter 32. RIGHT TO USE THE OTHER'S PROPERTY

Article 401. Notion of the Other's Property Use

1. The right to use the other's property (easement) may be established in respect of the land parcel, other natural resources (land easement) or other immovable property to meet the other people's needs, which cannot be met otherwise.
2. Easement may belong to the owner (holder) of the adjacent land parcel and to the other specified person (easement in gross).

Article 402. Establishment of Easement

1. Easement may be established by an agreement, law, will or court decision.
2. Land easement may be established by an agreement between the person that demands its establishment and the owner (holder) of the land parcel.

Agreement to establish the land easement shall be liable to state registration per the procedure established for state registration of the real estate title.
3. In the event of failure to reach an agreement on easement establishment and its conditions, the dispute shall be settled in the court by the action of a person that demands the easement establishment.

Article 403. Content of Easement

1. Easement determines the scope of rights of a person to use other's property.
2. Easement may be established for a certain period of time or without determination of the time period.
3. Person that uses easement shall be obliged to pay for the property use, unless otherwise established by the agreement, the law, the will or the court decision.
4. Easement shall not subject to alienation.

5. Easement shall not deprive the owner of the property on which it is established the right to own, use and dispose of this property.
6. Easement shall remain effective in case the ownership right in property on which easement is established, is transferred to other persons.
7. Losses inflicted to the land parcel or other immovable property owner (holder) by a person that uses easement shall be subject to compensation on the general grounds.

Article 404. The Right to Use the Other's Land Parcel or Other's Real Estate

1. The right to use the other's land parcel or other real estate shall comprise the possibility to pass and to drive through the other's land parcel, to lay and use electric power lines, communication lines, pipelines, to provide water supply, melioration etc.
2. A person shall have the right to demand from the owner (holder) of the adjacent land parcel to provide the land easement.
3. The right to use other's property may be established for other real estate (buildings, constructions etc).

Article 405. Right of the Family Members of the Housing Owner to Use this Housing

1. Family members of the owner of the house that reside together with him shall have the right to use this house in compliance with the law.

Housing area eligible for their occupation shall be determined by the owner.

2. A family member of the owner of the house shall lose the right to use the house in the event of his absence by no good reason for more than one year, unless otherwise established by the agreement between him/her and the owner or by the law.

Article 406. Termination of Easement

1. Easement is terminated in case of:
 - 1) incorporation in one person of the owner burdened with easement and the person in whose interests easement is established;
 - 2) refusal from easement by a person in whose interests easement is established;
 - 3) expiration of the period for which easement was established;
 - 4) termination of a circumstance that was the ground for establishing easement;
 - 5) nonuse of easement during three years in succession;
 - 6) death of a person to whose benefit the easement in gross was established.
2. Easement may be terminated upon the court decision as requested by the property owner against essential circumstances.
3. The land parcel owner shall be entitled to claim termination of easement if it hinders the land parcel use pursuant to its targeted designation.
4. Easement may be terminated in other cases established by the law.

Chapter 33. THE RIGHT OF THE OTHER'S LAND PARCEL USE FOR AGRICULTURAL PURPOSES

Article 407. Grounds for Arising of the Right of the Other's Land Parcel Use for Agricultural Purposes

1. The right to use the other's land parcel shall be established by a contract between the land parcel owner and the person that expressed the intent to use this land parcel for agricultural purposes (hereinafter – a land user).
2. The right of the other's land parcel use for agricultural purposes (emphyteusis) may be alienated and transferred as heritage.

Article 408. Term of the Contract for Granting the Use Right in the Other's Land Parcel for Agricultural Production

1. Term of a contract for granting the right to use the other's land parcel for agricultural production shall be established by the law.
2. If a contract for granting the use right in the other's land parcel for agricultural production is concluded for indefinite period, each of the party can refuse from the contract notifying the other party about it not later than one year in advance.

Article 409. Rights and Obligations of the Land Parcel Owner Granted to Use for Agricultural Production

1. A land parcel owner shall have the right to claim from the land user to use the parcel according to its targeted designation specified by the contract.
2. A land parcel owner shall have the right to receive payment for its use. Amount of payment, its form, conditions, procedure and terms shall be established by the contract.
3. A land parcel owner shall be obliged not to hinder the land user in exercising his rights.

Article 410. Rights and Obligations of the Land User

1. A land user shall have the right to use the land parcel in full scope pursuant to the contract.
2. A land user shall be obliged to pay for the land parcel use and to make other payments specified by the law.
3. A land user shall be obliged to effectively use the land parcel according to its targeted designation, increase its fertility, apply nature protection technologies of agricultural production, abstain from the actions that may result in deterioration of the ecological situation.

Article 411. Right of the Land User for Alienation of the Use Right in the Land Parcel

1. A land user shall have the right to alienate the right to use the land parcel for agricultural production unless otherwise established by the law.
2. In case of sale of the right to use the land parcel, the owner of this land parcel shall have the preemptive right against other buyers for its acquisition at a price announced for sale and upon all other equal conditions.
3. A land user shall be obliged to notify in writing the owner of the land parcel about the sale of right to use the land parcel. If during one month the owner fails to respond in writing about his consent to buy, the right for the land parcel use may be sold to another person.
4. Violation of a preemptive right shall lead to the consequences specified in Article 362 of this Code.

5. In case the land user sells the right to use the land parcel for agricultural production to another person, the owner of the land parcel shall have the right to receive the interest from sale price (value of the right) established by the law.

Article 412. Termination of the Use Right in the Land Parcel for Agricultural Production

1. A right to use the land parcel for agricultural production shall be terminated in case of:
 - 1) incorporation in one person the owner of the land parcel and the land user;
 - 2) expiration of the term for which the right to use the land parcel was granted;
 - 3) buyout of the land parcel in connection with public need.
2. A right to use the land parcel for agricultural production may be terminated upon the court decision in other cases established by the law.

Chapter 34. RIGHT TO USE OTHER'S LAND PARCEL FOR DEVELOPMENT

Article 413. Grounds for Arising of the Use Right in the Other's Land Parcel for Development

1. An owner of the land parcel shall have the right to grant it for use to another person to build industrial, domestic, social-cultural, housing and other constructions and structures (superficies). This right shall arise on the ground of the contract or the will.
2. The right to use the land parcel for development may be alienated by the land user or transferred as a heritage.
3. The right to use the other's land parcel for development may be established for a definite or an indefinite period.

Article 414. Rights and Obligations of the Owner of Land Parcel Granted for Development

1. An owner of the land parcel granted for development shall have the right to receive payment for its use.

In case industrial objects are constructed on the land parcel, the contract may provide for the right of the land parcel owner to receive a share from the land user's profit.

2. An owner of the land parcel shall have the right to possess and use it in the scope specified by the contract with the land user.

Transfer of the property right in the land parcel to another person shall not affect the scope of right of the owner of construction (structure) to use the land parcel.

Article 415. Rights and Obligations of the Land User

1. A land user shall have the right to use the land parcel in the scope established by the contract.
2. A land user shall have the ownership right in constructions (structures) built on the land parcel granted to him for development.
3. A person to whom the property right for constructions (structures) is transferred shall have the right to use the land parcel upon the same terms and conditions and in the same scope as the previous owner of the construction (structure).
4. A land user shall be obliged to pay for the use of the land parcel granted to him for development and to make other payments established by the law.

5. A land user shall be obliged to use the land parcel according to its targeted designation.

Article 416. Termination of the Right of the Land Parcel Use for Development

1. The right to use the land parcel for development shall be terminated in case of:
 - 1) incorporation in one person the owner of the land parcel and the land user;
 - 2) expiration of the term for which the right to use the land parcel was granted;
 - 3) refusal of the land user from his/her right to use;
 - 4) failure to use the land parcel for development during three years in succession.
2. The right to use the land parcel for development may be terminated by the court decision in other cases established by the law.

Article 417. Legal Consequences of Termination of the Right to Use the Land Parcel

1. In case of termination of the right to use the land parcel on which the construction (structure) was built, the owner of the land parcel and the owner of the construction (structure) shall determine legal consequences of such termination.

In case of failure to reach the agreement between them, the owner of the land parcel shall have the right to demand from the owner of the construction (structure) to demolish it and to bring the land parcel to the status quo ante.

2. If demolition of the construction (structure) located on the land parcel is prohibited by the law (residential buildings, monuments of history and culture and others) or is inappropriate in connection with evident excess of the value of construction (structure) as against the land parcel value, the court may with due regard to the grounds for termination of the right to use the land parcel decide on buyout of the land parcel by the owner of the construction (structure) upon which it is located, or buyout of the construction (structure) by the owner of the land parcel or determine new conditions for the land parcel use by the owner of the construction (structure) for a new period.

BOOK FOUR – INTELLECTUAL PROPERTY RIGHT

Chapter 35. GENERAL PROVISIONS ABOUT INTELLECTUAL PROPERTY RIGHT

Article 418. The Notion of Intellectual Property Right

1. Intellectual property right shall be the rights of an entity to the results of intellectual, creative activity or to another object of intellectual property right established by this Code and by the other law.
2. Intellectual property right shall consist of personal non-proprietary intellectual rights and/or proprietary intellectual rights, the contents thereof with respect to specific objects of intellectual property rights are established by this Code and by the other law.
3. Intellectual property right shall be inviolable: no person can be deprived of the intellectual property right or restricted in the exercise thereof, except for the cases stipulated by the law.

Article 419. Correlation of Intellectual Property Right and Proprietary Right

1. Intellectual property right and proprietary right in an object do not depend on each other.
2. Transfer of the right in the object of intellectual property right does not mean transfer of the proprietary right in the object.
3. Transfer of the proprietary right in the object does not mean transfer of the right in the object of intellectual property right.

Article 420. Objects of Intellectual Property Right

1. Objects of intellectual property rights include, in particular:
 - works of literature and art;
 - computer programs;
 - data compilation (database);
 - performances;
 - phonograms, video grams, and media broadcasts (programs);
 - scientific discoveries;
 - inventions, useful models, and industrial samples;
 - chip configurations (topographies);
 - rationalization proposals;
 - plant varieties and animal breeds;
 - commercial (brand) names, trademarks (for goods and services), geographical designations;
 - commercial secrets.

Article 121. Subjects of Intellectual Property Right

1. Subjects of intellectual property right shall be: creator(s) of the object of intellectual property right (the author, the performer, the inventor, etc.) and other persons who own personal non-proprietary and proprietary rights in intellectual property pursuant to this Code, other law or agreement.

Article 422. Grounds for Rising (Acquisition) of Intellectual Property Right

1. Intellectual property right shall arise (be acquired) based on the grounds established by this Code, other law or agreement.

Article 423. Personal Non-Proprietary Rights of Intellectual Property

1. Personal non-proprietary rights of intellectual property shall be:
 - 1) the right to recognize an individual as a creator (an author, a performer, an inventor, etc.) of the intellectual property right object;
 - 2) the right to prevent any encroachment on the intellectual property right that may damage the honor or reputation of the creator of the intellectual property right object;
 - 3) other personal non-proprietary rights of intellectual property established by the law.
2. Personal non-proprietary rights shall be vested with the creator of the object of intellectual property right. In cases envisaged by the law personal non-proprietary rights in intellectual property can be vested with other persons.
3. Personal non-proprietary rights of intellectual property shall not depend on proprietary rights of intellectual property.
4. Personal non-proprietary rights of intellectual property cannot be alienated (transferred), except for the cases established by the law.

Article 424. Proprietary Rights of Intellectual Property

1. Proprietary intellectual property rights shall include:
 - 1) the right to use an object of intellectual property right;
 - 2) the exclusive right to allow to use an object of intellectual property right by other persons;
 - 3) the exclusive right to hinder the unlawful use of an object of intellectual property right, including to prohibit such use;
 - 4) other proprietary rights of intellectual property stipulated by the law.
2. The law can establish exclusions and restrictions in proprietary rights of intellectual property, provided such restrictions and exclusions shall not create significant constrains for normal implementation of proprietary rights of intellectual property and for exercising of lawful interests of the subjects of these rights.
3. Pursuant to the law, proprietary rights of intellectual property can be an input to the authorized fund of a legal entity, a subject of a collateral agreement and other obligations and can be used in other civil relations.

Article 425. Validity Term of Intellectual Property Rights

1. Personal non-proprietary rights of intellectual property shall be valid perpetually, unless otherwise is established by the law.
2. Proprietary rights of intellectual property shall be valid within the terms established by this Code, by other law or agreement.
3. Proprietary rights of intellectual property can be terminated ahead of schedule in cases established by this Code, by other law or agreement.

Article 426. Use of Intellectual Property Right Object

1. Methods to use the object of intellectual property right shall be established by this Code and by other laws.
2. A person having an exclusive right to permit to use the object of intellectual property right, can use this object at his/her own discretion observing the rights of other persons.
3. The other person shall use the object of intellectual property right under permission of a person who has an exclusive right to permit thereof, except for the cases of lawful use without such a permission envisaged by this Code and by other laws.
4. Conditions for permit (license) issuance to use the object of intellectual property right can be established by a license agreement to be concluded under observation of the requirements of this Code and the other law.

Article 427. Transfer of Proprietary Rights of Intellectual Property

1. Proprietary rights of intellectual property can be fully or in part transferred to another person pursuant to the law.
2. Conditions of proprietary rights transfer in intellectual property can be established by the agreement to be concluded pursuant to this Code and to the other law.

Article 428. Exercise of Intellectual Property Right Vested with Several Persons

1. Intellectual property right vested with several persons jointly can be exercised under the agreement between them. In absence of such an agreement the intellectual property right vested with several persons shall be exercised jointly.

Article 429. Intellectual Property Rights in Object Created in Connection with the Labor Agreement Fulfillment

1. An employee, an author of an object of intellectual property created in the course of the labor agreement fulfillment shall be the holder of the personal non-proprietary rights in this object. In cases stipulated by the law specific personal non-proprietary rights of intellectual property in such object can belong to a legal or physical entity – the employer.
2. Proprietary rights of intellectual property in the object created in view of the labor agreement fulfillment shall be vested jointly with the author thereof (the employee) and the employer – a legal or physical entity, unless otherwise stipulated by the agreement.
3. The law can establish specifics of exercising proprietary rights to an object of intellectual property created in the course of fulfillment of the labor agreement.

Article 430. Intellectual Property Rights in Object Created to Order

1. Personal non-proprietary rights of intellectual property in the object created to order shall be vested with the author of this object.
In cases stipulated by the law separate personal non-proprietary rights of intellectual property in such an object can be vested with the customer.
2. Proprietary rights of intellectual property in the object created to order shall be vested jointly with the author of this object and the customer, unless otherwise established by the agreement.

Article 431. Consequences of Intellectual Property Right Violation

1. Actions violating the rights of a holder of intellectual property rights, including disclaimer of this right or its infringement, shall incur the liability stipulated by this Code, the other law or agreement.

Article 432. Protection of Intellectual Property Right by Court

1. Any person shall have the right to address the court to protect his/her intellectual property right pursuant to Article 16 of this Code.
2. The court can make judgment in cases and per the procedure established by the law, namely:
 - 1) apply immediate remedies to prevent violation of intellectual property right and to preserve respective remedies;
 - 2) terminate trespass through the Ukraine custom borders of goods imported or exported with the violation of intellectual property right;
 - 3) withdraw from civil circulation of goods manufactured or brought into civil circulation under violation of intellectual property right;
 - 4) withdraw from civil circulation of materials and instruments used mainly to manufacture goods under violation of intellectual property right;
 - 5) apply single monetary penalty instead of reimbursement for losses due to unlawful use of the object of intellectual property right. The amount of the penalty shall be established pursuant to the law taking into account the guilt of a person and other circumstances being of vital importance;
 - 6) publish in mass media of information about violation of intellectual property right and the contents of court judgment regarding such violation.

Chapter 36. INTELLECTUAL PROPERTY RIGHT IN LITERARY WORK, ARTISTIC AND OTHER WORK (COPYRIGHT)

Article 433. Copyright Objects

1. Objects of copyright shall be the works, namely:

- 1) works of literature and arts, including:

novels, poems, articles and other written works;

lectures, speeches, sermons and other oral works;

dramatic and musical drama works, pantomimes, choreography, and other works created for stage presentation;

musical works, with or without lyrics;

audio visual works;

works of painting, architecture, sculpture and graphics;

photographic works;

works of applied art;

illustrations, maps, layouts, drawings, and plastic works relating to geography, topography, architecture or science;

translations, adaptations, musical arrangements, and other versions of literary and artistic works;

collections of works provided that they result from intellectual activity involving selection or arrangement of their components;

- 2) computer software;

- 3) data compilations (databases) provided that they result from intellectual activity involving selection or arrangement of their components;
 - 4) other works.
2. The works shall be the objects of copyright without observation of any formalities in respect thereof, regardless of their completion, purpose, value, etc., as well as the method and form of promulgation.
 3. Copyright shall not cover the ideas, processes, methods of operation or mathematic concepts as such.
 4. Computer software shall be protected by copyright as the works of literature.
 5. Data or any other information compilations (databases) shall be protected as such. Such protection shall not extend to the data or to information itself, nor shall it affect any copyright with respect to the data or the information contained in the compilation.

Article 434. Works That are not the Copyright Objects

1. The following shall not be the copyright objects:
 - 1) acts of governmental bodies and local self-governments (laws, decrees, resolutions, decisions, etc.) and official translations thereof;
 - 2) state symbols of Ukraine, banknotes, emblems approved by the governmental bodies;
 - 3) information about the news of the day and other facts being conventional press information;
 - 4) other works established by the law

Article 435. Subjects of Copyright

1. The author of the work shall be deemed the initial subject of copyright. In the absence of evidence to the contrary, any individual who indicates himself in a regular manner as the author of the original or a specimen of the work shall be deemed the author (presumption of the authorship).
2. Other individuals and legal entities that acquired the rights in the works pursuant to the agreement or the law shall be also deemed the subjects of copyright.

Article 436. Co-authorship

1. The copyright to a work created in co-authorship shall belong to the co-authors jointly, irrespective whether such work is a single inseparable item or consists of parts, each of which has independent significance. Part of the work created in co-authorship shall be deemed as such that has independent significance provided it can be used separately, regardless of other parts of this work.
2. Each co-author shall preserve his copyright to the part of the work he has created which has independent significance.
3. Relations between the co-authors can be established by the agreement. In absence of the agreement the copyright to the work shall be exercised jointly by all the co-authors.

Article 437. Arising of Copyright

1. The copyright shall arise since the moment of the work creation.
2. A copyright holder can use a special sign established by the law to inform about his rights.

Article 438. Personal Non-proprietary Copyrights.

1. Personal non-proprietary rights stipulated by Article 423 of this Code shall be vested with the author as well as:
 - 1) the right to require indication of his name, if practicable;
 - 2) the right to prohibit indication of his name in connection with the use of the work;
 - 3) the right to choose a pseudonym in connection with the use of the work;
 - 4) the right of inviolability of the work.

Article 439. Secure of the Work Inviolability

1. The author shall have the right to counteract any twisting, distortion or other alteration of the work, or any other encroachment thereon that may prejudice the author's honor and reputation as well as illustrate the work without the author's consent or add forewords, epilogues, comments, etc.
2. In case of the author's death the work's inviolability shall be protected by the person authorized by the author. In absence of such authorization the work's inviolability shall be protected by the author's successors as well by the other concerned persons.

Article 440. Proprietary Copyrights

1. Proprietary copyrights shall be:
 - 1) the right to use the work;
 - 2) the exclusive right to permit to use the work;
 - 3) the right to prevent unlawful use of the work, including prohibition of such use;
 - 4) other proprietary rights of intellectual property established by the law.
2. Proprietary copyrights shall be vested with its author unless otherwise established by the agreement or the law.

Article 441. Use of Work

1. The use of the work shall be:
 - 1) publication;
 - 2) reproduction in any form and any manner;
 - 3) translation;
 - 4) alteration, adaptation, arrangement and other similar changes;
 - 5) inclusion as a component to collections, databases, anthologies, encyclopedias etc.;
 - 6) public performance or broadcast;
 - 7) sale, transfer to lease, etc.;
 - 8) import of its copies, copies of its translations, alterations, etc.

2. Other actions established by the law shall be deemed the work's use.

Article 442. Work Publication (Promulgation)

1. The work shall be considered published (promulgated) provided it was informed any way to an indefinite number of people, including publication, public performance, public show, radio or TV broadcast and transmission through generally accessible electronic information systems.
2. The work cannot be published provided it violates human rights to secrecy of personal and family life, causes damage to public order, health and morality of the inhabitants.
3. Nobody shall have the right to publish the work without the author's consent except for the cases established by this Code and by the other law.
4. In case of the author's death his legal successors shall have the right to publish the work unless this contradicts the author's will.

Article 443. The Work's Use upon the Author's Consent

1. The work shall be used only upon the author's consent, except for the cases of the work's lawful use without such a consent established by this Code and the other law.

Article 444. Cases of Lawful Use of the Work without the Author's Consent

1. The work can be freely, at no cost and upon the author's and any other persons' consent used by any person in the following cases:
 - 1) as a quotation from the lawfully published work or as an illustration in publications, radio and TV broadcast, phonograms and video grams designated for training provided the common practice is observed, the source of borrowing and the author's name (if mentioned in such source) are mentioned and in the scope justified by the set objective;
 - 2) to be reproduced in administrative and judicial enforcement in the scope justified by this objective;
 - 3) in other cases envisaged by the law.
2. A person that uses the work shall have to mention the author's name and the source of borrowing.

Article 445. The Author's Right to Reimbursement for his Work Use

1. The author shall have the right to reimbursement for the use of his work, unless otherwise established by this Code and the other law.

Article 446. Validity Term of Proprietary Copyrights

1. The term of validity for a proprietary copyright shall expire in 70 years counted out since January the 1st of the year following the year of the author's death or the death of the last co-author who outlived the rest, except for the cases envisaged by the law.

Article 447. Legal Consequences of Validity Termination of Proprietary Copyrights

1. Upon expiration of the validity term of a proprietary copyright the work can be freely and at no cost used by any person with the exceptions established by the law.

Article 448. Author's Right in the Sales Share of the Work's Original

1. The author shall have an inalienable right to obtain a monetary sum in the amount of five per cent from the sum of each sale of the original of the work of art or a manuscript of the work of literature that follows the original alienation made by the author. The mentioned sum shall be paid by the seller of the work's original.
2. The right established by part one of this Article shall be transferred to the author's successors and successors of these successors and shall be valid till termination of proprietary copyrights established by Article 446 of this Code.

Chapter 37. INTELLECTUAL PROPERTY RIGHT TO PERFORMANCE, PHONOGRAM, VIDEOGRAM AND PROGRAM (NEIGHBOURING RIGHTS)

Article 449. Objects of Neighboring Rights

1. Objects of neighboring rights, irrespective of any formalities regarding these objects and of designation, contents, value or method and form of expression shall be:

- a) performances;
- b) phonograms;
- c) video grams;
- d) media broadcasts (programs).

Article 450. Subjects of Neighboring Rights

1. Initial subjects of neighboring rights shall be: a performer, a phonogram manufacturer, a video gram manufacturer, a broadcast organization. In the absence of any evidence to the contrary, a person whose name is indicated accordingly in the phonogram, video gram, specimens thereof, or on their packages and during broadcast, shall be deemed the performer, the phonogram or video gram manufacturer.
2. Other entities that have acquired such rights pursuant to the law or the agreement shall be also deemed the subjects of neighboring rights.

Article 451. Arising of Neighboring Rights

1. The neighboring right to performance shall arise since the moment of its first performing.
2. The neighboring right to phonogram or video gram shall arise since the moment of its manufacturing.
3. The neighboring right to media broadcast (program) shall arise since the moment of its first transmission.
4. Te neighboring right holder can use a special sign established by the law to inform about his rights.

Article 452. Proprietary Intellectual Property Rights to the Object of Neighboring Rights

1. Proprietary intellectual property rights to the object of neighboring rights shall be:
 - 1) the right to use the object of neighboring rights;
 - 2) an exclusive right to permit the use of the object of neighboring rights;
 - 3) the right to prevent unlawful use of the object of neighboring rights, including prohibition of such use;
 - 4) other proprietary intellectual property rights established by the law.
2. Proprietary intellectual property rights to the object of neighboring rights shall belong to the performer, the phonogram manufacturer, the video gram manufacturer or the broadcast organization respectively, unless otherwise established by the agreement or the law.

Article 453. Use of Performance

1. The use of performance shall include:
 - 1) bringing of the performance to public notification during its realization;
 - 2) recording (fixation) of performance during its realization, provided such recording makes possible to perceive, reproduce and transmit the performance with the assistance of technical means;
 - 3) direct or indirect reproduction of performances by any method and in any form;
 - 4) sale and other alienation of the original or a specimen of the performance's record;
 - 5) lease of the original or a specimen of the performance's record;
 - 6) ensure the possibility for any person to access through communication means to the recorded performance at any place and time at his own discretion.
2. Other actions established by the law shall be also deemed the use of performance.

Article 454. Use of Phonogram, Video Gram

1. The use of phonogram/video gram shall include:
 - 1) direct or indirect reproduction of phonogram/video gram by any method and in any form;
 - 2) sale and other alienation of the original or a specimen of the phonogram/video gram;
 - 3) lease of the original or a specimen of the phonogram/video gram;
 - 4) ensure the possibility for any person to access through communication means to the phonogram/video gram at any place and time at his own discretion.
2. Other actions established by the law shall be also deemed the use of phonogram/video gram.

Article 455. Use of Media Broadcast (Program)

1. The use of media broadcast (program) shall include:
 - 1) transmission and re-transmission of the media broadcast (program);
 - 2) recording (fixation) of the media broadcast (program) provided such recording makes possible to perceive, reproduce and realize it with the assistance of technical means;
 - 3) reproduction of the record of the media broadcast (program);
 - 4) public presentation of the media broadcast (program), if carried out in places where entrance fee is charged.

2. Other actions established by the law shall be also deemed the use of media broadcast (program).

Article 456. Validity Term of Proprietary Neighboring Rights

1. The validity term for proprietary neighboring rights to performance shall expire in 50 years counted out since January the 1st of the year following the year of the first record of the performance and in the absence of such a record – since January the 1st of the year following the year of performance.
2. The validity term for proprietary neighboring rights to phonogram/video gram shall expire in 50 years counted out since January the 1st of the year following the year of its promulgation and in the absence of such a promulgation – in 50years since the date of its manufacturing - January the 1st of the year following the year of the phonogram/video gram manufacturing.
3. The validity term for proprietary neighboring rights to media broadcast (program) shall expire in 50 years counted out since January the 1st of the year following the year of its first transmission.
4. In separate cases the law can establish other validity terms for neighboring rights.

Chapter 38. INTELLECTUAL PROPERTY RIGHT TO SCIENTIFIC DISCOVERY

Article 457. The Notion of Scientific Discovery

1. A scientific discovery shall be establishment of objectively existing but unknown before regularities, properties and phenomena of the material world which amend substantially the level of scientific knowledge.

Article 458. The Right to Scientific Discovery

1. The author of a scientific discovery shall be entitled to assign his name or a specific name to this scientific discovery.
2. The right to a scientific discovery shall be witnessed by the diploma and shall be protected per the procedure established by the law.

Chapter 39. INTELLECTUAL PROPERTY RIGHT TO INVENTION, USEFUL MODEL, INDUSTRIAL PATTERN

Article 459. Eligibility of an Invention to Acquire Intellectual Property Right to It

1. An invention shall be deemed eligible for acquisition of the intellectual property right to it, provided it is new, has an inventory level and is eligible to industrial use pursuant to the law.
2. A product (a device, a substance, etc.) or a process in any area of technology shall be deemed an object of invention.
3. The law can establish the products and the processes not eligible for acquisition of intellectual property right to them pursuant to this Article.

Article 460. Eligibility of a Useful Model to Acquire Intellectual Property Right to It

1. A useful model shall be deemed eligible for acquisition of the intellectual property right to it, provided it is new, has an inventory level and is eligible to industrial use pursuant to the law.
2. A product (a device, a substance, etc.) or a process in any area of technology shall be deemed an object of useful model.
3. The law can establish the products and the processes not eligible for acquisition of intellectual property right to them pursuant to this Article.

Article 461. Eligibility of an Industrial Pattern to Acquire Intellectual Property Right to It

1. An industrial pattern shall be deemed eligible for acquisition of the intellectual property right to it, provided it is new pursuant to the law.
2. A form, a drawing or coloring or their combination that define the outward appearance of the industrial product shall be deemed an object of industrial pattern.

Article 462. Witnessing of Intellectual Property Right Acquisition to an Invention, Useful Model, Industrial Pattern

1. Acquisition of the intellectual property right to an invention, a useful model, an industrial pattern shall be witnessed by the patent.
2. The scope of legal protection shall be defined by the formula of the invention, useful model and the aggregate of material characteristics of the industrial pattern.
3. Conditions and procedure of the patent issuance shall be established by the law.

Article 463. Subjects of Intellectual Property Right to an Invention, Useful Model, Industrial Pattern

1. Subjects of intellectual property right to an invention, a useful model and an industrial pattern shall be:
 - 1) the inventor, the author of the industrial pattern;
 - 2) other persons that acquired the right to an invention, a useful model and an industrial pattern pursuant to the agreement or the law.

Article 464. Proprietary Intellectual Property Rights to an Invention, Useful Model, Industrial Pattern

1. Proprietary intellectual property rights to an invention, useful model, industrial pattern shall be:
 - 1) the right to use an invention, useful model, industrial pattern;
 - 2) an exclusive right to permit the use of an invention, useful model, industrial pattern;
 - 3) an exclusive right to prevent unlawful use of an invention, useful model, industrial pattern, including prohibition of such use;
 - 4) other proprietary intellectual property rights established by the law.

2. Proprietary intellectual property rights to an invention, useful model, industrial pattern shall belong to the holder of the respective patent, unless otherwise established by the agreement or the law.

Article 465. Validity Term of Proprietary Intellectual Property Rights to an Invention, Useful Model, Industrial Pattern

1. Proprietary intellectual property rights to an invention, useful model, industrial pattern shall be valid since the date following the date of their state registration, provided effectiveness of these rights is maintained pursuant to the law.
2. The law can establish conditions for temporary effectiveness of proprietary intellectual property rights to an invention till their entering into force pursuant to part one of this Article.
3. Validity of exclusive proprietary intellectual property rights to an invention shall be terminated in 20 years counted since the date of application submission for an invention per the procedure established by the law. This term can be extended per the established procedure in respect of the invention the use thereof requires specific tests and official permit.
4. Validity of exclusive proprietary intellectual property rights to a useful model shall be terminated in 10 years counted since the date of application submission for a useful model per the procedure established by the law.
5. Validity of exclusive proprietary intellectual property rights to an industrial pattern shall be terminated in 15 years counted since the date of application submission for an industrial pattern per the procedure established by the law.

Article 466. Early Termination of Validity of Proprietary Intellectual Property Rights to an Invention, Useful Model, Industrial Pattern

1. Validity of proprietary intellectual property rights to an invention, useful model, an industrial pattern can be early terminated upon the initiative of the right holder, unless this contradicts the conditions of the agreement, as well as in other cases stipulated by the law.

Article 467. Legal Consequences of Validity Termination of Exclusive Proprietary Intellectual Property Rights to an Invention, Useful Model, Industrial Pattern

1. In case of validity termination of the exclusive proprietary intellectual property rights to an invention, useful model, industrial pattern, these objects can be freely and at no cost used by any person, with the exceptions established by the law.
2. If in view of early validity termination of the exclusive proprietary intellectual property rights to an invention, useful model, industrial pattern, a person who was permitted to use these objects suffered losses, then such losses shall be reimbursed by the person who issued the mentioned permit, unless otherwise established by the agreement or the law.

Article 468. Restoration of Validity of the Early Terminated Exclusive Proprietary Intellectual Property Rights to an Invention, Useful Model, Industrial Pattern

1. Validity of the early terminated exclusive proprietary intellectual property rights to an invention, useful model, industrial pattern can be restored per the procedure established by the law upon an application of the person that held these rights at the moment of their termination.

Article 469. Invalidation of Intellectual Property Rights to an Invention, Useful Model, Industrial Pattern

1. Intellectual property rights to an invention, useful model, industrial pattern shall be declared invalid on the grounds and in the procedure established by the law.

Article 470. The Previous User Right to Invention, Useful Model, Industrial Pattern

1. Any person who before the date of application submission for an invention, useful model, industrial pattern, or in case of priority declaration before the date of the application priority, for the sake of his operation used an invention, useful model, industrial pattern in good faith in Ukraine or made considerable and major preparation for such use, shall be entitled to continue such use at no cost or to use as was envisaged by the mentioned preparation (the previous user right).
2. The previous user right can be transferred or passed to another person only together with an enterprise or business practice or with that part of an enterprise or business practice where an invention, useful model, industrial pattern were used or considerable and major preparation for such use was made.

Chapter 40. INTELLECTUAL PROPERTY RIGHT TO ASSEMBLING OF ELECTRONIC CHIPS (MICROS)

Article 471. Eligibility of the Electronic Chip Assembly to Acquire Intellectual Property Right to It

1. The electronic chip assembly shall be considered eligible for acquisition of intellectual property right to it in case it is original.

Article 472. Witnessing of Intellectual Property Right Acquisition to the Electronic Chip Assembly

1. Acquisition of intellectual property right to the assembly of electronic chips shall be witnessed by the certificate.
2. The scope of legal protection of the electronic chip assembly shall be defined by depicting of this assembly on a material carrier (object).
3. Conditions and procedure for the certificate issuance shall be established by the law.

Article 473. Subjects of Intellectual Property Right to the Electronic Chip Assembly

1. Subjects of intellectual property right to the electronic chip assembly shall be:
 - 1) the author of the electronic chip assembly;
 - 2) other persons that acquired the rights for the electronic chip assembly pursuant to the agreement or the law.

Article 474. Proprietary Intellectual Property Right to the Electronic Chip Assembly

1. Proprietary intellectual property rights to the electronic chip assembly shall be:
 - 1) the right to use the electronic chip assembly;

- 2) an exclusive right to permit the use of the electronic chip assembly;
 - 3) an exclusive right to prevent unlawful use of the electronic chip assembly, including prohibition of such use;
 - 4) other proprietary intellectual property rights established by the law.
2. Proprietary intellectual property rights to the electronic chip assembly shall belong to the holder of the respective certificate, unless otherwise established by the agreement or the law.

Article 475. Validity Term of Proprietary Intellectual Property Right to the Electronic Chip Assembly

1. Proprietary intellectual property rights to the electronic chip assembly shall be valid since the date following the date of their state registration, provided effectiveness of these rights is maintained pursuant to the law.
2. Validity of exclusive proprietary intellectual property rights to the electronic chip assembly shall be terminated in 10 years counted since the date of application submission for the electronic chip assembly per the procedure established by the law.

Article 476. Early Termination of Validity Term of Proprietary Intellectual Property Right to the Electronic Chip Assembly

1. Validity of proprietary intellectual property rights to the electronic chip assembly can be early terminated upon the initiative of the right holder, unless this contradicts the conditions of the agreement, as well as in other cases stipulated by the law.

Article 477. Legal Consequences of Validity Termination of Exclusive Proprietary Intellectual Property Right to Micro Assembly

1. In case of validity termination of the exclusive proprietary intellectual property rights to the electronic chip assembly, it can be freely and at no cost used by any person, with the exceptions established by the law.
2. If in view of early validity termination of the exclusive proprietary intellectual property rights to the electronic chip assembly, a person who was permitted to use it suffered losses, then such losses shall be reimbursed by the person who issued the mentioned permit, unless otherwise established by the agreement or the law.

Article 478. Restoration of Validity of Early Terminated Exclusive Proprietary Intellectual Property Right to the Electronic Chip Assembly

1. Validity of the early terminated exclusive proprietary intellectual property rights to the electronic chip assembly can be restored per the procedure established by the law upon an application of the person that held these rights at the moment of their termination.

Article 479. Invalidation of Intellectual Property Right to the Electronic Chip Assembly

1. Intellectual property rights to the electronic chip assembly shall be declared invalid on the grounds and in the procedure established by the law.

Article 480. The Right of Previous User to the Electronic Chip Assembly

1. Any person who before the date of application submission for an electronic chip assembly, or in case of priority declaration before the date of the application priority, for the sake of his

operation used an electronic chip assembly in good faith in Ukraine or made considerable and major preparation for such use, shall be entitled to continue such use at no cost or to use as was envisaged by the mentioned preparation (the previous user right).

2. The previous user right can be transferred or passed to another person only together with an enterprise or business practice or with that part of an enterprise or business practice where an electronic chip assembly was used or considerable and major preparation for such use was made.

Chapter 41. INTELLECTUAL PROPERTY RIGHT TO INNOVATION

Article 481. The Notion and Objects of Innovation

1. An innovation shall be a proposal acknowledged by a legal entity that contains technological (technical) or organizational solution in any area of its operation.
2. Material object or a process can be the object of innovation.

Article 482. Scope of Legal Protection of Innovation

1. Scope of legal protection of innovation shall be defined by its description and by the drawings if submitted.

Article 483. Subjects of Intellectual Property Right to Innovation

1. Subjects of the intellectual property right to an innovation shall be its author and a legal entity that this innovation is submitted to.

Article 484. Rights of Subjects of Intellectual Property Right to Innovation

1. The author of innovation shall have the right to fair incentive from the legal entity that this innovation is submitted to.
2. A legal entity that acknowledged the innovation shall have the right to use it to any extent.

Chapter 42. INTELLECTUAL PROPERTY RIGHT TO THE VARIETY OF PLANTS, ANIMAL BREED

Article 485. Types of Intellectual Property Rights to the Variety of Plants, Animal Breed

1. Intellectual property right to the variety of plants, animal breed shall constitute the following:
 - 1) personal non-proprietary intellectual property rights to the variety of plants, animal breed witnessed by the state registration;
 - 2) proprietary intellectual property rights to the variety of plants, animal breed witnessed by the patent;
 - 3) proprietary intellectual property right to disseminate the variety of plants, animal breed witnessed by the state registration.

Article 486. Subjects of Intellectual Property Right to the Variety of Plants, Animal Breed

1. Subjects of intellectual property right to the variety of plants, animal breed shall be:
 - 3) the author of the variety of plants, animal breed;
 - 4) other persons that acquired proprietary rights the variety to the variety of plants, animal breed pursuant to the agreement or the law.

Article 487. Proprietary Intellectual Property Rights to the Variety of Plants, Animal Breed Witnessed by the Patent

1. Proprietary intellectual property rights to the variety of plants, animal breed witnessed by the patent shall be:
 - 1) the right to use the variety of plants, animal breed eligible for dissemination in Ukraine;
 - 2) an exclusive right to permit the use of the variety of plants, animal breed;
 - 3) an exclusive right to prevent unlawful use of the variety of plants, animal breed, including prohibition of such use;
 - 4) other proprietary intellectual property rights established by the law.
2. Proprietary intellectual property rights to the variety of plants, animal breed shall belong to the holder of the respective patent, unless otherwise established by the agreement or the law.

Article 488. Validity Term of Proprietary Intellectual Property Rights to the Variety of Plants, Animal Breed

1. Proprietary intellectual property rights to the variety of plants, animal breed witnessed by the patent shall be valid since the date following the date of their state registration, provided effectiveness of these rights is maintained pursuant to the law.
2. The law can establish conditions for temporary effectiveness of proprietary intellectual property rights to the variety of plants, animal breed till their entering into force pursuant to part one of this Article.
3. Validity of the exclusive proprietary intellectual property rights to the variety of plants, animal breed shall be terminated in 30 years and in respect to the trees and grapes – in 35 years counted since January the 1st of the year following the year of the state registration of these rights.
4. Validity of the exclusive proprietary intellectual property rights to the variety of plants, animal breed can be early terminated or renewed in cases and per the procedure established by the law.
5. The right to disseminate the variety of plants, animal breed shall be valid since the date following the date of their state registration and shall be in effect perpetually, provided effectiveness of these rights is maintained pursuant to the law.
6. Validity of the exclusive proprietary intellectual property rights to the variety of plants, animal breed can be early terminated or renewed in cases and per the procedure established by the law.

Chapter 43. INTELLECTUAL PROPERTY RIGHT TO COMMERCIAL NAME

Article 489. Legal Protection of Commercial Name

1. Commercial name shall be legally protected in case this protection can make possible to distinguish one person among the others and does not divulge the consumers regarding its true operation.
2. The intellectual property right to a commercial name shall be valid since the moment of the first use of this name and shall be protected without compulsory submission of an application to it or its registration irrespective of the fact whether this commercial name is or is not the part of the trade mark
3. Information about the commercial name can be entered to the registries procedure of keeping thereof shall be established by the law.
4. Відомості про комерційне найменування можуть вноситися до реєстрів, порядок ведення яких встановлюється законом.
5. The entities can have similar commercial names unless this divulges the consumers regarding the goods they produce and/or sell and services they provide.

Article 490. Proprietary Intellectual Property Rights to a Commercial Name

1. Proprietary intellectual property rights to a commercial name shall be:
 - 1) the right to use the commercial name;
 - 2) the right to prevent other persons from unlawful use of the commercial name, including prohibition of such use;
 - 3) other proprietary intellectual property rights established by the law.
2. Proprietary intellectual property rights to the commercial name shall be transferred to another person only together with the integral property complex of a person, the holder of these rights or together with its respective part.

Article 491. Validity Termination of Proprietary Intellectual Property Rights to Commercial Name

1. Validity of proprietary intellectual property rights to a commercial name shall be terminated in case of a legal entity liquidation and on the other grounds established by the law.

Chapter 44. INTELLECTUAL PROPERTY RIGHT TO A TRADEMARK

Article 492. Trademark

1. A trademark can be any designation or any combination of designations capable to distinguish the goods/services produced/provided by one entity from the goods/services produced/provided by the other entities. Such designations can include, among others, words, letters, digits, pictorial elements, combination of colors.

Article 493. Subjects of Intellectual Property Right to a Trademark

1. Subjects of intellectual property right to a trademark shall be individuals and legal entities.

2. Intellectual property right to a specific trademark can be simultaneously held by several individuals and/or legal entities.

Article 494. Witnessing of Intellectual Property Right Acquisition to a Trademark

1. Acquisition of intellectual property right to a trademark shall be witnessed by a certificate. Conditions and procedure to issue the certificate shall be established by the law.
2. The scope of legal protection for a trademark shall be established by its image represented in the certificate and by the list of goods and services, unless otherwise established by the law.
3. Acquisition of intellectual property right to a trademark having international registration or acknowledged well-known per the legally established procedure shall not require witnessing by a certificate.

Article 495. Proprietary Intellectual Property Rights to a Trade Mark

1. Proprietary intellectual property rights to a trademark shall be:
 - 1) the right to use a trademark;
 - 2) an exclusive right to permit the use of a trademark;
 - 3) an exclusive right to prevent unlawful use of a trademark, including prohibition of such use;
 - 4) other proprietary intellectual property rights established by the law.
2. Proprietary intellectual property rights to a trademark shall belong to the holder of the respective certificate, international registration, an entity whose trademark is acknowledged well-known per the legally established procedure, unless otherwise established by the agreement.

Article 496. Validity Term of Proprietary Intellectual Property Rights to a Trademark

1. Proprietary intellectual property rights to a trademark shall be valid within 10 years since the date following the date of the trademark application submission per the established procedure, unless otherwise established by the law. The mentioned term can be extended every ten years per the procedure established by the law.

Article 497. Early Validity Termination of Proprietary Intellectual Property Rights to a Trademark

1. Validity of proprietary intellectual property rights to a trademark shall be early terminated per the established procedure due to the trademark transformation into a commonly used symbol for a specific type of goods or services.
2. Validity of proprietary intellectual property rights to a trademark can be early terminated upon the initiative of the right holder, unless this contradicts the conditions of the agreement, as well as in other cases stipulated by the law.
3. If in connection with the early validity termination of the exclusive proprietary intellectual property rights to a trademark an entity granted the permit for its use has suffered losses, then such losses shall be reimbursed by the entity who issued the mentioned permit unless otherwise established by the agreement or the law.

Article 498. Restoration of Validity of Early Terminated Exclusive Proprietary Intellectual Property Rights to a Trademark

1. Validity of early-terminated exclusive proprietary intellectual property rights to a trademark can be restored per the procedure established by the law upon the application of the entity who held these rights at the moment of their termination.

Article 499. Invalidation of Intellectual Property Rights to a Trade Mark

1. Intellectual property rights to a trademark shall be acknowledged invalid on the grounds and per the procedure established by the law.

Article 500. The Right of Previous User to a Trade Mark

1. Any person who before the date of application submission for a trademark, or in case of priority declaration before the date of the application priority, for the sake of his operation used a trademark in good faith in Ukraine or made considerable and major preparation for such use, shall be entitled to continue such use at no cost or to use as was envisaged by the mentioned preparation (the previous user right).
2. The previous user right can be transferred or passed to another person only together with the enterprise or business practice or with that part of the enterprise or business practice where a trademark was used or considerable and major preparation for such use was made.

Chapter 45. INTELLECTUAL PROPERTY RIGHT TO A GEOGRAPHIC PLACE-NAME

Article 501. Acquisition of Intellectual Property Right to a Place-name

1. Intellectual property right to a place-name shall appear since the date of this right state registration, unless otherwise established by the law.
2. The scope of legal protection for a place-name shall be established by the goods (service) characteristics and by the limits of a geographic place of its origin fixed by the state registration of the intellectual property right to a place-name.

Article 502. Subjects of Intellectual Property Right to a Place-name

1. Goods manufacturers, associations of consumers, other entities established by the law shall be the subjects of intellectual property right to a place-name.

Article 503. Intellectual Property Rights to a Place-name

1. Intellectual property rights to a place-name shall be:
 - 1) the right to acknowledge the goods (service) marking as a place-name;
 - 2) the right to use a place-name;
 - 3) the right to prevent unlawful use of a place-name, including prohibition of such use;

2. Intellectual property rights to a place-name belonging to separate subjects of the intellectual property right to a place-name shall be established by the law.

Article 504. Validity Term of Intellectual Property Right to a Place-name

1. Intellectual property rights to a place-name shall be valid since the date following the date of its state registration and shall be protected perpetually provided the goods' (service's) characteristics marked by this place-name are preserved.

Chapter 46. INTELLECTUAL PROPERTY RIGHT TO COMMERCIAL SECRET

Article 505. The Notion of Commercial Secret

1. A commercial secret shall be the information which is secret in a sense that it is as a whole or as a specific form and in the aggregate of its component is unknown and is not easily accessed by the persons who usually deal with the type of information it belongs to and due to this has a commercial value and was a subject of the measures, adequate to the existing circumstances to preserve its secrecy, undertaken by a person who legally controls this information.
2. Information of technical, organizational, commercial, industrial and other nature can be a commercial secret, except for that which cannot be attributed to a commercial secret pursuant to the law.

Article 506. Proprietary Intellectual Property Rights to a Commercial Secret

1. Proprietary intellectual property rights to a commercial secret shall be:
 - 1) the right to use a commercial secret;
 - 2) an exclusive right to permit the use of a commercial secret;
 - 3) an exclusive right to prevent unlawful divulgence, collection or use of a commercial secret;
 - 4) other proprietary intellectual property rights established by the law.
2. Proprietary intellectual property rights to a commercial secret shall belong to the entity that lawfully established the information as a commercial secret, unless otherwise established by the agreement.

Article 507. Commercial Secret Protection by Governmental Bodies

1. Governmental bodies shall be obliged to protect against unfair commercial use the information being a commercial secret, creation thereof requires considerable efforts and which is provided with the aim to obtain a legal permit for the operation connected with pharmaceutical, agricultural and chemical products that contain new chemical compounds. This information is protected by the governmental bodies against its divulgence, except for the cases when such divulgence is necessary to protect population or the measures were not taken to protect it against unfair commercial use.

2. Governmental bodies shall be also obliged to protect a commercial secret in other cases stipulated by the law.

Article 508. Validity Term of Intellectual Property Right to a Commercial Secret

1. Validity term of intellectual property right to a commercial secret shall be limited by the term of existence of the aggregate of characteristics for a commercial secret established by part one, Article 505 of this Code.

BOOK FIVE – THE RIGHT OF OBLIGATION

SECTION I. GENERAL PROVISIONS ON OBLIGATION

CHAPTER 47. NOTION OF OBLIGATION. PARTIES IN OBLIGATION

Article 509. Notion of Obligation and Grounds for its Emergence

1. An obligation shall be a legal relation where one party (a debtor) shall be obliged to perform an action (to transfer property, to do a job, to render service, to pay money etc.) to the benefit of the other party (a creditor) or to abstain from a certain action, while the creditor shall have the right to claim from the debtor to fulfill his obligation.
2. Obligations shall emerge from the grounds specified in Article 11 of this Code.
3. Obligations must be based on the principles of good faith, sense and justice.

Article 510. Parties in Obligation

1. A debtor and a creditor shall be the parties in obligations.
2. Both a creditor and a debtor may be presented in obligation by one or simultaneously by several persons.
3. If each of the parties in obligation has simultaneously both rights and obligations, the party shall be deemed a debtor in what he/she is obliged to perform to the benefit of the other party and at the same time a creditor in what he/she has the right to claim from the other party.

Article 511. Third Person in Obligation

1. An obligation shall not create commitment for a third person. In cases specified in the contract an obligation may create the rights for a third person towards a debtor and/or a creditor.

Article 512. Grounds for Creditor Replacement in Obligation

1. A creditor in obligation may be replaced by another person as a result of:
 - 1) transfer of his rights to another person by transaction (recession of the right of claim);
 - 2) succession;
 - 3) fulfillment of the debtor's obligation by a guarantor or a mortgager (property guarantor);
 - 4) fulfillment of the debtor's obligation by a third person.
2. A creditor in obligation may also be replaced in other cases specified in law.
3. A creditor in obligation cannot be replaced if so is specified in the contract or law.

Article 513. Form of Transaction to Replace a Creditor in Obligation

1. Transaction on replacement of a creditor in obligation shall be effected in the similar form as the transaction served as a ground for emergence of the obligation whose right of claim is transferred to another creditor.
2. Transaction on replacement of a creditor in obligation emerged on the basis of a transaction subject to state registration should be registered per the procedure established for registration of this transaction, unless otherwise specified in law.

Article 514. Scope of Rights Being Transferred to a New Creditor in Obligation

1. A new creditor shall receive the rights of the primary creditor in the obligation in the scope and on conditions that existed at the moment of these rights transfer, unless otherwise specified in contract or law.

Article 515. Obligations Where Creditor's Replacement is not Allowed

1. Replacement of a creditor shall not be allowed in the obligations inseparably related to the personality of a creditor, in particular, in the obligations on indemnification of damage resulted from mutilation, other health injury or death.

Article 516. Procedure for Creditor's Replacement in Obligation

1. A creditor in obligation shall be replaced without the content of the debtor, unless otherwise specified in contract or law.
2. If a debtor was not notified in writing on the replacement of the creditor in obligation, a new creditor shall bear a risk of possible unfavorable consequences. In this case the debtor's fulfillment of his obligation to a primary creditor shall be a duly performance.

Article 517. Proofs of a New Creditor's Rights in Obligation

1. A primary creditor in obligation should transfer to a new creditor the documents testifying the rights to be transferred and the information important for their implementation.
2. A debtor shall have the right not to fulfill his obligation for a new creditor unless the latter presents him the proofs of the rights transfer to a new creditor in obligation.

Article 518. Objection of a Debtor Against Claim of a New Creditor in Obligation

1. A debtor shall have the right to object the claim of a new creditor in obligation that he had to a primary creditor at the moment of receiving a written notice on the creditor's replacement.
2. If a debtor was not informed in writing on the replacement of a creditor in obligation, he shall have the right to put in objections that he had to a primary creditor against a claim of a new creditor at the moment this claim is put in to him or if the debtor fulfilled his obligation before a new creditor put in a claim – at the moment of its fulfillment..

Article 519. Responsibility of a Primary Creditor in Obligation

1. A primary creditor in obligation shall be responsible to a new creditor for invalidity of the claim transferred to him, but shall not be responsible for the debtor's failure to fulfill its obligation except for the cases of a primary creditor's guarantee for a debtor to a new creditor.

Article 520. Replacement of a Debtor in Obligation

1. A debtor in obligation may be replaced by another person (debt transfer) only upon the creditor's consent.

Article 521. Form of Transaction to Replace the Debtor in Obligation

1. A form of transaction on replacement of a debtor in obligation shall be determined according to provisions of Article 513 of this Code.

Article 522. Objection of a New Debtor in Obligation Against a Creditor's Claim

1. A new debtor in obligation shall be entitled to put forward against the creditor's claim all objections are based on the relations between a creditor and a primary debtor.

Article 523. Legal Consequences of Replacement of the Debtor in Obligation Secured by Guarantee or Collateral

1. Guarantee or collateral established by another person shall be terminated after replacement of a debtor, unless a guarantor or a mortgager agrees to secure fulfillment of obligation by a new debtor.
2. Collateral established by a primary debtor shall be preserved after replacement of a debtor, unless otherwise specified by contract or law.

Article 524. Currency of the Obligation

1. Obligation shall have to be expressed in the currency of Ukraine – hryvnia.
2. The parties may determine a monetary equivalent of obligation in the foreign currency.

Article 525. Inadmissibility of Unilateral Refusal from Obligation

1. Unilateral refusal from obligation or unilateral change of its conditions shall not be allowed, unless otherwise established in contract or law.

Chapter 48. FULFILLMENT OF OBLIGATION

Article 5261. General Conditions for Obligation Fulfillment

1. An obligation shall be properly fulfilled according to conditions of the contract, requirements of this Code, other acts of civil law, and in absence of such conditions and requirements – according to traditions of business practice or other universally recognized requirements.

Article 527. Obligation Fulfillment by Due Parties

1. A debtor shall fulfill his obligation while a creditor – accept his fulfillment personally, unless otherwise specified by contract or law and results from the essence of obligation or traditions of business practice.
2. Each of the parties in obligation shall have the right to claim proofs that the obligation is being fulfilled by a due debtor or fulfillment is accepted by a due creditor or a person authorized thereon, and shall bear a risk of consequences due to non-raising this claim.

Article 528. Fulfillment of a Debtor's Obligation by the Other Person

1. A debtor can assign another person to fulfill his obligation, unless the contract conditions, requirements of this Code, other acts of civil law or the essence of the obligation result in the debtor's responsibility to fulfill this obligation. In this case the creditor shall be obliged to accept the fulfillment proposed by another person on behalf of the debtor.
2. In case the other person fails to fulfill or unduly fulfills the debtor's obligation, the debtor himself must fulfill it.
3. The other person may satisfy the creditor's claim without the debtor's consent in case of a danger to lose the right to the debtor's property (lease, mortgage right etc.) due to the creditor's seizure of this property. In this case the other person shall acquire the debtor's rights in obligation and provisions of Articles 512-519 of this Code shall be applied thereto.

Article 529. Obligation Fulfillment in Parts

1. A creditor shall have the right not to accept the debtor's fulfillment of obligation in parts, unless otherwise is specified in the contract, acts of civil law or results from the essence of obligation or traditions of business practice.

Article 530. Term (Period) of Obligation Fulfillment

1. If for fulfillment of obligation a time period (term) is established, the obligation must be fulfilled within this time period (term).

Obligation whose term of fulfillment indicates a certain event that will inevitably happen shall be subject to fulfillment since this event happens.

2. If a time period (term) for debtor's fulfillment of his obligation is not specified or determined by a moment of raising a claim by the creditor, the latter shall have the right to claim its fulfillment any time. The debtor must fulfill this obligation within a seven-day period since the day of raising a claim, unless otherwise results from the contract or acts of civil law.

Article 531. Early Fulfillment of Obligation

1. A debtor shall have the right to fulfill his obligation in advance, unless otherwise is specified in the contract, acts of civil law or results from the essence of the obligation of traditions of business practice.

Article 532. Place for Obligation Fulfillment

1. Place for obligation fulfillment shall be established in the contract.
If a place for obligation fulfillment is not specified, the obligation shall be fulfilled:
 - 1) on obligation on transfer of real estate – at the location of this real estate;
 - 2) on obligation for transfer of commodities (property) based on the contract of carriage – at the place where the commodities (property) are handed over to the carrier;
 - 3) on obligation on transfer of commodities (property) based on other transactions – at the place of production or storage of commodities (property), if this place is known to the creditor at the moment of obligation arising;
 - 4) on liabilities – at the place of the creditor's residence, and if the creditor is a legal person – at the place of its location at the moment of liabilities arising. If the creditor changes his residence (location) at the moment of the liabilities arising and informs the creditor thereof – liabilities are fulfilled at the new residence (location) with all the expenses related to the change of the place for fulfillment to be covered at the debtor's account;
 - 5) on other obligation – at the place of the debtor's residence (location).
2. Obligation may be fulfilled at the other place, if this is specified by the acts of civil law or results from the essence of obligation or traditions of the business practice.

Article 533. Currency for Fulfillment of Obligation

1. Currency liabilities must be fulfilled in hryvnia.
2. If a money equivalent in obligation is determined in foreign currency, the amount due to payment in hryvnia shall be determined according to the official exchange rate for the respective foreign currency at the day of payment, unless a different procedure for its determination is established in a contract or act of law.
3. Use of foreign currency and payment documents in foreign currency to make settlements on obligations at the territory of Ukraine shall be allowed in the cases, per the procedure and conditions established by law.

Article 534. Priority of Paying off Liabilities

1. If the amount of money paid to settle the liabilities is insufficient for the liability fulfillment in full scope, this amount shall pay off the creditor's claim in the following sequence, unless otherwise is specified in the contract:

- 1) in the first place the creditor's expenses for receiving the fulfillment shall be reimbursed;
- 2) in the second place – the interest and penalty shall be paid;
- 3) in the third place – the principal debt shall be paid.

Article 535. Increase of the Amount to Be Paid to a Physical Person on Liabilities

1. In the event of increase of the legally established untaxed minimum of the population income, the amount to be paid on liabilities to a physical person (indemnification of the damage resulted from mutilation, other health injury or death upon the life relief agreement and in other cases established by a contract or law) shall be increased proportionally.
2. If as a result of paying out an increased amount of money the party obliged to make these payments loses the benefits expected at the moment of the contract conclusion, this contract may be terminated upon a claim of this party on the court decision.

Article 536. Interest

1. The debtor shall be obliged to pay interest for using other's money, unless otherwise is specified in the agreement between physical persons.
2. Amount of interest for using other's money shall be established in the contract, law or other acts of civil law.

Article 537. Obligation Fulfillment by Placing the Debt on the Notary's Deposit

1. A debtor shall have the right to fulfill its obligation by placing the money or securities due to the creditor to the notary's deposit in case of:
 - 1) absence of a creditor or his authorized person in the place of the obligation fulfillment;
 - 2) evading of a creditor or his authorized person from receiving the fulfillment or in case of other delays on their side;
 - 3) absence of the representative of the incapable creditor.
2. A notary shall notify a creditor on the debt placement to the deposit per the procedure established by the law.

Article 538. Reverse Fulfillment of Obligation

1. Fulfillment of the obligation by one of the parties on condition of fulfillment of the obligation by the other party, as specified in the contract, shall be a reverse fulfillment of the obligation.
2. Under reverse fulfillment of obligation the parties must fulfill their obligations simultaneously, unless otherwise is specified by a contract, acts of civil law or results from the essence of the obligation or traditions of the business practice.

A party that knows in advance on his failure to fulfill the obligation shall be obliged to timely notify the other party about it.

3. In case one of the party in obligation fails to fulfill his obligations or against evident grounds will not fulfill his obligations in the specified period of time (term) or will fulfill it not in the full scope, the other party shall have the right to terminate fulfillment of his obligation, to refuse from its fulfillment partially or fully.
4. If a reverse fulfillment of an obligation is performed by one party irrespective of the failure of the other party to perform his obligation, the other party must fulfill his obligation.

Article 539. Fulfillment of Alternative Obligation

1. Alternative obligation shall be an obligation where a debtor is obliged to perform one or several actions. A debtor shall have the right to choose the subject of obligation, unless otherwise is specified by a contract, acts of civil law or results from the essence of the obligation or traditions of the business practice.

Article 540. Fulfillment of Obligation with Several Creditors or Several Debtors Participating

1. If several debtors or several creditors participate in obligation, each of the creditors shall have the right to claim and each of the debtors shall be liable to perform an obligation in the equal shares, unless otherwise is specified by a contract or acts of civil law.

Article 541. Joint and Several Obligation

1. Joint and several obligation or joint and several claim shall arise in the cases established by a contract or law, namely, in case of inseparability of a subject of obligation.

Article 542. Joint and Several Claim of the Creditors

1. In case of joint and several claim of the creditors (joint and several creditors) each of the creditors shall have the right to claim from the debtor in full.

Before one of the joint and several creditors claims, the debtor shall have the right to fulfill his obligation to any of them at his discretion.

2. The debtor shall have no right to object a claim of one of the joint and several creditors, if these objections are based on his relations with other joint and several creditors where the creditor in question is not involved in.
3. Fulfillment of the debtor's obligation to one of the joint and several creditors in full shall release the debtor from fulfillment of obligation to the rest of joint and several creditors.
4. A joint and several creditor that accepted the obligation fulfillment from the debtor shall be obliged to forward to the rest of the joint and several creditors the amounts due in equal shares, unless otherwise is specified in agreement between them.

Article 543. Joint and Several Obligation of the Debtors

1. In case of joint and several obligation of the debtors (joint and several debtors) a creditor shall have the right to claim fulfillment of the obligation partially or fully both from all debtors and from each of them separately.
2. A creditor that accepted the obligation fulfillment not in full from one of the joint and several debtors shall have the right to claim the remainder from the rest of the joint and several debtors.

Joint and several debtors remain obliged until their obligation is fulfilled completely.

3. The joint and several debtor shall have no right to object to a creditor's claim, if these objections are based on such relations of the rest of joint and several debtors with a creditor where the debtor in question is not involved in.
4. Fulfillment of joint and several obligation by one of the debtors in full shall release the rest of joint and several debtors from their obligation to the creditor.

Article 544. Right of One of the Debtors that Fulfilled the Joint and Several Obligation to Reverse Claim

1. A debtor that fulfilled a joint and several obligation shall have the right for reverse claim (recourse) to each of the rest of joint and several debtors in equal shares, unless otherwise is specified in contract or law, deducting his share.
2. If one of the joint and several debtors did not pay a share due to a joint and several debtor that fully fulfilled the obligation, the unpaid amount shall fall on the rest of joint and several debtors in equal parts.

Article 545. Confirmation of the Obligation Fulfillment

1. After acceptance of the obligation fulfillment, a creditor shall be obliged at the creditor's request to issue him a receipt on the acceptance of the obligation fulfillment in part or in full.
2. If a debtor issued a promissory note to a creditor, the latter shall be obliged to return it to a debtor upon acceptance of the obligation fulfillment. If it is impossible to return the promissory note, a creditor shall be obliged to indicate it in the issued receipt.
3. Availability of the promissory note with the debtor shall prove the fulfillment of his obligation.
4. In the event of the creditor's refusal to return the promissory note to a debtor or to issue the receipt, a debtor shall have the right to delay the obligation fulfillment. In this case the creditor's delinquency (arrears) shall appear.

Chapter 49. SECURITY FOR THE OBLIGATION FULFILLMENT

§ 1. General Provisions on Security for the Obligation Fulfillment

Article 546. Types of Security for the Obligation Fulfillment

1. Obligation fulfillment may be secured by forfeit, bailment, guarantee, collateral/pledge, retention, deposit (down payment).
2. The contract or the law may establish other types of security for the obligation fulfillment.

Article 547. Form of Transaction on Security of the Obligation Fulfillment

1. Transaction on security of the obligation fulfillment shall be effected in writing.
2. Transaction on security of the obligation fulfillment effected in other than written form shall be deemed invalid.

Article 548. General Conditions for Security of the Obligation Fulfillment

1. Fulfillment of the obligation (principal obligation) shall be secured provided this is specified in contract or law.
2. Invalid obligation shall not subject to security. Invalidity of the main obligation (claim) shall imply invalidity of transaction on its security, unless otherwise is established by this Code.
3. Invalidity of transaction on security of the obligation fulfillment shall not cause invalidity of the principal obligation.

§ 2. Forfeit

Article 549. Notion of Forfeit

1. Forfeit (penalty, fine) shall be the amount of money or another property, which the debtor is obliged to deliver to the creditor in case the debtor violates his obligation.
2. Penalty shall be a forfeit calculated in percents from a sum of unfulfilled or unduly fulfilled obligation.
3. Fine shall be a forfeit calculated in percents from the sum of untimely fulfilled obligation for each delayed day.

Article 550. Grounds for the Right for Forfeit Arising

1. The right for forfeit shall arise irrespective of the availability of losses inflicted to the creditor by a failure to fulfill or unduly fulfillment of the obligation.
2. No interest shall be calculated for forfeit.
3. A creditor shall have no right for forfeit if a debtor is not liable for violation of the obligation (Article 617 of this Code).

Article 551. Subject of Forfeit

1. A subject of forfeit shall be a sum of money, movable and immovable property.
2. If a sum of money is the subject of forfeit, its amount shall be established by the agreement or the regulation of civil law.

Amount of the forfeit established by the law may be increased in the agreement.

The parties may agree upon a decrease of the forfeit amount established by the civil law act except for the cases specified by the law.

3. Amount of the forfeit may be decreased by the court decision if it significantly exceeds the amount of losses and against other essential reasons.

Article 552. Legal Consequences of the Forfeit Payment (Transfer)

1. Payment (transfer) of the forfeit shall not release the debtor from fulfillment of his obligations in kind.
2. Payment (transfer) of the forfeit shall not release the creditor from the right for compensation of losses inflicted by failure to fulfill or by unduly fulfillment of the obligation.

§ 3. Bailment

Article 553. Bailment Agreement

1. A bail under a bailment agreement shall warrant to the debtor's creditor for fulfillment of his obligation.

A bail shall be responsible to the creditor for violation of the obligation by the debtor.

2. A bailment may secure either full or partial fulfillment of the obligation
3. One or several persons may act as a bail.

Article 554. Legal Consequences of Violation of the Obligation Secured by Bailment

1. In case a debtor violates the obligation secured by the bailment, the debtor and the bail shall be responsible to the creditor as joint and several debtors, unless the bailment agreement establishes additional (subsidiary) responsibility of the bail.

2. A bail shall be responsible to the creditor in the same scope as a debtor, including payment of the principal debt, interest, forfeit, compensation of losses, unless otherwise is specified in the bailment agreement.
3. Persons that warranted jointly shall be responsible to the creditor as joint and several bails, unless otherwise is established in the pledge agreement.

Article 555. Rights and Obligations of the Bail Being Claimed

1. In case of receiving a creditor's claim the bail shall be obliged to notify the debtor about it and in case of the action brought against him – to lodge a petition for attraction of a debtor to participate in the action.

If the bail fails to notify the debtor about the creditor's claim and fulfils the obligation himself, the debtor shall have the right to raise against the claim of the bail the objections that he raised against the creditor's claim.

2. The bail shall have the right to raise against the creditor's claim the objections that the debtor himself could raise, provided these objections are not related with the personality of the debtor. The bail shall have the right to object also in case the debtor refused it or recognized his debt.

Article 556. Rights of the Bail that Fulfilled the Obligation

1. After the bail fulfils an obligation secured by the bailment, the creditor shall have to submit to him the documents confirming this debtor's obligation.
2. All rights of the creditor in the obligation including the rights that secured its fulfillment shall be transferred to the bail, who fulfilled this obligation.
3. Rights of the creditor shall be transferred to each of several bails that fulfilled the obligation secured by a bailment in the share of the obligation fulfilled by each of them.

Article 557. Notification of the Bail about Fulfillment of the Obligation by the Debtor

1. A debtor that fulfilled an obligation secured by the bailment shall have to immediately notify a bail thereof.
2. A bail that fulfilled an obligation secured by the bailment due to a debtor's failure to notify a bail about fulfillment of his obligation, shall have the right to seize on a creditor what was received with no ground or to raise a reverse claim to a debtor.

Article 558. Payment for the Bail's Services

1. A bail shall have the right to be pay for the services rendered by him to a debtor.

Article 559. Termination of the Bailment

1. The bailment shall be terminated together with the obligation secured thereby as well as in the case of a change in the obligation without the consent of the bail, which increases a scope of his obligation.
2. The bailment shall be terminated in case a creditor refuses to accept the duly fulfillment proposed by a debtor or a bail after maturity of the term for the obligation fulfillment.
3. The bailment shall be terminated in case of the debt transfer to another person, unless the bail warranted a new debtor.
4. The bailment shall be terminated after expiration of the term specified in the bailment agreement. In case the term is not specified, the bailment shall be terminated unless after six months since the term of the principal obligation fulfillment the creditor raises a claim to the

bail. In case the term of the principle obligation fulfillment is not specified or specified by a moment of raising a claim, the bailment shall be terminated, unless the creditor brings an action against the bail during one year after conclusion of the bailment agreement.

§ 4. Guarantee

Article 560. Notion of a Guarantee

1. By the guarantee a bank, another financial institution, an insurance company (guarantor) shall guarantee to a creditor (beneficiary) fulfillment of the obligation by a debtor (principal).

A Guarantor shall be liable to a creditor for violation of the obligation by a debtor.

Article 561. Validity of a Guarantee

1. A guarantee shall be valid for the period of its issuance.
2. A guarantee shall become effective since the day of its issuance, unless otherwise is specified in it.
3. A guarantee cannot be recalled by a guarantor, unless otherwise is established in it.

Article 562. Independence of a Guarantee on the Principal Obligation

1. An obligation of the guarantor to a creditor shall not depend on the principal obligation (its termination or invalidity), specifically when a guarantee contains the reference to the principal obligation.

Article 563. Legal Consequences of the Debtor's Violation of an Obligation Secured by the Guarantee

1. In case a debtor violates an obligation secured by the guarantee, a guarantor shall be obliged to pay to the creditor the amount of money pursuant to the guarantee conditions.
2. The creditor's claim to the guarantor to pay the amount of money in compliance with the guarantee issued to him shall be submitted in writing. The claim shall be supplemented by the documents indicated in the guarantee.
3. A creditor shall be obliged to indicate in the claim to the guarantor or in the documents attached thereto in what way the debtor violated the principal obligation secured by the guarantee.
4. A creditor can raise a claim to the guarantor within the term the guarantee is issued for.
5. A creditor cannot transfer to other person the right to claim to a guarantor, unless otherwise is established by the guarantee.

Article 564. Obligations of the Guarantor During Consideration of the Creditor's Claim

1. After receiving the creditor's claim the guarantor shall be obliged to immediately notify the debtor about it and to transfer him a copy of the claim together with the attached documents.
2. The guarantor shall be obliged to consider the creditor's claim together with the documents attached to it during a specified period of time established in the guarantee and in case the time period is not specified – during a reasonable period, and to establish compliance of the claim and the documents attached to it with the conditions of the guarantee.

Article 565. Right of the Guarantor to Refuse to Meet the Creditor's Claim

1. The guarantor shall have the right to refuse to meet the creditor's claim in case the claim or the documents attached hereto do not comply with the conditions of the guarantee or in case they are submitted to the guarantor after termination of the guarantee's validity.

2. The guarantor shall have to immediately notify the creditor about his refusal to meet the claim.
3. If the guarantor after receiving a claim from the creditor learned about invalidity of the principal obligation or about its termination, he shall have to immediately notify the creditor and the debtor about it.

Repeated claim of the creditor received by the guarantor after such notification shall be subject to satisfaction.

Article 566. Obligation of the Guarantor

1. The guarantor's obligation to the creditor shall be limited to payment of the amount covered by the guarantee.

In case the guarantor violates his obligation, his responsibility to the creditor shall not be limited to the amount covered by the guarantee, unless otherwise is established in the guarantee.

Article 567. Payment for the Guarantor's Services

1. A guarantor shall have the right to be paid for the services rendered to a debtor.

Article 568. Termination of Guarantee

1. Obligations of the guarantor to the creditor shall be terminated in case of:
 - 1) payment of the amount covered by the guarantee to the creditor;
 - 2) termination of the guarantee validity;
 - 3) refusal of the creditor from his rights under the guarantee by returning it to the guarantor or submitting to the guarantor a written request to release him from obligations under the guarantee.
2. A guarantor, upon learning on the termination of the guarantee, shall have to immediately notify the debtor about it.

Article 569. Right of the Guarantor for Reverse Claim to a Debtor

1. The guarantor shall have the right for a reverse claim (recourse) to the debtor within the amount of money paid by him under the guarantee to the creditor, unless otherwise is established in the agreement between the guarantor and the debtor.
2. The guarantor shall have no right for a reverse claim (recourse) to the debtor in case the amount paid to the creditor by the guarantor does not correspond to the conditions of the guarantee, unless otherwise is established in the agreement between the guarantor and the debtor.

§ 5. Deposit

Article 570. Notion of Deposit

1. Deposit shall be the amount of money or movables issued to the creditor by the debtor against the payments due on the payment agreement to confirm the obligation and to secure its fulfillment.
2. Unless it is specified that the amount of money paid against the debtor's due payments is a deposit, it shall be deemed an advance payment.

Article 571. Legal Consequences of Violation or Termination of the Obligation Secured by Deposit

1. If an obligation is violated through a debtor's fault, the deposit shall be left with a creditor.
If an obligation is violated through a creditor's fault, he shall be obliged to return a deposit to a debtor and to pay additionally the amount of money equal to the deposit or to its value.
2. A party guilty in the obligation violation shall be liable to reimburse to the other party for the losses in the amount they exceed the size (value) of the deposit, unless otherwise is established by the agreement.
3. In case of the obligation termination prior to its fulfillment or due to impossibility to fulfill it, the deposit shall be subject to return.

§ 6. Pledge

Article 572. Notion of Pledge

1. Against the pledge a creditor (pledgee) shall have the right, in the event a debtor (pledgor) does not fulfill an obligation secured by the pledge, to get satisfaction at the expense of the property in pledge in the priority order as against other creditors of this debtor, unless otherwise is specified by the law (the lien).

Article 573. Securing of Future Claim

1. A claim that may arise in future shall be secured by the pledge

Article 574. Grounds for Pledge Arising

1. A pledge arises based on the agreement, the law or the court decision.
2. Provisions of this Code regarding the pledge arisen based on the agreement shall be applied to the pledge arisen based on the law, unless otherwise is specified by the law.

Article 575. Specific Types of Pledge

1. Hypothecation (mortgage) shall be pledge of the real estate that remains in possession of a pledgor or a third person.
2. Pawn shall be pledge of movable property being transferred into possession of a pledgee or by his order – into possession of a third person.
3. The law shall establish regulations on land mortgage and other specific types of pledge.

Article 576. Subject of Pledge

1. Any property (a thing, securities, property rights) that can be alienated by the pledgor and can be seized may be a subject of pledge.
2. A subject of pledge may be the property that the pledgor will acquire after the pledge arising (future crop, animal yield etc).
3. The pledgee's rights (lien) in a thing being a subject of pledge shall extend to its attributes, unless otherwise is established in the agreement. The lien shall extend to fruits, products or income generated from the use of the pledged property in cases specified in the agreement.
4. National, cultural or historical values, which are the objects of the state property right and are subject to state registration or registered at the National Cultural Heritage Register, shall not be a subject of pledge.
5. Claims of personal nature as well as other claims prohibited for pledge by the law, cannot be a subject of pledge.

6. A subject of pledge shall remain with the pledgor, unless otherwise is established by the law.
7. Pledge of separate types of property may be prohibited or restricted by the law.

Article 577. Notary Witness of Pledge Agreement and Registration of Pledge

1. A pledge agreement shall be subject to notary witnessing if real estate is a subject of pledge (mortgage) as well as in other cases specified by the law.
2. Pledge of real estate shall be subject to state registration in cases and per the procedure established by the law.
3. Pledge of movable property may be registered based on application of a pledgor or a pledgee by making entry to the State Registry of Movable Pledge.

Article 578. Pledge of Property under Joint Ownership

1. Property under joint ownership may be transferred on pledge only upon consent of all co-owners.

Article 579.2. Replacement of Subject of Pledge

1. Subject of pledge may be replaced only upon consent of a pledgee, unless otherwise is established in the agreement or the law.

Article 580. Risk of Accidental Destruction or Damage of Subject of Pledge

1. Risk of accidental destruction or accidental damage of the subject of pledge shall be born by the owner of the pledged property, unless otherwise is specified in the agreement or the law.
2. In case of accidental destruction or accidental damage of the subject of pledge the pledgor shall be obliged upon the pledgee's request to provide an equivalent thing, or if possible, to restore the destroyed or damaged subject of pledge.

Article 581. Insurance of Subject of Pledge

1. If the subject of the pledge is not liable to compulsory insurance, it may be insured by the consent of the parties for the agreed amount of money.

In case of insured accident, the right to claim from the insurer shall become the subject of pledge.

Article 582. Valuation of the Subject of Pledge

1. The subject of pledge shall be valued in the cases specified in the agreement or the law.
2. The pledgor together with the pledgee shall value the subject of pledge according to current prices at the moment of the lien arising, unless other procedure for the subject of pledge valuation is specified in the agreement or the law.

Article 583. Parties to Pledge Agreement

1. A debtor or a third person (property bail) may be the pledgor.
2. An owner of a thing or a person enjoying the property right or a person to whom an owner or a person enjoying the property right transferred a thing or the property right with the pledge right may be the pledgor.
3. The right for somebody other's thing shall be pledged upon the consent of the owner of this thing, if alienation of this right requires, according to the agreement or the law, the owner's consent.

Article 584. Contents of Pledge Agreement

1. A pledge agreement shall specify the essence, size and term of fulfillment of the obligation secured by pledge, shall describe the subject of pledge and shall indicate other conditions agreed upon by the parties to the agreement.
2. Description of the subject of pledge in the pledge agreement may be given in a general form (indication of a type of pledged property etc.).

Article 585. Moment of the Lien Arising

1. A lien shall arise since the moment of a pledge agreement conclusion, and in the cases when an agreement is subject to notarization, since the moment of its notary witnessing.
2. If pursuant to a pledge agreement or the law, the subject of pledge must stay in the pledgee's possession, the lien shall arise since the moment of the subject of pledge transfer to him. If the subject of pledge is transferred prior to a pledge agreement conclusion, the lien shall arise since the moment of the agreement conclusion.

Article 586. Use and Disposition of the Subject of Pledge

1. A pledgor shall have the right to use the subject of pledge in line with its designation including getting fruits and income, unless otherwise is established in the agreement and provided this results from the pledge essence.
2. A pledgor shall have the right to alienate the subject of pledge, to transfer it for use to other person or to dispose it otherwise only upon the consent of a pledgee, unless otherwise is established in the agreement.
3. A pledgor shall have the right to bequeath the pledged property. A transaction restricting the right of the pledgor to bequeath the pledged property shall be null and void.
4. A pledgee shall have the right to use the subject of pledge transferred to him only in the cases provided by the agreement. The agreement may assign the pledgee with an obligation to generate fruits and income from the subject of pledge.

Article 587. Obligations of the Subject of Pledge Owner

1. A person that owns the subject of pledge shall be obliged, unless otherwise is specified in the agreement:
 - 1) to take measures necessary to preserve the subject of pledge;
 - 2) to duly maintain the subject of pledge;
 - 3) to immediately notify the other party to a pledge agreement on the arisen threat of destruction or damage of the subject of pledge.
2. A pledgor that owns the subject of pledge in case of loss, spoilage, damage or destruction of the pledged property through his fault shall be obliged to replace or renovate this property, unless otherwise is established in the agreement.
3. A pledgee that owns the subject of pledge in case of loss, spoilage, damage or destruction of the pledged property through his fault shall be obliged to reimburse to the pledgor for the incurred losses.

Article 588. Subsequent Pledge

1. Subsequent pledge of the already pledged property shall be allowed, unless otherwise is established by the previous pledge agreement or the law.
2. Subsequent pledge of the property shall not terminate the lien of a previous pledgee.

3. The first pledgee shall have the priority right over subsequent pledgees to satisfy his claims at the expense of the pledged property. Claims of subsequent pledgees shall be met in the order of the lien priority, except for the case specified in part four of this Article.
4. In case the subject of pledge is movable property, a pledgee of the registered pledge shall have the priority right to satisfy his claims at the expense of the pledged property over the pledgees of unregistered pledges or the pledges registered later. The pledgees that registered one and the same pledge in the same day shall have equal rights to satisfy the claims at the expense of the pledged property.
5. A pledgor of unregistered pledge shall be obliged to provide each of the pledgees with the information on all previous pledges of property in the scope specified in Article 584 of this Code. A pledgor shall be obliged to compensate for the losses of any of the pledgees due to non-fulfillment of this obligation.

Article 589. Legal Consequences of Non-Fulfillment of the Obligation Secured by Pledge

1. In the event of non-fulfillment of the obligation secured by pledge, a pledgee shall acquire the right to seize the subject of pledge.
2. A pledgee shall have the right to satisfy in full at the expense of the subject of pledge his claim established at the moment of actual satisfaction including the interest, penalty, compensation of losses incurred by violation of the obligation, necessary expenses for maintenance of the pledged property and the expenses related to raising a claim, unless otherwise is established by the agreement.

Article 590. Seizure of the Subject of Pledge

1. The subject of pledge shall be seized upon the court decision, unless otherwise is specified in the agreement or the law.
2. A pledgee shall acquire the right to seize the subject of pledge in the case when an obligation is not fulfilled in the specified period (term), unless otherwise is established by the agreement or the law.
3. In case of liquidation of a legal person – a pledgor, a pledgee shall acquire the right to seize the pledged property irrespective of the maturity of the obligation secured by the pledge.
4. In case of partial fulfillment by a debtor of his obligation secured by the pledge, the right to seize the subject of pledge shall be preserved in the initial scope.
5. In case the subject of pledge comprises two or more objects (two or more rights), all these objects (rights) or any of them can be seized at a pledgee's option.

If a pledgee seizes one object (one right) but his claim is not satisfied in full, he shall preserve the lien in other objects (rights) being the subject of pledge.

Article 591. Sale of the Subject of Pledge

1. The subject of pledge being seized shall be sold at public auction, unless otherwise is established by the agreement or the law. Procedure for sale of the subject of pledge at public auction shall be established by the law.
2. An initial price of the subject of pledge for its sale at public auction shall be specified per the procedure established by the agreement or the law. If the seizure is realized by the court decision, the court in its decision may specify the initial price of the subject of pledge.
3. If the public auction announced a failure, the subject of pledge may be transferred into the pledgee's ownership at an initial price, upon the consent of a pledgee and a pledgor, unless otherwise is specified by the agreement or the law.

4. If the sum obtained from the sale of the subject of pledge does not cover the pledgee's claims, he shall have the right to receive the missing sum from the other property of the debtor in the priority order pursuant to Article 112 of this Code, unless otherwise is established by the agreement or the law.

Article 592. Early Fulfillment of the Obligation Secured by Pledge

1. A pledgee shall have the right to claim early fulfillment of the obligation secured by pledge in case of:
 - 1) transfer by the pledgor of the subject of pledge to another person without the pledgee's consent, if such consent was necessary;
 - 2) violation of the rules on substitution of the subject of pledge by the pledgor;
 - 3) loss of the subject of pledge in the circumstances beyond the pledgee's control, if the pledgor did not replace or renovate the subject of pledge.
2. A pledgee shall have the right to claim early fulfillment of the obligation secured by pledge and in case his claim is not satisfied – to seize the subject of pledge:
 - 1) in case the pledgor violates the rules on subsequent pledge;
 - 2) in case the pledgor violates the rules on disposal of the subject of pledge;
 - 3) in other cases specified by the agreement.

Article 593. Termination of the Lien

1. The lien shall be terminated in case of:
 - 1) termination of the obligation secured by pledge;
 - 2) loss of the subject of pledge if a pledgor did not replace the subject of pledge;
 - 3) sale of the subject of pledge;
 - 4) acquisition of the ownership right in the subject of pledge by a pledgee.The lien shall be also terminated in other cases established by the law.
2. In the event of the lien termination in the real estate, a corresponding entry is made to the State Registry.
3. In case of the lien termination as a result of fulfillment of the obligation secured by pledge, a pledgee that possessed the pledged property shall be obliged to immediately return it to a pledgor.

§ 7. Retention

Article 594. The Right of Retention

1. In case of a debtor's non-fulfillment in time of his obligation to pay for an object owned by a creditor, or to compensate to a creditor for the expenses thereof and other losses, a creditor that lawfully owns an object eligible to transfer to a debtor or to another person indicated by a debtor, shall have the right of retaining an object until a debtor executes his obligation.
2. Retaining of the object may secure other claims of a creditor, unless otherwise is established by the agreement or the law.
3. A creditor shall also have the right of retaining an object in case a third person acquired the rights to it that had arisen after transfer of the object into a creditor's possession.

4. A creditor shall bear a risk of accidental destruction or damage of the retained object, unless otherwise is stipulated by the law.

Article 595. Obligations of a Creditor That Retains an Object

1. A creditor retaining an object shall be obliged to immediately inform the debtor hereof.
2. A creditor shall be responsible for the loss, destruction or damage of a retained object, if the loss, distraction, or damage occurred due to his fault.
3. A creditor shall have no right to use a retained object.

Article 596. Disposing an Object Retained by a Creditor

1. The ownership right in a debtor's object retained by a creditor shall not be transferred to him.
2. A debtor whose object is retained by a creditor shall have the right to dispose it with notification of the recipient about retention of the object and the creditor's rights.

Article 597. Satisfying Claims at the Expense of the Object Being Retained by the Creditor

1. Claims of the creditor retaining an object shall be satisfied from its value pursuant to Article 591 of this Code.

Chapter 50. TERMINATION OF OBLIGATION

Article 598. Grounds for Termination of Obligation

1. The obligation shall be terminated partially or in full scope on the grounds established by the agreement or the law.
2. Termination of the obligation upon the request of one of the parties shall be admissible only in cases established by the agreement or the law.

Article 599. Termination of Obligation by Fulfillment

1. The obligation shall be terminated by the proper fulfillment of it.

Article 600. Termination of Obligation by Transfer of the Indemnity

1. Upon the parties' consent the obligation shall be terminated in the result of an indemnity (money, other property etc.) transfer to the creditor by the debtor. The parties shall determine the size, terms, and procedure of the indemnity transfer.

Article 601. Termination of Obligation by Offsetting

1. Offset of similar counter claims being matured as well as claims with non-identified maturity or the maturity established by the moment of the claim, shall terminate the obligation.
2. Counter claims may be set off upon an application of one of the parties.

Article 602. Inadmissibility of Counter Claims Offset

1. Counter claims shall not be set off in cases of:
 - 1) reimbursement for the damage inflicted by disability, other damages to health, or death;
 - 2) seizure of the alimony;

- 3) lifelong maintenance (care);
- 4) termination of limitation of action;
- 5) in other cases determined by the agreement or the law.

Article 603. Offset in Case of the Creditor's Substitution

1. In case of the creditor's substitution the debtor shall have the right to counter claim to the former creditor against the new creditor's claim.
2. In case of the creditor's substitution the offset shall be realized if the claim has arisen on the basis that existed by the moment of the debtor's receipt of a written notification about the creditor's substitution and the claim was mature prior to this notification receipt or the maturity was not determined, or determined by the moment of claim.

If the debtor was not notified in writing about substitution of the creditor, the offset shall be realized if the claim has arisen on the basis that existed by the moment of the claim receipt by a new creditor or if the debtor fulfilled his obligation prior to claim by a new creditor – at the moment of its fulfillment.

Article 604. Termination of Obligation upon the Parties' Consent

1. The obligation shall be terminated upon the parties' consent.
2. The obligation shall be terminated upon the parties' consent to substitute the initial obligation by a new one between the same parties (novation).
3. The novation shall not be admissible in respect to obligations to compensate the damage inflicted by disability, other damages to health or death, to pay the alimony and in other cases determined by the law.
4. The novation shall terminate additional obligations connected to the initial obligation, unless otherwise is stipulated by the agreement.

Article 605. Termination of Obligation by Remitting the Debt

1. The obligation shall be terminated as a result of the creditor's release of a debtor from his obligations (remitting the debt) unless this violates the rights of the third persons as to the creditor's property.

Article 606. Termination of Obligation by Uniting the Debtor and the Creditor in One Person

1. Uniting the debtor and the creditor in one person shall terminate the obligation.

Article 607. Termination of Obligation Through Impossibility to Execute It

1. The obligation shall be terminated through impossibility to execute it in connection with a circumstance, for which none of the parties is responsible.

Article 608. Termination of Obligation by the Physical Person's Death

1. The debtor's death shall terminate the obligation if it is inseparably connected with his personality and due to it cannot be executed by another person.

2. The creditor's death shall terminate the obligation if it is inseparably connected with the creditor's personality.

Article 609. Termination of Obligation by Liquidation of Legal Entity

1. Liquidation of a legal entity (a debtor or the creditor) shall terminate the obligation, except for the cases when the law or other regulatory acts impose fulfillment of the obligation of a liquidated legal entity on another legal entity, especially the obligation to reimburse for the damage inflicted by disability, another damage to health, or death.

Chapter 51. LEGAL CONSEQUENCES OF OBLIGATION VIOLATION. RESPONSIBILITY FOR THE OBLIGATION VIOLATION

Article 610. Violation of Obligation

1. Violation of the obligation shall be its non-fulfillment or fulfillment with breaking the provisions determined by the content of the obligation (undue execution).

Article 611. Legal Consequences of Violating the Obligation

1. In case of violating the obligation the legal consequences determined by the agreement or the law shall come to effect, namely:
 - 1) termination of the obligation due to unilateral refusal from the obligation, if it is stipulated by the agreement or the law, or cancellation of the agreement;
 - 2) change of the obligation's provisions;
 - 3) payment of the forfeit;
 - 4) reimbursement for losses and moral damages.

Article 612. Debtor's Delay

1. A debtor shall be deemed as delayed, unless he proceeded to fulfill the obligation or fulfilled it in term determined by the agreement or the law.
2. A debtor who has delayed to fulfill the obligation shall be liable to a creditor for the losses inflicted by the delay and for impossibility of fulfillment that has occasionally come after the delay.
3. If as a result of the debtor's delay the creditor has lost his interest in the obligation fulfillment, he can refuse from the acceptance of execution and claim to reimburse for the losses.
4. A debtor's delay shall not become effective, provided the obligation cannot be fulfilled due to the creditor's delay.

Article 613. Creditor's Delay

1. A creditor shall be deemed as delayed in case he refused from accepting the proper execution proposed by a debtor or did not take steps determined by the agreement, acts of civil legislation, or resulting from the essence of the obligation, or the customs of business turnover, prior to which execution a debtor was not able to fulfill his obligation.

A creditor shall be also deemed as delayed in cases established by part four, Article 545 of this Code.

2. If a creditor did not commit the actions, prior to which a debtor could not fulfill his obligation, the obligation fulfillment may be delayed for the time of the creditor's delay.
3. A debtor shall have no right for compensation of losses due the creditor's delay if a creditor proves that the delay is not his fault or the fault of the persons entrusted by the law or the creditor's commission to accept the fulfillment.
4. A debtor under the money liability shall pay no interest for the time of the creditor's delay.

Article 614. Guilt as the Ground of Responsibility for the Obligation Violation

1. A person that violated the obligation shall be responsible, provided his guilt (intent or negligence) is obvious, unless otherwise is stipulated by the agreement or the law.

A person shall not be guilty if he proves that he has taken all the required measures for properly fulfillment of the obligation.

2. A person that violated the obligation shall prove the absence of his guilt.
3. A transaction terminating or restricting the responsibility for deliberate violation of the obligation shall be invalid.

Article 615. Unilateral Refusal from the Obligation

1. In case of the obligation violation by one of the parties, the other party shall have the right to refuse the obligation partially or in full, unless otherwise is established by the agreement or the law.
2. Unilateral refusal from the obligation shall not release the guilty party from its responsibility for violating the obligation.
3. Due to unilateral refusal from the obligation partially or in full scope, the provisions of the obligation shall be changed accordingly or the obligation shall be terminated.

Article 616. Legal Consequences of the Obligation Violation Due to the Creditor's Gilt

1. If the obligation is violated due to the creditor's guilt, the court shall accordingly reduce the amount of losses and the forfeit being seized from the debtor.
2. The court shall have the right to reduce the amount of losses and the forfeit being seized from the debtor, if the creditor intentionally or carelessly contributed to the increase of losses inflicted by the obligation violation or did not take measures for their decrease.

Article 617. Grounds for Releasing from Responsibility for the Obligation Violation

1. A person that violated the obligation shall be released from responsibility for its violation if he proves that this violation was due to a contingency or force majeure.

Cases of the obligations' non-fulfillment by the debtor's counter agent, absence of goods in the market necessary to fulfill the obligation, absence of the required funds with the debtor shall not be deemed as a contingency.

Article 618. Debtor's Responsibility for Other Persons' Acts

1. A debtor shall be responsible for the obligation violation by other persons who were entrusted with its fulfillment (Article 528 of this Code), unless responsibility of a direct executor is established by the agreement or the law.

Article 619. Subsidiary Responsibility

1. An agreement or the law may establish additional (subsidiary) responsibility of another person along with the debtor's responsibility.
2. A creditor shall raise claim to a principal debtor prior to raising claim to a person that bears the subsidiary responsibility.

If the main debtor refuses to satisfy the creditor's claim or the creditor did not receive in a reasonable term the response to the claim raised, the creditor may raise a full-sized claim to a person that bears the subsidiary responsibility.

3. A creditor may not insist on satisfying his claim by a person that bears the subsidiary responsibility, if this claim can be satisfied by way of offsetting of a counter claim to the principal debtor.
4. Prior to satisfying the creditor's claim raised to him, a person that bears the subsidiary responsibility shall notify the principal debtor thereof and in case of a court action – to submit an application on involving the principal debtor to participate in the case.

In case of non-observing these requirements by a person that bears the subsidiary responsibility, the principal debtor shall have the right to raise objections he had against the creditor against the recourse claim of a person that bears the subsidiary responsibility.

Article 620. Legal Consequences for Non-fulfillment of the Obligation to Transfer an Object Distinguished by Individual Characteristics

1. In case the debtor does not fulfill his obligation to transfer to a creditor's possession or use an object distinguished by individual characteristics, the creditor shall have the right to claim this object from the debtor and its transfer pursuant to the provisions of the obligation.
2. The creditor shall lose his right to claim from the debtor an object distinguished by individual characteristics in case this object has been already assigned into the third person's possession or transferred into his use.

If an object distinguished by individual characteristics has not yet been transferred, the preferential right of obtaining it shall belong to that creditor, the obligation to whose favor arose earlier, and in case of impossibility to determine this – the creditor who claimed first.

Article 621. Fulfillment of the Obligation at the Debtor's Expense

1. In case of non-fulfillment by a debtor of a certain job for a creditor or non-provision of a certain service to him, a creditor shall have the right to fulfill this job by his own efforts or to entrust a third person with the job fulfillment or service provision and claim from a debtor to reimburse for the losses, unless otherwise is established by the agreement, acts of civil legislation or results from the essence of the obligation.

Article 622. Responsibility and Fulfillment of the Obligation in Kind

1. A debtor that paid a forfeit and reimbursed for the losses inflicted by violation of the obligation shall not be released from the responsibility to fulfill the obligation in kind, unless otherwise is established by the agreement or the law.
2. In case of a creditor's rejection to accept the fulfillment, which lost its interest for him due to delay (Article 612 of this Code) or an indemnity transfer (Article 600 of this Code) a debtor shall be released from the responsibility to fulfill the obligation in kind.
3. In case of a creditor's rejection from the agreement (Article 615 of this Code) a debtor shall be released from the responsibility to fulfill the obligation in kind.

Article 623. Reimbursement for the Losses Due to the Obligation Violation

1. A debtor that violated the obligation shall reimburse for the losses to the creditor.
2. A creditor shall prove the extent of the losses inflicted by violation of the obligation.
3. The losses shall be determined taking into account the market prices existing as of the day of voluntary satisfaction of the creditor's claim by a debtor at the place of the obligation fulfillment. In case the claim was not voluntarily satisfied – as of the day of bringing the claim, unless otherwise is established by the agreement or the law. The court may satisfy the claim on reimbursement the losses taking into account the market prices as of the day of a decision approving.
4. When determining non-received income (lost profit) the measures undertaken by the creditor to obtain them shall be taken into account.

Article 624. Losses and Forfeit

1. In case a forfeit is determined for violating the obligation, it shall be subject to seizure in full amount regardless of reimbursement for the losses.
2. The agreement may stipulate the obligation to reimburse for the losses only in that part not covered by the forfeit.
3. The agreement may stipulate to seize the forfeit without the right to reimburse for the losses or the possibility either to seize the forfeit or to reimburse for the losses at the creditor's option.

Article 625. Responsibility for Violation of the Monetary Obligation

1. A debtor shall not be released from responsibility for his inability to fulfill the monetary obligation.
2. Upon the creditor's claim, a debtor that delayed to fulfill the monetary obligation shall have to pay the debt amount taking into account the established rate of inflation for the whole term of delay plus also three per cent annual interest of the delayed sum, unless another interest is established by the agreement or the law.

SECTION II. GENERAL PROVISIONS ON AGREEMENT

Chapter 52. THE NOTION AND TERMS AND CONDITIONS OF THE AGREEMENT

Article 118. The Notion and Types of Agreement

1. An agreement shall be an arrangement between two or more parties targeted at the establishment, change, or termination of civil rights and responsibilities.
2. An agreement shall be unilateral if one party assumes the obligation to the other party to commit certain actions or to refrain from them, and the other party is vested with the claim right only without arising of a counter obligation in respect to the first party.
3. An agreement shall be bilateral if both parties to the agreement are vested with rights and responsibilities.
4. General regulations on the agreement shall be applied to agreements concluded by more than two parties (multilateral agreements), unless this contradicts the multilateral nature of these agreements.
4. An agreement shall be repayable, unless otherwise is established by the agreement or the law or results from the essence of the agreement.

Article 627. Freedom of Agreement

1. Pursuant to Article 6 of this Code, the parties shall be free to conclude an agreement, to select a counter agent and to determine the provisions of the agreement taking into consideration the requirements of this Code, other acts of civil legislation, customs of business turnover, requirements of rationality and justice.

Article 628. Content of Agreement

1. Provisions (items) established at the discretion of the parties and agreed upon between them, other provisions compulsory per the acts of civil legislation shall constitute the content of an agreement.
2. The parties shall have the right to conclude an agreement containing elements of different agreements (mixed agreement). Relations between the parties to a mixed agreement shall be regulated by the respective provisions of the civil legislation acts on agreements, whose elements are contained in a mixed agreement, unless otherwise is established by the agreement or results from the essence of a mixed agreement.

Article 629. Binding Nature of Agreement

1. An agreement shall be binding for fulfillment by the parties.

Article 630. Typical Provisions of Agreement

1. An agreement may determine that its separate terms and conditions be established pursuant to typical terms and conditions of specific type of agreements promulgated per the established procedure.
2. If an agreement does not contain a reference to typical provisions, such typical provisions may be applied as a custom of business turnover, provided they correspond to the requirements of Article 7 of this Code.

Article 631. Term of Agreement

1. Term of agreement shall be a period of time, during which the parties can realize their rights and fulfill their obligations pursuant to the agreement.
2. An agreement shall come into effect since the moment of its conclusion.
3. The parties may establish that the provisions of the agreement are applied to the relations between them arisen prior to the agreement's conclusion.
4. Termination of the agreement shall not release the parties from responsibility for its violation occurred during the agreement's validity.

Article 632. Price

1. The price in the agreement shall be determined upon the agreement between the parties.

In cases established by the law the prices (tariffs, rates etc) established or regulated by the authorized governmental bodies or local self-governments shall be applied.

2. Change of the price after the agreement conclusion shall be admissible only in cases and under conditions established by the agreement or the law.
3. Change of the price in the agreement shall be inadmissible after its execution.
4. If the price is not determined in the agreement and cannot be determined based on its provisions, it shall be determined based on regular prices for similar goods, jobs or services at the moment of the agreement conclusion.

Article 633. Public Agreement

1. Public agreement shall be an agreement, where one party - an entrepreneur has undertaken an obligation to sell commodities, fulfill jobs or provide services to anybody addressed it (retail sales, municipal transportation, communication services, medical, hotel, bank services etc.).
2. Public agreement shall establish similar provisions for all consumers, except for those having whom the respective privileges are granted by the law.
3. An entrepreneur shall have no right to prefer any consumer in public agreement conclusion, unless otherwise is stipulated by the
4. An entrepreneur shall have no right to refuse from concluding public agreement, provided he has possibilities to supply respective goods (works, services) to the consumer.

In case of the entrepreneur's unjustified refusal from concluding public agreement, he shall have to reimburse for the losses incurred by the consumer due to such refusal.

5. Civil legislation acts may establish the rules obligatory for the parties during conclusion and execution of public agreement.
6. Provisions of public agreement contradicting part 2 of this Article and the rules obligatory for the parties during conclusion and execution of public agreement shall be invalid.

Article 634. The Agreement of Adhesion

1. An agreement of adhesion shall be an agreement in which one of the parties has determined its provisions in set forms or other standard formats and which may be concluded only by way of another party's joining the proposed agreement as a whole. The other party may not propose its provisions of the agreement.
2. An agreement of adhesion may be substituted or terminated upon the demand of the joining party, provided it is deprived of its usual rights and the agreement excludes or restricts the responsibility of the other party for violating an obligation or contains other provisions obviously burdensome for a joining party. The joining party shall have to prove that to its interests, it would not accept these provisions, provided the possibility of taking part in determining the agreement's provisions.
3. In case a claim to substitute or terminate an agreement is brought by the party that joined it in connection with business, the party that provided an agreement for adhesion may refuse to satisfy these claims if it proves that the joining party was aware or could be aware of the provisions to join the agreement.

Article 635. Interlocutory Agreement

1. An interlocutory agreement shall be an agreement, the parties hereto are obliged to conclude an agreement during a certain period (a certain term) in the future (a principal agreement) upon the provisions established by the interlocutory (previous) agreement.

The law may establish restriction on the term (period) for concluding a principal agreement based on the interlocutory agreement.

Essential provisions of the principal agreement not established by the interlocutory agreement shall be agreed upon by the procedure established by the parties in the interlocutory agreement, unless such procedure is established by the civil legislation acts.

An interlocutory agreement shall be concluded in the form established for the principal agreement and in case the form of the principal agreement is not established – in writing.

2. The party that groundlessly evades from concluding the agreement stipulated by the interlocutory agreement shall be obliged to reimburse to the other party for the losses inflicted by the delay, unless otherwise is established by the interlocutory agreement or the civil legislation acts.
3. An obligation established by the interlocutory agreement shall be terminated, unless the principal agreement is concluded within the term (period) established by the interlocutory agreement or unless any party sends a proposal for its conclusion to the other party.
4. An agreement of intention (protocol of intention) shall not be deemed an interlocutory agreement, unless it contains the parties' declaration of will for the effectiveness of the interlocutory agreement.

Article 636. Agreement to the Third Person's Benefit

1. Agreement to third person's benefit shall be an agreement in which a debtor is obliged to discharge his obligation to the benefit of the third person established or not established in the agreement.

2. A person that concluded the agreement and a third person, to whose benefit the fulfillment is stipulated, may claim the agreement fulfillment to the third person's benefit, unless otherwise is established by the agreement or the law or results from the essence of the agreement.
3. Since the moment a third person expressed its intention to exercise its right, the parties may not terminate or amend the agreement without the third person's consent, unless otherwise is established by the agreement or the law.
4. In case a third person refused the right given to it by the agreement, the party that concluded the agreement to the third person's benefit may exercise this right by himself, unless otherwise results from the essence of the agreement.

Article 637. Interpretation of the Agreement Provisions

1. Provisions of the agreement shall be interpreted pursuant to Article 213 of this Code.
2. In case of the agreement's provisions interpreting, typical provisions (typical agreements) may be also considered, even if the agreement contains no references to these provisions.

Chapter 53. CONCLUSION, AMENDMENT AND CANCELLATION OF THE AGREEMENT

Article 638. Conclusion of Agreement

1. An agreement shall be concluded, if the parties have duly reached a consensus on all its essential provisions.

Essential provisions of the agreement shall be the subject of the agreement, provisions that are established essential by the law or necessary for the agreements of a specific type as well as all those provisions, in respect thereof a consensus is to be reached upon application of at least one of the parties.

2. An agreement shall be concluded by way of one party's proposal to conclude an agreement (an offer) and the other party's acceptance of this proposal (an acceptance).

Article 639. Form of Agreement

1. An agreement may be concluded in any form, unless the law stipulates the requirements to its form.
2. In case the parties agreed to conclude an agreement in a specific form, it shall be deemed concluded since the moment of this form providing to it, even if the law did not require this form for a specific type of agreements.
3. If case the parties agreed to conclude an agreement in writing and the law does not determine a written form thereof, such an agreement shall be concluded since the moment of its signing by the parties.
4. In case the parties agreed to notarize the agreement and the law does not determine notarization thereof, such an agreement shall be concluded since the moment of its notarization.

Article 640. Moment of the Agreement Concluding

1. An agreement shall be concluded since the moment a person who sent an offer for the agreement conclusion receives a response about acceptance of this offer.

2. If pursuant to the civil legislation act, the agreement's conclusion requires also transfer of property or commitment of other action, the agreement shall be concluded since the moment of the respective property transfer or a certain action commitment.
3. An agreement eligible for notarization or state registration shall be concluded since the moment of its notarization or state registration and in case of both – since the moment of the state registration.

Article 641. Offer to Conclude the Agreement

1. Each of the parties to the future agreement may make an offer to conclude an agreement (offer).

An offer to conclude an agreement shall contain essential provisions of the agreement and shall express the intention of the person who made an offer to consider it liable in case of its acceptance.

2. Advertisements and other proposals addressed to an undetermined circle of persons shall be an invitation for an offer to conclude an agreement, unless otherwise is indicated in the advertisements or other proposals.
3. An offer to conclude an agreement may be recalled prior to or at the moment of its receipt by an addressee. An offer to conclude an agreement received by the addressee may not be recalled during the term for the response, unless otherwise is indicated in the offer or results from its essence or circumstances under which it was made.

Article 642. Acceptance of the Offer

1. Response of a person whom an offer to conclude an agreement was addressed about its acceptance (an acceptance) must be complete and unconditional.
2. If a person that received an offer to conclude an agreement within the term for the response committed action pursuant to the contractual terms specified in the agreement (dispatched goods, rendered services, fulfilled jobs, paid a respective sum of money etc.), that testified to his/her intention to conclude an agreement, this action shall be an offer acceptance, unless otherwise is established by the offer or the law.
3. A person that accepted an offer may recall his/her response on its acceptance notifying a person who made this offer thereof before the moment or at the moment of receiving the response on the offer's acceptance.

Article 643. Concluding Agreement under the Offer That Specifies the Term for Response

1. If the offer to conclude an agreement specifies the term for response, an agreement shall be concluded when a person that made the offer receives the response about its acceptance within this term.

Article 644. Concluding Agreement under the Offer That Does not Specify the Term for Response

1. If the offer to conclude an agreement was made orally and does not specify the term for response, an agreement shall be concluded when a person who received the offer immediately declares its acceptance.

2. If the offer to conclude an agreement without specific term for response was made in writing, an agreement shall be concluded when a person that made the offer receives the response within the term established by the civil legislation act and in case this term is not specified – within normally required period of time.

Article 645. Response about Acceptance of the Offer Received with Delay

1. If the response on acceptance of the offer to conclude an agreement was received with delay, a person that made an offer shall be released from his/her respective obligations.
2. If the response on acceptance of the offer to conclude an agreement was sent in time but received with delay, a person that made the offer to conclude an agreement shall be released from his/her respective obligations, provided he/she immediately notifies a person, whom the offer was addressed, about the delay in receiving the offer.

Response received with delay shall be a new offer.

3. Upon consent of a person that made the offer the agreement may be deemed concluded regardless of the fact that the response to the offer to conclude an agreement was sent and/or received with delay.

Article 646. Response about Consent to Conclude the Agreement upon Other Conditions

1. Response about consent to conclude an agreement upon other terms and conditions than were proposed, shall be a refusal from the offer received and at the same time shall be a new offer to a person that made the previous offer.

Article 647. Place of the Agreement Conclusion

1. An agreement shall be concluded at a residence place of a physical person or a place of location of a legal entity that made an offer to conclude an agreement, unless otherwise is established by the agreement.

Article 648. Agreement and Legal Acts of the State Authorities, Governmental Bodies of the Crimean Autonomous Republic, Local Self-governments

1. The content of the agreement concluded based on the legal act of the state authority, governmental body of the Crimean Autonomous Republic, local self-governments compulsory for the parties (a party) to the agreement shall have to comply with this act.
2. Specifics of conclusion of the agreement based on the legal act of the state authority, governmental body of the Crimean Autonomous Republic, local self-governments shall be established by the civil legislation acts.

Article 649. Resolution of Pre-agreement Litigations

1. Conflicts arisen between the parties while concluding the agreement based on the legal act of the state authority, governmental body of the Crimean Autonomous Republic, local self-governments and in other cases established by the law shall be resolved by the court.
2. Conflicts arisen between the parties while concluding the agreement based on the legal act of the state authority, governmental body of the Crimean Autonomous Republic, local self-governments may be resolved by the court in cases established by the agreement of the parties or the law.

Article 650. Concluding Agreements at Exchanges, Auctions, Competitions

1. Specifics of concluding agreements at exchanges, auctions, competitions etc. shall be established by the relative acts of civil legislation.

Article 651. Grounds to Amend or Cancel the Agreement

1. Amendment or cancellation of the agreement shall be allowed only by the parties' consent, unless otherwise is established by the agreement or the law.
2. An agreement may be amended or cancelled by the court decision on the request of one of the parties in case of significant violation of the agreement by the other party and in other cases established by the agreement or the law.

A significant violation shall be violation of the agreement by the party, when due to the inflicted losses the other party loses everything it expected to get during the agreement conclusion.

3. In case of a unilateral refusal from the agreement in full scope or partially and the right to such a refusal is determined by the law, the agreement shall be terminated or cancelled accordingly.

Article 652. Amendment or Cancellation of the Agreement Due to Significant Change of Circumstances

1. In case of significant change of the circumstances guiding the parties during the agreement conclusion, the agreement may be amended or cancelled by the parties' consent, unless otherwise is established by the agreement or results from the essence of the obligation.

Change of the circumstances shall be significant in case they have changed to the extent the parties could not envisage and in case they could they would not conclude an agreement or would have concluded it upon other terms and conditions.

2. In case the parties did not reach consensus to comply the agreement with the circumstances that have changed significantly or to terminate an agreement, the agreement may be cancelled and due to the reasons established in part 4 of this Article – may be amended by the court decision on the request of the concerned party, provided the following conditions are observed:

- 1) while concluding an agreement the parties thought that such change of circumstances would not occur;

- 2) change of circumstances is due to the conditions which the concerned party failed to remove after their emergence in spite of all its diligence and prudence;

- 3) fulfillment of the agreement would disturb the balance of the parties' property interests and would deprive the concerned party of everything it expected to get while concluding the agreement;

- 4) the essence of the agreement or business practices do not result in the risk of the circumstances' change to be born by the concerned party.

3. In case of the agreement termination due to significant change of circumstances, the court upon the request of any party shall determine the consequences of the agreement termination

based on the necessity to fairly distribute the expenses between the parties incurred in connection with this agreement fulfillment.

4. Amendment of the agreement due to significant change of circumstances shall be allowed upon the court decision in unique cases when termination of the agreement contradicts the public interests or entails the parties' losses substantially exceeding the expenses required for the agreement fulfillment under conditions changed by the court.

Article 653. Legal Consequences of Amendment or Cancellation of the Agreement

1. In case of the agreement amendment, obligations of the parties shall be changed according to the amended provisions on the subject, place, terms of fulfillment, etc.
2. In case of the agreement cancellation, obligations of the parties shall be terminated.
3. In case of amendment or cancellation of the agreement, an obligation shall be amended or terminated since the moment of reaching consent on the agreement amendment or cancellation, unless otherwise is established by the agreement or is conditioned by the nature of its amendment. In case the agreement is amended or cancelled per the judicial procedure, an obligation shall be changed or terminated since the moment the court's decision on amending or cancellation of the agreement takes legal effect.
4. The parties shall have no right to claim the return of what has been fulfilled by them under an obligation prior to the moment of the agreement amendment or cancellation, unless otherwise is established by the agreement or the law.
5. In case the agreement is amended or terminated due to significant violation of the agreement by one of the parties, the other party may claim reimbursement for the losses inflicted by the amendment or cancellation of the agreement.

Article 654. Form of Amending or Cancellation of the Agreement

1. The agreement shall be amended or cancelled in the same form as the agreement being amended or cancelled, unless otherwise is established by the agreement or the law, or results from the business practices.

SECTION III. SEPARATE TYPES OF OBLIGATIONS

Sub-section 1. CONTRACTUAL OBLIGATIONS

Chapter 54. PURCHASE AND SALE

§ 1. General Provisions of Purchase and Sale

Article 655. Sales Contract

1. Under a sales contract a party (a seller) shall transfer or take an obligation to transfer property (goods) into possession of the other party (a buyer) and the buyer shall accept or take an obligation to accept the property (goods) and to pay a certain amount of money for it.

Article 656. Subject Matter of Sales contract

1. Any goods, which are available at the seller at the moment of the agreement concluding or will be created (purchased, acquired) by the seller in future may be subject matter of a sales contract.

2. Property rights may be subject matter of a sales contract. General regulations on purchase and sale shall be applied to a sales contract of property rights unless otherwise results from the contents or nature of these rights.
3. The right of claim (legal claim) may be subject matter of a sales contract, unless the claim bears personal nature. Regulations on assignment of the legal claim shall be applied to a sales contract on the legal claim, unless otherwise is established by the agreement or the law.
4. General regulations on purchase and sale shall be applied to a sales contract of currency valuables and securities at exchanges, competitions, auctions (public bids), unless otherwise is established by the law on these types of sales contracts or results from their essence.
5. The law may establish specifics of a sales contract for separate types of property.

Article 657. Form of Separate Types of Sales contracts

1. A sales contract of a land parcel, an integrated property complex, a residential building/flat or other real estate shall be concluded in writing and subject to notarization and state registration.

Article 658. The Right to Sell Goods

1. The right to sell goods shall be vested with the owner of the goods, except for the cases of forced sale and other cases established by the law. In case the goods' seller is not its owner, the buyer shall acquire the ownership right only in the case the owner has no right to claim its return.

Article 659. The Seller's Obligation to Warn the Buyer about Third Persons' Rights in Goods

1. The seller shall be obliged to warn the buyer about all the right of the third person in goods being sold (tenant's rights, pledge right, lifelong use right, etc). In case of violation of this requirement the buyer shall have the right to claim the price reduction or termination of a sales contract, unless he was aware and could be aware of the third persons' rights in goods.

Article 660. The Buyer's and Seller's Obligations in Case of the Third Person's Law Suit to Claim Goods

1. If on the grounds that arose prior to the goods' sale, a third person brings a law suit to claim goods, the buyer shall be obliged to notify the seller thereto and to submit a petition on involving him to participate in the case. The seller shall have to enter the case on the buyer's side.
2. If the buyer did not notify the seller about a third person's bringing a law suit to claim goods, and did not submit a petition on involving the seller to participate in the case, the seller shall bear no responsibility to the buyer, in case the seller proves that by taking part in the case he could prevent taking away of the sold goods from the buyer.
3. If the seller was involved to participate in the case but evaded it, he shall have no right to prove that the seller unduly pleaded a case.

Article 661. The Seller's Responsibility in Case of the Goods' Appropriation from the Buyer

1. In case the goods are appropriated from the buyer to the third person by the court decision on the grounds that arose prior to the goods sale, the seller shall be obliged to reimburse for the

losses inflicted to the buyer, unless the buyer was aware or could be aware of the existence of these grounds.

2. A transaction to release the seller from responsibility or to limit it in case a third person claims the goods from the buyer shall be invalid.

Article 662. The Seller's Obligation to Transfer the Goods to the Buyer

1. The seller shall be obliged to transfer the goods under a sales contract to the buyer.
2. The seller shall be obliged to simultaneously transfer to the buyer the accessories and the documents (technical certificate, quality certificate etc.) for the goods eligible to transfer together with the goods pursuant to the agreement or the civil legislation acts.

Article 663. Term of the Obligation Fulfillment to Transfer Goods

1. The seller shall be obliged to transfer goods to the buyer in the term established by a sales contract and in case the content of the agreement makes impossible to establish this term – pursuant to the provisions of Article 530 of this Code.

Article 664. The Moment of Fulfillment of the Seller's Obligation to Transfer Goods

1. The seller shall fulfill his obligation to transfer goods to the buyer at the moment of:
 - 1) delivery of goods to the buyer, if the agreement stipulates the seller's obligation to deliver goods;
 - 2) provision of goods into the buyer's disposal, if the goods are to be transferred to the buyer at the place of the goods location.

A sales contract may determine the other moment for the seller to fulfill an obligation to transfer goods.

Goods shall be deemed transferred into the buyer's disposal if it is ready for transfer to the buyer at a due place in the term stipulated by the agreement and the buyer is informed accordingly thereof. Goods ready for transfer shall have to be properly identified, namely, by way of marking for the purpose of this agreement.

2. If a sales contract does not result in the seller's obligation to deliver or transfer goods at the location place, the seller's obligation to transfer goods to the buyer shall be deemed fulfilled at the moment of the goods transfer to a carrier or to communication service for its delivery to the buyer.

Article 665. Legal Consequences of the Seller's Rejection to Transfer Goods

1. If the seller refuses to transfer the sold goods, the buyer shall be entitled to reject a sales contract.
2. If the seller refused to transfer an article determined by individual characteristics, the buyer shall be entitled to raise claims to the seller pursuant to Article 620 of this Code.

Article 666. Legal Consequences of Non-fulfillment of the Seller's Obligation to Transfer the Goods' Accessories and Documents

1. If the seller does not transfer to the buyer the goods' accessories and eligible to transfer together with goods according to a sales contract or the civil legislation acts, the buyer shall be entitled to establish a reasonable term for their transfer.

2. If the seller did not transfer the goods' accessories or documents for the goods within the prescribed term, the buyer shall be entitled to reject a sales contract and to return goods to the seller.

Article 667. The Seller's Obligation to Save the Goods Sold

1. If the ownership right transfers to the buyer prior than the goods are transferred, the buyer shall be obliged to keep the goods safe and prevent their deterioration before transfer. The buyer shall be obliged to compensate the respective expenses to the seller, unless otherwise is stipulated by the agreement.

Article 668. Transfer of the Risk of Accidental Destruction or Damage of Goods

1. The risk of accidental destruction or accidental damage of goods shall be transferred to the buyer since the moment of the goods transfer to him, unless otherwise is stipulated by the agreement or the law.
2. The risk of accidental destruction or accidental damage of goods sold at the moment of its transportation shall be transferred to the buyer since the moment of a sales contract conclusion, unless otherwise is stipulated by the agreement or business practices.
3. The provision of the sales contract on transfer to the buyer of the risk of accidental destruction or accidental damage of goods since the moment of the goods dispatch to the first carrier, may be invalidated by the court, provided at the moment of the agreement concluding the seller was and could be aware of the goods being lost or damaged but did not inform the buyer hereof.

Article 669. Quantity of Goods

1. The quantity of goods on sale shall be determined by a sales contract in respective units or a money terms.
2. A provision on the goods' quantity may be agreed upon by the procedure to determine this quantity in a sales contract.

Article 670. Legal Consequences of Violating the Agreement Provision on the Goods Quantity

1. If the seller transferred the buyer a less quantity of goods than is established in a sales contract, the buyer shall be entitled to claim to transfer the missing quantity of goods or to reject the goods transferred and their payment and in case they are paid – to claim the goods repayment.
2. If the seller transferred the buyer a greater number of goods than is established in a sales contract, the buyer shall be obliged to inform the seller hereof. If the seller did not dispose the goods within a reasonable term after receiving such notification, the buyer shall be entitled to accept all goods, unless otherwise is stipulated by the agreement.
3. If the buyer accepted a greater number of goods than is established in a sales contract, he shall be obliged to pay for additionally accepted goods at a price established for the goods accepted according to the agreement, unless other price is established by the arrangement between the parties.

Article 671. Assortment of Goods

1. If upon a sales contract the goods are eligible to transfer in a certain ratio of types, models, sizes, colors, or other characteristics (assortment), the seller shall be obliged to transfer to the buyer the goods in the assortment agreed upon between the parties.
2. If a sales contract does not establish the assortment of goods or such assortment was not defined per the procedure established by the agreement, but the essence of the obligation results in the goods transfer to the buyer in the assortment, the seller shall have the right either to transfer to the buyer goods in the assortment based on the buyer's needs known to the seller at the moment of the agreement conclusion or to reject the agreement.

Article 672. Legal Consequences for Violation of the Agreement Provision on the Assortment of Goods

1. If the seller transferred goods in the assortment not complying with the provisions of a sales contract, the buyer shall have the right to reject their acceptance and payment, and in case the goods have been already paid for – to claim return of the money.
2. If the seller transferred to the buyer part of goods and their assortment complies with the provisions of a sales contract, and another part with the assortment violation, the buyer shall be entitled at his discretion:
 - 1) to accept the part of goods that meets the agreement provisions and reject the rest of goods;
 - 2) to reject all the goods;
 - 3) to claim replacement of the part of goods that does comply with the assortment for the goods in the assortment established by the agreement;
 - 4) to accept all the goods.
3. In case of rejection the goods with the assortment that does not comply with the provisions of a sales contract, or claim to replace these goods, the buyer shall have the right to reject payment for these goods and in case they have been already paid for – to claim return of the money paid.
4. Goods with the assortment that does not meet the provision of a sales contract shall be accepted, unless the buyer notifies the seller about his rejection within a reasonable term after the goods are received.
5. If the buyer did not reject the goods with the assortment that does not meet the provisions of a sales contract, he shall be obliged to pay for it at a price agreed upon with the seller.

If the seller did not take necessary steps to agree upon the price in a reasonable term, the buyer shall pay for the goods at a price applied to similar goods at the moment of concluding a sales contract.

Article 673. Quality of Goods

1. The seller shall be obliged to transfer to the buyer the goods the quality thereof meets the provision of a sales contract.

2. In case a sales contract does not contain provisions on the goods quality the seller shall be obliged to transfer to the buyer the goods suitable for the purpose for which goods of such kind are usually used.

If during concluding a sales contract the buyer informed the seller about a specific purpose of purchasing goods, the seller shall be obliged to transfer to the buyer the goods suitable for use pursuant to this purpose.

3. In case the goods are sold by sample and/or by description the seller shall be obliged to transfer to the buyer the goods that correspond to a sample and/or a description.
4. If the law establishes the requirements to the goods quality, the seller shall be obliged to transfer to the buyer the goods that meet these requirements.

The seller and the buyer may agree upon to transfer goods of super quality if compared with the requirements established by the law.

Article 674. Acknowledgement of the Goods' Compliance with the Legislation Requirements

1. The goods' compliance with the legislation requirements shall be acknowledged in the way and per the procedure established by the law and other regulatory acts.

Article 675. Guarantees for the Goods Quality

1. The goods being transferred by the sellers or eligible to transfer to the buyer shall meet the quality requirements at the moment of their transfer to the buyer, unless another moment to determine the goods compliance with these requirements is established by a sales contract.
2. An agreement or the law may establish the term for the seller to guarantee the quality of goods (warranty period).
3. Guaranty of the goods' quality shall be applied to all component parts, unless otherwise is stipulated by the agreement.

Article 676. Calculation of the Warranty Period

1. The warranty period shall commence since the moment of the goods transfer to the buyer, unless otherwise is established by a sales contract.
2. The warranty period determined by a sales contract shall be extended for a term, within which the buyer could not use goods due to the circumstances dependent on the seller until the seller removes them.

The warranty period shall be extended for the term, within which goods could not be used due to the defects detected in them, provided the seller is informed hereof per the procedure established by Article 688 of this Code.

3. The warranty period of a component part shall be equal to the warranty period of a main product and comes into effect simultaneously.
4. In case the goods (component part) of improper quality are replaced for the goods (component part) that meet the requirements of a sales contract, the warranty period shall come into effect since the moment of replacement.

Article 677. Serviceable Life of Goods

1. The law or other regulatory acts may establish the term upon expiration thereof the goods are deemed inapplicable for the functional use (serviceable life).
2. Serviceable life of goods shall be determine by a period calculated since the day of their production within which the goods are applicable for use, or the term (date), prior to which the goods are applicable for use.
3. The seller shall be obliged to transfer to the buyer the goods with the serviceable life established so that they could be functionally used before this term expires.

Article 678. Legal Consequences for Transfer of Improper Quality Goods

1. The buyer that received the goods of improper quality shall have the right to claim from the seller the following regardless of the possibility for the goods' functional use:
 - 1) to decrease the price pro rata;
 - 2) to remove the goods' defects free of charge within a reasonable term;
 - 3) to compensate for removing of the goods' defects;
2. In case of significant violation of the requirements to the quality of goods (detecting the defects that cannot be removed, the defects removal thereof is connected with disproportionate expenses or time inputs, the defects that were detected repeatedly or appeared again after their removal) the buyer shall have the right at his discretion:
 - 1) to reject the agreement and claim the money paid for the goods back;
 - 2) to claim replacement of the goods.
3. If the seller of the improper quality goods is not its manufacturer, claims to the goods replacement, defects removal for free and reimbursement for losses may be raised to the seller or the manufacturer.
4. Provisions of this Article shall be applicable, unless otherwise is established by this Code or the other law.

Article 679. Defects of Goods Charged with the Seller

1. The seller shall be charged with the goods' defects, if the buyer proves that they appeared before to the goods' transfer to him or due to the reasons existed prior to this moment.
2. If the seller provided guarantees for the goods' quality, he shall be responsible for the goods' defects, unless he proves the defects appeared after the goods' transfer to the buyer due to the buyer's violation of the goods' utilization or storage procedure, third persons' actions, accident or force-majeur.

Article 680. Terms for Detection of Defects and Raising Claim Due to Defects of the Goods Sold

1. The buyer shall be entitled to claim against the goods defects, provided these defects are detected in the terms established by this Article, unless otherwise is stipulated by the agreement or the law.

2. If the goods have no warranty period or serviceable life, the claim against their defects may be raised by the buyer, provided the defects are detected during a reasonable period but within the limits of two years and for the real estate – within the limits of three years since the goods were transferred to the buyer, unless a longer period is established by the agreement or the law.

If the day for the real estate transfer is impossible to identify or the buyer owned the real estate before the contract conclusion, the indicated term shall be calculated since the day of the contract conclusion.

Term for detection of defects in goods transported or sent by post shall be calculated since the day of the goods receipt at the place of destination.

3. If the goods have a warranty period, the buyer shall be entitled to claim against the defects detected during this period.

If a warranty period for the component part is shorter than for the main product, the buyer shall be entitled to claim against the defects of the component part, if these defects are detected during a warranty period for the main product.

If a warranty period for the component part is longer than for the main product, the buyer shall be entitled to claim against the goods defects, if the defects in the component part are detected during its guarantee period irrespective of the warranty period expiration for the main product.

4. The buyer shall have the right to claim against the defects of goods with the established serviceable life, provided these defects are detected during the serviceable life of goods.
5. If the buyer detects the defects after expiration of the warranty period or serviceable life of goods, the seller shall bear responsibility, provided the buyer proves that the goods' defects appeared prior to the goods transfer or by the reasons existed before this moment.

Article 681. Limitation Period Applied to Claims on Defects of the Sold Goods

1. One-year limitation period shall be applied to claims due to defects of the sold goods to be calculated since the day of detecting defects within the limits specified in article 680 of this Code and in case the goods have a warranty period (serviceable life) - since the day of detecting defects within the limits of a warranty period (serviceable life).

Article 682. Completeness of Goods

1. The seller shall be obliged to deliver to the buyer the goods that correspond to the conditions of a sales contract regarding their completeness.
2. If the sales contract does not specify conditions for the goods completeness, the seller shall be obliged to deliver the buyer the goods the completeness thereof is recognized by traditions of business practices or by other requirements.

Article 683. Set of Goods

1. If the sales contract specifies the seller's obligation to deliver the buyer a certain set of goods, the obligation shall be deemed fulfilled since the moment of delivery to the buyer of all the goods included in a set.
2. The seller shall be obliged to deliver all the goods included in a set simultaneously, unless otherwise is established by a contract or results from the essence of the obligation.

Article 684. Legal Consequences of Delivery of the Incomplete Goods

1. In case of delivery of the incomplete goods the buyer shall have the right to claim from the seller at his option:
 - 1) to reduce the price pro rata;
 - 2) to complete goods within a reasonable period.
2. If the seller fails to complete the goods within a reasonable period, the buyer shall have the right at his option:
 - 1) to claim a replacement of the incomplete goods for a complete ones;
 - 2) to reject the contract and to claim the paid money back.
3. Consequences specified by parts one and two of this Article shall be also applied in case the seller violates his obligation to deliver to the buyer a set of goods (Article 683 of this Code), unless otherwise is established by the contract or results from the essence of the obligation.

Article 685. Containers and Packing Under a Sales Contract

1. The seller shall be obliged to deliver to the buyer the goods in container and (or) in package unless otherwise is provided in the sales contract or results from the essence of the obligation.

An obligation to deliver to the buyer the goods in container or (and) in package shall not be extended to goods that do not require container or (and) package by their nature.
2. The goods shall be delivered in container and (or) packed in a package in a usual manner and in the absence of container or (and) package – in a manner that provides preservation of this kind of goods under the usual storage and transportation conditions, unless the sales contract establishes specific requirements to container and package.
3. The seller involved into entrepreneurship shall be obliged to deliver to the buyer the goods in container and (or) package that correspond to the requirements established by the civil law acts.

Article 686. Legal Consequences of Goods Delivery with Violation of the Container and/or Package Requirement

1. If the Seller delivered to the buyer the goods without container and (or) package or in inadequate container and (or) package, the buyer shall be entitled to demand from the seller the delivery of goods in the adequate container or package or replacement of the inadequate container and (or) package, unless otherwise results from the essence of the obligation or the nature of the goods as well as raise other claims resulting from the delivery of goods of improper quality (Article 678 of this Code).

Article 687. Verification of the Seller's Observance of the Sales Contract Conditions

1. The seller's observance of the sales contract conditions on the quantity, range/assortment, quality, completeness, container and (or) package of goods as well as other conditions shall be verified in cases and per the procedure established by the agreement or by the civil law acts.

If the regulatory acts on standardization specify the requirements to the procedure for verification of the quantity, range, quality, completeness, container and (or) package of goods, the verification procedure specified in the agreement shall correspond to these requirements.

2. If the procedure for verification of the seller's observance of the sales contract conditions is not established pursuant to part one of this Article, the verification is performed in

compliance with traditions of business practices or requirements usually produced in such cases.

3. The obligation to verify the quantity, range, quality, completeness, container and (or) package of goods (test, analysis, examination etc) may be assigned to the seller in compliance with the sales contract, civil law acts and by-laws on standardization. In this case the seller shall be obliged upon the buyer's request to give him evidence of such verification.
4. Observance of the sales contract conditions on the subject matter of the contract by the seller and by the buyer shall be verified under the same conditions.

Article 688. Notification of the Seller on Violation of the Sales Contract Provisions

1. The buyer shall be obliged to inform the seller on violation of the sales contract provisions on the quantity, range, quality, completeness, container and (or) package of goods within the term established by the contract or by the civil law acts and if this term is not established – within a reasonable term after detection of the violation pursuant to the nature and purpose of goods.

In case the buyer fails to fulfill this obligation, the buyer shall be entitled to partially or fully refuse from satisfying the respective claims of the buyer, provided the seller proves that non-fulfillment of the buyer's obligation to notify the seller on violations of the sales contract provisions caused impossibility for the seller to satisfy the buyer's claims or will result in the seller's expenses that will exceed the expenses in the event of timely notification on violation of the sales contract provisions.

2. If the seller knew or could know about the goods delivered to the buyer did not correspond to the sales contract conditions, he shall have no right to refer to non-receiving of the buyer's notification on violation of the sales contract conditions and to the consequences of non-fulfillment of the buyer's obligation specified in part one of this Article.

Article 689. Obligation of the Buyer to Accept the Goods

1. The buyer shall be obliged to accept the goods, except for the cases when he has the right to claim the goods' replacement or to reject a sales contract.
2. The buyer shall be obliged to perform actions, which according to the common requirements are necessary to ensure the goods' delivery and acceptance, unless otherwise is established by a sales contract or the civil legislation acts.

Article 690. Safekeeping of Goods not Accepted by the Buyer

1. If the buyer (recipient) refuses from accepting the goods delivered by the seller, he shall be obliged to ensure the safety of these goods by immediate notification of the seller hereof.
2. The seller shall be obliged to accept (remove) the goods not accepted by the buyer (recipient) or to dispose of them within a reasonable term.

If the seller fails to dispose of the goods within this term, the buyer shall have the right to sell the goods or to return them to the seller.

3. The buyer's expenses related to storage, sale or return of the goods to the seller shall be subject to reimbursement by the seller. At that the proceeds from the goods' sale shall be transferred to the seller minus the amounts due to the buyer.
4. If the buyer delays with acceptance of goods without good reasons or refuses to accept them, the seller shall have the right to claim from the buyer to accept and pay for the goods or to reject a sales contract.

Article 691. Price of Goods

1. The buyer shall be obliged to pay for the goods the price set in a sales contract or if the price is not set in a sales contract and cannot be discovered based on the contract's provisions – the price established by Article 632 of this Code and to take actions at his own cost which pursuant to a sales contract, civil law acts, or common requirements are necessary to effect payment.
2. If the price is set subject to the weight of goods, it shall be established per a net weight, unless otherwise is specified by a sales contract.
3. If a sales contract specifies that the goods' price is subject to changes depending on the indices that stipulate the price (production cost, inputs, etc.) but the method of its revision is not defined, the price shall be established based on the correlation of these indices as of the moment of a sales contract conclusion and as of the moment of the goods delivery.

If the seller delayed in fulfillment of his obligation on goods delivery, the price shall be established based on the correlation of these indices as of the moment of a sales contract conclusion and as of the day of the goods delivery specified in the contract and if the day is not specified – as of the day determined pursuant to Article 530 of this Code.

Provision of this part on establishing the goods price shall be applicable, unless otherwise is established by the civil law acts or results from the essence of the obligation.

Article 692. Payment for Goods

1. The buyer shall be obliged to pay for goods after their acceptance or after acceptance of the documents of title to the goods, unless the other payment period is established by a sales contract or civil law acts.
2. The buyer shall be obliged to pay to the seller the full price for the delivered goods. A sales contract may specify the installment payments.
3. In case of delay in payment for the goods the seller shall have the right to claim the goods payment and the interest for using the other's monetary funds.
4. If the buyer refuses to accept and pay for the goods, the seller shall have the right at his option either to claim the goods payment or to reject a sales contract.
5. If the seller is obliged to deliver to the buyer the other goods besides the unpaid ones, he shall have the right to suspend the goods delivery until the buyer pays fully for the previously delivered goods, unless otherwise is established in a sales contract or civil law acts.

Article 693. Advance Payment for Goods

1. If a sales contract specifies the buyer's obligation to pay for the goods partially or fully prior to their delivery by the seller (advance payment), the buyer shall have to effect payment within the term specified in a sales contract and if such term is not specified – within the term established by Article 538 of this Code.

In case the buyer does not fulfill the obligation on an advance payment for goods, the provisions of Article 538 of this Code shall be applied.

2. If the seller that received an advance payment fails to deliver the goods with the established term, the buyer shall have the right to claim the delivery of the paid goods or the return of the advance payment.
3. Pursuant to Article 536 of this Code, the interest shall be charged for the sum of an advance payment since the day of the assumed delivery of the goods till the day of their actual delivery to the buyer or return him of an advance payment. A sales contract may specify the

seller's obligation to pay the interest for the sum of an advance payment since the day of its receipt from the buyer.

Article 694. Goods' Sale on Credit

1. A sales contract may provide for the goods sale on credit with deferred payment or installment payment.
2. The goods shall be sold on credit at the prices effective at the sales day. Change in the goods price sold on credit shall not be the ground for recalculations, unless otherwise is specified by a sales contract or the law.
3. In case the seller fails to fulfill his obligation on delivery of goods sold on credit, provisions of Article 665 of this Code shall be applied.
4. If the buyer delays to pay for the goods sold on credit, the seller shall have the right to claim the return of the unpaid goods.
5. If the buyer delays with the goods payment, an interest shall be charged for the delayed amount pursuant to Article 536 of this Code since the day of the assumed payment for the goods till the day of actual payment.

A sales contract may provide for the buyer's obligation to pay interest for the amount corresponding to the price of goods sold on credit since the day of the goods delivery by the seller.

6. The seller shall have the right of the goods' mortgage since the moment of transfer of the goods sold on credit till their payment.

Article 695. Specifics of Payment for Goods in Installments

1. A credit sales contract may provide for the goods payment in installments.

The goods' price, procedure, terms and amount of payments shall be significant provisions of a credit sales contract with the condition of payment in installments.

2. If the buyer does not make a subsequent installment payment for the goods sold with installment payments and transferred to him, the seller shall have the right to reject the agreement and claim to return the sold goods.
3. Provisions of part three, five and six, Article 694 of this Code shall be applicable to a credit sales contract with the condition of payment in installments.

Article 696. Insurance of Goods

1. The agreement may determine the seller's or the buyer's obligation to insure goods.
2. If the party bearing an obligation to insure goods did not insure them, the other party shall have the right to insure goods and to claim reimbursement for the insurance expenses or to reject the agreement.

Article 697. Reservation of the Ownership Right with the Seller

1. The agreement may determine that the ownership right in the goods transferred to the buyer is reserved with the seller until the goods payment or other circumstances occur. In this case the buyer shall have no right to dispose the goods till the ownership right in them is transferred to him, unless otherwise is established by the agreement, the law or results from the purpose and the properties of goods.

2. If the buyer delayed with the goods payment, the seller shall have the right to claim to return goods.

The seller shall have the right to claim from the buyer to return the goods in case the circumstances under which the ownership right in goods had to be transferred to the buyer did not occur.

§ 2. Retail Purchase and Sale

Article 698. Retail Sales Contract

1. Under a retail sales contract the seller undertaking business activity of selling goods shall be obliged to transfer to the buyer the goods usually intended for personal, household or other use not connected with business activity and the buyer shall be obliged to accept and pay for the goods.
2. A retail sales contract shall be public.
3. Legislation on protection of consumers' rights shall be applicable to the relations under a retail sales contract with participation of the buyer - an individual – not regulated by this Code.
4. Conditions of the contract restricting the rights of the buyer - an individual as compared to the rights established by this Code and legislation on protection of consumers' rights shall be invalid.
5. The buyer shall have the right for reimbursement of the losses inflicted to him by the seller due to the advantages of his position in the production or trade activity.

Article 699. Public Offer to Conclude a Sales Contract

1. Offer of goods in commercial, catalogues and other specifications of the goods addressed to an indefinite circle of persons shall be a public offer to conclude an agreement, provided it contains all the significant provisions of the contract.
2. Exhibition of goods, demonstration of their samples or providing information about goods (specifications, catalogues, photos etc.) at the sales places shall be public offer to conclude a contract, irrespective of the price and other significant provisions of a sales contract are specified, except for the cases when the seller specifies expressly that the respective goods are not designated for sale.

Article 700. Supply of Information about the Goods to the Buyer

1. The seller shall be obliged to supply to the buyer all the necessary and reliable information about the goods offered for sale. Information shall meet the legal requirements and the rules of retail sale as to its content and methods of supply.
2. Prior to a sales contract conclusion, the buyer shall have the right to examine the goods, to demand verification of their properties in his presence or to demonstrate their use, unless this is excluded by the goods' nature and contradicts to the rules of retail sale.
3. If a possibility to immediately obtain a complete and reliable information about the goods at a sales place is not provided to the buyer, he shall be entitled to demand compensation for the losses inflicted by the unjustified evasion from the contract concluding and in case a contract

is concluded – to reject a contract within a reasonable term, to claim the money paid for the goods back and the compensation for the losses and moral damage incurred.

4. The seller that has not provided a possibility to the buyer to get a complete and reliable information about the goods shall bear responsibility for the defects of the goods arisen after the goods transfer to the buyer, provided the buyer proves that these defects arose due to the absence of such information with him.

Article 701. Conditional Agreement for Accepting the Goods by the Buyer within the Established Term

1. The parties may conclude a sales contract with the provision of accepting the goods by the buyer within the term established by the contract and provided that the goods may not be sold to another buyer during this term.
2. If the buyer did not appear or undertake other actions required for the goods acceptance within the given period, the buyer shall be deemed to reject a contract, unless otherwise is stipulated by the agreement.
3. Additional expenses of the seller to ensure the goods transfer to the buyer within the established term shall be included into the goods' price, unless otherwise is stipulated by the agreement or the civil legislation acts.

Article 702. Sale of Goods by Samples

1. The parties may conclude a sales contract based on the buyer's getting familiar with the goods samples (by specification, catalogue etc.).
2. A sales contract by samples shall be implemented since the moment of the goods delivery to a place specified by the contract; and if the contract does not specify a place for the goods delivery – since the moment of the goods delivery to a place of residence of the buyer – an individual, unless otherwise is established by the agreement or the law.
3. Prior to the goods transfer, the seller shall have the right to reject a contract, provided he compensates the buyer for the losses connected with performing the actions on the contract implementation.

Article 703. Sale of Goods Using Automatic Machines

1. If automatic machines are used for the goods sale, the owner of automatic machines shall be obliged to supply to the buyers the information about the goods' seller by way of placing it on the automatic machine or otherwise to inform the buyers about the seller's name, location, operating mode as well as about the actions the buyer needs to perform for obtaining the goods.
2. A retail sales contract using automatic machines shall be concluded since the moment the buyer performed the actions required for obtaining the goods.
3. If the buyer does not obtain the goods paid, the seller upon the buyer's request shall have to immediately transfer the goods to the buyer or to return back the money paid by him.
4. If the automatic machine is used for money exchange, means of payment acquisition or currency exchange, the provisions on the retail purchase and sale shall be applicable, unless otherwise results from the essence of the obligation.

Article 704. Conditional Agreement to Deliver Goods to the Buyer

1. If a retail sales contract is concluded with the provision to deliver goods to the buyer, the seller shall be obliged within the term established by the contract to deliver goods to the place specified by the buyer and if the place of the goods' delivery is not specified by the buyer – to the place of residence of the buyer, a physical person, or to the location of a legal entity.
2. A retail sales contract with the provision on the goods delivery to the buyer shall be fulfilled since the moment of the goods delivery to the buyer and in case of his absence – to a person that presented a receipt or another document witnessing the contract conclusion or registration of the goods delivery, unless otherwise is established by the agreement, the civil legislation acts or results from the essence of the obligation.
3. If the agreement does not establish the term for the goods delivery to submit them to the buyer, the goods shall be delivered within a reasonable term after the buyer's claim is received.

Article 705. Rent and Sale Contract

1. By the rent and sale contract the buyer shall be a tenant (a renter/ lessee) of the goods before the ownership right in the goods transferred by the seller is assigned to him.
2. The buyer shall become the owner of the goods transferred to him under the rent and sale contract since the moment of the goods payment, unless otherwise is stipulated by the agreement.

Article 706. Price and Payment for Goods

1. The buyer shall be obliged to pay for the goods at a price announced by the seller at the moment of the agreement conclusion unless otherwise is established by the law or results from the essence of the obligation.
2. If the agreement determines a prepayment for the goods (Article 693 of this Code) a delay in payment for the goods shall be the buyer's rejection the agreement, unless otherwise is established by the agreement.
3. Provisions of the first paragraph, part five of Article 694 of this Code shall not be applicable to a retail sales contract on credit, including with payment by installments.
4. The buyer shall be entitled to pay for the goods in full any time within the limits for payment in installments established by the agreement.

Article 707 Exchange of Goods

1. The buyer shall be entitled within fourteen days since the day of non-food goods of improper quality transfer to him to exchange them for the similar goods of the other size, form, dimensions, fashion, set etc. at the place of acquisition or in the other places mentioned by the seller, unless a longer term is established by the seller. In case of the price difference, the buyer shall make the required recalculation with the seller.

If the seller has no goods required for the exchange, the buyer shall have the right to return the acquired goods to the seller and to get the money paid for it back.

The buyer's claim to exchange or return the goods shall be subject to satisfaction, provided the goods were not in use, their trade appearance and consumer features are preserved, and the evidence of the goods' acquisition from this seller is available.

2. The list of commodities not subject to exchange or return on the grounds stipulated by this Article shall be established by the regulatory acts.

Article 708. The Buyer's Rights in Case of Selling Him Goods of Improper Quality

1. If during the warranty period or other terms established mandatory for the parties by the rules or the agreement the buyer detects the defects not warned against by the seller or that the goods is a fake, the buyer shall have the right at his discretion:
 - 1) to claim from the seller or the manufacturer to remove the defects for free or to reimburse for the expenses incurred by the buyer or the third person for their remedy;
 - 2) to claim from the seller or the manufacturer to substitute the goods for the similar ones of the proper quality or for the same goods of another model with corresponding recalculation in case of the price difference;
 - 3) to claim from the seller or the manufacturer a respective reduction in price;
 - 4) to reject the agreement and claim to return back the money paid for the goods.
2. The buyer that purchased non-food goods already been in use and sold through retail commission mercantile businesses, and being informed by the seller hereof, shall have the right to raise claims stipulated by the first part of this Article, provided the acquired goods contained significant defects not notified by the seller.

Article 709. Procedure and Terms for Satisfying the Buyer's Claims to Replace Goods or Remove Defects

1. The seller or the manufacturer (or their authorized representatives) shall be obliged to accept the goods of improper quality from the buyer and to satisfy his claims on the goods' replacement or the defects remedy. The seller or the manufacturer shall deliver the goods to the seller and return them back to a buyer and in case the seller or the manufacturer do not fulfill this obligation or the seller or the manufacturer is absent at the buyer's location, the buyer may return the goods at their expense.
2. The buyer's claim to replace the goods shall be subject to immediate satisfaction, and in case of the necessity to verify the goods' quality - within fourteen days or within another term agreed upon between the parties.

In case the required goods are missing the buyer's claim to replace the goods shall be subject to satisfaction within a two-months' term since the day of the application submission.

If the buyer's claim to replace the goods cannot be satisfied within the established terms, the buyer shall be entitled at his discretion to raise other claims to the seller or the manufacturer pursuant to Article 708 of this Code.

3. The buyer's claim to remedy the defects of the goods for free shall be subject to satisfaction by the seller or the manufacturer within fourteen days or within another term agreed upon between the parties. Upon the buyer's request, the similar goods shall be provided for his use for the term of repair, irrespective of the model including delivery.

4. If the defects of the goods are removed by means of replacement of their component or an integral part having a warranty period, the warranty period of a new component or an integral part shall be calculated since the day of the goods supply to the buyer after the defects are removed.
5. The seller shall pay to the buyer a forfeit of one percent from the goods' value for each day of the seller's or manufacturer's delay in removing the defects of the goods and non-fulfillment of the claim to provide the similar goods for the buyer's use for the term of the remedy.

Article 710. Compensation for the Price Difference in Case of the Goods Replacement, Reduction in Price and Return of the Improper Quality Goods

1. In case the goods with defects are substituted for the goods of the proper quality the seller shall have no right to claim compensation for the difference in the goods' price determined by a sales contract and the price effective as of the moment of the goods' replacement or the court's decision on the goods' replacement.
2. If the goods of improper quality are substituted for similar goods of the proper quality but of the other size, fashion, grade etc., the difference between the price of the replaced goods and the price of the proper quality goods effective as of the moment of the goods' replacement or the court's decision on the goods replacement shall be subject to reimbursement.
3. In case of the buyer's claim to reduce the good's price respectively the price of the goods effective as of the moment of the claim raising and in case of the buyer's claim is not voluntarily satisfied by the seller – as of the moment of the court's decision on the corresponding reduction in price shall be taken for the calculation.
4. In case the buyer rejects an agreement and returns the improper quality goods back to the seller, the buyer shall have the right to claim reimbursement for the difference between the price established by the agreement and the price of the respective goods as of the moment of the voluntary satisfaction of his claim and in case the claim is not voluntarily satisfied – as of the moment of the court's decision.
5. If by the time of executing the court's decision on compensating the price difference in case of the goods substitution, reducing the price of the improper quality goods or returning it back the prices for these goods have raised, the buyer may raise additional claims to the seller on these grounds.

Article 711. Liability for Damage Inflicted by the Improper Quality Goods

1. The damage caused to the buyer's property and the damage caused by disability, other health injury or death connected with the purchase of the improper quality goods shall be reimbursed by the seller or the goods manufacturer pursuant to the provisions of Chapter 82 of this Code.

§ 3. Supply

Article 712. Supply Agreement

1. Under a supply agreement the seller (supplier) that carries on business shall be obliged to transfer to the buyer's possession within a prescribed period (term) the goods to be used in business or for the other purpose not connected to personal, family, household or other similar use and the buyer shall be obliged to accept the goods and to pay a certain sum of money for it.

2. General provisions on purchase and sale shall be applied to a supply agreement, unless otherwise is established by the agreement, the law or results from the nature of the relations between the parties.
3. The law may provide for the specifics in regulation of supply agreements' conclusion and execution, including an agreement to supply goods for the state needs.

§ 4. Contracting Agricultural Products

Article 713. Contracting Agreement of Agricultural Products

1. Under an agricultural products contracting agreement a producer of agricultural products shall be obliged to produce the agricultural products established by the agreement and transfer them into ownership of a provider (contractor) or a recipient established by him and a provider shall be obliged to accept these products and pay for them at the established prices pursuant to the agreement's provisions.
2. General regulations on purchase and sale and provisions on a supply agreement shall be applied to the contracting agreement, unless otherwise is established by the agreement or the law.
3. The law may provide for the specifics of conclusion and execution of a contracting agreement of agricultural products.

§ 5. Energy and Other Resources Supply through the Connection Network

Article 714. Agreement for Energy and Other Resources Supply through the Connection Network

1. Under a supply agreement of energy and other resources through the connection network a party (provider) shall be obliged to supply to the other party (consumer, customer) energy and other resources stipulated by the agreement and a consumer (customer) shall be obliged to pay the value of the accepted resources and to observe the contractual mode of its use, and also to ensure safety use of power and other equipment.
2. General regulations on purchase and sale and provisions of a supply agreement shall be applied to an agreement of energy and other resources supply through the connection network.
3. The law may provide for the specifics of conclusion and execution of an agreement of energy and other resources supply through the connection network.

§ 6. Exchange

Article 715. Exchange Agreement

1. Under an exchange (barter) agreement each of the parties shall be obliged to transfer goods into the other party's possession in exchange for the other goods.
2. Each of the parties to an exchange agreement shall be a seller of the goods transferred in exchange and a buyer of the goods received in exchange.

3. An agreement may determine an additional payment for the goods of the higher value to be exchanged for the goods of a lower value.
4. Ownership right for the goods exchanged shall be transferred to the parties simultaneously after fulfillment of their obligations on the property transfer by both parties, unless otherwise is stipulated by the agreement or the law.
5. An agreement may stipulate an exchange of the property for the jobs (services).
6. An agreement may stipulate the specifics of concluding and executing of an exchange agreement.

Article 716. Legal Regulation of Exchange

1. General regulations on purchase and sale, provisions of a supply agreement, a contracting agreement or other agreements, the components thereof are incorporated into an exchange agreement shall be applied to an exchange agreement, unless this contradicts the essence of the obligation.

Chapter 55. Gift

Article 717. Gift Agreement

1. Under a gift agreement a party (grantor) shall transfer or be obliged to transfer cost-free in the future the property (gift) into the other party's (grantee) possession.
2. An agreement that establishes an obligation of the grantee to perform any action of property or non-property character shall not be a gift agreement.

Article 718. Subject Matter of Gift Agreement

1. Movables including money and securities, and real estate may be a gift.
2. Property rights owned by the grantor or property rights that may arise with him in the future may be a gift.

Article 719. Form of a Gift Agreement

1. A gift agreement of personal and household use objects may be concluded orally.
2. A gift agreement of real estate (feoffment) shall be concluded in writing and shall be notarized.
3. A gift agreement of property right and a gift agreement with the obligation to transfer a gift in the future shall be concluded in writing. In case a written form of a gift agreement is not observed this agreement shall be invalid.
4. A gift agreement of movables having specific value shall be concluded in writing. Transfer of such an object under oral agreement is legitimate, unless the court establishes that a grantee possessed it illegally.
5. A gift agreement of currency valuables for a sum exceeding a fifty-fold amount of a tax-free minimum of the citizens' income shall be concluded in writing and shall be subject to notarization.

Article 720. Parties to a Gift Agreement

1. Physical persons, legal entities, the State of Ukraine, the Autonomous Republic of Crimea and a territorial community may be the parties to a gift agreement.
2. Parents, (adopters), custodians shall have no right to gift the property of children, persons under care.
3. Business companies may conclude a gift agreement between each other, provided the right of gift is directly established by the constituent document of the grantor. This provision shall not be applicable to the right of a legal entity to conclude a donation agreement.
4. A representative of the grantor may conclude a gift agreement on behalf of the grantor. A mandate for concluding a gift agreement, which does not determine the grantee's name, shall be invalid.

Article 721. Obligations of a Grantor

1. If a grantor is aware of the defects in a gifted article or its that may be dangerous for a grantee or the other persons' life, health, property, he shall be obliged to inform a grantee thereof.
2. A grantor that was aware of the defects or specific features of a gifted article and did not inform the grantee thereof shall be obliged to reimburse for the damage inflicted to the property, and any harm inflicted by the disability, other harm to the health, or death due to the use or possession of a gift.

Article 722. Accepting a Gift

1. A grantee's ownership right in a gift shall arise since the moment of its acceptance.
2. A grantor that transferred a gift to an enterprise, a transport organization or a communication establishment or to another person to be presented to a grantee shall have the right of reject a gift agreement before a gift is presented to a grantee.
3. If a gift was sent to a grantee without his prior consent, a gift shall be deemed accepted, unless a grantee immediately announce his refusal from its acceptance.
4. A gift acceptance shall mean acceptance by a grantee of the documents witnessing ownership right in the article gifted, other documents certifying that the subject of the agreement or the symbols of the article gifted (keys, models etc.) belong to a grantor.

Article 723. Gift Agreement with the Obligation to Transfer a Gift in Future

1. A gift agreement may establish the grantor's obligation to transfer a gift to a grantee in future in a certain term (in a certain time) or in case of occurrence of a deferred circumstance.
2. In case of occurrence of the term (time) or a deferred circumstance established by a gift agreement with the obligation to transfer a gift in future, a grantee shall have the right to demand from a grantor to transfer a gift or to reimburse for its value.
3. In case of a grantor's or a grantee's death before the term (time) or a deferred circumstance established by a gift agreement with the obligation to transfer a gift in future, a gift agreement shall be terminated.

Article 724. Unilateral Rejection of a Gift Agreement with the Obligation to Transfer a Gift in Future

1. A grantor shall have the right to refuse from a gift transfer in future, if after an agreement concluding his property position has become worse substantially.
2. A grantee shall have the right to refuse any time from a gift acceptance based on a gift agreement with the obligation to transfer a gift in future.

Article 725. The Grantee's Obligation to the Third Person's Benefit

1. A gift agreement may determine the grantee's obligation to perform a certain property act to the third person's benefit or to refrain from its performance (transfer a sum of money or the other property into ownership, pay money-rent, grant the right of perpetual use of a gift or its part, do not claim eviction from a third person etc.).
2. A grantor shall have the right to claim from a grantee to fulfill the obligation charged on him to the third person's benefit.

In case of a grantor's death, declaring him dead, recognizing him missing, or incapable, a person to whose benefit an obligation is established shall have the right to claim to fulfill an obligation to the third person's benefit.

Article 726. Legal Consequences of Violating an Obligation to the Third Person by a Grantee

1. If a grantee violates an obligation to the third person's benefit, the grantor shall have the right to cancel an agreement and to return a gift back, and in case such return is impossible – to reimburse for the gift's value.

Article 727. Cancellation of a Gift Agreement upon the Grantor's Request

1. A grantor shall have the right to claim cancellation of a gift agreement of real estate or other personal valuable property in case a grantee intentionally committed a crime against the grantor's life, health, property, parents, wife (husband), or children.

If a grantee committed a willful homicide of a grantor, the grantor's heirs shall have the right to claim cancellation of a gift agreement.

2. A grantor shall have the right to claim cancellation of a gift agreement, if a grantee creates a threat of irreparable loss of a gift that is of great non-property value to a grantor.
3. A grantor shall have the right to claim cancellation of a gift agreement, if this article may be destroyed or seriously damaged in the result of a grantee's negligence to the article that constitutes historic, scientific and cultural value.
4. A grantor shall have the right to claim cancellation of a gift agreement, if a gift has remained preserved as of the moment of a claim raise.
5. In case of cancellation of a gift agreement a grantee shall be obliged to return the gift back in kind.

Article 728. Limitation of Action Applied to Claims on Cancellation of a Gift Agreement

1. A one-year limitation of action shall be applied to claims on cancellation of a gift agreement.

Article 729. Endowment

1. Endowment shall be granting of real estate, movables, especially money and securities to the persons established by part one of Article 720 of this Code with the aim to reach a specific predetermined goal.
2. An endowment agreement shall be concluded since the moment of endowment acceptance.
3. Provisions of a gift agreement shall be applied to an endowment agreement, unless otherwise is stipulated by the law.

Article 730. Rights of Endower

1. An endower shall have the right to supervise over the use of endowment pursuant to the goal established by an endowment agreement.
2. If the use of endowment per its designation turned impossible, its use per the other designation shall be possible only by the endower's consent and in case of his death or a legal entity liquidation – by the court's decision.
3. An endower or his legal successors shall have the right to claim cancellation of an endowment agreement, unless an endowment is used per its designation.

Chapter 56. Rent

Article 731. Rent Agreement

1. Under a rent agreement a party (rentier) shall transfer the property into ownership of the other party (rent payer, tenant) and in return for it a tenant shall be obliged to periodically pay a rent to a rentier in the form of a certain sum of money or in some other form.
2. A rent agreement may determine an obligation to pay rent perpetually (open-ended rent) or within a specific period.

Article 732. Form of a Rent Agreement

1. A rent agreement shall be concluded in writing.
2. A rent agreement shall be subject to notarization and the agreement on the real estate transfer for the rent payment shall be also subject to state registration.

Article 733. Parties to a Rent Agreement

1. Physical persons or legal entities may be the parties to a rent agreement.

Article 734. Property Transfer upon the Rent Payments

1. A rent agreement may establish to transfer property by a rentier into the tenant's possession for a fee or for free.
2. If a rent agreement determines that a rentier transfers property into the tenant's possession for a fee, general provisions on purchase and sale shall be applied to the relations on property transfer between the parties and if the property is transferred for free – provisions of a gift agreement shall be applied, unless this contradicts the essence of a rent agreement.

Article 735. Securing Rent Payment

1. In case of a land parcel or other real estate is transferred for a rent payment, a rentier shall acquire a mortgage right in this property.

2. A rent payer (tenant) shall have the right to alienate the property transferred to him under rent payment only by the rentier's consent.

In case of real estate alienation to another person, he shall acquire responsibilities of a rent payer.

3. Rent payment may be secured by way of the rent payer's responsibility to insure a risk of non-fulfillment of his obligations under a rent agreement.

Article 736. Responsibility for Delay in Rent Payment

1. For the delay in rent payments the rent payer shall pay interest to a rentier.

Article 737. Form and Amount of Rent

1. A rent may be paid in the monetary form or by means of transferring objects, fulfilling jobs, rendering services. Form of a rent payment shall be established by a rent agreement.
2. Rent amount shall be established by the agreement.

If a rentier transferred a sum of money into the rent payer's possession, a rent amount shall be established in the amount of a discount rate of the National Bank of Ukraine, unless a higher amount is established by a rent agreement.

Article 738. Term for a Rent Payment

1. A rent shall be paid at the end of each calendar quarter, unless otherwise is established by a rent agreement.

Article 739. Perpetual Rent Payer's Right to Reject a Rent Agreement

1. A payer of an open-ended rent shall have the right to reject a rent agreement.

A provision, according to which an open-ended rent payer may not reject a rent agreement, shall be invalid.

2. A rent agreement may determine conditions for an open-ended rent payer's rejection a rent agreement.
3. A rent agreement shall be terminated in three months since the day a rentier received a written refusal from the agreement by an open-ended rent payer, provided complete settlement is made between them.

Article 740. Right of a Perpetual Rentier to Cancel a Rent Agreement

1. A perpetual rentier shall have the right to claim cancellation of a rent agreement in the following cases:
 - 1) a perpetual rent payer delayed in payment for more than one year;
 - 2) a perpetual rent payer violated his obligations to provide rent payments;
 - 3) a perpetual rent payer is recognized insolvent or other circumstances justifying his impossibility to pay rent in the terms and the amount established by the agreement have arisen.

2. A perpetual rentier shall have the right to claim cancellation of a rent agreement also in other cases established by a rent agreement.

Article 741. Settlements Between the Parties in Case of a Rent Agreement Cancellation

1. If a rent agreement does not determine legal consequences for breaking a rent agreement, the settlements shall be made depending on the property's transfer into the rent payer's possession for a fee or free of charge.
2. If the property was transferred into the rent payer's possession free of charge, in case of a rent agreement cancellation a rentier shall have the right to claim from a rent payer an annual sum of a rent payment.
3. If the property was transferred into the rent payer's possession for a fee, a rentier shall have the right to claim from a rent payer to pay a annual sum of a rent plus the value of the property transferred.

Article 742. Risk of Accidental Destruction or Damage of the Property Transferred under Perpetual Rent Payment

1. A rent payer shall bear a risk of accidental destruction or accidental damage of the property transferred free of charge under perpetual rent payment.
2. In case of accidental destruction or accidental damage of the property transferred for a fee under perpetual rent payment, a rent payer shall have the right to claim respectively cancellation of the obligation on a rent payment or change of the provisions for its payment.

Article 743. Risk of Accidental Destruction or Damage of the Property Transferred under Rent Payment for a Specific Term

1. In case of accidental destruction or accidental damage of the property transferred under the rent payment for a specific term, a rent payer shall not be released from the obligation to pay the rent till expiration of a rent payment term under the provisions determined by a rent agreement.

Chapter 57. LIFELONG MAINTENANCE (ATTENDANCE)

Article 744. Notion of a Lifelong Maintenance (Attendance) Agreement

1. By the agreement of the lifelong maintenance (attendance) a party (alienator) shall transfer a residential building, a flat, or part thereof, other real estate, or movables of significant value into ownership of the other party (recipient, alienee), in return thereof an alienee shall be obliged to provide a lifelong maintenance and (or) attendance to an alienator.

Article 745. Form of a Lifelong Maintenance (Attendance) Agreement

1. A lifelong maintenance (attendance) agreement shall be concluded in writing and shall be subject to notarization.
2. A lifelong maintenance (attendance) agreement stipulating transfer of real estate to an alienee's ownership shall be subject to state registration.

Article 746. Parties to the Lifelong Maintenance (Attendance) Agreement

1. A physical person irrespectively of his/her age and state of health may be the alienator in the lifelong maintenance (attendance) agreement.

2. A full-aged capable physical person or a legal entity may be the alienee in a lifelong maintenance (attendance) agreement.
3. In case of several physical persons being alienees, they shall become co-owners of the property transferred to them under a lifelong maintenance (attendance) agreement upon a common joint ownership right.

In case of several physical persons being alienees, their obligation to the alienator shall be solidary.

4. An alienator may conclude a lifelong maintenance (attendance) agreement to the benefit of a third person.

Article 747. Specifics of Concluding a Lifelong Maintenance (Attendance) Agreement Regarding the Property Being in Common Joint Ownership

1. Co-owners of the property owned upon a common joint ownership right, especially a married couple, may alienate it based on a lifelong maintenance (attendance) agreement.

In case of death of a co-owner of the property alienated by them based on a lifelong maintenance (attendance) agreement, the scope of the alienee's obligation shall be reduced respectively.

2. If one of the co-owners of the property owned upon a common joint ownership right is an alienator, a lifelong maintenance (attendance) agreement may be concluded after a share of this co-owner in a joint property is established or the procedure of the property use is specified by the co-owners.

Article 748. The Moment of Arising of the Alienee's Ownership Right in Property Transferred under the Lifelong Maintenance (Attendance) Agreement

1. An alienee shall become the owner of the property transferred to him under a lifelong maintenance (attendance) agreement pursuant to Article 334 of this Code.

Article 749. Obligations of an Alienee under the Lifelong Maintenance (Attendance) Agreement

1. All types of material support and also all types of care (custody) by which an alienee is obliged to provide an alienator, may be determined by the lifelong maintenance (attendance) agreement.
2. If the alienee's obligations were not specifically determined or in case of necessity to provide other types of material support and care to an alienator, a litigation shall be resolved based on the principles of justice and rationality.
3. In case of an alienator's death an alienee shall be obliged to bury him/her, even if a lifelong maintenance (attendance) agreement did not stipulate this.

If a part of the alienator's property was transferred to his inheritors, the expenses on his funeral shall be fairly divided between them and the alienee.

Article 750. Alienee's Obligation to Provide Alienator with Housing

1. An alienee may be obliged to provide an alienator or a third person with living accommodations in a building (flat) transferred to him under a lifelong maintenance (attendance) agreement.

In this case an agreement shall specify the part of the housing, in which an alienator has the right to live.

Article 751. Monetary Valuation of the Alienator's Material Provision

1. Material provision monthly eligible to an alienator shall be a subject to monetary valuation. Such valuation shall be subject to indexation per the procedure determined by the law.

Article 752. Substitution of Alienee under a Lifelong Maintenance (Attendance) Agreement

1. In case a physical person cannot further fulfill his alienee's obligations under a lifelong maintenance (attendance) agreement due to significant reasons, the alienee's obligations may be transferred by the alienator's consent to a member of the alienee's family or to another person by their consent.
2. The alienator's rejection his consent for transfer of the alienee's obligations to another person under a lifelong maintenance (attendance) agreement may be appealed against at the court. In this case the court shall take into account the term of the agreement fulfillment and other circumstances of significant importance.

Article 753. Substitution of Property Transferred to Alienee under a Lifelong Maintenance (Attendance) Agreement

1. An alienee and an alienator may agree on substitution of a object transferred under a lifelong maintenance (attendance) agreement for another object.

In this case the scope of the alienee's obligations may be changed by the parties' consent or remained unchanged.

Article 754. Ensure Fulfillment of a Lifelong Maintenance (Attendance) Agreement

1. Prior to the alienator's death an alienee shall have no right to sell, grant or exchange the property transferred under a lifelong maintenance (attendance) agreement, conclude a pledge agreement or transfer the property into the other person's ownership based on any other transaction.
2. Property transferred to an alienee under a lifelong maintenance (attendance) agreement may not be seized during the alienator's life.
3. Loss (deterioration) or damage of property, transferred to an alienee shall not be the ground for termination or reduction of the scope of his obligations to an alienator.

Article 755. Termination of a Lifelong Maintenance (Attendance) Agreement

1. A lifelong maintenance (attendance) agreement may be terminated by the court decision:
 - 1) at the request of an alienator or a third person to whose benefit it was concluded in the event of failure to fulfill or improper fulfillment of the alienee's obligations regardless of his guilt;
 - 2) at the alienee's request.
2. A lifelong maintenance (attendance) agreement shall be terminated by the death of the alienator.

Article 756. Legal Consequences of Cancellation of a Lifelong Maintenance (Attendance) Agreement

1. If a lifelong maintenance (attendance) agreement is cancelled due to non-fulfillment or improper fulfillment of contractual obligations by an alienee, an alienator shall acquire the title to the property transferred by him and shall have the right to claim its return.

In this case, expenses incurred by an alienee in connection with maintenance and (or) care of an alienator shall not be reimbursed.

2. If an agreement is cancelled due to the alienee's impossibility to fulfill it for substantial reasons, the court may vest the title in a share of the property with an alienee taking into account the period of time within which an alienee duly fulfilled his contractual obligations.

Article 757. Legal Consequences of the Alienee's Death

1. The alienee's obligations under a lifelong maintenance (attendance) agreement shall be transferred to those heirs who acquired the title in the property transferred by the alienator.

If a heir by will refused to accept property transferred by the alienator, the title in the property may be transferred to a heir by the law.

2. If an alienee has no heirs or they refused to accept the property transferred by the alienator, the alienator shall acquire the title in this property. In this case a lifelong maintenance (attendance) agreement shall be terminated.

Article 758. Legal Consequences of Termination of a Legal Entity – an Alienee

1. In case of termination of a legal entity – an alienee and legal successors being defined, they shall acquire the rights and responsibilities under a lifelong maintenance (attendance) agreement.
2. In case of liquidation of a legal entity - an alienee, the ownership right in the property transferred under a lifelong maintenance (attendance) agreement shall be transferred to the alienator.

If as a result of liquidation of a legal entity – an alienee the property transferred to it under a lifelong maintenance (attendance) agreement was acquired by its founder (participant), the alienee's rights and responsibilities under a lifelong maintenance (attendance) agreement shall be acquired by the founder (participant).

Chapter 58. Hiring (Lease)

§ 1. General Provisions on Hiring (Lease)

Article 759. Lease Agreement

1. Under a lease agreement, a lessor shall transfer or shall be obliged to transfer to a lessee the property for use for fee for a certain period of time.
2. The Law may stipulate specifics of conclusion and fulfillment of a lease agreement.

Article 760. Subject Matter of a Lease Agreement

1. The subject matter of a lease agreement may be an object with its individual properties that preserves its initial appearance after multiple use (non-consumable object).

The Law may establish types of property that cannot be the subject matter of a lease agreement.

2. Property rights may be the subject matter of a lease agreement.

3. Specifics of leases for separate types of property shall be established by this Code and the other law.

Article 761. The Right to Transfer Property on Lease

1. The right to transfer property on lease shall be vested with the owner of the property or with a person to whom property rights belong.
2. A person authorized to conclude a lease agreement may also be a lessor.

Article 762. Payment for the Property Use

1. A lessee shall be charged for use of property; the amount of charge shall be specified by a lease agreement.

If the amount of charge is not specified by the agreement, it shall be determined with due regard to the consumption characteristics of the object and other essential circumstances.

2. Payment for the property use may be effected as agreed by parties either in monetary form or in kind. The form of payment shall be specified by the lease agreement.
3. The agreement or the law may establish periodical review, change (indexation) of payment for the property use.
4. A lessee shall be entitled to claim the reduction of payment if for the reasons beyond its control the possibility to use the property has been significantly reduced.
5. Payment for the property use shall be remitted on a monthly basis unless otherwise is provided by the agreement.
6. A lessee shall be exempt from payment during any period of time when the property could not be in use for the reasons beyond the lessee's control.

Article 763. Term of a Lease Agreement

1. A lease agreement shall be concluded for the period specified by the agreement.
2. If a lease period is not specified, a lease agreement shall be considered concluded for an indefinite period.

Either party to an indefinite lease agreement may terminate the agreement at any time by a written one-month notification of the other party hereof and in case of real property lease – a three-month notification. The agreement or the law may establish the other term for notification of termination under the indefinite lease agreement.

3. The law may establish maximal periods (ceilings) for a lease agreement for specific types of property.

If before the expiration of the legislatively established maximal lease period, neither party has terminated the agreement concluded for an indefinite period, such agreement shall be terminated after the expiration of the maximal period.

A lease agreement concluded for a term longer than the maximal period prescribed by the law shall be deemed concluded for a maximal period.

Article 764. Legal Consequences of Using the Property After Expiration of a Lease Agreement

1. If the lessee continues to use property after the expiration of a lease agreement and the lessor has raised no objections within a month term, the agreement shall be deemed renewed for the same period as was specified by the previous agreement.

Article 765. Transfer of Property to Lessee

1. A lessor shall be obligated to transfer property to use of a lessee immediately or within the period specified by a lease agreement.

Article 766. Legal Consequences for Failure to Transfer Property to Lessee

1. If a lessor fails to transfer property to a lessee, the lessee at its own discretion shall be entitled to:
 - 1) claim from the lessor to transfer property and to indemnify for the damage caused by such failure;
 - 2) reject a lease agreement and claim indemnification for damages.

Article 767. Quality of the Object Transferred on Lease

1. A lessor shall be obliged to transfer to a lessee an object in a set and in the condition that meet the provisions of a lease agreement and the designation of an object.
2. A lessor shall be obligated to inform a lessee about specifics and defects of an object known to a lessor and which may be dangerous to life, health, and property of a lessee or other persons or may result in the damage of an object during its use.
3. A lessee shall be obliged to verify an object in the lessor's presence. If a lessee failed to verify an object in the lessor's presence during the object's transfer, such object shall be deemed transferred in proper condition.

Article 768. Quality Guarantee of an Object Transferred on Lease

1. A lessor may guarantee the quality of the object during the whole period of lease.
2. If an object was transferred to a lessee with the quality warranty, but some defects impeding its use pursuant to the agreement were detected, the lessee shall be entitled at its own discretion to claim:
 - 1) replacement of the object if possible;
 - 2) respective reduction in payment for the use of the object;
 - 3) remedy of defects at no cost or reimbursement for the expenses connected with such remedy;
 - 4) cancellation of the agreement and reimbursement for the inflicted losses.

Article 769. Rights of Third Persons to an Object Transferred on Lease

1. Transfer of an object on lease shall not terminate or change the rights of third persons to the object, particularly, pledge rights.
2. During conclusion of a lease agreement a lessor shall be obliged to inform a lessee about all the rights of the third persons in an object being leased. Failure of the lessor to inform the lessee of all the rights of the third persons in an object being leased shall result in the lessee's right to claim a reduction in lease payment or cancellation of the agreement and indemnification for damage.

Article 770. Legal Succession in Case the Owner of the Leased Object is Changed

1. In the event the owner of a leased object is changed, the rights and responsibilities of a lessor shall be transferred to a new owner.
2. The parties may establish in the lease agreement that in the event of an object's alienation by the lessor, a lease agreement will be terminated.

Article 771. Insurance of an Object Transferred on Lease

1. Lease of an object insured by the lessor shall not terminate an insurance contract.
2. The agreement or the law may obligate a lessee to conclude an insurance agreement for an object transferred on lease.

Article 772. Risk of Accidental Destruction or Damage of an Object

1. A lessee that delayed to return a leased object to a lessor shall bear responsibility for the risk of its accidental destruction or accidental damage.

Article 773. Use of the Leased Object

1. A lessee shall be obliged to use the object according to its designation and provisions of the agreement.
2. If a lessee fails to use a leased object according to its designation or to comply with terms and conditions of a lease agreement, a lessor shall have the right to claim termination of the agreement and indemnification for damages.
3. A lessee shall have the right to change the status of the leased object only by the lessor's consent.

Article 774. Sublease

1. Transfer of a leased object by the lessee to another person for use (sublease) is only possible by the consent of the lessor, unless otherwise is provided by the agreement or the law.
2. A sublease period shall not exceed the lease period.
3. Provisions of a lease agreement shall apply to a sublease agreement.

Article 775. Ownership Right in Results, Products and Income Obtained from Use of the Object Transferred on Lease

1. A lessee shall be entitled to the results, products and income obtained the from use of an object transferred on lease.

Article 776. Repair of the Leased Object

1. Current repair of a leased object shall be conducted by a lessee and at its cost unless otherwise is provided by the agreement or the law.
2. Major repair of a leased object shall be conducted by a lessor at its cost unless otherwise is provided by the agreement or the law.

Major repairs shall be conducted within the period prescribed by the agreement. If such period is not determined in the agreement or the repair is urgent, it shall be conducted within a reasonable period of time.

3. If a lessor failed to conduct the major repair that impedes the use of an object pursuant to its designation and contractual terms and conditions, a lessee shall have the right to:
 - 1) repair an object and offset the repair costs against the lease payment or claim reimbursement of the repair expenses;
 - 2) claim cancellation of the agreement and reimbursement for the losses.

Article 777. The Lessee's Preferential Rights

1. A lessee that diligently fulfills its obligations pursuant to the lease agreement after the agreement expiration shall have a preferential right to the other persons to conclude a new lease agreement.

A lessee intending to exercise the preferential right to a new lease agreement shall inform a lessor hereof prior the lease agreement expiration within a period specified in the agreement or within a reasonable period of time if such period is not specified by the agreement.

Terms and conditions for a new lease agreement shall be agreed upon by the parties. Failure to reach an agreement on the lease payment or on any other condition shall be construed as termination of the preferential right.

2. In case of sale of a leased object, a lessee that diligently fulfills its obligations pursuant to the lease agreement shall have a preferential right to the other persons to such purchase.

Article 778. Improvement of the Leased Object by Lessee

1. A lessee may improve an object, a subject matter of a lease agreement, only by the consent of a lessor.
2. If the improvements may be detached from an object without any damage, a lessee shall be entitled to withdraw them.
3. If the improvements are made by the consent of a lessor, a lessee shall be entitled to reimburse for their costs or to offset such costs against the lease payment.
4. If as a result of an improvement made by the consent of a lessor, a new object is created, a lessee shall become its co-owner. The lessee's share in the ownership right shall correspond to the value of the lessee's expenses for the improvement, unless otherwise is provided by the agreement or the law.
5. If a lessee without the lessor's consent made the improvements that cannot be detached from an object, a lessee shall not be entitled to any reimbursement for the expenses incurred.

Article 779. Consequences of Deterioration of a Leased Object

1. A lessee shall be obliged to eliminate any deterioration in an object due to the lessee's fault.
2. If an object cannot be renewed, a lessor shall be entitled to claim for the losses incurred.
3. A lessee shall not be liable for deterioration of an object due to its normal wear or the negligence of a lessor.

Article 780. Responsibility for Damage Caused Due to the Use of a Leased Object

1. Damage caused to the third persons due to the use of a leased object shall be indemnified by a lessee pursuant to general rules.
2. Damage caused by the use of an object shall be compensated by a lessor if it is established that such damage was caused due to specific properties or defects of an object that a lessor failed to inform a lessee and a lessee had no knowledge thereof or could not have such knowledge.

A provision of the agreement releasing a lessor from the responsibility for damage due to specific properties or defects in an object of which a lessor failed to inform a lessee shall be invalid.

Article 781. Termination of a Lease Agreement

1. A lease agreement shall be terminated by the death of a physical person – a lessee unless otherwise is provided by the agreement or the law.
2. A lease agreement shall be terminated in case of liquidation of a legal entity, a lessor or a lessee.

Article 782. Lessor's Right to Refuse a Lease Agreement

1. A lessor shall have the right to refuse a lease agreement and claim the return of an object, unless a lessee makes lease payments for the use of an object during three consecutive months.
2. In the event a lessor refuses an agreement, it shall be deemed terminated since the moment a lessee is notified by a lessor of such refusal.

Article 783. Cancellation of a Lease Agreement upon the Lessor's Demand

1. A lessor shall have the right to demand termination of an agreement in case:
 - 1) a lessee uses an object regardless an agreement or the object's designation;
 - 2) a lessee transferred a object to another person for use without the lessor's consent;
 - 3) a lessee creates by its negligence a threat of possible damage to a object;
 - 4) a lessee did not commence the major repairs of an object if the obligation of such repair was entrusted in a lessee.

Article 784. Cancellation of a Lease Agreement upon the Lessee's Demand

1. A lessee shall have the right to demand termination of a lease agreement in case:
 - 1) a lessor transferred an object on lease whose quality contravenes terms and conditions stipulated by the agreement or designation of an object;
 - 2) a lessor fails to comply with the obligation to make capital repair of the object.

Article 785. Responsibilities of a Lessee in Case of the Lease Agreement Termination

1. In the event of termination of a lease agreement, the lessee shall be obliged to immediately return an object to the lessor in the condition in which it was obtained taking into account normal wear or in the condition established by the agreement.
2. Failure of the lessee's obligation to return an object shall result in the right of the lessor to claim penalty in the amount of double rate for the respective period of such delay.

Article 786. Limitation of Action Applied to the Claims Arising from a Lease Agreement

1. One-year limitation period shall be applied to damage claims in connection with the object transferred to the lessee for use and the claims to reimburse for the costs incurred for an object improvement.
2. Limitation period with regard to the claims of the lessor shall commence since the moment of the lessee's return of an object; with regard to the claims of the lessee – since the moment of termination of a lease agreement.

§ 2. Hiring out

Article 787. Contract of Hire

1. According to a contract of hire, a lessor carrying out business on hiring out objects shall transfer or be obliged to transfer a movable object to a hirer for use for payment for a certain period of time.
2. A contract of hire shall be a contract of adhesion. A lessor may establish a model terms and conditions under the contract of hire. Such model terms and conditions shall not violate the rights of hirers established by the law.

Terms and conditions of a contract of hire that impair the hirer' status as compared to that established in a model contract of hire shall be invalid.

3. A contract of hire shall be a public contract.

Article 788. Subject Matter of a Contract of Hire

1. Subject matter of a contract of hire shall be a movable object used to satisfy the household non-production needs.
2. Subject matter of a contract of hire may be used for purposes of production if it is stipulated by the contract.

Article 789. Payment for the Object's Hire

1. Payment for hiring out the object shall be defined according to the tariffs established by a lessor.

Article 790. Right of the Hirer to Refuse the Contract of Hire

1. A hirer shall have the right to refuse the contract of hire and return the object to the lessor at any time.
2. Rent remitted by a hirer for the whole period of the contract of hire shall be decreased according to the actual rental period.

Article 791. Specifics of the Contract of Hire

1. A hirer shall have no right to conclude a sub-hire agreement.
2. A hirer shall have no preferential right to purchase an object in case of its sale by a lessor.
3. Major and current repairs of an object shall be made by the lessor and at his cost, unless he proves the damage was caused due to the hirer's fault.

§ 3. Land Lease

Article 792. Land Lease Agreement

1. Land lease agreement shall be an agreement upon which a lessor undertakes an obligation to transfer a plot of land to the lessee for possession and use for a specified period of time and for payment.

A land parcel may be leased with or without plants, buildings, constructions and water reserves located thereon.

2. Land parcel lease relations shall be regulated by the law.

§ 4. Lease of Building or Other Capital Structure

Article 793. Form of a Lease Agreement for a Building or Any Other Capital Structure

1. A lease agreement for a building or any other capital structure or a part thereof shall be concluded in writing.
2. A lease agreement for a building or any other capital structure or a part thereof concluded for a period of three years and more shall be subject to notarization.

(Part two of Article 793 as edited by the Law of Ukraine of 20.12.2006 N 501-V)

Article 794. State Registration of a Lease Agreement for a Building or Any Other Capital Structure

1. A lease agreement for a building or any other capital structure or a part thereof concluded for a period not less than three years shall be subject to state registration.

(Part one of Article 794 as edited by the Law of Ukraine of 20.12.2006 N 501-V)

Article 795. Transfer of a Building or Any Other Capital Structure to Lease

1. Transfer of a building or any other capital structure or a part thereof to a lessee shall be certified by a relevant document (act), which shall be signed by the parties to the agreement. The period of a lease agreement shall commence as of the date of such execution unless otherwise is established by the law.
2. Return of the object of lease agreement by the lessee shall be certified by a respective document (act) signed by the parties to the agreement. The lease agreement shall be deemed terminated as of the date of such execution.

Article 796. Granting the Lessee the Right to Use a Land Plot

1. Simultaneously with the right to lease a building or any other capital structure or a part thereof the lessee shall be granted the right to use a land plot underneath this structure and the right to use the area adjacent to the building or structure in the size needed to reach the objective of lease.
2. In the lease agreement, the parties may determine the size of the land plot to be transferred to the lessee. In case such size is not determined, the lessee shall have the right to use the whole plot owned by the lessor.
3. If the lessor does not have the title to the land plot, it shall be assumed that the owner of the land plot has agreed to grant the lessee the right to use such a land plot unless otherwise is provided by the agreement concluded between the lessor and the owner of the land plot.

Article 797. Payment for Use

1. Payment charged for the lease of building or any other capital structure or a part thereof shall comprise the payment for the building use (any other capital structure or a part thereof) and the payment for the land plot use.

§ 5. Lease (Rent) of a Transport Vehicle

Article 798. Subject Matter of a Rent Agreement

1. Subject matter of a transportation rent agreement shall be air, water and river carriers and land transport vehicles, etc.

2. According to the transportation rent agreement, a transport vehicle may be leased together with the servicing crew.
3. The parties to the agreement may agree upon the provision by the lessor of a set of services to insure the adequate use of the transport vehicle.

Article 799. Form of a Transportation Rent Agreement

1. A transportation rent agreement shall be concluded in writing.
2. A transportation rent agreement under participation of a physical person shall be subject to notarization.

Article 800. Operation of a Transport Vehicle Lessee

1. A lessee shall independently use a transport vehicle in its operation and shall be entitled to enter into transportation agreements without any consent of the lessor or to conclude other agreements according to the purpose of such transport vehicle.

Article 801. Expenses Incurred in Connection with the Transport Vehicle Use

1. Lessee shall be obliged to maintain a transport vehicle as appropriate.
2. Expenses in connection with the use of a transport vehicle including tax and other fee payments shall be borne by the lessee.

Article 802. Insurance of a Transport Vehicle

1. A transport vehicle shall be insured by the lessor.
2. Procedure of insuring responsibility of the lessee for the damage that may be caused to the other person in connection with the transport vehicle use shall be established by the law.

Article 803. Legal Consequences of the Transport Vehicle Damage

1. A lessee shall be obliged to indemnify for the damage caused by the loss or destruction of a transport vehicle unless he proves his guiltlessness.

Article 804. Legal Consequences of Damage Inflicted to the Other Person by the Transport Vehicle Use

1. A lessee shall be obliged to indemnify for the damage inflicted to the other person by the use of the transport vehicle pursuant to Article 82 of this Code.

Article 805. Specifics of a Transport Vehicle Rent with the Crew Servicing It

1. A transport vehicle leased together with its crew shall ensure the operation and maintenance of such transport vehicle. The crew shall not terminate its labor relations with the lessor. The lessor shall be liable for the remuneration of the crew.
2. The crew shall be obliged to refuse to abide by the lessee's orders in case they contravene the terms and conditions of a lease agreement, requirements regulating the transport vehicle use or may pose a threat to the crew, a transport vehicle or the rights of the other persons.
3. The law may establish other provisions governing the transport vehicle rent together with the crew.

§ 6. Leasing

Article 806. Leasing Agreement

1. Under a leasing agreement one party (a lessor) shall transfer or shall be obliged to transfer to use to another party (a lessee) the property owned by the lessor under the ownership right and acquired without any preliminary agreement with the lessee (direct leasing); or the property specifically acquired by the lessor from the buyer (a supplier) in compliance with the specifications and conditions set out by the lessee (indirect leasing) for a definite period of time and for payment (lease payments).
2. General provisions on lease (rent) shall apply to the leasing agreement with the specifics set out in this clause and the law.

General provisions on purchase and sale and on a supply agreement shall apply to the leasing relations, unless otherwise is provided by the law.

3. Specifics of separate types and forms of leasing shall be established by the law.

Article 807. Subject Matter of a Leasing Agreement

1. The subject matter of a leasing agreement may be a non-consumable object defined by its individual properties and included into the fixed assets by the current legislation.
2. Subject matter of a leasing agreement may not include land plots, other objects of nature or other objects determined by the law.

Article 808. Responsibility of the Seller (Supplier) of the Subject of a Leasing Agreement

1. If according to the indirect leasing agreement the choice of a seller (supplier) of the subject matter of a leasing agreement was made by the lessee, the seller (supplier) shall be responsible to the lessee for violation of its obligations on the quality, operability and completeness of the subject matter of a leasing agreement, its shipment, replacement, free elimination of defects, erection and putting into operation, etc. If the choice of a seller (supplier) was made by the lessor, both the seller (supplier) and the lessor shall be solidary responsible to the lessee for the obligation to sell (ship) the subject matter of a leasing agreement.
2. The repair and technical servicing of the subject matter of a leasing agreement shall be conducted by the seller (supplier) as provided by the agreement concluded between the lessee and the seller (supplier).

Article 809. Risk of Accidental Destruction or Damage of the Subject of a Leasing Agreement

1. A lessee shall bear the risk for accidental destruction or damage of the subject matter of a leasing agreement, unless otherwise is established by the agreement or the law.
2. In case a lessor or a seller (supplier) failed to promptly transfer the subject matter of a leasing agreement to the lessee or the lessee failed to promptly return the subject matter of a leasing agreement to the lessor, the risk of accidental destruction or damage shall be borne by the party in delay.

Article 59. Hiring (Rent) of Housing

Article 810. Tenancy Agreement

1. Under a tenancy (lease) agreement one party – the housing owner (lessor) shall transfer or shall be obliged to transfer premises to the other party (lessee) to occupy it for a certain period of time and for payment.

2. Grounds, conditions and procedure of conclusion and termination of a tenancy agreement with regard to the state or municipal property shall be established by the law.
3. Tenancy agreements with regard to the dwelling space other than of state or municipal property shall be governed by the provisions of this Code unless otherwise is provided by the law.

Article 811. Form of Tenancy Agreement

1. A tenancy agreement shall be concluded in writing.

Article 812. Subject Matter of a Tenancy Agreement

1. Subject matter of a tenancy agreement may be dwelling space, in particular, an apartment or a part thereof, an apartment house or a part thereof.
2. Dwelling space shall be suitable for permanent residence.
3. A tenant in an apartment house shall be entitled to use the property designated for maintenance of the building.

Article 813. Parties to a Tenancy Agreement

1. Legal and physical persons may be the parties to a tenancy agreement.
2. In case a legal person is the tenant, it may use the housing exclusively for the residential purposes of individuals.

Article 814. Legal Succession in the Event of Change of the Housing Owner

1. In case of change of the owner of housing transferred on tenancy, the rights and obligations of the lessor shall be transferred to a new owner.

Article 815. Responsibilities of a Tenant

1. A tenant shall have the right to use the housing for residential purposes only, shall ensure its safety and shall maintain it as appropriate.
2. A tenant shall not rearrange the premises or reconstruct them without the lessor's consent.
3. A tenant shall be obliged to regularly remit rental payments. A tenant shall be obliged to pay for utilities unless otherwise is established by the law.

Article 816. A Tenant and Persons Permanently Residing with It

1. A tenancy agreement shall specify persons permanently residing with such tenant. With regard to use of the housing, these persons shall acquire rights and obligations equal to those of the tenant.
2. A tenant shall be responsible to the lessor for violation of contractual terms and conditions by the persons permanently residing with it.
3. In case several persons are the tenants, they shall be jointly and severally liable under a tenancy agreement.
4. A tenant and the persons permanently residing with it shall agree upon the procedure of the housing use. In case of failure to reach any agreement, such procedure shall be decided by the court.

Article 817. Right of a Tenant and Persons Permanently Residing with It to Provide Residence to the Other Persons

1. A tenant and the persons permanently residing with it shall have the right by mutual consent and by the consent of the lessor to provide permanent residence to the other persons.
2. The persons occupying the housing pursuant to Part 1 of this Article shall acquire equal rights with the other residents to use the housing unless otherwise is provided by the law.

Article 818. Temporary Residents

1. A tenant and the persons permanently residing with the tenant by their mutual consent and by the prior notification of the lessor may provide temporary residence to a third person (persons) at no charge.
2. Temporary residents shall have no right to use the housing independently.
3. Temporary residents shall be obliged to evict the housing after expiration of the agreed upon residential period or not later than seven days since the claim requesting such eviction was made by a lessor or a tenant.

Article 819. Repair of the Leased Housing

1. Current repair of the housing transferred on lease shall be conducted by a tenant unless otherwise is provided by the agreement.
2. Major repair of the housing transferred on lease shall be conducted by a lessor unless otherwise is provided by the agreement.
3. Rearrangement of the apartment house in which rented premises are located if such rearrangement essentially changes the conditions for the housing use shall be inadmissible without the tenant's consent.

Article 820. Rental Payment

1. The rent for the housing use shall be established by the tenancy agreement.
In case the law prescribes the maximal rent, the rent established by the agreement shall not exceed such amount.
2. Neither party to the tenancy agreement shall be allowed to change the rent, unless otherwise is established by the agreement or the law.
3. The tenant shall remit the rent at the date established in the tenancy agreement.
If the payment date is not established by the agreement, the tenant shall remit payment on a monthly basis.

Article 821. Terms of the Tenancy Agreement

1. The tenancy agreement shall be concluded for a period set out in the agreement. If such terms are not specified, it shall be deemed concluded for a period of five years.
2. Provisions set forth in Part 1, Article 816, Article 818 and Articles 822-824 of this Code shall not apply to the tenancy agreement concluded for a period of less than a year (short-term lease).

Article 822. Preferential Rights of Tenants

1. After the expiration of the tenancy agreement, the tenant shall enjoy a preferential right to conclude another tenancy agreement for a new term.

Not later than three months prior to the expiration of the tenancy agreement, the lessor may propose to the tenant to conclude a new agreement upon the previous or new conditions or inform the tenant of the intention not to conclude a new agreement. If the lessor failed to inform the tenant and the tenant did not vacate the premises, the agreement shall be deemed concluded on the same conditions and for the same term.

If the lessor refused to conclude an agreement for a new term but during a one-year's period entered into a tenancy agreement with another person, the tenant shall have the right to claim transfer of the tenancy rights to him back and/or reimburse for the damage caused by the refusal to conclude a new agreement.

2. If the premises underlying the tenancy agreement is put on sale, the tenant shall enjoy a preferential right to the others to acquire it.

Article 823. Subtenancy Agreement

1. A sublease agreement is an agreement whereby a tenant by the consent of the lessor shall transfer part or all rented dwelling space to a subtenant for a certain period of time. A subtenant shall not acquire an independent right to use the housing.
2. A sublease agreement shall be for fee. The fee for the premise use (rent) shall be specified by a sublease agreement.
3. A sublease agreement cannot exceed the term of the lease agreement.
4. In case of termination of a tenancy agreement ahead a schedule, a sublease agreement shall be terminated simultaneously.
5. Provisions on the preferential right to conclude a new agreement shall not apply to a sublease agreement.

Article 824. Tenant Substitution in a Tenancy Agreement

1. Upon the request of the tenant or other persons permanently residing with such tenant and at the consent of the lessor, the tenant may be substituted by one of the adult persons from among those who permanently reside with the tenant.
2. In case of the tenant's death or vacation the premises, all other adult persons who permanently resided with the previous tenant may become tenants or as agreed with the lessor - one or several such persons. In this case, a tenancy agreement shall remain in full force and effect under previously set conditions.

Article 825. Cancellation of a Tenancy Agreement

1. A tenant shall be entitled at the consent of the other persons permanently residing with him to terminate any time a tenancy contract by delivering to the lessor a three-month notification on such cancellation.

If a tenant vacated premises without informing the lessor, the lessor shall be entitled to claim a three-month rent, provided the lessor proves that it was impossible to conclude a similar tenancy agreement with another person.

A tenant shall have the right to cancel a tenancy agreement if the premises are no longer suitable for residential purposes.

2. A tenancy agreement may be cancelled by the court decision at the request of the lessor in case:
 - 1) the tenant failed to remit rent for six months, unless the agreement specified a longer period, and for a short-term rent - failed to remit the rent more than twice;

2) deterioration or damage of the premises by the tenant or the other persons for whom the tenant is responsible.

Upon the court decision the tenant may be given a period of one year to restore the premises.

If during the term established by the court, the tenant fails to eliminate the defects, the court upon a repeated claim of the cancel, shall decide to terminate the tenancy agreement. At the request of the tenant, the court may postpone the execution of the ruling for a period that does not exceed one year.

3. A tenancy agreement for a part of the building, an apartment, a room (part of the room) may be cancelled at the request of the lessor if such premises are needed for residential purposes of the tenant and its family members.

Such cancellation shall be subject to at least a two-month notification of the tenant by the lessor.

4. If a tenant or a person for whom the tenant is responsible uses the premises with the purpose other than residential or regularly violates rights and interests of the neighbors, the lessor may warn a tenant demanding to stop violations.

If a tenant or a person, for whom the tenant is responsible, after being warned, continues to use the premises with the purpose other than residential or violates rights and interests of the neighbors, the lessor shall have the right to claim cancellation of a tenancy agreement.

Article 826. Legal Consequences of the Tenancy Agreement Cancellation

1. In the event of a tenancy agreement cancellation, a tenant and other persons permanently residing with such tenant shall be evicted on the basis of a court decision; other premises shall not be provided to them.

Chapter 60. Lending

Article 827. Lending Agreement

1. According to a lending agreement one party (a lender) shall provide or shall be obliged to provide an object at no charge to another party (a user) to be used during a certain period of time.
2. The use of an object shall be deemed at no charge, provided the parties agreed thereupon and it results from the essence of their relations.
3. Provisions of Chapter 58 of this Code shall apply to a lending agreement.

Article 828. Form of Lending Agreement

1. A lending agreement between two physical persons with regard to a household object may be executed verbally.
2. A lending agreement between legal persons and a legal and physical person shall be concluded in writing.
3. A lending agreement with regard to a building, other capital structure or a part thereof shall be concluded as prescribed by Article 793 of this Code.
4. A lending agreement with regard to a transport vehicle in which at least one party is a physical person shall be concluded in writing and shall be subject to notarization.

Article 829. Lender

1. A lender may be a physical or a legal person.

A person managing property may be a lender upon the owner's consent.

2. A legal person involved in entrepreneurial activity shall not transfer an object for use at no charge to the founder, participant, manager or a member of the legal person's managerial or supervisory body.

Article 830. Legal Consequences of failure to Transfer an Object into Use

1. In case a lender fails to comply with the obligation to transfer an object into use, the other party shall have the right to claim termination of a lending agreement and indemnification for the damage.

Article 831. Period of Lending Agreement

1. In case the parties failed to establish a period during which an object will be used, such period shall be defined according to the purpose of its use.

Article 832. Right of a Lender to Alienate an Object

1. A lender shall have the right to alienate an object transferred for use. A beneficiary shall acquire the rights and obligations of the lender.
2. A beneficiary shall have no preferential right to the other persons to purchase an object transferred for use to him.

Article 833. User's Obligations

1. A user shall bear all and any regular expenses to properly maintain a borrowed object.
2. A user shall be obliged to:
 - 1) use an object according to its purpose or according to the objective established in the agreement;
 - 2) use an object personally, unless otherwise is provided by the agreement;
 - 3) return an object after the agreement expiration in the condition identical to that in which it was borrowed.

Article 834. Cancellation of Lending Agreement

1. A user shall be entitled to return an object borrowed for use at any time before the expiration of the agreement term. In case an object needs special care or storage, the user shall be obliged to inform the lender on cancellation of a lending agreement not later than seven days before an object return.
2. A lender shall be entitled to claim cancellation of the agreement and to return an object in cases:
 - 1) due to the contingencies, the lender needs the object;
 - 2) the use of an object violates its objectives and conditions specified by the agreement;
 - 3) an object was transferred to another person without permission;
 - 4) it may be damaged or destroyed as a result of negligence.
3. A person that became the owner of an object lent for use shall have the right to claim cancellation of the agreement concluded for an indefinite term. The user shall be pre-informed of such cancellation within the period consistent with the purpose of lending.

Article 834. Termination of Lending Agreement

1. A lending agreement shall be terminated in the event of a physical person death or liquidation of a legal entity to which an object was transferred for use, unless otherwise is established by the law.

Article 835. Legal Consequences of Failure to Return an Object After the Use Term Expiration

1. If after the agreement termination the user failed to return an object, the lender shall have the right to claim its forced return and reimbursement for the damage caused.

Chapter 61. Contractor's Agreement

§ 1. General Provisions on Contractor's Agreement

Article 837. Contractor's Agreement

1. A contractor's agreement shall mean an agreement in which one party to the agreement (a contractor) agrees at its risk to perform certain work upon the assignment of the other party (a client), whereas a client takes an obligation to accept and pay for the work performed.
2. A contractor's agreement may be concluded for the production, processing, repair of an object or for any other work performance and transfer of its result to the client.
3. To perform some specific types of work established by the law, a contractor (a subcontractor) shall be obliged to obtain a special permit.
4. Provisions of this clause shall apply to certain types of agreements, specified in paragraphs 2–4 of this Chapter, unless otherwise is established by the provisions of this Code regulating such types of agreements.

Article 838. General Contractor and Subcontractor

1. A general contractor shall have the right to attract the other persons (subcontractors) to perform the work and shall remain fully responsible to a client for the results of their work, unless otherwise is established by the law. In this case, a contractor shall act as a general contractor to a client and as a client to a subcontractor.
2. A general contractor shall be responsible for non-performance or improper performance of the client's obligations to a subcontractor and to a client for violation of the obligations by a subcontractor.

A client and a subcontractor shall have no right to raise counter claims on violation of the agreements concluded by each of them with the general contractor, unless otherwise is established by the agreement or the law.

Article 839. Work Performance from the Subcontractor's Material and Using Its Means

1. A contractor shall be obliged to perform the work established by the contractor's agreement from its material and with its means, unless otherwise is established by the agreement.
2. A contractor shall be responsible for the improper quality of the materials and equipment provided by the contractor and for the provision of the material and equipment encumbered by the rights of the third persons.

Article 840. Work Performance from the Client's Material

1. If the work is performed in part or in full from the material provided by a client, the contractor shall be responsible for improper use of such material. A contractor shall be obliged to provide a report to the client on use of the material and to return the remains.
2. If the work is performed from the material provided by a client, the agreement shall specify the norms for the material use, the dates by which the remains and major waste shall be returned and the contractor's responsibilities for non-performance or improper performance of his obligations.
3. The contractor shall be responsible for non-performance or improper performance of the work, caused by the defects in the material, unless he proves that such defects could not be detected under the properly arranged acceptance of the material.

Article 841. Contractor's Obligation to Store the Property Transferred

1. The contractor shall be obliged to use all possible means to store the property transferred by a client and shall be responsible for the loss or damage of such property.

Article 842. Risk of Accidental Destruction or Damage of the Material

1. Risk of accidental destruction or damage (perish) of the material before the date established for the job acceptance by a contractor's agreement shall be borne by the party that provided the material, and after such date – by the party that failed to fulfill the job in time, unless otherwise is established the by the agreement or the law.

Article 843. Price for the Work

1. A contractor's agreement shall establish the price for the work or the manner for its establishing.
2. If the contractor's agreement fails to establish the price for the work or the manner for its establishing, such price shall be defined by the court decision based on usual prices for similar work taking into account necessary expenses established by the parties.
3. The price for the work specified by the contractor's agreement shall include reimbursement for the contractor's expenses and payment for the work performed.

Article 844. Cost Estimates

1. Price in the contractor's agreement may be defined in the cost estimates.
If the work is carried out according to the cost estimates, drawn up by the contractor, such cost estimates shall come into force and shall constitute a part of the agreement as of the date of its approval by the contractor.
2. Cost estimates drawn up for the work performance may be approximate or fixed. Cost estimated shall be construed as fixed, unless otherwise is established by the law.
3. Changes to fixed cost estimates may be made only by the agreement of the parties.
In case the fixed cost estimates are exceeded, the contractor shall cover all relevant expenses, unless otherwise is established by the law.
4. In case of additional work is needed and in this connection the established approximate cost estimates are exceeded, the contractor shall be obliged to promptly notify a client thereof. The client that disagreed with such excess shall have the right to reject the contractor's agreement. In such event the contractor may claim from the client to pay for the performed portion of work.

Failure of the contractor to promptly inform the client about the excess of the approximate cost estimates shall obligate the contractor to perform the work at a price established by the agreement.

5. The contractor shall not be entitled to claim the increase in the fixed cost estimates and the client – reduction thereof in case by the date of the contractor's agreement conclusion it was unfeasible to estimate the full scope of work or the relevant expenses.

In the event of considerable growth of the value of the material and equipment, which had to be provided by the contractor as well as of the value of services provided by other persons, the contractor shall be entitled to claim the increase of the cost estimates. In case the client refuses to increase the cost estimates, the contractor shall be entitled to claim cancellation of the agreement.

Article 845. Prudence of the Contractor

1. The contractor shall have the right to prudently perform work providing for adequate quality.
2. If actual expenses incurred by the contractor turned to be less than those contained in the cost estimates, the contractor shall be entitled to pay for the work at a price established by the contractor's agreement, unless the client proves that the contractor's prudence caused reduction in the quality of work.
3. The parties may agree upon sharing of saving received by the contractor.

Article 846. Terms for the Work Performance

1. Time period for the work performance or its particular phases shall be established by the contractor's agreement.
2. If the period for the work performance is not established in the contractor's agreement, the contractor shall be obliged to perform the work, and the client shall have right to claim its performance within a reasonable term pursuant to the substance of the obligation, the nature and scope of work and common practice of businesses.

Article 847. Circumstances of Which the Contractor is Obligated to Inform the Client

1. The contractor shall be obliged to promptly notify the client of the fact that:
 - 1) the material obtained from the client is of poor quality or is unsuitable;
 - 2) the compliance with the instructions provided by the client poses a threat to quality or appropriateness of the work results;
 - 3) there are other circumstances beyond the contractor's control that pose a threat to the quality or appropriateness of the work results.

Article 848. Legal Consequences of the Client's Failure to Meet the Contractor's Requirements

1. In case the client regardless of the prompt notification by the contractor fails to replace any low quality or unsuitable material, nor has it changed the instructions on the work pattern or eliminated other circumstances that pose a threat to quality or appropriateness of the work results, the contractor shall have the right to reject the agreement and to claim reimbursement for the losses.
2. In case the use of low quality or unsuitable material or compliance with the client's instructions pose a threat to the life and health of people or results in violation of the ecologic or sanitary regulations, safety rules or other requirements, the contractor shall be obliged to reject the agreement and shall be entitled to.

Article 849. Rights of the Client During the Work Performance

1. The client shall have the right to verify the execution and quality of the work at any time without interfering with the contractor's activity.
2. In case the contractor failed to timely commence the work or performs it at such a slow pace that its timely accomplishment is impossible, the client shall be entitled to terminate the agreement and to claim reimbursement for the losses.
3. If during the work performance it became obvious that the work would not be performed properly, the client shall have the right to set the deadline for the contractor to eliminate the defects. If the contractor fails to comply with this requirement, the client shall be entitled to cancel the contractor's agreement and to claim reimbursement for the losses or to authorize the other person to eliminate the defects at the cost of such contractor.
4. The client shall be entitled at any time before the work completion to terminate the agreement and to pay the contractor for the portion of the work performed with the reimbursement to the contractor for the losses caused by such termination of the agreement.

Article 8503. Client's Assistance

1. The client shall be obliged to facilitate the contractor's performance of the work in cases, scope and procedures established by the contractor's agreement.

In case of the client's failure to meet this obligation, the contractor shall be entitled to claim reimbursement for the losses inflicted, including additional expenses due to the delay, change of the deadlines or increase in the price of the work.

2. If the work performance under the contractor's agreement became impossible due to the actions or negligence of the client, the contractor shall be entitled to pay for the performed portion of work at the established price less the amounts, which the contractor received or could receive in connection with the client's failure to perform the agreement.

Article 851. Client's Failure to Meet Obligations under the Contractor's Agreement

1. The contractor shall be entitled not to commence the work or terminate the work already commenced, provided the client failed to supply the material, equipment or an object to be processed, thus causing impossibility for the contractor to fulfill an obligation.

Article 852. Client's Rights in Case of the Agreement Violation by Contractor

1. If the contractor did not comply with the terms and conditions of the agreement, which resulted in deterioration of the work or in the other defects, the client shall have the right at its discretion to claim elimination of such defects for free within a reasonable period of time or at its cost with the further right to reimburse for the incurred expenses or to respectively decrease the payment for work, unless otherwise is established by the agreement.
2. In case of serious incompliance with the terms and conditions of the contractor's agreement or other significant drawbacks, the client shall have the right to claim termination of the agreement and indemnification for damage.

Article 853. Client's Obligation to Accept Work Performed by Contractor

1. The client shall be obliged to accept the work performed by the contractor according to the terms and conditions of the contractor's agreement, examine it and in the event of detection of any violations of contractual terms and conditions or other defects shall immediately notify the contractor thereof.

In case the client fails to make such notification, it shall lose the right to refer in future to such violations of the contractual terms and conditions or to the other defects.

2. The client that accepted the work without any examination shall be denied the right to refer to the work defects, which could be detected within the normal course of acceptance (obvious defects).
3. If after the work's acceptance the client detected some violations of the contractual terms and conditions or other defects, which could not have been detected under a normal course of acceptance (hidden defects) including those that were intentionally hidden by the contractor, such client shall be obliged to immediately notify the contractor thereof.
4. In case of a dispute between the client and the contractor on the work defects or their reasons, an expertise shall be set at the request of either party. The contractor shall be liable for the costs in connection with such expertise, except for the instances when the expertise establishes no violations of the contractual terms and conditions or the causal relation between the actions of the contractor and the defects detected. In such cases, cost of the expertise shall be borne by the side that requested it, and in the event that both parties agreed to such expertise by both parties equally.
5. In case the client evades accepting the work within a month, the contractor shall have the right to sell the work results after twice notification and to deposit the proceeds with the notary for the client's name, less all the expenses due to the contractor, unless otherwise is established by the agreement.
6. If such evasion to accept the work performed caused changes in the deadline for the work acceptance, it shall be considered that ownership right to the produced (processed) object was transferred to the client as of the date when such transfer should have taken place.

Article 854. Procedure for the Work Payment

1. If the contractor's agreement does not stipulate any advance payment for the work or its separate stages performed, the client shall be obliged to pay the contractor a specified price after the final transfer of the work, provided such work is performed properly and within the agreed time, or prior to the schedule at the client's consent.
2. The contractor shall be entitled to request an advance payment only in cases and in amount specified by the agreement.

Article 855. Settlement between the Parties in Case of Accidental Destruction of the Subject of Contractor's Agreement or Impossibility to Accomplish Work

1. If prior to its acceptance by the client the subject matter of the contractor's agreement is accidentally destroyed or the work cannot be accomplished for the reasons beyond the competence of either party, a contractor shall have no right to claim the work payment.

A contractor shall be entitled to payment in case the subject matter of the contractor's agreement is destroyed or the work accomplishment is impossible due to the defects in material submitted by the client, or as a result of the client's instructions about the manner of the work performance or due to impossibility of accomplishment that took place after the client had missed the date established for the work acceptance.

Article 856. Contractor's Right for Retain

1. In case the client failed to pay the established price for the work or any other amount due to contractor in connection with the agreement execution, the contractor shall be entitled to retain the work results as well as the equipment, the rest of unused material and other client's property used by the contractor.

Article 857. Quality of Work

1. The work performed by the contractor shall meet the contractual terms and conditions; in their absence or incompleteness - the normal requirements produced to the comparable work.
2. The work performed shall be consistent with the quality defined by the contractor's agreement or to the normal requirements as of the date of its transfer to the client.
3. The work results shall be acceptable for use within a reasonable period of time pursuant to the contractor's agreement or within the normal use of the comparable work.

Article 858. Contractor's Responsibility for Inadequate Quality of Work

1. In case the contractor performed the work violating terms and conditions of the agreement, that deteriorated the work or allowed other defects and made it unsuitable for use pursuant to the agreement or for normal use of comparable work, the client shall be entitled to claim as follows, unless otherwise is established by the agreement or the law:
 - 1) elimination of defects within a reasonable period of time at no charge;
 - 2) pro rata decrease in the price of work;
 - 3) reimbursement for incurred expenses in connection with elimination of the defects, provided such right of the client to eliminate them is established by the agreement.
2. The contractor shall have the right instead of eliminating the defects for which it is liable to perform the work again at no charge and to reimburse the client for the damage caused by delay in the work performance. In this case, the client shall be obliged to return to the contractor the work performed earlier, provided the nature of such work allows for it.
3. If violations of the contractual terms and conditions or other work defects are material and of such nature that cannot be eliminated or were not eliminated within the reasonable term established by the client, the client shall be entitled to refuse the agreement and to claim reimbursement for the damage.
4. A contractual condition to release the contractor from its responsibility for certain defects in the work shall not release the contractor from the responsibility for the defects due to deliberate actions or inactivity of the contractor.
5. The contractor that delivered materials for the work performance shall be responsible for its quality pursuant to the provisions governing the seller's responsibility for the inadequate quality goods.

Article 859. Quality Warranty of the Work

1. If the provision of quality warranty by the contractor is envisioned in the agreement or the law, the contractor shall be obliged to transfer to the client the work result pursuant to the requirements of Article 857 herein over the entire warranty period.
2. Quality warranty shall apply to every object that constitutes the work result, unless otherwise is established by the contractor's agreement.

Article 860. Procedure to Calculate the Warranty Period

1. Warranty period shall start as of the date of the work acceptance or when it had to be accepted by the client, unless otherwise is established by the agreement.
2. Warranty period under the contractor's agreement shall be calculated as prescribed by Article 676 of this Code, unless otherwise is established by the agreement or the law.

Article 861. Contractor's Obligation to Transfer Information to a Client

1. The contractor shall be obliged to transfer to the client together with the work result the information about operation/maintenance or other use of the subject matter of the contractor's agreement, provided it is stipulated in the agreement or without such information the work result cannot be used for the purposes established in the agreement.

Article 862. Confidentiality of Information Obtained by the Parties

1. If a party to the contractor's agreement as a result of such agreement performance received information from another party about new solutions and technical knowledge including such that are not protected by the law or the information that may be considered as a commercial secret, such party shall have no right to disclose this information to the other persons without the other party consent.

Article 863. Limitation of Action Applicable to Claims on the Inadequate Quality

1. A limitation period of one year shall be applied to the claims on the improper quality of the work performed under the contractor's agreement, this period shall be three years since the day of the work acceptance by the client as regard to buildings and structures.

Article 864. Commencement of the Limitation of Action Period in Specific Cases

1. If a warranty period is established by the contractor's agreement or the law and the claim to the work defects was made within a warranty period, the term of limitation of action shall start as of the date of filing such a claim.
2. If pursuant to the contractor's agreement the work was accepted in portions by the client, the limitation of action period shall commence since the day of the work acceptance as a whole.

§ 2. Household Contractor's Agreement

Article 865. Household Contractor's Agreement

1. A household contractor's agreement shall be an agreement pursuant to which a contractor involved in entrepreneurial activity is obliged to perform certain work at the assignment of a physical person (a client) to satisfy household or other personal needs, whereas a client assumes an obligation to accept and pay for the work performed.
2. A household contractor's agreement shall be a public agreement.
3. The Law on Consumer Protection shall apply to those provisions of the household contractor's agreement not regulated by this Code.

Article 866. Form of Household Contractor's Agreement

1. A household contractor's agreement shall be deemed properly concluded if the contractor has issued the client a receipt or any other document certifying the agreement execution.

Absence of such document shall not deprive a client of its right to attract witnesses to evidence the conclusion of such an agreement or its terms and conditions.

Article 867. Guarantees of the Client's Rights

1. The contractor shall have no right to press the client to include any additional works or services provided for fee in the household contractor's agreement. In the event that such requirement is violated, the client shall be entitled to refuse any payment for such works or services.
2. The client shall have the right at any time prior to the work transfer to terminate a household contractor's agreement and to pay the contractor part of the work price pro rata to the

amount of the work actually performed prior to notification on rejection the agreement and to reimburse for the expenses incurred prior to such time, unless they are included in the part of the work price due to payment. Contractual conditions that deprive the client of such right shall be invalid.

Article 868. Providing Information about the Work to the Client

1. Prior to concluding a household contractor's agreement the contractor shall be obliged to provide the client with necessary and reliable information on the work proposed for performance, its type and specifics, price and mode of payment as well as to provide the client at its request with other information concerning the agreement. The contractor shall be obliged to inform the client a specific person who will perform the work if it is of any relevance to the nature of work.

Article 869. Public Offer of the Work

1. Provisions of Article 641 of this Code shall apply to advertising and other offering of the work performed under a household contractor's agreement.
2. During transfer of the work to the client, the contractor shall be obliged to inform such client of the requirements to be complied with in order to ensure effective and safe use of the produced or processed object or the other work performed as well as of possible consequences for the client's or the other persons' non-compliance with the respective requirements.
3. The client shall be entitled to claim termination of a household contractor's agreement and reimbursement for the losses, if as a result of incomplete or unreliable information received from the contractor, the agreement was concluded to perform the work that lacks the properties the client had in mind.

Article 870. Work Performance from the Contractor's Material Pursuant to the Household Contractor's Agreement

1. Pursuant to the household contractor's agreement, the contractor shall perform the work from its material, or from the client's material upon the client's wish.
2. If the work is performed from the contractor's material the value of the material shall be paid in part or in full by the client as agreed by the parties, and the final settlement shall be made upon acceptance by the client of the work performed by the contractor. In cases stipulated by the agreement, the material may be provided by the client on credit (with payment in installments). Further change in the price of the material provided on credit shall not result in recalculation, unless otherwise is established by the agreement.

Article 871. Work Performance from the Client's Material Pursuant to the Household Contractor's Agreement

1. If the work is performed from the client's material, a receipt or any other document issued by the contractor upon the completion of the household contractor's agreement shall contain the exact name of the material, its amount and the assessment made upon mutual consent of both parties.

Article 872. Rights of the Client in Case of Substantial Violation of the Household Contractor's Agreement by the Contractor

1. If the contractor substantially violated terms and conditions of the household contractor's agreement or allowed other essential defects in the work performed from the client's material, the client shall be entitled to claim at its option:

- 1) production of another object from homogeneous material of the same quality;
- 2) cancellation of the agreement and reimbursement for the losses.
2. In case of other violations of contractual terms and conditions or the work defects, the client shall be entitled at its discretion to claim free elimination of such defects within a reasonable term or to reimburse for the expenses incurred in connection with the defects elimination or an adequate reduction of payment.
3. A claim to eliminate at no charge the defects detected in the work performed under the household contractor's agreement that may pose a threat to the life or health of the client or the other persons may be filed by the client or its legal successor within a ten-year's period after the work acceptance, unless the applicable law establishes any longer period (life time). Such claim may be filed regardless of the time when such defects were detected even after the expiration of a warranty period.

If the contractor fails to comply with this requirement, the client shall be entitled during the same period of time to claim to return a part of the work price or to reimburse for the expenses incurred in connection with the defects elimination

Article 873. Amount of Payment under a Household Contractor's Agreement

1. The value of the work performed under a household contractor's agreement shall be agreed upon by the parties, unless otherwise is envisaged per the established procedure by the price lists, tariffs, etc.
2. The work shall be paid by the client after its final transfer by the contractor. The payment may take the form of an advance payment or be executed in full at the date of the household contractor's agreement conclusion at the client's consent.

Article 874. Legal Consequence of the Client's Failure to Accept the Work

1. If the client did not appear to accept the work or otherwise avoids such acceptance, the contractor shall be entitled after a written notification of the client to sell the subject matter of the households contractor's agreement within two months since such notification at a reasonable price and the amount of proceeds less all the payments due to the contractor deposit with the notary in the client's name.
2. In cases established in Part 1 of this Article the contractor shall be entitled to retain the subject matter of the household agreement or to claim its reimbursement instead of selling it.

§ 3. Construction Contract

Article 875. Construction Contract

1. Under a construction contract a contractor shall agree to construct and transfer within the established period of time an object or to perform the other construction works pursuant to the design estimates, whereas a client shall be obliged to provide the contractor with the construction site (scope of work), to transfer the design estimates if it is not the contractor's obligation and to accept an object or an accomplished construction and to remit payment.
2. A construction contract shall be concluded for a new construction, major repair, reconstruction (technical reinstallation) of industrial facilities, buildings (housing in particular), structures, assembling, start-up programs and other works inseparable from the object's location.
3. Provisions of this Code shall apply to a construction contract, unless otherwise is established by the law.

Article 876. Title in the Construction Object

1. The contractor shall have the title in the construction object or in the result of other construction work before it is transferred to the client.

Article 877. Design Estimates

1. The contractor shall be obliged to perform construction and related construction works according to the design estimates where the scope and content of the work along with the other requirements to work and cost estimates are established.

The contractor shall perform all works defined in the design documents and cost estimates (design estimates), unless otherwise is established by the construction contract.

2. The construction contract shall define the content and composition of the design estimates and which party and within what term is obliged to provide the applicable documentation.
3. The contractor that detected the works during construction unaccounted for in the design documents and henceforth a need to perform such work and to increase cost estimates shall be obliged to notify the client thereof.

If the contractor fails to obtain a response from the client to its notification within a reasonable period of time, the contractor shall be obliged to terminate the respective work and to transfer losses inflicted by such termination to the client. The client shall not be liable for reimbursement of the losses, in case it proves that such additional work is not required.

4. If the contractor failed to fulfill an obligation defined by Part 3 of this Article, it shall not be entitled to claim payment for the additional work and reimbursement for losses unless it proves its immediate actions were undertaken in the interests of the client and termination of the work could particularly result in the deterioration or damage of the object under construction.

Article 878. Changes to Design Estimates

1. A client shall be entitled to make changes in the design estimates before the work commencement or during its performance, provided the value of additional jobs caused by such changes does not exceed 10 per cent of the price established in the cost estimates and does not alter the nature of the work as defined by the agreement.
2. Changes in the design estimates that require additional work the value thereof exceeding 10 per cent of the contractual price shall be admissible by the consent of the contractor. In such case the contractor shall be entitled to reject the agreement and to claim reimbursement for the damage.

Article 879. Providing for the Construction and Payment for Work

1. The contractor shall be responsible for material and technical (logistic) support of construction, unless otherwise is established by the construction contract.

The construction contract may oblige the client to support the contractor in providing construction site with water, power or other supplies and relevant services.

2. The client responsible for logistic support of construction shall bear the risk of impossibility to use the material (components, structures) or equipment provided by the client without deterioration of the work quality.
3. If the use of the material (components, structures) or the equipment provided by the client results in deterioration of the work performed, the contractor shall be entitled to refuse the agreement and to claim the work payment by the client in the amount pro rata to the part of the work performed along with reimbursement for the damage uncovered by such amount.

4. Payment for the work shall be effected after the object (the work performed) is accepted by the client, unless the other settlement procedure is agreed upon by the parties.
5. In the event the construction object is destroyed due to force majeure prior to the term of construction completion established by the construction contract or in case the construction (construction works) cannot be accomplished for the other reasons beyond the client's control, the contractor shall not claim payment for the work or reimbursement for the expenses, unless otherwise is established by the agreement.
6. In the event of necessity to temporarily close down construction for the reasons beyond the parties control, the client shall be obliged to pay the contractor for the work performed and to reimburse for the expenses incurred in connection with such close down.

Article 880. Risk of Accidental Destruction or Damage of an Object

1. Risk of accidental destruction or damage of the construction object before its acceptance by the client shall be borne by the contractor, except for the cases due to the circumstances dependant on the client.

Article 881. Contractor's Obligation to Insure the Object of Construction

1. The contractor shall be obliged to conclude an insurance agreement for the object of construction for the work system, unless otherwise is established by the construction contract.

A party responsible for insurance shall provide the other party with the evidence for the insurance agreement concluded per the procedure established in the construction contract including the information on the insurer, insurance amount and insured risks.

2. Defects detected in the work or materials due to the contractor's (or a subcontractor's) fault shall be eliminated by the contractor and at its cost.
3. To control and supervise over construction and to make respective decision on its behalf, the client shall be entitled to enter into any agreement with a specialized organization or a specialist on rendering the applicable services. In such case, the construction contract shall establish functions and authorities of such specialist.

Article 882. Acceptance of Work

1. The client being notified by the contractor on its readiness to transfer the work performed under the construction contract or a work phase if such has been envisaged by the agreement shall be obliged to immediately commence its acceptance.
2. The client shall arrange and accept the work at its own cost, unless otherwise is established by the agreement. State officials and local self-governments shall take part in such acceptance in cases provided by the law or by the other regulatory documents.
3. The client that previously accepted separate work phases shall bear the risks of its destruction or damage beyond the contractor's control including the cases when the construction contract stipulates the work performance at the contractor's risk.
4. The work transfer by the contractor and acceptance thereof by the client shall be certified by an act signed by both parties. In the event one party refuses to sign such act, an appropriate note shall be made in the act signed by the other party.

The act signed by one party may be declared null and void by the court only in case that the reasons for such refusal to sign the act are accepted as reasonable by the court.

5. The work acceptance may take place after preliminary testing if it is prescribed by the construction contract or results from the work nature. In such case the work shall be accepted only upon positive testing results.
6. The client shall have the right to reject the work acceptance, provided the defects preventing the object use for the purpose specified in the construction contract cannot not be eliminated by the contractor, the client or the third person.

Article 883. Contractor's Responsibility

1. The contractor shall be responsible for the defects in the constructed object, delay in its transfer to the client and other contractual violations (failure to reach the projected capacity, or other projected indicators, etc), unless the contractor proves its innocence.
2. For non-performance or improper performance of contractual obligations the contractor shall pay fine in the amount set out by the construction contract or the law and shall reimburse for the losses in full scope.
3. The amounts of penalty/fine paid by the contractor for violation of the terms established for particular types of work shall be returned to the contractor after accomplishment of all the work by the deadline established in the agreement.

Article 884. Quality Assurance in the Construction Contract

1. The contractor shall guarantee the compliance of the object under structure with the indicators set out by the design estimates and a possibility to operate an object pursuant to the agreement within the warranty period, unless otherwise is established by the construction contract. The warranty period shall cover 10 years since the object is accepted by the client, unless a longer period is established by the agreement or the law.
2. The contractor shall be responsible for the defects detected within the warranty period, unless it proves they occurred due to: natural wear of the object or parts thereof; inaccurate operation or inaccurate instructions on its operation developed by the client or other attracted persons; improper repair of the object conducted by the client itself or the third persons attracted by the client.
3. Warranty period shall cover the period during which the object could not be in operation due to the defects for which the contractor bears responsibility.
4. In case the defects are detected during the warranty period, the client shall notify the contractor thereof within a reasonable period of time after the defects' detection.
5. The construction contract may establish the right of the client to pay the portion for the work price established in the cost estimates after the end of warranty.

Article 885. Elimination of Defects at the Client's Cost

1. The construction contract may envisage an obligation of the contractor to eliminate the defects at the request of the client and at its cost, for which the contractor is not responsible.

The contractor shall have the right to refuse this obligation, unless elimination of the defects is directly related to the subject matter of the agreement or can be performed by the contractor for the reasons beyond its control.

Article 886. Responsibility of the Client

1. In case of non-performance or improper performance of the contractual obligations by the client, it shall pay the contractor a penalty established by the agreement or the law and shall reimburse for the damage in full unless the client proves its innocence.

§ 4. Contract of Design and Survey

Article 887. Contractor's Agreement for Design and Survey Work

1. Under a contractor's agreement for design and survey the contractor shall be obliged to develop a design or other technical documentation and (or) to carry out survey whereas the client shall be obliged to accept the work and to pay for it.
2. Provisions of this Code shall apply to a contractor's agreement for design and survey, unless otherwise is established by the law.

Article 888. Input Data for Design and Survey Work

1. Under a contractor's agreement for design and survey, the client shall be obliged to transfer to the contractor the project statement and other input data necessary for the design estimates. The contractor may be authorized by the client to prepare the project statement. In such case the project statement shall become binding for both parties after being approved by the client.
2. The contractor shall be obliged to comply with the requirements of the project statement and other input data for the design and survey and shall be entitled to deviate from them only upon the client's consent.

Article 889. Responsibilities of the Client

1. Unless otherwise is established by the contractor's agreement for design and survey, the client shall be obliged to:
 - 1) pay the contractor the established price after the work is accomplished in full or pay in installments after the end of separate phases, or pay per the other procedure established by the agreement or the law;
 - 2) use the design estimates received from the contractor only for the purposes determined by the agreement, not to transfer design estimates to other persons or disclose information therein without the contractor's consent;
 - 3) provide services to the contractor during performance of design and survey work in the scope and upon the terms established by the agreement;
 - 4) together with the contractor take part in the approval of the accomplished design estimates by the authorized governmental bodies and local self-governments;
 - 5) reimburse the contractor for additional expenses on changes in the input data for the design and survey work due to the circumstances beyond the contractor's control;
 - 6) attract the contractor to participate in the court case upon the claim brought against the client by the other person in connection with the defects in the design documentation or performed surveys.

Article 890. Responsibilities of the Contractor

1. The contractor shall be obliged to:
 - 1) perform the work according to the input design data and in compliance with the agreement;
 - 2) approve the accomplished design estimates with the client and if necessary with the authorized governmental bodies and local self-governments;
 - 3) transfer to the client the accomplished design estimates and the survey results;
 - 4) not to transfer design estimates to the other persons without the client's consent;

5) guarantee the client that no other person has the right to impede or impose any limitations on the work performance based on the design estimates prepared pursuant to the agreement.

Article 891. Contractor's Responsibility for Drawbacks in Documentation and Work

1. The contractor shall be liable for the drawbacks in the design estimates and results of survey, including the defects detected afterwards in the course of construction or operation of the object made on the basis of the accomplished design estimates and the survey results.
2. In case of the drawbacks detected in the design estimates or in surveys, the contractor at the request of the client shall be obliged to remake the design estimates at no charge or to conduct additional surveys and to reimburse for the damage incurred, unless otherwise is established by the agreement or the law.

Chapter 62. RESEARCH AND DEVELOPMENT, DESIGN AND DEVELOPMENT AND TECHNOLOGICAL WORK

Article 892. Agreement of Research and Development, Design and Development and Technological Work

1. Under an agreement of research and development, design and development and technological work a contractor (an executor) shall be obliged to conduct researches, to develop a sample of a new product and to design relevant documentation or new technology, etc, as assigned by the client whereas the client shall be obliged to accept the work performed and to effect payment.

The agreement may cover the whole cycle of research, development and manufacture of samples or separate phases thereof.

Article 893. Performance of Work

1. An executor shall be obliged to conduct the research personally, unless otherwise is established by the agreement of research and development, design and development and technological work.

An executor shall be entitled to attract the other persons to the research and development only by the client's consent.

An executor shall be entitled to attract the other persons (sub executors) to the research and development and technological work, unless otherwise is established by the law.

Article 894. Transfer, Acceptance and Payment for Work

1. An executor shall be obliged to transfer and the client shall be obliged to accept and pay in full for the accomplished research and development, design and development and technological work. The agreement may envisage the acceptance and payment for separate phases of work or other payment procedures.
2. Payment for the research and development, design and development and technological work determined by the agreement may be reduced by the client depending on actually obtained results as compared with the results envisaged by the agreement, unless it was beyond the control of the client, whereas the possibility for such reduction and its limit were determined by the arrangement between the parties.

Article 895. Confidentiality of Agreement

1. The executor and the client shall be obliged to ensure confidentiality of the information about the subject matter of the agreement on research and development design and development

and technological work, its implementation and the results obtained, unless otherwise is established by the agreement. The scope of confidential information shall be established by the agreement.

Article 896. Rights of Parties to the Results of Work

1. The client under the agreement of research and development, design and development and technological work shall be entitled to use the results transferred to it within the scope and on conditions established by the agreement.
2. The executor shall be entitled to use for itself the achieved results, unless otherwise is established by the agreement.

The agreement may envisage the right of the executor to transfer the work results to other persons.

Article 897. Responsibilities of the Executor

1. The executor under the agreement of research and development, design and development and technological work shall be obliged to:
 - 1) perform the work according to the program/ topic (technical and economic indices) agreed upon with the client and transfer the result to the client by the date defined by the agreement;
 - 2) comply with requirements on protection of intellectual property rights;
 - 3) refrain from publication of the research and development results obtained during the work performance without the client's consent;
 - 4) take measures to protect the obtained results eligible for legal protection and inform the client as appropriate;
 - 5) by itself and at its own cost eliminate the defects in technical documentation due to the executor's fault which may result in deviation from the technical and economic indicators contained in the client's Specification or in the agreement;
 - 6) immediately inform the client about impossibility to achieve the expected results or about inexpediency to continue the work.

Article 898. Responsibility of the Client

1. The client under the agreement of research and development, design and development and technological work shall be obliged to:
 - 1) issue Specification to the executor and agree upon the program (technical and economic indices) or the subject of work;
 - 2) transfer to the executor information needed for the work performance;
 - 3) accept the performed work and effect payment.

Article 899. Consequences of Failure to Achieve the Result

1. If in the course of research and development the result cannot be achieved due to the reasons beyond the executor's control, the client shall be obliged to pay for the work conducted before such failure to achieve the expected results is established in the amount not exceeding the respective part of the work price established by the agreement.
2. If in the course of design and development and technological work the result cannot be achieved due to the reasons beyond the executor's control, the client shall be obliged to reimburse for the expenses incurred by the executor.

Article 900. Responsibility of the Executor for Violation of the Agreement

1. The executor shall be responsible to the client for violation of the agreement of research and development, design and development and technological work, unless the executor proves its innocence.
2. The executor shall be obliged to reimburse the client for real losses within the work's price limits in which the defects were detected, provided the agreement establishes they are to be reimbursed within the overall price of work under the agreement.

Lost benefit shall be reimbursed in cases prescribed by the law.

Chapter 63. Services. General Provisions

Article 901. Service Agreement

1. Under an agreement to provide services (service agreement) one party (an executor) shall be obliged to provide service as assigned by the other party (a client). The service shall be consumed in the process of performing a certain action or conducting certain activity, whereas the client shall be obliged to pay the executor for the mentioned service, unless otherwise is established by the law.
2. Provisions of this Chapter may apply to all service agreements, unless it contradicts the essence of the obligation.

Article 902. Execution of Service Agreement

1. The executor shall be obliged to provide service personally.
2. In cases determined by the service agreement the executor shall be entitled to entrust the other person to execute the service agreement and shall remain fully responsible to the client for violation of the agreement.

Article 903. Payment Under Service Agreement

1. If the agreement envisages services for fee, the client shall be obliged to pay for the services rendered in the amount, within the terms and per the procedures established by the agreement.
2. In case of impossibility to fulfill a service agreement due to the reasons beyond the executor's control, the client shall be obliged to pay a reasonable amount to the executor. In case of impossibility to fulfill a service agreement due to the client's fault, it shall be obliged to pay the executor in full, unless otherwise is established by the agreement or the law.

Article 904. Reimbursement for Actual Expenses Under the Agreement on Service Provision at no Charge

1. Under the agreement on service provision at no charge, the client shall be obliged to reimburse the executor for all actual expenses necessary to execute the agreement.
2. Provisions of Part 1 of this Article shall also apply in the cases when the agreement on the service provision at no charge cannot be executed due to the client's fault or force majeure.

Article 905. Term of Service Agreement

1. Term of the agreement on service provision shall be established by consent of both parties, unless otherwise is established by the law or other regulatory acts.

Article 906. Executor's Responsibility for Violation of Service Agreement

1. Losses incurred by the client due to non-performance or unduly performance of the agreement to provide services for fee shall be reimbursed by the executor in full in case of his fault, unless otherwise is established by the law. The executor that violated the agreement on service provision for fee in the course of entrepreneurial activity shall be responsible for such violation provided he proves that the proper execution is impossible due to force majeure, unless otherwise is established by the agreement or the law.
2. Losses incurred due to non-performance or improper performance of the agreement on service provision at no charge shall be reimbursed by the executor in the amount not exceeding two non-taxable minimal income of citizens, unless the other amount is established by the agreement.

Article 907. Termination of Service Agreement

1. Service agreement may be terminated, including by way of a unilateral rejection per the procedure and on the conditions established by this Code or by consent of the parties.

Procedure and consequences of the service agreement termination shall be agreed upon by the parties or established by the law.

Chapter 64. TRANSPORTATION

Article 908. General Provisions on Transportation

1. Transportation of freight, passengers, luggage or mail shall be executed under a transportation agreement.
2. General conditions of transportation shall be established by this Code, other legislation, transport codes (statutes) or other regulatory documents and rules issued in compliance thereupon.

Conditions of transportation of freight, passengers and luggage by separate types of transportation and responsibility of the parties on such transportation shall be established by the agreement, unless otherwise is established by this Code, other legislation, transport codes (statutes) or other regulatory documents and rules issued in compliance thereupon.

Article 909. Freight Transportation Agreement

1. Under the freight transportation agreement one party (carrier) shall be obliged to deliver freight entrusted by the other party (sender) to the destination and transfer it to a person authorized to accept the freight (recipient), whereas the sender shall be obliged to pay the established fee for the freight transportation.
2. The freight transportation agreement shall be concluded in writing.
3. Conclusion of the freight transportation agreement shall be witnessed by a transportation invoice (bill of lading or other documents prescribed by transportation codes/statutes).
4. The law may envisage specifics of conclusion and execution of the freight transportation agreement.

Article 910. Agreement for Conveyance of Passengers and Luggage

1. Under a passenger conveyance agreement one party (carrier) shall be obliged to convey the other party (passenger) to the destination place and in the event of the luggage check in – to deliver such luggage to the destination and to transfer it to the person eligible to receive it,

whereas the passenger shall be obliged to pay the established fare and in case of the luggage – to pay also for its shipment.

2. The agreement for conveyance of passengers and luggage shall be witnessed by issuance of a ticket and a luggage receipt respectively and the forms thereof shall be established pursuant to the transport codes/statutes.

Article 911. Passenger's Rights

1. A passenger shall be entitled to:
 - 1) obtain a seat in the transport vehicle according to the purchased ticket;
 - 2) convey one child under 6 years old at no charge without the provision of a separate seat;
 - 3) purchase children tickets at a reduced price for children from 6 through 14 years old;
 - 4) convey for free hand baggage within the norms established by the transport codes/statutes;
 - 5) make not more than one stop during the trip for a period not more than 10 days, and in case of disease – for the whole period of disease extending the validity of travel documents (a ticket);
 - 6) cancel a trip, return a ticket and receive fare in full or in part depending on the date of such return according to the rules established by the transportation codes/statutes;
 - 7) obtain full and timely information on the time and place of departure according to the route defined in the transportation document (ticket).
2. A passenger may also have other rights established by this Code, other laws, transportation codes/statutes or other regulatory documents and rules issued thereupon.

Article 912. Charter Agreement

1. Under a charter agreement one party (freighter) shall be obliged to provide to the other party (charterer) for payment all or a part of the space in one or several transportation vehicles for one or several trips in order to convey cargo, passengers, luggage, mail or for the other purpose, unless this contradicts the law or other regulatory documents.
2. Procedures governing charter agreement conclusion and the form of such agreement shall be established by the transportation codes/statutes.

Article 913. Direct Combined Traffic

1. Cargo, passengers, luggage and mail may be conveyed by several types of transportation under a single transportation document (direct combined traffic).
2. Interaction between organizations and transport enterprises participating in the direct combined traffic shall be established by the arrangement between them.

Article 914. Long-term Agreement

1. A carrier and an owner (holder) of freight may conclude a long-term agreement in case of regular transportation is necessary.
2. Under a long-term agreement a carrier shall be obliged to accept within the defined terms and an owner (holder) of freight to transfer the freight for shipment in the established volume. A long-term agreement for transportation of freight shall determine the volume, terms and other conditions for the provision of transport vehicles, transfer of cargo for transportation, settlement procedures and other applicable conditions.

Article 915. Transportation by Public Transport

1. Transportation conducted by a legal person shall be construed as transportation by means of public transport, provided the law, other regulatory documents or licenses issued to this organization certify that it has to convey cargo, passengers, luggage and mail at the request of any person.
2. Public transport conveyance agreement shall be a public agreement.

Article 916. Freight Charge

1. Conveyance of freight, passengers, luggage and mail shall be charged for in the amount agreed by the parties, unless otherwise is established by the law or other regulatory documents. If the amount of freight charge is not established, a reasonable amount shall be charged.
2. Charge for transportation of freight, passengers, luggage or mail by public transport shall be agreed upon by the parties, unless it is established by the tariffs approved per the applicable procedure.

Preferential terms/reduced charge for transportation of freight, passengers, luggage or mail by public transport may be established by an organization or a transport company at their cost or at the cost of the relevant budget in cases defined by the law or other regulatory documents.

3. The work and services performed at the request of the owner (holder) of freight and not covered by the tariffs shall be paid additionally as agreed by the parties.
4. The carrier shall be entitled to retain the freight transferred to it for transportation to ensure the effectuation of the freight charge and other payments, unless otherwise is established by the law, other regulatory documents or results from the substance of the obligation.

Article 917. Provision of Transport Vehicles and Submission of Freight for Transportation

1. A carrier shall be obliged to provide transportation vehicles for loading within the period prescribed by the agreement.

A sender shall be entitled to reject the transportation vehicle in case it is unsuitable for transportation of this freight.

2. A sender shall be obliged to submit the freight eligible for conveyance within the defined period of time in the proper tare and/or package; the freight shall be marked according to the prescribed requirements.
3. A carrier shall be entitled to refuse the acceptance of freight submitted in the tare and/or package that do not meet the applicable requirements and in case of the marking is unavailable or inappropriate.

Article 918. Loading and Unloading of Freight

1. Loading/unloading of freight shall be conducted by an organization, a transport company or a sender (a recipient) per the procedure established by the agreement and in compliance with the rules set out by the transportation codes/statutes, other regulatory documents and rules issued thereupon.
2. Loading/unloading of freight conducted by a sender (a recipient) shall be carried out within the terms established by the agreement, unless such terms are prescribed by the transportation codes/statutes, other regulatory documents or rules issued thereupon.

Article 919. Terms for Delivery of Freight, Passenger, Luggage, Mail

1. A carrier shall be obliged to deliver freight, passenger, luggage or mail to the destination within the period established by the agreement, unless other period is established by the transportation codes/statutes, other regulatory documents or rules issued thereupon; and in case such period is unavailable – within a reasonable time.
2. Freight not released to the recipient at his request within 30 days after expiration of the delivery period shall be construed as lost, unless a longer period is established by the agreement or the transportation codes/statutes.

The freight recipient shall accept the freight arrived after expiration of the foregoing terms and shall return the amount paid by the carrier for the loss of freight, unless otherwise is established by the agreement or transportation codes/statutes.

Article 920. Responsibility Under Obligations Resulting from Transportation Agreement

1. In the event of violation of contractual obligations resulting from the transportation agreement the parties shall bear responsibility agreed upon by mutual consent, unless otherwise is established by this Code, other laws or transport codes/statutes.

Article 921. Responsibility of Carrier for Failure to Provide Transport Vehicle and Responsibility of Sender for Failure to Use the Provided Transport Vehicle

1. The Carrier for the failure to provide transport vehicle and the sender for the failure to provide freight or use the provided transport vehicle for other reasons shall bear responsibility established by the agreement, unless otherwise is provided by the transport codes/statutes.
2. The carrier and the sender shall be released from such responsibility in case non-provision of transport vehicle or non-use of the provided transport vehicle occurred not through their fault, particularly, if transportation of freight has been terminated (restricted) in some directions, as established in cases and per the procedure envisaged by the transport codes/statutes.

Article 922. Responsibility of Carrier for Delay in Passenger Departure and Violation of Term to Convey Passenger to the Destination Place

1. The carrier shall pay a penalty in the amount agreed upon by the parties or as prescribed by the transport codes/statutes for the delay in departure of transport vehicle carrying a passenger or late arrival of such transport vehicle, unless the carrier proves that such violations occurred due to the force majeure, elimination of malfunctions in the transport vehicle which posed a threat to life and health of passengers or due to the other circumstances beyond the carrier's control.
2. In case a passenger refuses conveyance because of delay, the carrier shall be obliged to return the fare to the passenger.
3. In case a passenger's conveyance from the transit point did not take place due to delay of a transport vehicle, the carrier shall be obliged to reimburse the passenger for the losses incurred.

Article 923. Responsibility of Carrier for Late Delivery of Freight

1. In case of late delivery of freight, the carrier shall be obliged to reimburse the other party for the expenses incurred by the violation of transportation term, unless other forms of responsibility is defined by the agreement or the transport codes/statutes.

Article 924. Responsibility of Carrier for Loss, Shortage, Spoilage or Damage of Freight, Luggage or Mail

1. The carrier shall be responsible for the safekeeping of freight, luggage or mail since the moment of their receipt for transportation till their transfer to the recipient, unless the carrier proves that such loss, shortage, spoilage or damage of freight, luggage, or mail were caused due to the circumstances the carrier could not prevent and elimination thereof was beyond its control.
2. The carrier shall be responsible for the loss, shortage, spoilage or damage of freight, luggage, or mail accepted for transportation in the amount of actual damage inflicted, unless the carrier proves its innocence.

Article 925. Raising Claims Resulting from the Transportation Agreement

1. Raising a claim to the carrier resulting from the transportation agreement on transportation of freight or mail shall be governed by the procedures established by the law, transportation codes/statutes.
2. Claim to the carrier may be raised by the freight sender or recipient in the event of the carrier's full or partial refusal to satisfy the claim or failure to respond to the claim within a month's term.
3. A one-year limitation of action shall apply to claims resulting from the transportation agreement of freight, mail established according to the transport codes/statutes.

Article 926. Claims on International Transportation

1. Limitation of action and the procedure governing claim filing in the disputes on international transportation shall be established by the international agreements of Ukraine, the transport codes/statutes.

Article 927. Insurance of Freight, Passengers and Luggage

1. Insurance of freight, passengers and luggage shall be governed by the law.

Article 928. Responsibility of Carrier for Damage Caused by Mutilation, Other Injuries to Health or by Passenger's Death

1. Responsibility of the carrier for damage caused by mutilation, other injuries to health or by the passenger's death shall be defined according to Chapter 82 of this Code, unless the agreement or the law establishes the responsibility of the carrier without guilt.

Chapter 65. Freight Forwarding

Article 929. Freight Forwarding Agreement

1. Under a freight forwarding agreement one party (a forwarding agent) shall be obliged to perform or organize the performance of services on freight transportation for fee and at the cost of the other party (a client).

A freight forwarding agreement may establish an obligation of the forwarding agent to arrange transportation of freight by transport and per the route selected by the forwarding agent or the client, to conclude in its name or in the name of the client the freight transportation agreement, to provide for shipment and acceptance of freight and to perform other obligations related to transportation.

A freight transportation agreement may envisage the provision of additional services needed for the freight delivery (inspection of the freight quantity and status, its loading and unloading, payment of duties, charges and expenses to be borne by the client, storage of

freight through its receipt at the destination, the receipt of import/export documentation, furnishing customs formalities, etc).

2. Provisions of this Chapter shall also cover those cases when the forwarding agent's obligations are performed by the carrier.
3. Terms and conditions of the freight transportation agreement shall be agreed upon by the parties, unless otherwise is established by the law, the other regulatory documents.

Article 930. Form of Freight Forwarding Agreement

1. A freight transportation agreement shall be executed in writing.
2. The client shall issue a Power of Attorney to the forwarding agent if such is requested to perform its duties.

Article 931. Payment Under Freight Forwarding Agreement

1. The amount of payment to the forwarding agent shall be determined by the freight transportation agreement, unless otherwise is established by the law. In case the amount of payment is not established, the client shall pay the forwarding agent a reasonable amount.

Article 932. Fulfillment of Freight Forwarding Agreement

1. The forwarding agent shall be entitled to involve other persons to the performance of its obligations.
2. In the event the other persons are involved in the performance of its obligations under the freight transportation agreement, the forwarding agent shall be responsible to the client for the violation of such agreement.

Article 933. Documents and Other Information Provided to Forwarding Agent

1. The client shall be obliged to provide to the forwarding agent documents and other information on the freight properties, transportation conditions and other information needed for the forwarding agent to perform obligations under the agreement.
2. The forwarding agent shall inform the client of the drawbacks in the provided information and in case of the information incompleteness shall request additional information from the client.
3. Failure of the client to provide the documents and necessary information shall result in the right of the forwarding agent to delay the performance of its obligations under the freight transportation agreement till such time when the documents and information are provided in full scope.
4. The client shall be responsible for the losses inflicted to the forwarding agent due to violation of its obligation to provide the documents and information set forth in Part 1 of this Article.

Article 934. Responsibility of Forwarding Agent Under the Freight Transportation Agreement

1. A forwarding agent shall be responsible to the client for violation of the freight transportation agreement pursuant to Chapter 51 of this Code.

Article 935. Recession from Freight Transportation Agreement

1. A client or a forwarding agent shall be entitled to refuse the freight transportation agreement by notifying the other party thereof within a reasonable period of time. The party that declared such recession shall be obliged to reimburse to the other party for the losses incurred due to the agreement termination.

Chapter 66. Storage

§ 1. General Provisions on Storage

Article 936. Storage Agreement

1. Under a storage agreement one party (depositee) shall undertake an obligation to store an object transferred to it by another party (depositor) and to return it safe to the depositor.
2. A storage agreement under which a depositee is a person providing storage on the basis of entrepreneurship (professional depositee) may establish an obligation of such depositee to store an object, which will be transferred to the depositee in the future.
3. A storage agreement shall be a public agreement, provided the subject of business stores objects in the general use storage facilities (storage caves/rooms, premises).

Article 937. Form of the Storage Agreement

1. A storage agreement shall be concluded in writing in cases specified by Article 208 of this Code.

A storage agreement under which a depositee takes an obligation to accept an object for storage in future shall be executed in writing regardless of the value of such object.

A storage agreement shall be construed as executed in writing, provided acceptance of an object for storage is confirmed by a note of hand, receipt or any other document signed by a depositee.

2. Acceptance of an object for storage in the event of fire, flooding or sudden outbreak of a disease or in other contingencies may be confirmed by witnesses.
3. Acceptance of an object for storage may be confirmed by a numbered counter issued to the depositor or any other sign witnessing the acceptance of an object for storage if it is established by the law, other acts of civil legislation or is conventional for this type of storage.

Article 938. Storage Period

1. A depositee shall be obliged to store an object within the period of time specified by the storage agreement.
2. In case a storage period is not established by the agreement and cannot be defined based on the agreement's conditions, a depositee shall be obliged to store an object till the time when a depositor claims the object back.
3. In case a storage period is defined by the time of the depositor's claim the depositee shall be entitled after the expiration of a conventional storage period for such conditions to claim the depositor take an object back within a reasonable period of time.

Article 939. Legal Consequences for the Depositor's Refusal to Transfer an Object for Storage

1. A depositee that took an obligation to accept an object for storage in future shall not be entitled to claim its transfer for storage.
2. A depositor that failed to transfer an object for storage shall be obliged to reimburse a depositee for the losses incurred in connection with such failure, unless a depositor informed a depositee of its decision to refuse a storage agreement within a reasonable period of time.

Article 940. Obligation to Accept an Object for Storage

1. A professional depositary that stores objects in the general use storage facilities (storage caves, premises) shall not be entitled to refuse a storage agreement concluding under availability of such possibility in its facilities.

A depositary shall be released from the obligation to accept an object for storage, unless it can provide for safety storage because of the reasons of substantial importance.

2. In case an object is to be transferred for storage in future, a depositary shall be released from the obligation to accept an object for storage, unless it can provide for safety storage because of the reasons of substantial importance.

Article 941. Storage of Objects Defined by Generic Features

1. At the consent of a depositor, a depositary shall be entitled to mix objects of the same gender and quality transferred for storage.

Article 942. Obligation of Depositary to Ensure Safe Storage

1. A depositary shall be obliged to undertake all actions established by the agreement, the law or other acts of civil legislation to ensure safe storage of an object.
2. In case of storage for free, a depositary shall be obliged to take as proper care of an object as of its own.

Article 943. Execution of Storage Agreement

1. A depositary shall be obliged to fulfill personally its obligations pursuant to the storage agreement.
2. A depositary shall be entitled to transfer an object to another person for storage in case it is forced to do so in the interests of a depositor and when it is impossible to obtain a depositor's consent.

A depositary shall timely notify a depositor about an object's transfer to another person for storage.

3. In the event an object is transferred to another person for storage by a depositary, conditions of a storage agreement shall remain in force and the initial depositary shall be responsible for the actions of a person to whom an object is transferred for storage.

Article 944. Use of an Object Transferred for Storage

1. A depositary shall not be entitled to use an object transferred for storage or to transfer it to another person for use without the depositor's consent.

Article 945. Change of Storage Conditions

1. A depositary shall immediately inform a depositor on the necessity to change storage conditions and shall receive the depositor's response.

In case of a threat to lose, miss or damage an object, a depositary shall change the manner, place and other conditions of its storage, not waiting for the depositor's response.

2. If an object was damaged, or a real threat of its damage or other circumstances threatening its safety occurred, whereas there is no possibility that the depositor will take any appropriate actions, the depositary shall be entitled to sell an object or a part thereof.

If the aforesaid circumstances were caused by the events beyond the depositary's control, such depositary shall be entitled to reimburse for the expenses from the proceeds obtained from the object's sale. The foregoing circumstances shall be confirmed by the depositary.

Article 946. Storage Charge

1. Storage charge and payment dates shall be established by a storage agreement.
2. If storage was terminated prior to the end of the agreement due to the circumstances beyond the control of the depositee, such depositee shall be entitled to the proportional payment.
3. If a client after expiration of a storage agreement failed to take out the object, it shall remit payment for the actual total period of storage.
4. Foundation documents of the legal person or agreement may envisage the provision of storage at no charge.

Article 947. Reimbursement for Storage Expenses

1. Expenses for an object storage incurred by the depositee may be included into the storage charge.
2. Expenses, which the parties to the agreement could not envisage during conclusion of the storage agreement (contingency expenses), shall be reimbursed in addition to the storage fee due.
3. Storage at no charge shall mean that the client is obliged to reimburse the depositee for all the expenses incurred in connection with the object storage, unless otherwise is established by the agreement or the law.

Article 948. Depositor's Obligation to Take Back an Object after Expiration of the Storage Period

1. A client (depositor) shall be obliged to take out the object from the depositee after the expiration of the storage period.

Article 949. Depositree's Obligation to Return an Object

1. A depositee shall be obliged to return to the client an object transferred for storage, or an appropriate number of objects of the same nature and quality.
2. An object shall be returned to the client in the same condition in which it was accepted for storage taking into account changes in its natural properties.
A depositee shall transfer to the client fruit and income obtained from such object.
3. Identity of the object accepted for storage and of that returned to the client may be certified by witnesses.

Article 950. Depositree's Responsibility for Loss (Deficiency) or Damage of Object

1. A depositee shall be liable for loss (deficiency) or damage of an object accepted for storage according to the general rule.
2. A professional keeper shall be liable for loss (deficiency) or damage of an object unless it proves it happened due to force majeure or such inherent properties of an object which the depositee had no knowledge or could not have any knowledge when the object had been accepted for storage or as a result of the client's intent or negligence.
3. A depositee shall be liable for loss (deficiency) or damage of an object after expiration of the agreement term only in the instance of intent or obvious negligence for its part.

Article 951. Reimbursement for Losses Incurred by Depositor

1. Losses incurred by the depositor/client for any damage (deficiency) of an object shall be reimbursed by the depositee as follows:

- 1) in case of an object loss (deficiency): in the amount of its value;
 - 2) in case of an object damage: in the amount by which its value has decreased.
2. If as a result of damage the quality of the object changed to the extent that it can no longer be used per its initial purpose, the client shall be entitled to refuse this object and to claim for the depositee to reimburse for its value.

Article 952. Reimbursement for Losses Incurred by Deposittee

1. A client shall reimburse for the damage caused to the deposittee by the properties inherent in the object transferred for storage, unless such deposittee accepting the object for storage knew or could know about these properties.

Article 953. Return of an Object at the Depositor's Request

1. A deposittee shall return an object upon the first request of the client even if the storage period has not expired.

Article 954. Storage under the Law

1. Provisions of this Chapter shall apply to storage performed pursuant to the law, unless otherwise is established by the law.

Article 955. Application of General Storage Provisions to Specific Types of Storage

1. Provisions of Paragraph 1 of this Chapter shall apply to specific types of storage, unless otherwise is established by the provisions of this Code on specific types of storage or by the law.

§ 2. Storage Warehouse

Article 956. Concept of Warehouse

1. Warehouse shall be an organization that stores goods and provides services connected with storage on commercial basis.
2. Warehouse shall be deemed a general-purpose warehouse if according to the law, other legal and regulatory documents or permit (license) it is obliged to accept goods for storage from any person.

Article 957. Warehouse Contract

1. Under a warehouse agreement, a warehouse shall assume an obligation to store goods transferred by the client for fee and to return such goods safe.
2. A warehouse agreement concluded by general warehouse shall be a public agreement.
3. A warehouse agreement shall be concluded in writing. Agreement shall be deemed as concluded in writing if the acceptance of goods by the warehouse is certified by a warehouse receipt.

Article 958. Storage of Objects Defined by Generic Properties under the Right of Disposition

1. If a warehouse is entitled to dispose of goods defined by generic properties, the relations between the parties shall be governed by the provisions on loan agreement, whereas the time and the place for the goods return shall be determined by general provisions on storage.

Article 959. Examination of Goods

1. A warehouse shall be obliged to examine goods at its own cost during the goods acceptance for storage and to define its quantity and external conditions.
2. A warehouse shall be obliged to provide a client with the possibility of examining goods or their samples over the whole period of storage or with regard to the objects with generic properties to take samples and take steps necessary to provide for the safe storage.
3. A warehouse or a client at the return of goods shall be entitled to demand examination of goods and quality testing. Expenses incurred in connection with such examination of goods shall be borne by the party requesting this examination and testing.

If upon returning goods a warehouse and a client failed to jointly examine or test them, the client shall report deficiency or damage in writing simultaneously with the receipt of goods and with regard to the deficiency or damage, which could not be identified under regular acceptance of goods – within three days of the receipt. Absence of the client's notification shall be construed as compliance of the warehouse with the terms and conditions set out by the agreement.

Article 960. Change of Storage Conditions and Status of Goods

1. If in order to provide for the safe storage, the conditions of storage are to be altered, a warehouse shall be obliged to independently take appropriate immediate actions and to inform the client thereof.
2. In case of detection the goods damage, a warehouse shall be obliged to immediately prepare a report and the same day to inform the client thereof.

Article 961. Warehouse Documents

1. To certify the acceptance of goods a warehouse shall issue one of the following warehouse documents:
warehouse receipt;
simple warehouse certificate;
double warehouse certificate.
2. Goods accepted for storage under simple or double warehouse certificate may be the subject of pledge over the storage period based on the pledge of such certificate.

Article 962. Double Warehouse Certificate

1. Double warehouse certificate shall consist of two parts: a warehouse certificate and a pledge certificate (warranty), which may be separated from each other.
2. Each part of such double certificate shall contain identical information about:
 - 1) name and location of a warehouse that accepted goods for storage;
 - 2) certificate number in the warehouse register;
 - 3) legal or physical person name from which goods were accepted, its legal address or place of domicile;
 - 4) name and quantity of goods accepted for storage – number of units and (or) items and (or) measure (weight, volume) of goods;
 - 5) period of storage if there is a notification of the receipt of goods for storage on demand;
 - 6) storage charge or tariffs thereupon it was calculated and payment procedure;
 - 7) date of certificate's issuance.

Each of two parts of a double warehouse certificate shall also contain identical signatures of a duly authorized person and warehouse stamps.

3. A document that does not meet the foregoing requirements shall not be a double warehouse certificate.

Article 963. Rights of Holder of Warehouse Certificate and of Pledge Certificate

1. A holder of a warehouse certificate and a warrant shall have the right to dispose of the goods stored at the warehouse.
2. A holder of a warehouse certificate only shall be entitled to dispose of goods but such goods shall not be taken out from the warehouse unless the loan secured by such warehouse certificate has been paid back.
3. A holder of a warrant only shall have the right to pledge the goods in the amount equal to the loan and servicing interests. In case of the goods pledge a respective notification shall be made on the warehouse certificate.

Article 964. Transfer of Warehouse Certificate and of Pledge Certificate

1. A warehouse certificate and a warrant may be transferred together or separately pursuant to the transfer notes.

Article 965. Simple Warehouse Certificate

1. Simple warehouse certificate shall be issued to the bearer of such certificate.
2. Simple warehouse certificate shall contain information prescribed in Items 1, 2, 4, 7 and paragraph 9, Part 2 of Article 962 herein along with the notification that it was issued to the bearer.
3. A document that fails to meet the requirements set out in this Article shall not be a simple warehouse certificate.

Article 966. Release of Goods under a Double Warehouse Certificate

1. Warehouse shall release goods to the holder of a warehouse certificate and a warrant (double warehouse certificate) only in exchange for both certificates together.
2. Holder of a warehouse certificate who is not in possession of a warrant but has paid back the amount of debt on such warrant shall obtain goods only in exchange for a warehouse certificate accompanied by the receipt confirming payment of the whole amount of debt secured by such warrant.

Warehouse that released goods to the holder of a warehouse certificate, who is not in possession of a warrant and failed to pay the amount of debt secured by such warrant, shall be liable to the holder of the warrant for the total amount of debt secured by such warrant.

3. Holder of a warehouse certificate and a warrant shall be entitled to request the release of goods in portions. At that in exchange for the initial certificates such holder shall be issued new certificates for the goods remained in the warehouse.

§ 3. Special Types of Storage

Article 967. Storage of Objects in Pawnshop

1. A safekeeping agreement to store an object accepted by a pawnshop from a physical person shall be certified by a registered receipt.
2. The price of an object shall be agreed upon by the parties.

3. A pawnshop shall be obliged to insure an object accepted for storage at its expense but for the benefit of the client based on the assessed value.

Article 968. Sale of an Object not Taken from Pawnshop by a Depositor

1. An object, which a client has failed to take out from the pawnshop, within a three-month's period after the termination of a storage agreement may be sold by the pawnshop pursuant to the procedure established by the law.
2. The amount of proceeds shall be deducted for the storage charge and other payments to be effected by the pawnshop. The balance shall be returned to the client.

Article 969. Storage of Valuables in Bank

1. Bank may accept documents, securities, precious metals, stones, other jewelry and valuables for storage.
2. Bank may be authorized by the client to conclude transactions with securities accepted for storage.
3. Agreement for storage of valuables in the bank shall be certified by issuance of a registered document by the bank. Producing such document shall be the ground to return valuable to the depositor.

Article 970. Agreement on Provision of Individual Bank Safe Protected by Bank

1. Bank may supply a client with an individual bank safe (its part or a special premise) to store valuables and to work with them.
2. Bank shall issue a client the key to the safe, an identity card, another symbol or document providing its holder with an access to the safe and valuables.
3. Bank shall accept valuables from the client; supervise their placement in the safe and receipt from the safe.

Article 971. Agreement on Provision of Individual Bank Safe Not Protected by Bank

1. An agreement of supplying a person with the bank safe, the content thereof is not protected by the bank, shall be governed by the provisions of this Code on property hire (lease).

Article 972. Storage of Objects in Cloakrooms of Organizations and Luggage Offices of Transport Enterprises

1. Luggage offices of general use administered by organizations and transport enterprises shall be obliged to accept passengers' belongings and those from other persons for storage regardless of the availability of travel documents.
2. A client shall be issued a receipt or a token (except for the automated storage boxes) to confirm the acceptance of an object for storage by the luggage office.
3. Losses incurred by the client as a result of loss, deficiency or damage of an object accepted by the luggage office shall be reimbursed within one day since a claim is raised to reimburse for the damage in the amount equal to the assessed value determined at the time when an object was transferred for storage.
4. The term during which a luggage office is obliged to store an object shall be established by the rules issued in compliance with the transport codes (statutes) or per the agreement by the parties. If a party failed to take out an object within the established term, a luggage office shall be obliged to store it during three months. After expiration of such period an object may be sold per the procedure established by the law.

5. In the event a receipt or a token is lost, an object transferred to the luggage office shall be returned to the client after he produces the evidence of ownership for an object.
6. Agreement of storage of an object in automated boxes shall be governed by the provisions on property hire (lease) of this Code.

Article 973. Storage of Objects in the Cloak Rooms of Organization

1. If an object is deposited at the cloakroom of organization, such organization shall be a depositee.

Deposittee of an object deposited at the cloakroom regardless of whether such storage is for fee or not shall be obliged to take all measures necessary to ensure safety of an object.

2. Provisions of this Article shall apply to storage of overcoats and hats in places allocated for such purpose, in health care or other institutions.

Article 974. Storage of Passenger's Luggage During Transportation

1. A carrier shall be obliged to ensure safety of a suitcase (bag) and passenger's personal belongings (except for valuables and money), which a passenger transports in a place designated for such purpose.

Article 975. Storage of Objects at the Hotel

1. A hotel shall be responsible for the safety of objects brought in by hotel residents. An object shall be construed as such that was brought to the hotel if it was transferred to the hotel personnel or is located in the premises offered to the guest.
2. A hotel shall be responsible for loss of money and other valuables (securities, jewelry) only in cases such objects were specifically transferred to the hotel for storage.
3. In case of loss or damage of an object a guest shall immediately notify the hotel thereof.

If a guest did not raise a claim to the hotel before the end of the stay, the belongings of such person shall be deemed as neither lost nor damaged.

4. Provisions of this Article shall apply to storage of objects in possession of physical persons in the dormitories, motels, health resorts, boarding homes, sanatoriums and other organizations, which provide temporary residence.

Article 976. Storage of Objects under Dispute

1. Two or more persons disputing the right in an object may transfer such object to a third person that undertakes an obligation after a dispute resolution to return an object to the person recognized the owner by the court decision or by mutual consent of the parties to dispute.
2. An object under dispute may be transferred for storage upon the court decision.

In such case, a deposittee may be appointed by the court or by mutual consent of the parties to dispute. An object shall be transferred to the other person at its consent, unless otherwise is established by the law. A deposittee shall be entitled to receive payment from the parties under dispute.

Article 977. Storage of Motor Vehicles

1. In case motor vehicles are stored by the subject of entrepreneurship, such agreement shall be a public agreement.

2. Under a storage agreement of motor vehicle in boxes/cubicles, garages and special parking facilities, a depositor shall undertake an obligation to protect a motor vehicle against illegal access of outsiders and shall release such a vehicle at the first request of a depositor.

Storage agreement of a motor vehicle shall also cover relations between the garage-constructing cooperative or garage cooperative and their members, unless otherwise is established by the law or the statute of cooperative.

Acceptance of a motor vehicle for storage shall be witnessed by a receipt (number or token).

Article 978. Safeguard Agreement

1. Under a safeguard agreement a guard, a subject of entrepreneurship, shall undertake an obligation to ensure safety of a physical person or the property under safeguard. The holder of such property or a person under protection shall comply with the rules of personal and property safety prescribed by the agreement and shall remit fixed payment to a guard on a monthly basis.

Chapter 67. Insurance

Article 979. Insurance Agreement

1. Under insurance agreement one party to the agreement (an insurer) shall assume an obligation in special event (insurance accident) to pay the other party (an insured) or another person specified in the agreement the amount (insurance payment), whereas an insured shall assume an obligation to remit insurance payments and to comply with the other terms and conditions as prescribed by the agreement.

Article 980. Subject Matter of Insurance Agreement

1. Subject matter of insurance agreement may be property interests, which do not contravene the law and are related to:
 - 1) life, health, labor and pension provision (personal insurance);
 - 2) possession, use and disposal of property (property insurance);
 - 3) indemnification of damage caused by an insured (liability insurance).

Article 981. Form of Insurance Agreement

1. Insurance agreement shall be concluded in writing.
2. Insurance agreement may be concluded by way of issuance of insurance certificate (policy) by the insurer to the insured.
3. If the insurance agreement is not concluded in writing, such agreement shall be construed as nuisance.

Article 982. Material Conditions of Insurance Agreement

1. Material conditions of insurance agreement shall be the subject matter of insurance agreement, insurance accident, the amount of money within which the insurer is to effect payment in the event of insurance accident (insurance money), amount of insurance payment and terms for its effecting, agreement validity and other terms and conditions as defined by the civil legislation.

Article 983. Effectuation of Insurance Agreement

1. Insurance agreement shall come into force after the first insurance payment has been made by the insured, unless otherwise is provided by the agreement.

Article 984. Parties to the Insurance Agreement

1. An insurer shall be a legal person created specifically to undertake insurance activities and licensed pursuant to the applicable law to undertake such insurance activities.

The requirements set forth for the insurers, procedure of licensing of their operations and state supervision over insurance activities shall be established by the law.

2. An insurant may be a physical or a legal person.

Article 985. Concluding Insurance Agreement for the Benefit of the Third Person

1. An insurant shall have the right to conclude an agreement with the insurer for the benefit of the third person to whom the insurer has to effect an insurance payment at the date when such person reaches a certain age or in the event of the other insurance accident.
2. During concluding an insurance agreement an insurant shall be entitled to assign a physical or a legal person to receive the insurance payment (beneficiary) and replace such person before the occurrence of insurance accident, unless otherwise is established by the insurance agreement.
3. Specifics of concluding an insurance agreement for the benefit of the third person shall be established by the law.

Article 986. Co-insurance

1. Upon the consent of an insurant, the subject matter of the insurance agreement may be insured by several insurers (co-insurance) per one insurance agreement with the rights and responsibilities of each insurer being defined.
2. By mutual agreement between the insurers and an insurant, one of the co-insurers may represent all other co-insurers in their relations with the insurant remaining liable to the insurant within its share.

Article 987. Reinsurance Agreement

1. Under the reinsurance agreement, an insurer that concluded insurance agreement shall insure with another insurer (reinsurer) the risk of performing of its portion of liabilities to the insurant.
2. An insurer that concluded a reinsurance agreement shall remain fully responsible to the insurant according to the insurance agreement.

Article 988. Insurer's Obligations

1. An insurer shall be obliged to:
 - 1) familiarize the insurant with terms and conditions of insurance;
 - 2) within 2 working days after the insurance accident has been reported take steps to prepare all necessary documents to provide for the timely remittance of insurance payment to the insurant;
 - 3) in the event of the insurance accident to effect insurance payment within the period defined by agreement.

Insurance payment under the personal insurance agreement shall be effected regardless of the amount paid according to the state social insurance, social provision and indemnification for damage.

Insurance payment under the property insurance and liability insurance agreement (insurance indemnification) shall not exceed the amount of real damage. Other damage shall be construed as insured if so is established by the agreement.

Insurance payment under the property insurance agreement shall be effected by the insurer within the insurance sum determined within the value of property as of the date of the agreement conclusion.

- 4) indemnification of the losses incurred by the insurant aimed at preventing or reducing damage in connection with the insurance accident, if so is established by the agreement;
- 5) per the insurant's application in the event the insurer has taken steps which reduced the insurance peril or in case the property value has risen, to renew conclusion of the insurance agreement;
- 6) not to disclose information about the insurant or its property status, except for the cases established by the law.

2. Insurance agreement may also establish other responsibilities of the insurer.

Article 989. Insurant's Obligations

1. An insurant shall be obliged to:

- 1) timely remit insurance payments (contributions, premiums) in the amount specified by agreement;
- 2) during conclusion of an insurance agreement, supply information to the insurer of all circumstances within its knowledge which are essential for the assessment of the insurance risk and continue informing about any changes in the insurance risk;
- 3) during conclusion of an insurance agreement, inform the insurer of other insurance agreements concluded with regard to the objects covered by the insurance.

If an insurant failed to inform an insurer of the fact that the object has already been insured, a new insurance agreement shall be construed as nuisance;

- 4) take steps to prevent losses caused by the insurance case and to reduce them;
- 5) inform an insurer of the insurance event within the period established by the agreement.

2. Insurance agreement may also include other obligations of an insurant.

Article 990. Conditions and Procedures Guiding Insurance Payment

1. An insurer shall effect insurance payment according to the terms and conditions of the agreement based on the insurant's application (its legal successor) or other person defined by the agreement and the insurance act (accident certificate).
2. The insurance act (accident certificate) shall be drawn up by an insurer or an authorized person in the form established by the insurer.

Article 991. Refusal to Effect Insurance Payment

1. The insurer shall have the right to refuse the insurance payment effecting in the event of:

- 1) intentional actions undertaken by an insurant or a person for whose benefit such insurance agreement has been concluded, if they were aimed at the occurrence of an insurance accident, except for the actions related to the fulfillment of civil or office duties committed in the state of necessary self-defense (without exceeding its limits) or with regard to protection of the property, life, health, honor or business reputation;
- 2) intentional crime committed by an insurant or a person for whose benefit the insurance agreement has been concluded which resulted in the insurance accident;

- 3) submitting by a insurant of knowingly false information about an insurance object or about the fact of insurance accident occurrence;
 - 4) receipt by an insurant of full amount of the damage indemnification under the property insurance agreement from the person who caused such damage;
 - 5) without any admissible excuse failure by an insurant to promptly inform about the insurance accident or creation of obstacles to an insurer in defining circumstances, nature and the amount of damage;
 - 6) other circumstances established by the law.
2. Insurance agreement may also envisage other grounds to refuse effecting of insurance payment, unless this contradicts the law.
 3. An insurer's decision to refuse effecting of insurance payment shall be reported to an insurant in writing and the reasons for such refusal shall be substantiated.

Article 992. Insurer's Responsibility

1. In case of failure of an insurer to effect insurance payment to an insurant or another person, an insurer shall be obliged to pay penalty in the amount established by the agreement or the law.

Article 993. Transfer to an Insurer of Insurant's Rights with Regard to the Person Liable for Damages

1. An insurer who effected indemnification per the property insurance agreement, shall within the limits of actual expenses acquire the right of claim of an insurant or another person that received insurance indemnification to a person liable for damages.

Article 994. Change of Insurant – Individual in the Insurance Agreement

1. In the event of death of an insurant, who concluded a property insurance agreement, his/her rights and obligations shall be transferred to the persons who inherited such property.
In other cases, rights and obligations of an insurant may be transferred to the third persons upon the agreement of an insurer, unless otherwise is established by the insurance agreement.
2. In the event of death of an insurant who concluded a personal insurance agreement for the benefit of the third party, its rights and liabilities may be transferred to such person or to the other persons, which according to the law are vested with the protection of rights and interests of an insured person.

Article 995. Consequences of Termination of Insurant – a Legal Entity

1. If an insurant – a legal person is terminated and its legal successors are established, the rights and obligations of an insurant shall be transferred to such legal successors.

Article 996. Consequences of Recognizing Insurant – an Individual – Incapable or Restriction of His/Her Civil Capacity

1. Rights and liabilities of a physical person - an insurant, who was recognized incapable by the court, shall be exercised by its guardian since such recognition.

A liability insurance agreement of a physical person recognized incapable by the court shall be terminated upon such recognition.

2. An insurant – a physical person whose civil liability restricted by the court shall exercise its rights and liabilities of an insurant only upon the consent of a guardian.

Article 997. Termination of Insurance Agreement

1. Insurance agreement shall be terminated in cases stipulated by the agreement or the law.
2. If an insurant failed to timely remit insurance payment and did not pay it within ten working days after a written claim was made by an insurer to pay an insurance payment, an insurer may refuse the insurance agreement, unless otherwise is established by the agreement.

An insurant or an insurer may refuse insurance agreement in other cases established by the agreement.

3. An insurant or an insurer shall be obliged to inform the other party of its intent to refuse the insurance agreement at least thirty days before the agreement termination, unless otherwise is established by the agreement.

An insurer shall have no right to refuse a personal insurance agreement without consent of the insurant that does not violate the agreement, unless otherwise is established by the agreement or the law.

4. In case an insurant refused the insurance agreement (except for the life insurance), an insurer shall return the insurance payments for the period remained till the agreement expiration deducting the normative expenses for the case administration, defined at calculation of the insurance tariff, and the insurance payments actually effected by an insurer.

If an insurant refuses the agreement due to violation of the insurance agreement by an insurer, an insurer shall return to an insurant all remitted payments in full.

5. If an insurer refused the insurance agreement (except for the life insurance), an insurer shall return to an insurant the insurance payments in full.

If an insurer refused the agreement due to the insurant's failure to comply with the insurance agreement provisions, an insurer shall return to an insurant insurance payments for the remaining period till the end of the agreement deducting the normative expenses for the case administration, defined at calculation of the insurance tariff, and the insurance payments actually effected.

Consequences for refusal the life insurance agreement shall be established by the law.

6. If an insurant or an insurer refused the insurance agreement, such agreement shall be terminated.

Article 998. Invalidity of Insurance Agreement

1. Insurance agreement shall be deemed nuisance or recognized invalid in cases established by this Code.

Insurance agreement shall be deemed null and void by court, provided:

- 1) it was concluded after occurrence of the insurance accident;
- 2) an object of the insurance agreement is the property eligible to confiscation.

2. Consequences for invalidation of the insurance agreement shall be defined pursuant to the provisions on invalidation of transactions established by this Code.

Article 999. Compulsory Insurance

1. The law may establish an obligation of a physical or legal person to insure life, health, property or liability to the other persons at its own cost or at the cost of a concerned person (compulsory insurance).
2. Relations arising from compulsory insurance shall be governed by this Code, unless otherwise is established by civil legislation acts.

Chapter 68. Agency

Article 1000. Agency Agreement

1. According to an agency agreement, one party (an agent, confidant) shall be obliged to undertake certain legal actions in the name and at the expense of the other party (a principal). A transaction completed by an agent shall create, amend or terminate civil rights and liabilities of a principal.
2. Agency agreement may establish an exclusive right of an agent to undertake all or a portion of legal actions prescribed by the agreement in the name and at the cost of a principal. The agreement may establish the term of validity for such an agency and (or) the territory within which the agent's exclusive right shall be effective.

Article 1001. Validity of Agency Agreement

1. Agency agreement may establish the period during which an agent may act in the name of a principal.

Article 1002. Agent's Entitlement to Payment

1. An agent shall be entitled to payment for the fulfillment of its obligation under the agency agreement, unless otherwise is established by the agreement or the law.
2. If agency agreement specifies neither payment procedure nor the amount due to an agent, such agent shall be paid after the agency is executed according to the usual prices for comparable services.

Article 1003. Content of Agency

1. An agency agreement or power of attorney issued on the basis of such an agreement shall clearly specify legal actions to be executed by an agent. Actions to be effected by an agent shall have to be lawful, specific and executable.

Article 1004. Fulfillment of Agency

1. An agent shall be obliged to act according to the content of the agency (the assigned task). An agent may deviate from the content of the agency, if it is in the interests of a principal and, an agent could not ask a principal beforehand or failed to receive the reply to his request within a reasonable period of time. In this case an agent shall inform a principal of the deviation from the content of an agency as soon as possible.
2. An agent acting as a trade representative (Article 243 of this Code) may be authorized by a principal to deviate from the subject matter of an agency without asking a preliminary consent thereto. A trade representative shall within a reasonable period of time inform the principal of the deviations from the agency, unless otherwise is established by the law.

Article 1005. Personal Fulfillment of Agency Agreement

1. An agent shall fulfill the agency personally.

An agent shall have the right to transfer the agency fulfillment to the other person (a deputy), provided this is envisaged by the agreement or an agent was forced to do so by circumstances aimed at protecting the interests of the principal. An agent that transferred the agency fulfillment to the deputy shall immediately notify a principal thereof. In this case, an agent shall only be responsible for the selection of the deputy.

2. A principal shall have the right to any time reject the deputy selected by an agent.
3. If the agent's deputy was specified in the agency agreement, the agent shall not be liable for the selection of a deputy and for his actions.
4. If an agency agreement does not envisage a possibility for an agent's deputy to act or if such possibility is envisaged, but the agreement fails to specify the deputy, the agent shall be liable for the selection of such deputy.

Article 1006. Obligations of Agent

1. An agent shall be obliged to:
 - 1) inform the principal upon its request about the agency fulfillment;
 - 2) after the agency fulfillment or in the event of an agency agreement termination prior to its fulfillment return to the principal the power of attorney with non-expired validity and submit a report on the agency fulfillment as well as relevant documents if such are required by the agreement and the agency's nature;
 - 3) immediately transfer to the principal everything received in connection with the agency fulfillment.

Article 1007. Obligations of Principal

1. A principal shall be obliged to issue a power of attorney to an agent to perform legal actions envisaged by the agency agreement.
2. Unless otherwise is established by the agreement, a principal shall be obliged to:
 - 1) provide an agent with the means necessary to fulfill an agency;
 - 2) reimburse the agent for the expenses on the agency fulfillment.
3. A principal shall be obliged to immediately accept from an agent everything obtained in connection with the agency fulfillment.
4. A principal shall pay an agent a fee if such fee is due.

Article 1008. Termination of Agency Agreement

1. An agency agreement shall be terminated pursuant to the general rules governing termination of agreements and in the event of:
 - 1) a principal or an agent refuses an agreement;
 - 2) a principal or an agent is recognized incapable, their civil capacity being limited or they are recognized missing;
 - 3) death of an agent or a principal.
2. A principal or an agent shall be entitled to terminate the agency agreement any time. Denial of the right to refuse the agreement shall be nuisance.
3. If an agent acts as an entrepreneur, the party refusing an agreement shall be obliged to inform the other party about such refusal at least a month before such refusal, unless a longer period is established by the agreement.

In the event of termination of a legal person being a trade representative, a principal shall be entitled to refuse the agency agreement without any preliminary notification of the agent.

Article 1009. Consequences of the Agency Agreement Termination

1. If an agency agreement is terminated prior to its complete fulfillment by an agent, a principal shall reimburse the agent for the expenses incurred in connection with the agency fulfillment and in case a fee is due to the agent – shall also pay the agent pro rata to the work performed. This provision shall not apply in cases when an agent fulfilled the agency after it learned or could learn about the agency agreement termination.
2. Refusal of a principal from the agency agreement shall not constitute the grounds for reimbursement of the losses caused to an agent by termination of the agency agreement except for termination of the agreement under which an agent acted as a trade representative.
3. Refusal of an agent from the agency agreement shall not constitute the grounds for reimbursement of the losses incurred by a principal due to the agreement termination, except for the case when an agent refuses an agreement under such circumstances when a principal is deprived of the possibility to provide for its interests otherwise, or refuse an agreement under which an agent acted as a trade representative.

Article 1010. Responsibilities of the Agent's Heir and of the Agent's – a Legal Entity - Liquidator

1. In the event of an agent's death, its heirs shall inform a principal on the agency agreement termination and shall take steps necessary to protect the principal's property, in particular, to save its belongings, documents and transfer them to a principal.
2. In the event of liquidation of a legal person – an agent, a liquidator shall inform an agent of the agency agreement termination and shall take steps necessary to protect the principal's property, in particular, to save its belongings, documents and transfer them to a principal.

Chapter 69. Commission

Article 1011. Commission Agreement

1. Under a commission agreement one party (a commissioner) shall assume an obligation as commissioned by another party (a committent) to perform one or several transactions in its name but at the expense of the committent.

Article 1012. Terms and Conditions of Commission Agreement

1. A commission agreement may be concluded for a specific term or for an indefinite term, specifying or not the territory of its performance and the requirements to the stock of goods, being the subject matter of commission.
2. A committent may take an obligation to refrain from entering into a commission agreement with the other persons.
3. Material conditions of the commission agreement under which a commissioner is obliged to sell or buy property shall be the conditions of such property and its price.

Article 1013. Commission Fee

1. A committent shall pay a commissioner a commission fee in the amount and per the procedure established in the commission agreement.
2. If a commissioner provided a third person guarantee for the transaction performance, it shall be entitled to additional fee.

3. In case a commission agreement does not specify the amount of fee, such commission fee shall be paid after the commission agreement fulfillment based on conventional prices for comparable services.
4. In case a commission agreement was not fulfilled due the committent, a commissioner shall be entitled to the commission fee based on the general ground.
5. In the event a commission agreement is terminated or refused by one party, a commissioner shall be entitled to payment for the actually performed deeds.

Article 1014. Performance of Commission Agreement

1. A commissioner shall be obliged to perform a transaction on the conditions most beneficial for a committent and pursuant to the committent's instructions. In case a commission agreement does not contain such instructions, a commissioner shall perform a transaction according to the common business practice or conventional requirements.
2. If a commissioner performed a transaction under conditions more profitable than those defined by a committent, the additional benefit shall belong to a committent.

Article 1015. Sub-commission

1. At the consent of a committent, a commissioner shall be entitled to conclude a sub-commission agreement with the third person (a sub-commissioner) remaining liable to a committent for the actions undertaken by a sub-commissioner.

Under a sub-commission agreement a commissioner shall acquire the rights and obligations of a committent in respect to a sub-commissioner.

2. In exceptional cases when required by the committent's interests, a commissioner shall have the right to conclude a sub-commission agreement without the committent's consent.
3. A committent shall not be entitled to enter into relations with a sub-commissioner without the consent of a commissioner.

Article 1016. Fulfillment of Agreement Concluded by Commissioner with the Third Person

1. A committent shall provide a commissioner with everything necessary to fulfill an obligation to the third person.
2. Under the agreement concluded with the third person, a commissioner shall acquire the rights even in the event a committent was specified by the agreement or accepted the agreement fulfillment from the third person.
3. A commissioner shall not be liable to a committent for failure of the third person to perform an agreement, concluded with such person at the expense of a committent, except for the cases when a commissioner demonstrated negligence in selecting this person or warranted the agreement performance (del credere).
4. In case the third person violated the agreement concluded with it by a commissioner, the latter shall immediately notify a committent thereof, collect and ensure the required evidence. A committent shall be entitled to demand from a commissioner to concede the claim right to this person.

Article 1017. Deviation from the Committent's Instructions

1. A commissioner shall be entitled to deviate from the committent's instructions, if the committent's interests require this or a commissioner had no possibility to request a committent beforehand, or failed to receive a reply in a reasonable period of time. In this

case, a commissioner shall be obliged to inform a committent about the deviations as soon as possible.

2. A commissioner, an entrepreneur, may acquire the right to deviate from the committent's instructions without prior request thereof but with obligatory notification of a committent on the deviations performed.
3. A commissioner that sold a property at a lower price shall be obliged to pay a committent the difference, unless a commissioner proves that he had no possibility to sell the property at a price agreed upon, and its sale at a lower price prevented more losses.

If a prior request for deviation from the committent's instructions was required, a commissioner shall be also obliged to prove that he had no possibility to request a committent beforehand or failed to receive a reply to his request in a reasonable period of time.

4. In case a commissioner bought the property at a higher price than was agreed upon, a committent shall be entitled to reject it notifying a commissioner thereof within a reasonable period of time after receiving his notification about this purchase.

In case a committent do not notify a commissioner about his refusal from the property purchased for him, this property shall be deemed accepted by a committent.

5. If during purchase of the property a commissioner paid the price difference, a committent shall have no right to refuse acceptance of the agreement fulfillment.

Article 1018. Property Right of the Committent

1. The property purchased by a commissioner at the committent's expense shall be deemed the property of a committent.

Article 1019. Commissioner's Right in the Object Retention

1. To secure his claims under a commission agreement, a commissioner shall be entitled to retain the object that is to be transferred to a committent.
2. If a committent is declared bankrupt, a commissioner shall be deemed a mortgagee of the retained object.

Article 1020. Commissioner's Right to Deduct Funds Belonging to Committent

1. A commissioner shall have the right to deduct sums due to him under the agreement from all the funds received by him in favor of a committent, unless other creditors of a committent have a priority right to satisfy their claims from the funds belonging to a committent.

Article 1021. Commissioner's Responsibility to Safe-Keep the Committent's Property

1. A commissioner shall be liable to a committent for loss, deficiency or damage of the committent's property.
2. If on receiving the property transferred from a committent or in favor of a committent, a commissioner detects losses or damages, or any damage is made to a committent's property, a commissioner shall have to immediately inform a committent thereof and take measures to protect the committent's rights and interests.
3. A commissioner that did not insure the committent's property shall be liable for loss, deficiency or damage of the committent's property in case he was obliged to ensure the property at the committent's expense according to the commission agreement or common business practice.

Article 1022. Commissioner's Reporting

1. Upon the transaction's performance, a commissioner, on the committent's errand, shall report to a committent and transfer to him everything received under the commission agreement.
2. A committent having objections against the commissioner's report shall notify him thereof within thirty days since the day of the report receiving. In case such objections are not received, the report shall be deemed accepted.

Article 1023. Committent's Acceptance of Fulfillment Under the Commission Agreement

1. A committent shall be obliged to:
 - 1) accept from a commissioner everything properly fulfilled under the commission agreement;
 - 2) inspect the property purchased for him by the commissioner and immediately notify the commissioner about the property defects detected.

Article 1024. Commissioner's Right for Reimbursement of Expenses Made by Him in Connection with the Commission Fulfillment

1. A commissioner shall have the right for reimbursement of the expenses made by him in connection with his duties execution under the commission agreement, particularly, if he or a sub-commissioner took all the measures for the transaction performance but could not perform it due to the circumstances beyond his control.

Article 1025. Committent's Right to Refuse the Commission Agreement

1. A committent shall have the right to refuse the commission agreement.
2. If a commission agreement is concluded without the term determination, a committent shall notify a commissioner about his refusal from the agreement not later than thirty days in advance.
3. In case a committent refuses the commission agreement, he shall be obliged to dispose of his property that the commissioner has within the term established by the agreement, or immediately, if no such term is established. In case a committent fails to fulfill this obligation, a commissioner shall be entitled to transfer this property for storage at the committent's expense or to sell it at a price most profitable for a committent.
4. If a committent refuses the commission, a commissioner shall have the right to reimburse for the expenses made by him in connection with the agreement fulfillment.

Article 1026. Commissioner's Right to Refuse the Commission Agreement

1. A commissioner shall have the right to refuse the commission agreement only in case no term is determined by the agreement. A commissioner shall be obliged to notify a committent about the refusal not later than thirty days in advance.

A commissioner that refused the agreement shall be obliged to take measures necessary to safe-keep the committent's property.

2. In case a commissioner refuses the commission agreement, a committent shall dispose of his property that the agent has within fifteen days since the day of receiving the commissioner's refusal from the commission. In case a committent fails to fulfill this obligation, a

commissioner shall have the right to transfer this property for storage at the committent's expense or to sell it at a price most profitable for a committent.

Article 1027. Consequences of an Individual's Death or Termination of a Legal Entity, a Commissioner

1. In case of death of a physical person or liquidation of a legal entity – a commissioner, the commission agreement shall be terminated.
2. If a legal entity- a commissioner- is liquidates and his assignees are determined, the rights and obligations of a commissioner shall be transferred to the legal successors, unless a committent notifies about his refusal from the agreement during the period established for the creditors to declare their claims.

Article 1028. Specifics of Separate Types of Commission

1. The law may determine specifics of the commission agreement for separate types of property.

Chapter 70. PROPERTY MANAGEMENT

Article 1029. Property Management Agreement

1. Under the property management agreement one party (management settler) shall transfer to another party (a manager) the property into management for a specific period of time and the other party shall be obliged to manage this property for fee on its behalf to the interests of the management settler or a person (beneficiary) determined by him.

Article 1030. Subject Matter of the Property Management Agreement

1. Subject matter of the property management agreement may be an enterprise as a single property complex, a real estate object, securities, property rights and other property.
2. Monetary funds may not be the subject matter of the property management agreement, except for the cases when the law directly establishes the right for the fund management.
3. Property transferred into management shall be separated from the other property of the management settler and from the manager's property.

Property transferred into management shall be registered at the manager's separate balance sheet and shall be a subject for a separate accounting.

Settlements related to the property management shall be effected through a separate bank account.

Article 1031. Form of the Property Management Agreement

1. The property management agreement shall be completed in writing.
2. The real estate management agreement shall be subject to notarization and state registration.

Article 1032. Management Settler

1. The management settler shall be the property owner.
2. If the property owner is a physical person whose residence is unknown or who is recognized missing, the custody and care authorities shall be the management settler.

3. If the property owner is a juvenile or a physical person recognized incapable, a custodian or custody and care authorities may be the management settler.
4. If the property owner is a minor, this person shall be the management settler with the permission of his/her parents (adopting parents) or a custodian.
5. If the property owner is a person with a limited civil capability, his/her custodian shall be the management settler.
6. In case the ownership right in the property being the subject matter of the management agreement is transferred from the management settler to another person, the management agreement shall not be terminated, except for the cases of the property right transfer due to its seizure.

Article 1033. Manager

1. Any subject of entrepreneurship may be the manager.
2. A state body, a state body of the Autonomous Republic of Crimea or a local self-government body may not be the manager, unless otherwise is stipulated by the law.
3. A beneficiary may not be the manager.

Article 1034. Beneficiary of the Property Transferred into Management

1. Benefits from the property transferred into management shall belong to the management settler.
2. The management settler may appoint a person in the agreement who has the right to acquire benefits from the property transferred into management (beneficiary).

Article 1035. Critical Provisions of the Property Management Agreement

1. Critical provisions of the property management agreement shall be as follows:
 - 1) inventory of the property to be transferred into management;
 - 2) amount and form of payment for the property management.

Article 1036. Term of the Property Management Agreement

1. Term of the property management shall be established in the property management agreement.

If the parties did not establish the term for the property management agreement it shall be deemed concluded for five years.

2. In case no party declares termination of the property management agreement or amendments thereto after its term is over, the agreement shall be deemed extended for the same term and upon the same conditions.

Article 1037. Rights and Responsibilities of the Manager

1. The manager shall manage the property in accordance with the agreement provisions. The manager may alienate the property transferred into management, to conclude a mortgage agreement in respect thereto only with the consent of the management settler.

2. The manager shall be entitled to claim elimination of any violations of his rights in the property transferred into management pursuant to Article 396 of this Code.

Article 1038. Realization of Property Management

1. The manager shall manage the property in person, except for the cases specified in Article 1041 of this Code.
2. Performing actual and legal acts related to the property management, the manager shall notify the persons subjected to these transactions that he is the property manager, not the property owner.
3. Any transactions with the property transferred into management concluded in writing shall contain a reference that they are concluded by the manager. If such reference is missing, the manager shall bear personal responsibility to the third persons.

Article 1039. Transfer the Property Being a Subject of Mortgage Agreement into Management

1. The property being a subject of the mortgage agreement may be transferred into management.
2. The management settler shall notify the manager in advance that the property being transferred into management is a subject to the mortgage agreement.

If the management settler did not notify the manager and the manager himself was not and could not be aware that the property transferred into management is a subject of the mortgage agreement, the manager shall be entitled to claim breaking the agreement and paying him a due fee under the agreement in accordance with the term of the property management.

Article 1040. Seizure of Property Transferred into Management upon the Claim of the Management Settler's Creditor

1. Seizure of the property transferred into management upon the claim of the management settler's creditor shall not be allowed, except for the case of the management settler is recognized a bankrupt or the property being the subject to the mortgage agreement is seized upon the claim of the mortgagee. In case the management settler is recognized a bankrupt the property management agreement shall be terminated and the property shall be included into the bankruptcy estate.

Article 1041. Transfer of the Property Management Right to the Other Person

1. The manager may entrust another person (deputy) to perform acts for the property management on his behalf, if the property management agreement stipulates this or the interests of the management settler or the beneficiary require this in case when the relative instruction of the management settler is unavailable within a reasonable period of time. The manager shall be liable for the deputy's acts as for his own.

Article 1042. Manager's Right for Fee

1. The manager shall have the right for the fee stipulated by the agreement including reimbursement for all necessary expenses in connection with the property management.
2. The manager, as envisaged by the agreement, shall have the right to deduct funds due to him according to Part 1 of this Article directly from the profits of the use of the property transferred into management.

Article 1043. Manager's Responsibility

1. The manager that did not express a due diligence to the interests of the management settler or the beneficiary while managing the property shall be obliged to reimburse the manager settler for the inflicted losses and the beneficiary for the lost profit.

The manager shall be liable for the inflicted losses, unless he proves their occurrence as a result of a force majeure, guilty acts of the management settler or the beneficiary.

2. The manager shall bear secondary liability for the debts appeared in connection with his management, if the price of the property transferred into management is not enough to satisfy the creditors' claims.
3. Secondary liability of the manager stipulated in Part 2 of this Article shall also occur in case of transactions concluded with the excess of his authority or established restrictions, provided the third persons taking part in transaction prove that they were not and could not be aware of the manager exceeding his authority or the established restrictions. In this case the management settler may demand from the manager to reimburse for the losses inflicted by him.

Article 1044. Termination of the Property Management Agreement

1. The property management agreement shall be terminated in the following cases:
 - 1) loss of the property transferred into management;
 - 2) termination of the agreement upon one of the parties' request in connection with the end of its term;
 - 3) death of a physical person - a beneficiary or liquidation of a legal entity - a beneficiary, unless otherwise is stipulated by the agreement;
 - 4) refusal of beneficiary from receiving benefits under the agreement;
 - 5) recognition of the manager incapable, missing, restriction of his civil capacity or his death;
 - 6) refusal of the manager or the management settler from the property management agreement in connection with the manager's incapability to manage the property;
 - 7) refusal of the management settler from the agreement on a different reason than specified in Item 6 of this Part, provided the manager received the fee stipulated by the agreement;
 - 8) recognition of a physical person of the management settler a bankrupt.
2. In case of one of the parties refuses from the property management agreement it shall notify the other party thereof three months prior to the agreement termination, unless the other term is stipulated by the agreement.
3. In case of the property management agreement termination, the property transferred into management shall be transferred to the management settler, unless otherwise is established by the agreement.

Article 1045. Specifics of Securities' Management

1. Specifics of the securities management shall be established by the law.

Chapter 71. LOAN. CREDIT. BANK DEPOSIT

§ 1. Loan

Article 1046. Loan Agreement.

1. Under the loan agreement one party (a lender) shall transfer into possession of other party (a borrower) monetary funds or the other objects specified by the gender characteristics, while the borrower shall be obliged to return the lender the same amount of monetary funds (the sum of the loan) or the same quantity of the objects of the same origin and the same quality.

The loan agreement shall be deemed concluded since the moment of the money transfer or the other objects, specified by the origin characteristics.

Article 1047. Form of the Loan Agreement

1. The loan agreement shall be concluded in writing, unless its sum is below a ten-fold amount of a tax-free minimum of the citizens' income established by the law and in cases of the legal entity of a lender – irrespectively of the sum.
2. To confirm the loan agreement conclusion and its provisions a borrower may present a receipt or another document witnessing to the transfer of a specific monetary sum or a certain quantity of objects to him by the lender.

Article 1048. Interests under the Loan Agreement

1. The lender shall have the right to receive interests on the sum of loan from the borrower, unless otherwise is stipulated by the agreement or the law. The amount of interests and procedure of its receiving shall be determined by the law. Unless the agreement stipulates the interests amount, it is determined at the discount rate level of the National Bank of Ukraine.

In absence of the other arrangement between the parties the interests shall be paid every month till the day of the loan repayment

2. The loan agreement shall be deemed interest free in the following cases:
 - 1) it is concluded between physical persons for a sum not exceeding a fifty fold amount of the tax-free minimum of citizens' income and has no connection to business activity by at least one party;
 - 2) a borrower receives the objects specified by the origin characteristics.

Article 1049. The Borrower's Obligation to Repay the Loan

1. The borrower shall be obliged to repay the loan to the lender (the same sum of monetary funds or the same quantity, gender and quality of objects specified by the origin characteristics as transferred to him by the lender) within the term and per the procedure stipulated by the agreement.

In case the agreement does not establish the term for the loan repayment or this term is determined by the moment of the claim raising, the loan shall be repaid by the borrower

within thirty days since the day of the claim raised by the lender, unless otherwise is stipulated by the agreement.

2. The borrower may early repay the loan under the interest-free loan agreement, unless otherwise is stipulated by the agreement.
3. The loan shall be deemed repaid at the moment of transfer of the objects specified by the origin characteristics to the lender or the entry of the borrowed funds into the lender's bank account.

Article 1050. Consequences for the Agreement Violation by the Borrower

1. If the borrower failed to return the loan amount in time, shall be obliged to pay this sum of money in accordance with Article 625 of this Code. If the borrower did not return to the lender the objects specified by the origin characteristics, he shall be obliged to pay a forfeit pursuant to Articles 549 – 552 of this Code. The forfeit shall be charged since the day when the objects were to be returned until the day of their actual return to the lender, irrespective of the interests payment due to him according to Article 1048 of this Code.
2. If the agreement stipulates a duty of the borrower to return the loan in portions (in installments), then in case of a delay to return the next portion the borrower shall have the right to claim an early repayment of the remaining portion of the loan and the interests due to him according to Article 1048 of this Code.

Article 1051. Challenging the Loan Agreement

1. The borrower shall have the right to challenge the loan agreement on the ground that the funds or the objects were not really received by him from the lender or were received in a less quantity than the agreement stipulated.

If the loan agreement is to be concluded in writing, the court decision may not be based on witnesses' testimony to confirm the fact that the funds or the objects were not really received by the borrower or were received in a less quantity than stipulated by the agreement. This provision shall not be applicable to the cases when the agreement was concluded by fraud, violence, and evil intent between the borrower's representative and the lender or under the influence of aggravating circumstances.

Article 1052. Securing Obligation Fulfillment by the Borrower

1. If the borrower failed to fulfill his obligation under the loan agreement to secure the loan repayment and also in case of loss of the security for the obligation fulfillment or worsening its conditions under the circumstances the lender is not responsible thereof, he shall be entitled to claim from the borrower early repayment of the loan and the interests due to him in accordance with Article 1048 of this Code, unless otherwise is stipulated by the agreement.

Article 1053. Substitution of Debt by a Loan Note

1. Upon the agreement between the parties the debt emerging from the purchase and sale agreements, property rent or on the other grounds may be substituted by a loan note.
2. The novation of the debt into the loan note shall be performed in accordance with the requirements for the novation and in the form determined for the loan agreement (Article 1047 of this Code).

§ 2. Credit

Article 1054. Credit Agreement

1. Under a credit agreement the bank or another financial institution (lender, creditor) shall be obliged to lend to the borrower monetary funds (credit) in the amount and on the conditions stipulated by the agreement, and the borrower shall be obliged to repay the credit and to pay the interest.
2. Provisions of Paragraph 1 of this Chapter shall be applicable to the relations under a credit agreement, unless otherwise is stipulated by this Paragraph or results from the essence of a credit agreement.

Article 1055. Form of Credit Agreement

1. A credit agreement shall be concluded in writing.
2. A credit agreement concluded in other form than in writing shall be deemed invalid.

Article 1056. Refusal from Issuing or Accepting the Credit

1. A lender shall be entitled to refuse from lending a borrower the credit stipulated by the agreement partially or in full scope in cases when the procedure of recognizing a borrower bankrupt is initiated or there are other circumstances witnessing to the fact that the credit issued to a borrower will not be repaid in time.
2. A borrower shall be entitled to refuse the credit acceptance partially or in full scope notifying a lender thereof prior to the term of a credit issuance, unless otherwise is stipulated by the agreement or the law.
3. In case a borrower violates an obligation of the targeted use of a credit stipulated by the credit agreement, a lender shall be entitled to refuse from further crediting a borrower under the agreement.

Article 1057. Mercantile Credit

1. The agreement connected with transfer of monetary funds or objects specified by the origin characteristics into possession of the other party may provide for issuing a credit as an advance payment, pre-payments, deferred payment or payment in installments for goods, works, or services (mercantile credit), unless otherwise is stipulated by the law.
2. Provisions of Articles 1054 – 1056 of this Code shall be applicable to the mercantile credit, unless otherwise is stipulated by the regulations on the agreement from which a respective obligation emerged and contradicts to the essence of such an obligation.

§ 3. Bank Deposit

Article 1058. Bank Deposit Agreement

1. Under a bank deposit agreement one party (a bank) that accepted a certain sum of money (a deposit) from or for the other party (a depositor) shall be obliged to pay a depositor the same amount of money and the interest on it the income in the other form under conditions and per the procedure determined by the agreement.
2. A bank deposit agreement with a physical person as a depositor shall be a public agreement (Article 633 of this Code).

3. Provisions of the bank account agreement (Article 72 of this Code) shall be applicable to the relations between the depositor and the bank under the account with bank deposit, unless otherwise is determined by this Chapter or results from the essence of the bank deposit agreement.

Article 1059. Form of Bank Deposit Agreement

1. A bank deposit agreement shall be concluded in writing.

A written form of a bank deposit agreement shall be deemed observed, provided the deposit is confirmed by the bank deposit agreement and a savings book/a certificate is issued or the other document meeting the requirements established by the law, other regulatory acts in the banking field (bank rules) and business common practice.

2. If a written form of a bank deposit is not observed, the agreement shall be invalid.

Article 1060. Types of Bank Deposit

1. A bank deposit agreement shall be concluded under conditions of a deposit issuance upon the first request (deposit by request) or under conditions of a deposit repayment upon expiration of a period stipulated by the agreement (time deposit).

The agreement may stipulate other conditions for the return of the deposited sum of money.

2. Under a bank deposit agreement, irrespective of the deposit type, a bank shall be obliged to issue a deposit or its portion upon the first request of a depositor, except for the deposits made by legal entities under other conditions of repayment stipulated by the agreement.

Provision of the agreement to refuse the right for the deposit receiving upon the first request shall be invalid.

3. If according to the bank deposit agreement a deposit is returned to a depositor upon his request prior to the term expiration or to the other conditions stipulated by the agreement coming into effect, the interest under this deposit shall be paid in the amount of the interests for the deposits by request, unless the agreement stipulates a higher interest.
4. If a depositor does not demand to repay the sum of the time deposit upon expiration of the term stipulated by the bank deposit agreement, or to repay a deposit under other conditions of repayment after the circumstances determined by the agreement come into effect, the agreement shall be deemed extended on the conditions of the deposit by request, unless otherwise is stipulated by the agreement.

Article 1061. Interests on Bank Deposit

1. A bank shall pay to a depositor the interest on the sum of deposit in the amount stipulated by the bank deposit agreement.

If the agreement does not determine the interest amount, a bank shall be obliged to pay the interest to the depositor in the amount of a discount rate of the National Bank of Ukraine.

2. A bank shall be entitled to change the interest on the deposits by request, unless otherwise is stipulated by the agreement.

In case the bank reduces the interest on the deposits by request, a new interest rate shall be applied to deposits prior to notification of depositors about the interest reduction, after one

month expiration since the moment of the respective notification, unless otherwise is stipulated by the agreement.

3. The interest on the time deposit established by the agreement, or on the deposit made under conditions of its repayment in case of conditions specified by the agreement came into effect, may not be decreased by the bank unilaterally, unless otherwise is stipulated by the law.
4. The interest on the bank deposit shall be charged since the day following the day of receiving the deposit by the bank until the day prior to its repayment to a depositor or writing it off from the depositor's account on the other grounds.
5. The interest on the bank deposit shall be paid to a depositor on his request upon expiration of each quarter separately from the sum of deposit and the interest unclaimed in this term shall increase the deposit amount on which the interest is charged, unless otherwise is stipulated by the bank deposit agreement.

In case of a deposit repayment, all the interests charged until that moment shall be paid.

Article 1062. Deposition of Monetary Funds into a Depositor's Account by Another Person

1. The funds received by the bank for a depositor's name from another person shall be deposited to the bank account unless otherwise is envisaged. In this case a depositor shall be deemed agreed to receiving the funds from another person, having provided this person with all necessary data about the deposit account.
2. The funds deposited to the depositor's account by mistake shall be subject to return in accordance with Article 388 of this Code.

Article 1063. Bank Deposit Agreement in Favor of the Third Person

1. A physical or a legal entity may conclude a bank deposit agreement (make the deposit) in favor of the third person. This person shall acquire the rights of a depositor since the moment of the first claim producing resulted from the depositor's rights or otherwise expressing its intention to exercise such rights.

Before a person, in whose favor a bank deposit is made, acquires the depositor rights all these rights shall be vested with a person that effected a deposit.

Identification of a physical person (Article 28 of this Code) or nomination of a legal entity (Article 90 of this Code), in whose favor a bank deposit is made, shall be an essential provision of the bank deposit agreement.

2. If a person, in whose favor a bank deposit is made, refused from it, a person that concluded the bank deposit agreement in favor of the third person shall be entitled to claim the deposit pay back or transfer it into its name.

Article 1064. Savings Book

1. Conclusion of a bank deposit agreement with an individual and depositing funds into his/her deposit account shall be certified by a savings book.

A savings book shall contain the following: name of the bank, its location (location of its brunch office), the deposit account, all sums of money deposited into the account, and

written off from it as well as the balance of the funds on the account at the moment of a savings book showing in the bank.

2. Information about the deposit specified in a savings book shall be the ground for the settlements under the deposit between a depositor and the bank.
3. Payment of the deposit, the interest and execution of the depositor's instructions on transfer of the deposited funds from the deposit account to other persons shall be effected by the bank upon presentation of a savings book.

If a savings book is lost or damaged the bank shall issue a new savings book to a depositor on his request/application.

Article 1065. Savings (Deposit) Certificate

1. A savings (deposit) certificate shall confirm the deposit sum endowed to the bank and the rights if the depositor (certificate owner) for receiving the sum of the deposit and the interest determined by the certificate at the bank that issued it upon expiration of the established term.
2. In case a savings (deposit) certificate is presented for payment ahead of schedule, the bank shall pay the deposit and the interest payable for the deposits by request, unless other interest rate is established by the provisions of certificate.

Chapter 72. BANK ACCOUNT

Article 1066. Bank Account Agreement

1. Under a bank agreement the bank shall be obliged to accept and enter into account opened for a client (account owner) monetary funds receivable by him, to fulfill the client's instructions on recalculation and issuance of the respective sums from the account, and to complete other account transactions.
2. The bank shall be entitled to use the funds on the client's account ensuring his right to freely dispose these funds.
3. The bank shall have no right to establish and monitor the directions of the client's funds use and establish other restrictions on his right to dispose the funds at his discretion that are not stipulated by the agreement or the law.
4. Provisions of this Chapter shall be applicable to the other financial institutions while concluding a bank account agreement by them in accordance with the issued license as well as to the correspondent accounts, and other bank accounts, unless otherwise is established by the law.

Article 1067. Concluding a Bank Account Agreement

1. A bank account agreement shall be concluded for opening a bank account for a client or a person determined by him on the conditions agreed upon between the parties.
2. A bank shall be obliged to conclude a bank account agreement with the client that addressed the bank with a proposal to open an account on the conditions announced by the bank that meet the law and the bank regulations.

The bank shall have no right to refuse to open an account, to fulfill respective transactions stipulated by the law, constituent documents of the bank, and the license issued to it, except for the cases when the bank has no possibility to accept for the bank servicing, or in case such refusal is allowed by the law, or the bank rules.

In case of groundless evasion of the bank from the bank account agreement conclusion, a client shall have the right of defense according to this Code.

Article 1068. Account Transactions Completed by the Bank

1. The bank shall be obliged to complete transactions for a client stipulated for such type of transactions by the law, banking regulations and conventional business practice, unless otherwise is established by the bank account agreement.
2. The bank shall be obliged to enter the funds received at the client's account in the day the of the respective accounting document is received by the bank, unless the other term is established by the bank account agreement or the law.
3. By the client's instruction the bank shall be obliged to issue or transfer from the client's account the funds on the day the bank receives the respective accounting document unless the other term is established by the bank account agreement or the law.
4. The client shall pay fee for the bank transaction under the client's account, provided this stipulated by the agreement.

Article 1069. Crediting the Account

1. If according to the bank account agreement the bank effects payments from the client's account irrespective of the absence of funds on it (crediting the account) the bank shall be deemed lending a credit to the client for the respective sum since the day of this payment effecting.
2. The rights and responsibilities of the parties connected with the account crediting shall be established by the loan and credit provisions (Paragraphs 1 and 2, Chapter 71 of this Code), unless otherwise is stipulated by the agreement or the law.

Article 1070. Interests for Using Funds on the Account

1. For the use of the client's account funds the bank shall pay interests, the amount thereof to be credited at the account, unless otherwise is stipulated by the bank account agreement or the law.

The amount of interest shall be credited to the client's account in the terms stipulated by the agreement and in case such terms are not established by the agreement - at the end of each quarter.

2. The interest envisaged by Part 1 of this Article shall be paid the bank in the amount established by the agreement and in case the respective provisions are not stipulated by the agreement - in the conventional amount paid by the bank under a deposit by request.

Article 1071. Grounds to Write-off the Funds from the Account

1. The bank may write off the funds from the client's account based on his instruction.

2. The funds may be written off from the client's account without his instruction based on the court's decision and also in cases determined by the agreement between the bank and the client.

Article 1072. Priority of the Funds' Writing-off from the Account

1. The bank shall effect the accounting documents in accordance with the priority of their receipt and exclusively within the limits of the fund balance on the client's account, unless otherwise is stipulated by the agreement between the bank and the client.
2. In case several accounting documents are simultaneously received by the bank and these documents are the ground for the funds writing off, the bank shall write off the funds from the client's account in the following sequence:
 - 1) The first priority shall be the funds written off based on the court decision to satisfy the claims on the damage reimbursement due to mutilation, other injuries to the health, or death, and claims on the alimony enforcement;
 - 2) The second priority shall be the funds written off based on the court decision to pay a dismissal wage and a salary for personnel under the employment agreement (contract), as well as copyright contract fees;
 - 3) The third priority shall be the funds written off based on the other court decisions;
 - 4) The fourth priority shall be the funds written off under the accounting documents that envisage payments to the budget;
 - 5) The fifth priority shall be the funds written off under the other accounting documents in the order of their priority.
3. In case of lack (deficiency) of monetary funds on the client's account the bank shall not register the accounting documents, unless otherwise is stipulated by the agreement between the bank and the client.

Article 1073. Legal Consequences for Improper Effecting of Bank Transactions Under the Client's Account

1. In case of the funds received to a client were not timely credited to the account, or were written off from the client's account without any ground, or the bank violated the client's instructions on the funds transfer from his account, the bank shall be obliged to immediately, after detecting the violation, enter the respective sum to the client's account, or to a proper recipient, to pay the interest and to reimburse for the losses inflicted, unless otherwise is established by the law.

Article 1074. Limitation of the Right to Dispose the Account

1. Limitation of the client's rights to dispose monetary funds from his/her account shall not be admissible, except for the cases of the right limitation to dispose the account upon the court's decision in cases established by the law.

Article 1075. Termination of the Bank Account Agreement

1. The bank account agreement shall be broken any time on the client's request.
2. The bank shall be entitled to demand breaking the bank account agreement in the following cases:

- 1) if the balance of the funds kept at the client's account is less than the minimal amount established by the banking rules or the agreement, unless such amount was renewed within a month since the day of the bank's notification thereof;
 - 2) in case of no transactions under this account during a year, unless otherwise is established by the agreement;
 - 3) in other cases established by the law or the agreement.
3. The balance of the funds on the account shall be issued the client or transferred to another account upon his instruction in the terms and per the procedure stipulated by the banking rules.
 4. The bank may refuse the bank account agreement and close the client's account in case of absence of transactions under the client's account within tree years running, and the balance absence on this account.

Article 1076. Bank Secret

1. The bank shall guarantee the secret of the bank account, transactions under the account and information about the client.

Information about transactions and the accounts may be supplied only to the clients themselves or to their representatives. Other persons, including state authorities, their officials, and personnel may obtain this information exclusively in the cases and per the procedure stipulated by the law on banks and banking operation.

2. In case the bank divulges information constituting the bank secret, the client shall be entitled to claim from the bank reimbursement for the losses incurred and for the moral damage inflicted.

Chapter 73. FACTORING

Article 1077. Concept of Factoring Agreement

1. Under factoring agreement (financing under the cession of the monetary claim right) one of the parties (a factor) shall transfer or be obliged to transfer the funds into disposition of the other party (a client) for a fee, and a client shall cede or be obliged to cede a factor his right of the monetary claim to the third person (a debtor).

A client may cede the factor his monetary claim to a debtor aimed at providing for the fulfillment of the client's obligation to a factor.

2. The factor's obligation under the factoring agreement may envisage for the client receiving the services connected with the monetary claim, the right thereto is being ceded by him.

Article 1078. Subject Matter of Factoring Agreement

1. Subject matter of the factoring agreement may be the right of the monetary claim, the term of payment under which is due (available claim) and the right of claim that may emerge in future (future claim).

2. A future claim shall be deemed ceded to a factor since the day of the claim right emerges to a debtor. If the cession of the monetary claim right is conditioned by a certain event, the right shall be deemed ceded since the moment of this event occurrence.

In these cases an additional registration of the cession the monetary claim right shall not be required.

Article 1079. Parties to Factoring Agreement

1. The parties to the factoring agreement shall be a factor and a client.
2. A client to the factoring agreement may be a physical person or a legal entity, a subject of entrepreneurship.
3. A factor may be a bank or a financial institution and also a physical person – a subject of entrepreneurship - that has the right to carry out factoring transactions pursuant to the law.

Article 1080. Invalidation of the Ban to Cede the Monetary Claim Right

1. The factoring agreement shall be valid irrespective of an obvious agreement between a client and a debtor about the ban to cede the monetary claim right or its restrictions.

In this case the client shall not be free from the obligations or responsibility to a debtor in connection with the client's violating the condition of the ban or restrictions on the cession of the monetary claim.

Article 1081. Client's Responsibility to a Factor

1. A client shall be liable to a factor for the validity of the monetary claim, the right thereto is being ceded, unless otherwise is stipulated by the law.
2. The monetary claim, the right thereto is being ceded, shall be valid in case a client has the right to cede the monetary claim right and at the moment of this claim cession he was not aware of the circumstances due to which a debtor has the right not to perform the claim.
3. A client shall not be liable for non-performance or unduly performance by a debtor of the claim, the right thereto is being ceded, and which is produced for performance by a factor, unless otherwise is stipulated by the factoring agreement.

Article 1082. Performance of the Monetary Claim by a Debtor to a Factor

1. A debtor shall be obliged to pay a factor, provided he received from a client or a factor a written notification on the monetary claim cession to a factor, and this notification contains monetary claim due to performance and a factor nominated to whom the payment is due.
2. A debtor shall be entitled to claim from a factor to present him in a reasonable term the proofs that the cession of the monetary claim to a factor was really the case. In case a factor neglects this obligation, a debtor shall be entitled to effect a payment to a client to fulfill his obligation to him.
3. The debtor's performance of the money claim to a factor pursuant to this Article shall exempt a debtor from his obligation to a client.

Article 1083. Subsequent Cession of the Monetary Claim Right

1. Subsequent cession of the monetary claim right by a factor to the third person shall not be allowed, unless otherwise is stipulated by the factoring agreement.

2. If the factoring agreement allows subsequent cession of the monetary claim right, the cession shall be performed pursuant the provisions of this Chapter.

Article 1084. The Factor's Rights

1. If according to the provisions of the factoring agreement a factor finances a client by way of purchasing the monetary claim right from a client, a factor shall acquire the right for all the sums receivable from a debtor to perform the claim, and a client shall not be liable to a factor in case the sums received by him being less than the sum paid by a factor to a client.
2. If the objective of cession of the monetary claim right to a factor is to ensure the client's performance of the obligation to a factor, the factor shall be obliged to submit a report to the client and to transfer a sum of money exceeding the client's debt secured by the cession of the monetary claim right, unless otherwise id stipulated by the factoring agreement.

If the sum received by a factor from a debtor was less than the client's debt to a factor secured by the claim right, the client shall be obliged to pay the factor the remaining debt.

Article 1085. The Debtor's Counter Claims

1. If a factor presented the claim to perform payment to a debtor, the debtor shall be entitled to present his monetary claims to offsetting based on the agreement between a debtor and a client, and emerged by a client prior to the moment he received notification on the monetary claim right cession to a factor.
2. A debtor may not present the factor with his claim to a client due to his violation of the condition to ban or restrict the cession of the monetary claim right.

Article 1086. Protection of the Debtor's Rights

1. In case a client violates his obligations stipulated by the agreement with the debtor, a debtor shall have no right to claim from the factor to return the sums paid to him under the monetary claim cession, in case the debtor is entitled to receive these sums directly from the client.
2. A debtor, having the right to directly receive from the client the sums paid to a factor under the monetary claim ceded, shall be entitled to claim from the factor to repay these sums, unless the factor fulfilled his obligation of transferring the funds connected to the cession of the monetary claim right to a client, or transferred the funds to the client while being aware of the client's violation of his obligation to the debtor connected with the cession of the monetary claim right.

Chapter 74. SETTLEMENTS

§ 1. General Regulations on Settlement

Article 1087. Types of Settlements

1. Settlements under participation of physical persons not connected with their business activity may be effected in cash or cashless with the help of settlement documents in the electronic or written form.
2. Settlements between legal entities and settlements connected with the business activity of physical persons shall be effected in cashless form. Settlements between these persons may be also effected in cash, unless otherwise is established by the law.

Article 1088. Types of Cashless Settlements

1. While effecting cashless settlements, it is allowed to use payments orders, letters of credit, settlement checks (checks), encashment settlements, and other settlements stipulated by the law, banking rules, and conventional business practice.
2. The parties to the agreement shall be entitled to select any type of cashless settlements to their discretion.
3. Cashless settlements shall be effected via banks, other financial institutions (hereinafter called the banks), where corresponding accounts are opened, unless otherwise is resulted from the law or stipulated by the type of cashless settlements.
4. Procedure of effecting cashless settlements shall be regulated by this Code, the law, and the banking rules.

§ 2. Settlements by Payment Orders

Article 1089. General Regulations for Settlements by Payment Orders

1. Under the payment order the bank shall take responsibility to transfer by a payer's order a certain sum of money at the expense of the funds placed on his account in this bank to the account of a person (recipient) determined by the payer in this or another bank within the term determined by the law, or the banking rules, unless another term is stipulated by the agreement or customs of business practice.
2. Provisions of this Paragraph shall be also applicable to the relations connected with the funds transfer via the bank by a person having no account in this bank, unless otherwise is stipulated by the law, banking regulations or results from the essence of the relations.

Article 1090. Conditions for Effecting the Payment Order by the Bank

1. The content and the form of the payment order and settlement documents attached to it shall meet the requirement established by the law and banking regulations.
2. The bank shall have no right to make any corrections in the client's payment order, unless otherwise is stipulated by the law or banking regulations.
3. The bank shall accept the payer's payment order for execution, provided the sum of the payment order does not exceed the sum of monetary funds on the payer's account, unless otherwise is established by the agreement between the payer and the bank.

Article 1091. Effecting the Payment Order

1. The bank that accepted the payer's payment order shall transfer the corresponding sum of money into the bank of the recipient to be entered to the account of a person determined by the payment order.
2. The bank shall be entitled to involve another bank (executing bank) into effecting of the funds transfer to the account determined by the client's payment order.
3. The bank shall immediately inform the payer on his request about effecting the payment order. Procedure and requirements to the content of notification about the payment order effected by the bank shall be determined by the law, banking regulations, or the agreement between the bank and the payer.

Article 1092. Responsibility for Failure to Effect or Improper Effecting of the Payment Order

1. In case of non-effecting or improper effecting of the client's payment order the bank shall bear responsibility pursuant to this Code and the law.
2. In case of non-effecting or improper effecting of the payment order due to violation of the settlement rules by the executing bank, the court may vest the responsibility with this bank.
3. In case the bank's violation of the settlement rules resulted in the funds wrong transfer, the bank shall bear responsibility pursuant to this Code and the law.

§ 3. Settlements by the Letter of Credit

Article 1093. Letter of Credit

1. In case of settlements by the letter of credit the bank (issuing bank) shall be obliged to effect payment upon the order of the client (payer), declarant of the letter of credit and pursuant to his instructions or on its behalf based on the conditions determined by the letter of credit or shall entrust another bank (executing bank) to effect the payment for the benefit of the funds recipient or a person (beneficiary) determined by him.
2. In case of opening a secured letter of credit the payer's funds shall be reserved in a separate account at the issuing bank or the executing bank.

In case of opening an unsecured letter of credit the issuing bank shall guarantee the payment under the letter of credit at the expense of the banking credit in case the funds are temporarily lacking in the client's account.

Article 1094. Revocable Letter of Credit

1. A revocable letter of credit may be amended or canceled by the issuing bank at any time without prior notification of the funds recipient. Revocation of the letter of credit shall not create any obligations of the issuing bank to the funds recipient.
2. The executing bank shall effect payment or other transactions under the revocable letter of credit, unless by the moment of their effecting he received notification about amendment of the provisions or cancellation of the letter of credit.

Article 1095. Irrevocable Letter of Credit

1. An irrevocable letter of credit may be canceled or its provisions may be amended only upon the consent of the funds recipient.
2. Upon the request of the issuing bank the executing bank may confirm an irrevocable letter of credit by accepting an additional obligation to the issuing bank's obligation to effect payment pursuant to the provisions of the letter of credit.

An irrevocable letter of credit confirmed by the executing bank may not be amended or canceled without the consent of the executing bank.

Article 1096. Effecting the Letter of Credit

1. To effect the letter of credit the recipient of the funds shall submit to the executing bank the documents envisaged by the provisions of the letter of credit that confirm observation of all the provisions of the letter of credit.

In case of at least one of these provisions is violated, the letter of credit shall not be effected.

2. In case the executing bank rejects to accept the documents that do not meet the requirements of the letter of credit by the external characteristics, it shall immediately notify the funds recipient and the issuing bank thereof indicating the reasons for rejection.
3. In case on receiving the documents accepted by the executing bank the issuing bank considers them not meeting the requirements of the letter of credit by the external characteristics, it shall be entitled to reject their acceptance and claim from the executing bank the sum paid to the funds recipient under violation of the provisions of the letter of credit.

Article 1097. Responsibility of the Bank Effecting the Letter of Credit

1. In case of unsubstantiated rejection to pay or incorrect payment of the funds under the letter of credit due to violation by the executing bank of the provisions of the letter of credit, the executing bank shall be liable to the issuing bank.

In case the executing bank violates the conditions of the secured letter of credit, or the irrevocable letter of credit confirmed by it, the responsibility to the payer may be vested with the executing bank by the court decision.

Article 1098. Closing the Letter of Credit

1. The letter of credit shall be closed in the following cases:
 - 1) expiration of the letter of credit;
 - 2) refusal of the funds recipient from using the letter of credit before it expires in case this is stipulated by the provisions of the letter of credit;
 - 3) full or partial revocation of the letter of credit by the payer in case such revocation is stipulated by the provisions of the letter of credit.

The executing bank shall notify the issuing bank about closing of the letter of credit.

2. The executing bank shall immediately return to the issuing bank the unused sum of the secured letter of credit simultaneously with closing of the letter of credit. The issuing bank shall enter the returned sums into the payer's account.

§ 4. Settlements by Collection Letters

Article 1099. General Regulations on Settlements by Collection Letters

1. In case of settlements by collection letters (collection) the bank (issuing bank) shall effect transactions upon the client's order and at the client's expense to receive the payment from the payer and (or) to accept it.
2. The issuing bank that received the collection letter shall be entitled to involve another bank (executing bank) to its effecting.

Article 1100. Effecting the Collection Letter

1. If any document missing or the documents do not meet the collection letter requirements by the external characteristics, the executing bank shall immediately notify the client thereof. In

case the mentioned defects are not eliminated the bank shall return the documents without effecting.

2. The documents shall be submitted to the payer in the same form as they were received, except for the bank marks and inscriptions necessary to effect the collection.
3. Documents due to payment at the moment of their submission shall be submitted by the executing bank immediately together with the collection letter receiving.

In case the documents are due to payment in another term, the executing bank shall immediately on receiving the collection letter submit the documents for the payer's accept and shall effect the payment claim not later than the day of the payment maturity established in the document.

4. Part payments may be accepted in cases stipulated by the banking rules, or under a special permit in the collection letter.
5. The executing bank shall immediately transfer the received (collected) sums into disposal of the issuing bank that has to enter these sums into the client's account. The executing bank shall be entitled to deduct from the collected proceeds the fee due to it and the reimbursement for its costs and (or) expenses.

Article 1101. Notifying on the Transactions Effected

1. If the payment and (or) the acceptance were not received the executing bank shall immediately notify the issuing bank about the reasons for non-payment or rejecting the accept. The issuing bank shall immediately notify the client thereof asking for its instruction on further actions.

In case of the instructions on further actions are not received within the term stipulated by the banking rules and in a reasonable term when such term is not stipulated, the executing bank shall be entitled to return the documents back to the issuing bank.

§ 5. Settlements Using Clearing House Checks

Article 1102. General Regulations on Settlements Using Clearing House Checks

1. A clearing house check (check) shall be a document containing an unconditioned written order of the account owner (check drawer) to the bank to transfer the amount of money indicated in a check to a recipient (check holder).
2. Only the bank, at which the check drawer has funds at the account eligible for its disposing, may be the check payer.
3. Revocation of the check before the term of its submission expires shall not be allowed.
4. Issuance of the check shall not repay the monetary obligation to which effecting it was issued.
5. Procedure and provisions of using the checks shall be established by this Code, the law and the banking rules.
6. The check shall contain all requisites stipulated by the banking rules. The check missing any of the requisites or containing any corrections shall be invalid.

7. Form of the check and procedure of its filling in shall be determined by the law and the banking rules.

Article 1103. Payment of a Check

1. The check shall be paid at the expense of the funds of the check drawer.

Procedure and provisions of reserving the funds at the account for the check settlements shall be established by the banking rules.

2. The check shall subject to payment by the check payer, provided it is submitted for payment in the term stipulated by the banking rules.
3. The check payer shall be obliged to make sure by all means possible that the check is genuine and the check bearer is an authorized person.
4. Losses inflicted in connection with payment of a fake, stolen or lost check shall be born by the check payer or the check drawer, depending on whose fault caused them.

Article 1104. Collection of a Check

1. Submission of a check to the check holder's bank for collection to receive the payment shall be deemed submission of the check for payment.

The check payment shall be effected per the procedure established by Article 1100 of this Code.

2. Entering the funds by the collected check into the check holder's account shall be effected after the payment from the payer is received, unless otherwise is stipulated by the agreement between the check holder and the bank.

Article 1105. Notification on Non-Payment of the Check

1. The check holder shall notify the check drawer about non-payment within two working days following the protest raising or an equivalent act executing.
2. A person that did not send notification within the specified term shall not lose its rights. It shall reimburse for the losses that may occur due to non-notification about non-payment of the check. The amount of the reimbursed losses may not exceed the check amount.

Article 1106. Consequences for Non-Payment of the Check

1. In case the payer refuses to pay the check, the check holder shall be entitled to appeal at the court. The check holder shall be entitled to claim in addition to the check amount to reimburse for its expenses on the payment receipt and the interest.
2. A one-year limitation of action shall be applied to the claims of the check holder on the check payment.

Chapter 75. DISPOSITION OF INTELLECTUAL PROPERTY RIGHTS

Article 11107. Types of Agreements to Dispose the Intellectual Property Right

1. Intellectual property rights (IPR) shall be disposed based on the following agreements:

- 1) a license for the use of the intellectual property right object;
 - 2) a license agreement;
 - 3) an agreement on an creation upon the order and the use of the intellectual property right object;
 - 4) an agreement on transfer of the exclusive intellectual property rights;
 - 5) the other agreement to dispose the intellectual property rights.
2. An agreement to dispose intellectual property rights shall be concluded in writing.

In case a written form of the agreement to dispose intellectual property rights is not observed, such agreement shall be deemed invalid.

The law may establish the cases for an agreement to dispose intellectual property rights be concluded orally.

Article 1108. License to Use an Object of Intellectual Property Rights

1. A person having an exclusive right for permitting the use of the intellectual property right object (a licensor) may assign another person (a licensee) a written authority for the right to use this object in a certain limited field (a license to use an object of the intellectual property right).
2. A license to use an object of the intellectual property right may be filed as a separate document or as a component to a license agreement.
3. A license to use an object of the intellectual property right may be exclusive, single, non-exclusive, and of the other types that does not contradict the law.

An exclusive license shall be granted to one licensee only and shall exclude the possibility of using an object of intellectual property right by a licensor in the field limited by this license and granting the other persons licenses for this object use in the specified field.

A single license shall be granted to one licensee only and shall exclude a licensor's possibility to grant to the other persons the licenses for the object of intellectual property right use in the field limited by this license but shall not exclude a possibility to use this object in the specified field by a licensor.

A non-exclusive license shall not exclude a possibility of a licensor's use of an object of intellectual property right in the field limited by this license and his granting to other persons the licenses for this object use in the specified field.

4. Upon the licensor's written consent a licensee may authorize in writing another person to use the object of intellectual property right (a sub-license).

Article 1109. License Agreement

1. Under a license agreement one party (a licensor) shall grant the other party (a licensee) a permission to use an object of intellectual property right (a license) on the conditions determined by mutual agreement of the parties taking into account the requirements of this Code and the other law.

2. In cases stipulated by a license agreement a sub-license agreement may be concluded, under which a licensee shall grant another person (a sub-licensee) a sub-license to use an object of intellectual property right. In this case a licensee shall be responsible to a licensor for the actions of a sub-licensee, unless otherwise is stipulated by the license agreement.
3. The license agreement shall specify the type of the license, the field of the intellectual property object use (specific rights granted by the agreement, the methods of the mentioned object use, the area and the term of the rights granted, etc.) the amount, procedure and terms of paying the fee for the IPR object use, as well as the other conditions that the parties consider appropriate to include into the agreement.
4. A non-exclusive license shall be deemed granted under the license agreement, unless otherwise is stipulated by it.
5. The subject of a license agreement shall not be the right to use the IPR object, provided this right was invalid at the moment of the agreement conclusion.
6. Any rights to use the IPR object and methods of its use, which are not determined by the license agreement shall be deemed not empowered to the licensee.
7. In case a license agreement does not contain the provisions on the area under the IPR object use, the validity of the license shall be extended to the whole territory of Ukraine.
8. If a license agreement on publication or other reproduction of the work establishes remuneration as a fixed monetary amount, the agreement shall determine a maximal edition of the work.
9. Any provisions of a license agreement contradicting to the regulations of this Code shall be invalid.

Article 1110. Term of License Agreement

1. A license agreement shall be concluded for the term determined by the agreement and shall be terminated not later than the validity term of an exclusive property right for the IPR object determined by the agreement.
2. A licensor may refuse a license agreement in case a licensee violates the starting term of an IPR object use determined by the agreement. A licensor or a licensee may refuse a license agreement in case the other party violates any other terms and conditions of the agreement.
3. If the term provision is missing in a license agreement, it shall be deemed concluded for a term remaining before termination of the validity of an exclusive property right for the IPR object, but no longer than five years. If none of the parties notifies in writing the other party about its refusal from the agreement six months prior to this five-year term expiration, the agreement shall be deemed extended for an undetermined term. In this case each of the parties may any time refuse the agreement by notifying in writing the other party thereof six months prior to the agreement termination, unless a longer term for notification is determined by the agreement between the parties.

Article 1111. Typical License Agreement

1. Authorized institutions or artists' unions may approve typical license agreements.

2. A license agreement may contain provisions not stipulated by a typical license agreement. Provisions of a license agreement concluded with the creator of an IPR object that deteriorates its status as compared with the status stipulated by the law or a typical license agreement, shall be invalid and shall be substituted by those stipulated by a typical agreement or the law.

Article 1112. Agreement to Create and Use of an IPR Object by Request

1. Under an agreement to create and use an IPR object by request one party (a creator – a writer, an artist etc.) shall be obliged to create an IPR object in accordance with the other party's requirements (a customer) and in the determined term.
2. An agreement to create and use an IPR object by request shall determine the methods and the provisions for this object use by the customer.
3. The original of the pictorial art created to order shall be transferred into the customer's possession. At that the intellectual property rights for this work of art shall remain with its author, unless otherwise is stipulated by the agreement.
4. Provisions of the agreement to create and use an IPR object by request that restrict the right of this object creator to create other objects shall be invalid.

Article 1113. Agreement to Transfer the Exclusive Intellectual Property Rights

1. Under the agreement to transfer the exclusive IPRs one of the parties (a person having the exclusive rights) shall transfer these rights partially or in full to the other party pursuant to the law and the provisions determined by the agreement.
2. Conclusion of the agreement to transfer the exclusive IPRs shall not impact other license agreements concluded earlier.
3. Provisions of the agreement to transfer the exclusive IPRs that deteriorate the status of the respective object creator or his/her inheritors as compared to the status stipulated by this Code or by the other law and restrict the creator's right to create other objects shall be invalid.

Article 1114. State Registration of Agreements to Dispose Intellectual Property Rights

1. A license to use an IPR object and the agreements determined by Articles 1109, 1112 and 1113 of this Code shall not subject to mandatory state registration.

They shall be state registered on the demand of a licensor or a licensee per the procedure determined by the law.

Absence of the state registration shall not impact the validity of the rights granted under the license or another agreement and the other rights for the respective IPR object, namely, the licensee's right to appeal to the court for its right protection.

2. The fact of transfer of the exclusive intellectual property rights that are valid after their state registration according to this Code or another law shall be subject to the state registration.

Chapter 76. COMMERCIAL CONCESSION

Article 1115. Commercial Concession Agreement

1. Under commercial concession agreement one party (a titleholder) shall be obliged to grant the other party (a user) for a fee the right of use pursuant to its claims of a set of rights belonging to it aimed at manufacturing and/or sale of a specific type of goods, and/or providing services.

This Code or the other law shall regulate relations connected with granting the right of a set of rights use.

Article 1116. Subject Matter of Commercial Concession Agreement

1. Subject matter of commercial concession agreement shall be the right to use the IPR objects (trademarks, industrial samples, inventions, works of art, commercial secrets, etc.), commercial experience and business reputation.
2. Commercial concession agreement may stipulate the use of the subject matter of the agreement mentioning or not mentioning the use area for a specific field of the civil turnover.

Article 1117. Parties to Commercial Concession Agreement

1. The parties to a commercial concession agreement may be physical and legal entities - subjects of entrepreneurship.

Article 1118. Form of Commercial Concession Agreement and Its State Registration

1. Commercial concession agreement shall be concluded in writing. In case of violating the written form of a concession agreement such agreement shall be invalid.
2. Commercial concession agreement shall be subject to state registration by the body that effected state registration of the titleholder.
3. If the titleholder is registered abroad, a commercial concession agreement shall be registered by the body that effected state registration of the user.
4. In their relations with the third persons the parties to a commercial concession agreement shall be entitled to refer to a commercial concession agreement only after it is state registered.

Article 1119. Commercial Sub-Concession Agreement

1. In cases stipulated by the commercial concession agreement the user may conclude a commercial sub-concession agreement, under which he shall grant to another person (sub-user) the use right for a set of rights or part thereof granted to him by the titleholder on the provisions agreed upon with the titleholder or determined by the commercial concession agreement.
2. Commercial sub-concession agreement shall be regulated by the provisions on commercial concession agreement established by this Code or by the other law, unless otherwise results from the specifics of sub-concession.
3. A user and a sub-user shall bear solidary responsibility to a titleholder for the losses inflicted.
4. Invalidation of a commercial concession agreement shall result in invalidation of a commercial sub-concession agreement.

Article 1120. Obligations of Titleholder

1. A titleholder shall be obliged to transfer to the user the technical and commercial documentation and provide other information necessary for executing the rights granted to him under the commercial concession agreement, and also to inform the user and its employees on the issues connected with these rights exercising.
2. Unless otherwise is stipulated by a commercial concession agreement, a titleholder shall be obliged to:
 - 1) ensure state registration of the agreement;
 - 2) provide constant technical and consultative assistance to the user including assistance in training and upgrading of its personnel;
 - 3) supervise over the quality of goods (jobs, services) manufactured (performed, rendered) by the user based on the commercial concession agreement.

Article 1121. Obligations of the User

1. Taking into account the nature and specifics of the activity performed by the user under a commercial concession agreement, the user shall be obliged to:
 - 1) use a trademark and other indicators of a titleholder by the method determined by the agreement;
 - 2) ensure for a quality of goods (jobs, services) manufactured (performed, rendered) according to a commercial concession agreement pursuant to the quality of similar goods (jobs, services) manufactured (performed, rendered) by the titleholder;
 - 3) observe the titleholder's instructions and orders targeted at insuring of correspondence of the nature, methods and conditions of a set of granted rights' use to the use of these rights by the titleholder;
 - 4) provide additional services to customers (clients) which they might expect by purchasing (ordering) goods (jobs, services) directly from the titleholder;
 - 5) inform customers (clients) by the most obvious method about the use of a trademark and other indicators of the titleholder under a commercial concession agreement;
 - 6) not to disclose the secrets of the titleholder's production, other confidential information received from him.

Article 1122. Specific Provisions of Commercial Concession Agreement

1. Commercial concession agreement may determine specific provisions, such as:
 - 1) obligation of a titleholder not to grant to the other persons similar sets of rights to be used at the territory reserved for the user or refrain from its own similar activity on this territory;
 - 2) the user's obligation not to compete with a titleholder at the territory covered by the agreement regarding entrepreneurship performed by the user using the rights granted by a titleholder;

- 3) obligation of the user not to receive similar rights from the titleholder's competitors (potential competitors);
 - 4) the user's obligation to coordinate with a titleholder location of facilities for selling goods (performing jobs, rendering services) stipulated by the agreement, and also their internal and external design.
2. Provision of the agreement under which a titleholder has the right to establish the price of goods (jobs, services) stipulated by the agreement or to establish the highest or the lowest margin of this price, shall be invalid.
 3. Provision of the agreement under which the user has the right to sell goods (perform jobs, render services) exclusively to a specific category of customers (clients) or exclusively to customers (clients) being located (residing) at the territory specified by the agreement, shall be invalid.

Article 1123. Responsibility of a Titleholder under the Claims Raised to the User

1. A titleholder shall bear subsidiary responsibility under the claims raised to the user due to mismatch of the quality of goods (jobs, services) sold (performed, rendered) by the user.

A titleholder shall bear solidary responsibility with the user under the claims raised to the user as a producer of goods/products.

Article 1124. The User's Right to Conclude Commercial Concession Agreement for a New Term

1. The user that duly performed its obligations shall be entitled to conclude a commercial concession agreement for a new term upon the same conditions.
2. The law may determine conditions under which a titleholder may refuse from concluding a concession agreement for a new term.

Article 1125. Modification of Commercial Concession Agreement

1. Commercial concession agreement may be modified pursuant the provisions of Chapter 53 of this Code.

In their relations with the third persons the parties to a commercial concession agreement shall be entitled to refer to the agreement modification only since the moment of state registration of such modification pursuant to Article 1118 of this Code, unless they prove that the third party was aware or could be aware of the agreement modification before.

Article 1126. Termination of Commercial Concession Agreement

1. Each of the parties to a termless commercial concession agreement shall be entitled to refuse the agreement any time notifying the other party thereof at least six months in advance, unless any longer term is determined by the agreement.
2. Breach of a commercial concession agreement shall be subject to state registration pursuant to Article 1118 of this Code.
3. Commercial concession agreement shall be terminated in the following cases:
 - 1) termination of the titleholder's right for a trademark or another symbol established in the agreement without its substitution by a similar right;

- 2) declaring a titleholder insolvent (bankrupt).

Article 1127. Preserving Validity of Commercial Concession Agreement in Case of the Parties' Change

1. Transfer of an exclusive right for an IPR object determined by a commercial concession agreement from a titleholder to another person shall not be the ground for amending or breaking a commercial concession agreement.
2. In case of the titleholder's death its rights and obligations under a commercial concession agreement shall be transferred to its legatee provided it is registered or is to get registered as a subject of businesses within six months since the day the legacy opened, or shall transfer its rights and obligations to a person entitled to do business.

Exercising the rights and fulfilling the obligations of a deceased person before these rights and obligations are transferred to a legatee or another person according to this part shall be vested with a person managing the legacy and appointed pursuant to Article 1285 of this Code.

Article 1128. Consequences of the Titleholder's Trademark or Other Symbol Change

1. If a trademark or another symbol of a titleholder changes and the use rights are included into a set of the rights granted to the user under a commercial concession agreement, this agreement shall remain valid in respect to a new symbol of a titleholder, unless the user claims breaking of the agreement and compensation for the losses.

In case the agreement's validity is extended, the user shall be entitled to claim respective reduction of the fee due to a titleholder.

Article 1129. Consequences of Termination of the Use Right Provided Under Commercial Concession Agreement

1. If the right granted under a commercial concession agreement is terminated during this agreement validity, term of the agreement shall not be terminated, except for the provisions on the right that expired, and the user shall be entitled to claim respective reduction of the fee due to a titleholder unless otherwise is stipulated by the agreement.

In case of the titleholder's right for a trademark or another symbol is terminated, the consequences stipulated by Articles 1126 or 1128 of this Code shall come into effect.

Chapter 77. JOINT VENTURE

§ 1. General Regulations of Joint Venture

Article 1130. Joint Venture Agreement

1. Under a joint venture agreement the parties (participants) shall be obliged to act mutually without creating a legal entity to reach a certain goal that does not contradicts the law.
2. Joint venture may be performed on the basis of uniting the participants' contributions (simple partnership) or without uniting the participants' contributions.

Article 1131. Form and Provisions of a Joint Venture Agreement

1. A joint venture agreement shall be concluded in writing.

2. Provisions of a joint venture agreement including coordination of joint actions of the participants or carrying out their mutual business, legal status of the property allocated for joint venture, covering the participants' expenses and losses, their participation in the results of joint venture and other provisions shall be determined by the agreement between the parties, unless otherwise is established by the law on specific types of joint venture.

§ 2. Simple Partnership

Article 1132. Simple Partnership Agreement

1. Under a simple partnership agreement the parties (participants) shall be obliged to unite their contributions and to act jointly aimed at receiving profit or reaching another goal.

Article 1133. Contributions of Participants

1. Everything contributed into joint venture by a participant (joint property) including monetary funds, other property, professional and other knowledge, skills and proficiency as well as business reputation and business relations shall be deemed the participant's contribution.
2. The participants' contribution shall be deemed equal in its value, unless otherwise results from a simple partnership agreement or actual circumstances. Monetary valuation of the participant's contribution shall be performed by the agreement between the participants.

Article 1134. Joint Property of Participants

1. Property contributed by the participants, owned by them on the ownership right and produced as a result of their joint venture, and the results and profits obtained shall be joint partial property of the participants, unless otherwise is stipulated by a simple partnership agreement or the law.

Property owned by the participants on the grounds other than the ownership right and contributed by the participants shall be used to the benefit of all the participants and shall be their joint property.

2. Participants may entrust one of them to keep the accounting of the joint property.
3. Participants shall use their joint property upon their mutual consent, and in case they fail to reach the consent - per the procedure determined by the court decision.
4. Participants' obligations to maintain their joint property and the procedure for indemnification of the losses connected with these obligations fulfillment shall be established by a simple partnership agreement.

Article 1135. Running of Joint Business by Participants

1. In the course of running joint business each of the participants shall be entitled to act on behalf of all the participants, unless a simple partnership agreement stipulates that separate participants run business or all the participants to a simple partnership agreement perform it jointly.

In case of joint business each transaction shall require the consent of all the participants.

2. In the relations with the third persons a proxy issued to a participant by the other participants or a simple partnership agreement shall witness the participant's authority to conclude transaction on behalf of all the participants.

3. In the relations with the third persons the participants may not refer to limitation of the rights of a participant that concluded transaction on running joint business of the participants, except for the cases when they prove that the third person knew or could know of such limitations by the moment of the transaction execution.
4. A participant that concluded transaction on behalf of all the participants, in respect thereof his right for running joint business was limited or concluded transaction on his behalf to the benefit of all the participants may claim reimbursement for the expenses incurred by him and at his expense, provided concluding such transaction was necessary to the benefit of all the participants. Participants that incurred losses due to such transactions shall be entitled to claim reimbursement.
5. Decisions on joint acts of the participants shall be approved upon mutual consent of all the participants, unless otherwise is stipulated by a simple partnership agreement.

Article 1136. Participant's Right for Information

1. Each participant to a simple partnership agreement shall be entitled to get familiarized with all the documents on running joint business by the participants. Refusal from this right or any limitation thereof including upon the participants' consent shall be invalid.

Article 1137. Joint Expenses and Losses of Participants

1. Procedure for reimbursement of expenses and losses connected with the participants' joint activity shall be determined by the arrangement between them. In case there is no such arrangement, each participant shall incur costs and losses pro rata to the value of its contribution into the joint property.

Provision under which a participant is fully exempt from participation in reimbursement for joint expenses and losses shall be invalid.

Article 1138. Responsibility of Participants Under Joint Obligations

1. If a simple partnership agreement is not connected to the participants' business activity each of the participants shall be liable under joint contractual obligations with all its property pro rata to the value of its contribution into the joint property. The participants shall bear solidary responsibility under the joint obligations that did not emerge from the agreement.
2. If a simple partnership agreement is connected to the participants' business activity, they shall bear solidary responsibility under all joint obligations irrespective of the grounds for their emergence.

Article 1139. Profit Distribution

1. Profit received by the participants to a simple partnership agreement as a result of their joint activity shall be distributed pro rata to the value of the participants' contributions into the joint property, unless otherwise is determined by a simple partnership agreement or by the other arrangement between the participants.

Provision on depriving or refusal of the participant of the right for a part of the profit shall be invalid.

Article 1140. Allocation of the Participant's Share Upon the Claim of Its Creditor

1. A creditor of the participant to a simple partnership agreement shall be entitled to claim allocation of the participant's share in the joint property according to the provisions of this Code.

Article 1141. Termination of a Simple Partnership Agreement

1. A simple partnership agreement shall be terminated in the following cases:
 - 1) recognition of a participant incapable, obscurely missing or restriction of its civil capability, unless the agreement between the participants stipulates preserving the validity of the agreement in respect to the other participants;
 - 2) announcement of a participant bankrupt, unless the agreement between the participants envisages preserving the validity of the agreement in respect to the other participants;
 - 3) death of a physical person of the participant or a liquidation of a legal entity of the participant to a simple partnership agreement, unless the agreement between the participants envisages preserving the validity of the agreement in respect to the other participants or substitution of the deceased participant (liquidated legal entity) by its inheritors (legal successors);
 - 4) participant's refusal from the further participation in a simple partnership agreement or breaking the agreement upon the demand of one of the participant, unless the agreement between the participants envisages preserving the validity of the agreement in respect to the other participants;
 - 5) termination of the validity of a simple partnership agreement;
 - 6) allocation of a participant's share upon its creditor's claim, provided the arrangement between the participants does not envisage preserving the validity of the agreement in respect to the other participants;
 - 7) reaching the partnership's goal or occurrence of such circumstances when the goal of the partnership is impossible to reach.
2. In case a simple partnership agreement is terminated, the objects transferred into joint ownership and (or) use of the participant shall be returned to the participants that supplied them without any compensation, unless otherwise is stipulated by the agreement between the parties.

Property being in joint ownership of the participants and joint rights of claim emerging with them shall be divided per the procedure determined in this Code.

A participant that contributed into joint ownership an object defined by personal features shall have the right to claim this object's return to him by the court's procedure in case a simple partnership agreement is terminated, provided the interests of the other participants and creditors are observed.

3. The participants shall bear solidary responsibility under unfulfilled joint obligations to the third persons since the moment of a simple partnership agreement termination.

Article 1142. Participant's Refusal from the Further Participation in a Simple Partnership Agreement and Breaking the Agreement

1. A participant may announce his refusal from the further participation in the termless simple partnership agreement not later than three months prior to its walkout the agreement.

Provision on limitation of the right for refusal a termless simple partnership agreement shall be invalid.

2. A participant to a simple partnership agreement concluded for a specified term or to an agreement that determines reaching the goal as a liquidation provision shall be entitled to claim the agreement breach in the relations with the other participants due to a valid reason and reimbursement to the other participants for the losses incurred by the agreement breach.

Article 1143. Responsibility of the Participant in Respect Thereof a Simple Partnership Agreement Is Terminated

1. If a simple partnership agreement was not terminated upon the participant's application on its refusal from further participation in it or in case of the agreement breach upon one of the participant's demand, the participant whose participation in the agreement is terminated shall be liable to the third persons under joint obligations emerged during the term of its participation in a simple partnership agreement as the participant to the agreement.

Subsection 2. NONCONTRACTUAL OBLIGATIONS

Chapter 78. PUBLIC PROMISE OF THE REWARD

§ 1. Public Promise of the Reward Without Competition Announcing

Article 1144. Right for Public Promise of the Reward Without Announcing the Competition

1. A person may publicly promise a reward (remuneration) for transfer to it a respective result (transfer of information, finding an object, finding a physical person etc.).
2. Promise of the reward shall be public, provided it is announced in mass media or by the other means to an indefinite circle of persons.
3. Announcement of public promise of the reward shall determine the assignment, the term and the place of its fulfillment, the form and the amount of the reward.

Article 1145. Content of the Assignment

1. In case of public promise of the reward the assignment to be fulfilled may refer to a single act or an unlimited number of the same type acts to be performed by different persons.

Article 1146. Term (Time) of the Assignment Fulfillment

1. In case of public promise of the reward for the assignment fulfillment a term (time) may be determined. If the term (time) of the assignment fulfillment is not determined, it shall be deemed valid for a reasonable period of time pursuant to the content of the assignment.

Article 1147. Change of Provisions of Public Promise for Reward

1. A person that publicly promised the reward shall be entitled to change the assignment and the provisions of the reward.
2. A person that commenced the assignment fulfillment shall be entitled to claim reimbursement for the losses inflicted to it due to the assignment change.
3. If due to the change of provisions for the reward, fulfillment of the assignment lost its interest for a person that commenced its fulfillment prior to the change of provisions, this person shall be entitled for reimbursement of the expenses incurred.

Article 1148. Legal Consequences of the Assignment Fulfillment

1. In case of the assignment fulfillment and transfer its results, a person that publicly promised the reward (remuneration) shall be obliged to pay it.
2. If the assignment contains a single action, the reward shall be paid to a person that fulfilled the assignment first.

If several persons fulfilled such assignment simultaneously, the reward shall be equally distributed between them.

Article 1149. Termination of the Obligation Due to Public Promise of the Reward

1. Obligation on public promise of the reward shall be terminated in the following cases:
 - 1) expiration of the term to transfer the result;
 - 2) transfer of the result by a person who was the first to fulfill the assignment.
2. A person that publicly promised the reward shall be entitled to publicly announce termination of the assignment.

In this case a person that incurred actual expenses for preparation of the assignment fulfillment shall be entitled for reimbursement.

§ 2. Public Promise of the Reward Upon the Competition Results

Article 1150. Right for the Competition Announcement

1. A physical person or a legal entity (the competition founder) shall be entitled to announce competition (contest).
2. A competition shall be announced publicly through mass media. The announcement of the competition may be made otherwise.
3. The founder of the competition shall be entitled to invite personal participants to take part in it (closed competition).

Article 1151. Conditions of the Competition

1. The founder of the competition shall inform about its conditions simultaneously with the competition announcement or personally to everybody who expressed the intention to take part in it.
2. The result of intellectual or creative activity, execution of a certain act, performance of the work etc may be the subject matter of the competition.
3. A reward (bonus) shall be issued upon the results of the competition. The number of prize places, type of the reward (bonus amount) for each prize place etc shall be determined by the competition conditions.

Conditions of the competition may stipulate only a moral incentive to the winner.

4. Condition of the competition shall determine the term for the work submitting for the competition or performance of a certain act.

5. Subject matter of the competition and the reward (bonus) to be paid to the winner shall be material conditions for the competition announcement.

Article 1152. Change of the Competition Conditions

1. The founder of the competition shall be entitled to change its conditions prior to the competition commencement. Change of the competition conditions after its commencement shall not allowed. Change of the competition conditions shall be announced per the same procedure as the competition was announced.
2. If due to the change of the competition conditions a person lost interest in its participation or such participation became impossible to him, such person shall be entitled for the founder's reimbursement of the expenses incurred by the person while preparing to participate in the competition.

Article 1153. Refusal from Competition Holding

1. The founder of the competition shall be entitled to refuse from its holding, provided holding of the competition became impossible due to the circumstances beyond his control.

In case the founder refuses from the competition holding on the other grounds, a participant to the competition shall be entitled for reimbursement of expenses incurred by him while preparing to participate in the competition.

Article 1154. Winner of the Competition

1. A person that achieves the best result shall be the winner.
2. The winner shall be determined per the procedure established by the founder of the competition. The results of the competition shall be announced in the same procedure as the competition was announced.
3. The results of the competition may be appealed against at the court by a concerned person.

Article 1155. Specifics of Assessment of the Results of Intellectual, Creative Activity Presented for the Competition

1. Upon the consequences of assessing the results of the intellectual, creative activity presented for the competition the competition founder (a competition commission, a jury) may approve a decision on the following:
 - 1) award all prize places and rewards (bonuses) established by the competition conditions;
 - 2) award specific prize places, in case several of them were determined, and rewards (bonuses);
 - 3) refuse from awarding prize places, in case none of the works submitted to the competition meet its requirements;
 - 4) award an incentive prize and (or) a reward (bonus).

Article 1156. Rights of the Competition Winner

1. The winner of the competition shall be entitled to claim from its founder fulfillment of its obligation within the terms established by the conditions of the competition.

2. If the result of intellectual, creative activity was the subject matter of the competition, the competition founder shall be entitled to their further use only by the winner's consent.
3. The founder of the competition shall have a priority right to the other persons to conclude an agreement with the winner on the use of the subject matter of the competition.

Article 1157. Return to the Participant of an Object Submitted to the Competition

1. Participant's submission of an object to the competition shall not terminate its ownership right in this object.

Condition of the competition under which the competition founder does not return to the participant an object submitted for the competition shall be invalid.

2. The founder of the competition may leave an object submitted for the competition with itself upon the participant's consent only. If the participant to the competition did not raise the claim on returning him an object submitted for the competition, the competition founder shall be deemed to have the right of its further possession.

Participant to the competition shall be entitled any time to raise claim on returning an object submitted for the competition.

3. If an object submitted for the competition was not gifted to the competition founder or bought by him, he may acquire the property right in this object pursuant to Article 344 of this Code (limitation of acquisition).

Chapter 79. PERFORMING ACTIONS IN THE PROPERTY INTERESTS OF THE OTHER PERSON WITHOUT ITS COMMISSION

Article 1158. Right to Perform Actions in the Property Interests of the Other Person Without Its Commission

1. In case of unprofitable property consequences threaten the property interests of the other person, this person shall be entitled without commission to perform actions aimed at prevention, elimination or minimizing such consequences.
2. A person that performed actions in the property interests of the other person without his commission shall be obliged to inform the other person about his actions. If the other person approves these actions, provision on the respective agreement shall be applied to the further relations of the parties.
3. In case a person that commenced actions in the property interests of the other person without its commission has no possibility to inform this person about its actions, it shall be obliged to take all the necessary measures to prevent, remove or minimize unprofitable property consequences for the other person. A person that performs actions in the property interests of the other person without its commission shall be obliged to take upon itself all responsibilities connected with performance of these actions, namely, responsibility in respect of the concluded transactions.

Article 1159. Reporting about Performing Actions in the Property Interests of the Other Person Without Its Commission

1. A person that performed actions in the property interests of the other person without its commission shall be obliged immediately after termination of these actions to report to the

other person, in whose interests these actions were performed, about these actions and shall transfer it everything received at that.

Article 1160. Reimbursement for the Expenses Incurred by a Person in Connection with Performing the Actions in the Property Interests of the Other Person Without Its Commission

1. A person that performed actions in the property interests of the other person without its commission shall be entitled to claim from this person reimbursement for the actual expenses, provided they were justified by the conditions, under which the actions were performed.
2. If a person that performed actions in the property interests of the other person without its commission did not inform this person about his actions as soon as possible, it shall not be entitled to claim reimbursement for the expenses.

Chapter 80. SAVING THE HEALTH AND THE LIFE OF AN INDIVIDUAL, THE PROPERTY OF A PHYSICAL OR A LEGAL ENTITY

Article 1161. Obligations Due to Saving the Person's Health and Life

1. The state shall compensate in full scope any harm to a person that saved an individual's health and life from a real threat for him/her without corresponding authority.

Article 1162. Obligations Due to Saving the Other Person's Property

1. The state shall compensate in full scope the harm of a physical person's disability or death inflicted to a person that saved the other person's substantially valuable property from a real threat without corresponding authority.
2. The owner (holder) of the property shall reimburse for the harm to the property of a person that saved the other person's substantially valuable property without corresponding authority taking into consideration his/her material status.

The harm shall be compensated with the consideration of the material status of the property owner (holder) to whom the harm was inflicted.

Amount of the damage reimbursement may not exceed the value of the property being saved.

Chapter 81. THREATENING THE LIFE, HEALTH, PROPERTY OF AN INDIVIDUAL OR THE PROPERTY OF A LEGAL ENTITY

Article 1163. Elimination of Threat to Life, Health or Property of an Individual or to the Property of a Legal Entity

1. A physical person whose life, health, or property is under threat as well as a legal entity whose property is under threat, shall have the right to demand removing this threat from the one creating it.

Article 1164. Consequences for Non-Elimination of Threat to Life, Health, Property of an Individual or to the Property of a Legal Entity

1. In case of non-removing the threat to the physical person's life, health, property, or the property of the legal entity, a concerned person shall be entitled to demand the following:
 - 1) take urgent to eliminate the threat;

2) reimburse for the damage inflicted;

3) prohibit activity causing threat.

Article 1165. Reimbursement for Damage Due to Non-Elimination of Threat to Life, Health, Property of an Individual or to the Property of a Legal Entity

1. Damage inflicted due to non-elimination of threat to the physical person's life, health, property, or to the property of a legal entity shall be reimbursed for in accordance with this Code.

Chapter 82. INDEMNIFICATION

§ 1. General Provisions on Indemnification

Article 1166. General Grounds of Responsibility for Inflicted Property Damage

1. Property damage resulted from illegal decisions, acts or inactivity towards personal non-property rights of a physical or legal entity as well as damage inflicted to the property of a physical or legal entity shall be indemnified in full by a person that inflicted it.
2. A person that inflicted damage shall be exempt from indemnification, if he/she proves that the damage was inflicted not by his/her fault.
3. Damage resulted from mutilation, other health injuries or death of a physical person due to force majeure shall be indemnified in cases established by the law.
4. Damage resulted from legal actions shall be indemnified in cases established by this Code and by the other law.

Article 1167. Grounds of Responsibility for Moral Damage

1. Moral damage to a physical or legal person resulted from illegal decisions, acts or inactivity shall be indemnified by a person that inflicted the damage, in case of his/her guilt, except for the cases specified in part two of this Article.
2. Moral damage shall be indemnified irrespective of the guilt of the state government, governmental body of the Autonomous Republic of Crimea, local self-government, physical or legal person that inflicted it:
 - 1) if damage is resulted from mutilation, other health injuries or death of a physical person due to operation of the source of increased danger;
 - 2) if damage to a physical person is resulted from his/her illegal imprisonment, illegal bringing to criminal try, illegal custody as a preventive measure or written undertaking not to leave a place, illegal retention, illegal administrative penalty in the form of arrest or compulsory work;
 - 3) in other cases specified by the law.

Article 1168. Indemnification for Moral Damage Resulted from Mutilation, Other Health Injury or Death of a Physical Person

1. Moral damage resulted from mutilation or other health injuries may be indemnified at one time or by monthly installments.
2. Moral damage resulted from death of a physical person shall be indemnified to his/her spouse, parents (adopting parents), children (adopted children) as well as to the persons that resided with this person as a single family.

Article 1169. Indemnification for Damage Resulted from the Person's Exercising the Right to Self-Protection

1. Damage inflicted by a person under her/his exercising the right to self-protection against illegal encroachments including the necessary defense, provided its limits are not exceeded, shall not be indemnified.
2. If under exercising his/her right to self-protection a person inflicts damage to another person, this damage shall be indemnified by a person that inflicted it. If this damage is inflicted by the ways of self-protection not prohibited by the law and not contradicting the moral principles of the society, it shall be indemnified by a person that committed the illegal action.

Article 1170. Indemnification for the Damage Resulted from Passing the Law on Termination of the Ownership Right in Certain Property

1. In case the law that terminates the ownership right in certain property is passed, the damage inflicted to the owner of this property shall be indemnified by the state in full scope.

Article 1171. Indemnification for the Damage Inflicted in the State of Extreme Necessity

1. Damage inflicted to a person as a result of the actions aimed at prevention of danger threatening civil rights and interests of another physical or legal person, shall be indemnified by a person that inflicted it, unless this damage can be eliminated under current conditions by the other means (extreme necessity).

A person that indemnified for the damage shall have the right to claim in return to a person to whose interests he/she was acting.

2. Given the circumstances under which the damage was inflicted in the state of extreme necessity, the court may place responsibility for its indemnification to a person to whose interests the person that inflicted damage was acting, or to make them both responsible for indemnification of the damage in a certain share, or to exempt them from indemnification partially or fully.

Article 1172. Indemnification by the Legal or Physical Person for the Damage Inflicted by Their Employee or by the Other Person

1. A legal or physical person shall indemnify for the damage inflicted by their employee during performance of his/her working (official) functions.
2. A customer shall indemnify for the damage inflicted to the other person by the contractor, if the latter acted by the assignment of the customer.
3. Entrepreneurial partnerships, cooperatives shall indemnify for the damage inflicted by their participant (member) during performing business or other activities on behalf of the partnership or cooperative.

Article 1173. Indemnification for the Damage Inflicted by the State Government, Governmental Body of the Autonomous Republic of Crimea or by the Local Self-Government

1. Damage inflicted to a physical or legal person as a result of illegal decisions, actions or inactivity of the state government, governmental body of the Autonomous Republic of Crimea or local self-government under implementing their authorities shall be indemnified by the state, the Autonomous Republic of Crimea or the local self-government body irrespective of the guilt of these bodies.

Article 1174. Indemnification for the Damage Inflicted by the Official of the State Government, Governmental Body of the Autonomous Republic of Crimea or by the Local Self-Government

1. Damage inflicted to a physical or legal person as a result of illegal decisions, actions or inactivity of the official of the state government, governmental body of the Autonomous Republic of Crimea or local self-government under implementing their authorities shall be indemnified by the state, the Autonomous Republic of Crimea or the local self-government body irrespective of the guilt of this official.

Article 1175. Indemnification for the Damage Inflicted by the State Government, Governmental Body of the Autonomous Republic of Crimea or by the Local Government in the Sphere of Law-Making

1. Damage inflicted to a physical or legal person as a result of approval by the state government, governmental body of the Autonomous Republic of Crimea or local self-government of a legal act recognized illegal and abrogated, shall be indemnified by the state, the Autonomous Republic of Crimea or the local self-government body irrespective of the guilt of their officials and employees.

Article 1176. Indemnification for the Damage Resulted from Illegal Decisions, Actions or Inactivity by the Preliminary Investigation Authorities, Prosecutor's Office or Court

1. Damage inflicted to a physical person as a result of its illegal conviction, illegal bringing to criminal try, illegal use of such preventive measure as custody or written undertaking not to leave a place, illegal retention, illegal administrative penalty in the form of arrest or compulsory work shall be indemnified by the state in full scope irrespective of the guilt of the officials or employees of the preliminary investigation body, prior-to-court investigation, prosecutor's office or court.
2. The right to indemnify for the damage inflicted to a physical person by illegal actions of preliminary investigation body, prior-to-court investigation, prosecutor's office or court shall arise since the moment the court brings in a verdict of 'not guilty', illegal verdict abrogation, dismissal of a criminal case by preliminary investigation or dismissal of a case enforcement on administrative offence.
3. If a criminal case is dismissed on the ground of amnesty law or the act of grace, the right for the damage indemnification shall not arise.
4. A physical person that during investigation, prior-to-court investigation or court inquest prevented from discovering the truth by self-incrimination, thus facilitating illegal conviction, illegal bringing to criminal try, illegal application of such preventive measure as custody or written undertaking not to leave a place, illegal retention, illegal administrative penalty in the form of arrest or compulsory work shall have no right for indemnification.
5. Damage inflicted to a physical or legal person as a result of illegal court decision in the civil case shall be indemnified by the state in full scope, provided the actions of the judge (judges) that affected the illegal decision were qualified as criminal in the court verdict that has become effective.
6. Damage inflicted to a physical or legal person as a result of other illegal act or inactivity or illegal decision of the preliminary investigation body, prior-to-court investigation, prosecutor's office or court shall be indemnified on the general grounds.
7. Procedure for the damage indemnification inflicted by illegal decisions, acts or inactivity of preliminary investigation body, prior-to-court investigation, prosecutor's office or court shall be established by the law.

Article 1177. Indemnification for the Property Damage to a Physical Person Suffered from Crime

1. Property damage inflicted to the property of a physical person as a result of crime shall be indemnified by the state, unless the person that committed a crime is identified or in case he/she is insolvent.
2. Terms and conditions of indemnification for the property damage inflicted to the property of a person that suffered from crime shall be specified by the law.

Article 1178. Indemnification for the Damage Inflicted by an Infant

1. Damage inflicted by an infant (under fourteen years old) shall be indemnified by his/her parents (adopting parents), tutors or the other physical person legally authorized to educate an infant, unless they prove that the damage is not resulted from their negligent attitude to the guardian responsibilities or avoidance from educating and taking care of an infant.
2. If an infant inflicts a damage staying at the educational institution, health care institution or other institution responsible for taking care of an infant as well as with the person obliged to take care of an infant by the agreement, these institutions and the person shall be obliged to indemnify for the damage, unless they prove that the damage is not inflicted through their fault.
3. If an infant is staying at the institution that legally acts as a tutor to this infant, this institution shall be obliged to indemnify for the damage inflicted by an infant, unless it prove that the damage was not inflicted through its fault.
4. If an infant inflicted a damage though the fault of the parents (adopting parents) or tutor or through the fault of the institution or a person obliged to take care of the infant, the parents (adopting parents), the tutor, the institution and the person shall be obliged to indemnify for the damage in the share determined by their agreement or by the court decision.
5. Obligation of the persons specified in part one of this Article to indemnify for the damage inflicted by an infant shall not be terminated when an infant reaches legal age. After an infant comes of legal age he/she may be obliged by the court to indemnify fully or partially for the damage inflicted under age of fourteen to the life or health of the victim, provided that a person has money for indemnification and the persons specified in part one of this Article are insolvent or died.

Article 1179. Indemnification for the Damage Inflicted by a Juvenile

1. A juvenile (from fourteen to eighteen years old) shall be responsible for the inflicted damage independently on the general grounds.
2. In the event a juvenile has no property sufficient for indemnification, the inflicted damage shall be indemnified in the part that is lacking or in full by his/her parents (adopting parents) or tutor, unless they prove the damage was not inflicted through their fault. If a juvenile was staying at the institution that legally performed the tutor functions, this institution shall be obliged to indemnify for the damage in the part that is missing or in full, unless it proves the damage was not inflicted through its fault.
3. Obligation of the parents (adopting parents), a tutor, an institution legally authorized to perform the tutor functions towards the juvenile shall be terminated, once the juvenile that inflicted damage reaches legal age or becomes a holder of the property sufficient to indemnify for the damage.

Article 1180. Indemnification for the Damage Inflicted by the Juvenile after Attaining Active Civil Capacity

1. Damage inflicted by a juvenile after attaining active civil capacity shall be indemnified by this juvenile independently on the general grounds.
2. In case a juvenile that attains active civil capacity has no property sufficient to indemnify for the damage inflicted by him, the damage shall be indemnified in the part that is missing or in full by his/her parents (adopting parents) or tutor if they agreed on attaining by the juvenile active civil capacity and unless they prove the damage was not inflicted through their fault. Obligation of these persons to indemnify for the damage shall be terminated after a juvenile that inflicted the damage comes of age.

Article 1181. Indemnification for the Damage Inflicted by Several Infants

1. Damage inflicted by joint actions of several infants shall be indemnified by their parents (adopting parents) or tutors in the part determined per the agreement between them or by the court decision.
2. If at the moment of the damage inflicting one of the infants stayed at the institution authorized to perform the functions of tutor towards this infant, this institution shall indemnify for the inflicted damage in the part determined by the court.

Article 1182. Indemnification for the Damage Inflicted by Several Juveniles

1. Damage inflicted by joint actions of several juveniles shall be indemnified by them in the part to be determined per the agreement between them or by the court decision.
2. If at the moment of inflicting damage one of the juveniles was staying at the institution legally authorized to perform the functions of tutor towards this infant, this institution shall indemnify for the inflicted damage in the part determined by the court.

Article 1183. Indemnification for the Damage by Parents Deprived of Parenthood

1. Parents shall be obliged to indemnify for the damage inflicted by an infant in respect of whom they are deprived of parenthood within three years after being deprived of parenthood, unless they prove this damage is not resulted from their negligence of the parent obligations.

Article 1184. Indemnification for the Damage Inflicted by a Disabled Physical Person

1. Damage inflicted by a disabled physical person shall be indemnified by a guardian or an institution authorized to supervise over this person, unless it proves the damage was not inflicted through its fault. Obligation of a guardian or an institution to indemnify for the damage inflicted by the disabled person shall not be terminated in case this person's civil capacity is fully restored.
2. If the guardian of the disabled person that inflicted damage died or has no property sufficient for indemnification but a disabled person has this property, the court may decide to indemnify for the damage resulted in the mutilation, other health injury or death of the victim in part or in full by the property of the disabled person.

Article 1185. Indemnification for the Damage Inflicted by a Physical Person with Limited Civil Capacity

1. Damage inflicted by a physical person with limited civil capacity shall be indemnified by this person on the general grounds.

Article 1186. Indemnification for the Damage Inflicted by a Physical Person That did not Realize the Significance of his/her Actions and (or) Could not Guide Them

1. Damage inflicted by a physical person that at the moment of infliction did not realize the significance of his actions and (or) could not guide them shall not be indemnified. Given the material status of the victim and the person that inflicted the damage, the court may decide on indemnification of this damage in part or in full.

If an individual person that inflicted damage brought himself to the state when he/she could not realize the significance of his/her actions and (or) guide them as a result of alcoholic, narcotic or other kind of intoxication, the damage inflicted by him/her shall be indemnified on the general grounds.

2. If the damage was inflicted by a person that could not realize the significance of his/her actions as a result of his/her mental state or dementia, the court may decide on indemnification of the damage by his/her spouse, parents, adult children if they resided together with this person, knew about his/her mental state or dementia but failed to take measures to prevent the damage.

Article 1187. Indemnification for the Damage Inflicted by a Source of Increased Danger

1. A source of increased danger shall be the activity related to use, storage and maintenance of transport facilities, mechanisms and machinery, use and storage of chemical, radioactive explosive, combustible and other substances, holding of wild animals, war and fighting dogs, etc. that create an increased danger for a person implementing this activity and for the other persons.
2. Damage resulted from a source of increased danger shall be indemnified by a person that on a relevant legal basis (right of ownership, other property right, contractor's or lease agreement) possesses transport facility, mechanism, other object, whose use, storage and maintenance create increased danger.
3. Person that illegally came into possession of transport facility, mechanism or other object and inflicted damage while using, storing or maintaining it shall be obliged to indemnify for the damage on the general grounds.
4. If illegal possession of the transport facility, mechanism or other object by a person was fostered by negligence of their owner (holder), the damage inflicted by using, storing or maintaining of this object shall be indemnified by them jointly in the part to be determined by the court decision taking into account substantial circumstances.
5. A person involved into the activity being a source of increased danger shall be responsible for the inflicted damage, unless he proves the damage was a result of force majeure or intention of the victim.

Article 1188. Indemnification for the Damage Due to Mutual Action of Several Sources of Increased Danger

1. Damage resulted from a mutual action of several sources of increased danger shall be indemnified on the general grounds, in particular:
 - 1) damage inflicted to one person through the fault of another person shall be indemnified by a guilty person;
 - 2) if the damage inflicted to a person is his own fault, this damage shall not be indemnified;
 - 3) if all the persons whose activity resulted in the damage are guilty, the size of the indemnity shall be specified in the corresponding part with regard to the substantial circumstances.

2. If correlation of the sources of increased danger resulted in the damage to other persons, the persons that jointly inflicted the damage shall be obliged to indemnify for it irrespective of their fault.

Article 1189. Indemnification for Nuclear Damage

1. Specifics of indemnification for nuclear damage shall be specified by the law.

Article 1190. Indemnification for the Damage Inflicted Jointly by Several Persons

1. Persons whose joint actions or inactivity resulted in the damage shall bear solidary responsibility to the victim.
2. Upon the victim's claim the court may determine responsibility of the persons who jointly inflicted damage depending on the degree of their fault.

Article 1191. Right for Counterclaim to the Guilty Person

1. A person that indemnified for the damage inflicted by the other person shall be entitled for counterclaim (regress) to a guilty person in the amount of paid indemnity, unless the other amount is specified by the law.
2. The State, the Autonomous Republic of Crimea, territorial communities, legal persons shall have the right for counterclaim to a physical person guilty in committing a crime, to the extent of the amount of money spent for medical treatment of a person that suffered from the crime.
3. After indemnifying for the damage inflicted by the official of the preliminary investigation authorities, prior-to-court investigation, prosecutor's office or court, the State shall have the right for counterclaim to this official only in case his actions are recognized a crime by the court verdict that has become effective.
4. The parents (adopting parents), a tutor, an institution or a person obliged to take care of an infant or a juvenile after indemnifying for the damage inflicted by an infant or a juvenile or a physical person recognized disabled, shall have no right for counterclaim to the person that suffered the damage.

Article 1192. Ways of Indemnification for the Damage Inflicted to the Property of the Victim

1. Considering the circumstances of the case, the court, at the victim's discretion, may assign a person that damaged the property to indemnify for the damage in kind (to transfer a thing of the same kind and quality, to repair a damaged object, etc) or to cover for the losses in full.

Amount of the losses subject to compensation to a victim shall be determined according to the real value of the lost property at the moment of the case consideration or fulfillment of the work necessary for restoration of a damaged object.

Article 1193. Consideration of the Victim's Fault and Material Status of a Physical Person that Inflicted Damage

1. Damage inflicted to a victim as a result of its malicious intent shall not be indemnified.
2. If gross negligence of a victim facilitated the damage or its increase, then depending on the degree of the victim's fault (in case of the fault of a person that inflicted damage – depending on the degree of his fault), a size of the indemnity shall be decreases, unless otherwise is established by the law.
3. The victim's fault shall not be considered in the event of reimbursement for additional expenses specified in Article 1195 of this Code, in case of indemnification for the damage

resulted from the death of a bread winner or in case of compensation for the funeral expenses.

4. The court may decrease the amount of indemnity for the damage inflicted to a physical person depending on his material status, except for the cases when the damage is resulted from the committed crime.

Article 1194. Indemnification for the Damage by a Person That Insured His Civil Responsibility

1. A person that insured his civil responsibility in case of insufficient insurance payment (indemnity), aimed at full indemnification of the inflicted damage, shall be obliged to pay to the victim a difference between the actual amount of the damage and the insurance payment (indemnity).

§ 2. Indemnification for the Damage Inflicted by Mutilation, Other Health Injury or Death

Article 1195. Indemnification for the Damage Inflicted by Mutilation or Other Health Injury

1. A physical or a legal person that inflicted the damage by mutilation or other health injury for a physical person shall be obliged to reimburse to the victim for a profit (income) lost as a result of loss or decrease of professional or general working capacity as well as to cover additional expenses necessitated by high-calorie diet, health resort medical treatment, purchase of drugs, prosthetics, outside care, etc.
2. In case of mutilation or other health injury to a person that was not working at the moment of damage infliction, the indemnification amount shall be determined based on the minimal salary.
3. Damage to a physical person by mutilation or other health injury shall be indemnified irrespective of the disability pension assigned to a person or the pension that a person received before or the other incomes.
4. The scope and the amount of indemnification for the damage inflicted to a victim by mutilation or by other health injury may be increased by the agreement or the law.

Article 1196. Indemnification for the Damage Inflicted to a Person under Performance of His Contractual Obligations

1. Damage inflicted by mutilation, other health injury or death of a physical person under performance of his/her contractual obligations (freight agreement etc.) shall be indemnified on the grounds specified in Articles 1166 and 1187 of this Code.

Article 1197. Determination of the Salary (Income) Lost as a Result of Mutilation or Other Health Injury of a Physical Person Working under Employment Agreement

1. Amount of the salary (income) lost by a person as a result of mutilation or other health injury eligible for reimbursement shall be determined in percents of the average monthly salary (income) that the victim received before the mutilation or other health injury, taking into account the degree of the lost professional (or general if there is no professional) working capacity.

The average monthly salary (income) shall be calculated, as the victim wishes, for the period of twelve or the last three calendar months of work preceding health injury or the loss of working capacity as a result of mutilation or other health injury. If the average monthly salary (income) of the victim is less than five-fold minimal monthly salary, the lost salary (income) shall be calculated based on a five-fold minimal monthly salary.

2. The indemnity amount in case of occupational disease may be calculated, as the victim wishes, on the basis of the average monthly salary (income) during twelve or the last three calendar months preceding termination of the work caused by mutilation or the other health injury.
3. The lost salary (income) shall include all types of labor payments under the employment agreement at the main work and pluralistically covered by a personal income tax in the amount before the tax deduction.

The lost salary (income) shall not include single payments, compensations for non-used vacation, terminal wage, maternity and birth grant etc.

If a victim at the moment of damage infliction was not working, his/her average monthly salary (income) shall be calculated, at his/her discretion, based on his/her salary before dismissal or the conventional salary of an employee of the same qualification in this locality.

4. If the salary (income) of a victim before his/her mutilation or other health injury changed in such a way that his/her material status was improved (salary increase, transfer to a position with a higher salary, employment after education), the average monthly salary (income) shall be calculated only with regard to the salary (income) he/she received or was supposed to receive after corresponding change.

Article 1198. Determination of the Income Lost Due to Mutilation or Other Health Injury of an Individual - Entrepreneur

1. The amount of income of a physical person - entrepreneur lost as a result of mutilation or other health injury to be indemnified shall be determined based on his/her annual income received in the previous fiscal year divided by twelve. If this person received the income during less than twelve month, the amount of his/her lost income shall be determined by the aggregate income during the respective number of months.
2. The amount of income from entrepreneurship activity lost by a physical person as a result of mutilation or other health injury shall be determined on the basis of the data from the state tax inspection.
3. The amount of income lost by a physical person - entrepreneur as a result of mutilation or other health injury shall be calculated based on the income the victim received before mutilation or other health injury in the amount before the tax deduction.
4. The amount of income lost by a self-employed physical person (a lawyer, a person involved into creative activities and others) shall be determined per the procedure established by parts one - three of this Article.

Article 1199. Indemnification for the Damage Inflicted by Mutilation or Other Health Injury of an Infant or a Juvenile

1. In case of mutilation or other health injury of an infant or a juvenile, a physical or a legal person that inflicted this damage shall be obliged to cover for the expenses for medical treatment, prosthetics, permanent medical care, high-calorie diet etc.

After a victim is fourteen (a student – eighteen) a legal or a physical person that inflicted damage shall be also obliged to indemnify for the damage related to the loss or decrease of his working capacity based on the minimal salary established by the law.

2. If at the moment of health injury a juvenile earned salary, the indemnification shall be calculated on the basis of its salary but not less than a minimal salary.
3. After commencement of the working activity according to the obtained qualification the victim shall have the right to claim an increase of the indemnity due to a decrease of his professional capacity as a result of mutilation or other health injury based on the minimal

salary of employees of his/her qualification but not less than a minimal salary established by the law.

4. If a victim does not have professional qualification after the age of majority and remains unemployed as a result of mutilation or other health injury inflicted to him before the age of majority, he shall have the right to claim indemnification in the amount of at least the minimal salary established by the law.

Article 1200. Indemnification for the Damage Inflicted by the Victim's Death

1. In the event of the victim's death, the disabled persons that were supported by hem/her or had the right to receive support from him/her as of the day of his death as well as the victim's child born after his death shall have the right for the damage indemnification.

Damage shall be indemnified:

- 1) to a child before he/she reaches eighteen years (a pupil or a student – before he/she finishes education but not longer than the age of twenty three);
 - 2) to a husband, a wife, parents (adopting parents) which reached the pension age established by the law – for life;
 - 3) to disabled persons – for the term of their mutilation;
 - 4) to one of the parents (adopting parents) or to one of the spouses or to the other family member irrespective of the age and working capacity, if they do not work and take care of children, brothers, sisters, grandchildren of the deceased – until they reach fourteen years of age;
 - 5) to the other disabled persons supported by the victim – within five years after his/her death.
2. Persons specified in items 1-5 of paragraph one of this Article shall be indemnified for the damage at the rate of an average monthly salary (income) of the victim deducting his/her the share and the share of the people capable to work and supported by him/her but having no right for indemnification. The victim's income shall also include the pension, the amounts due under the agreement on life annuity and other similar payments he/she received.
 3. The persons that lost the breadwinner shall be indemnified for the damage fully without considering the pension assigned to them as a result of the loss of the breadwinner and other incomes.
 4. The amount of indemnity calculated for each of the persons eligible for the damage indemnification inflicted by the death of a breadwinner shall not subject to further recalculations except for such cases as: the birth of a child conceived during life and born after death of the breadwinner; assignment (termination) of the compensation payment to persons taking care of children, brothers, sisters, grandchildren of the deceased.

The law may increase the amount of indemnity.

Article 1201. Recovery of Funeral Expenses

1. A person that inflicted damage by the death of a victim shall be obliged to cover to a person for the required expenses he incurred for organization of funeral and erection of a tombstone.

Relief for funeral received by a physical person that incurred these expenses shall not be included to the indemnity amount.

Article 1202. Indemnification Procedure

1. Indemnification for the damage inflicted by mutilation, other health injury or death of the victim shall be effected by monthly payments.

Under the circumstances that have material significance and with due regard to the material status of a physical person that inflicted damage, the indemnity amount may be as a lump sum, but not more than for three years in advance.

2. Additional expenses specified in part one of Article 1195 of this Code may be effected in advance within the terms established on the basis of the conclusion of a relevant medical expertise and in the event of the necessity for advance payment of services and property (purchase of the sanatorium voucher, travel expenses, payment for special transport facilities, etc.).

Article 1203. Increase of the Indemnity Size Claimed by the Victim in the Event of Change of His/Her Working Capacity

1. A victim shall have the right for an increase of the indemnity if his working capacity decreased as compared to the working capacity at the moment of the decision on indemnification.

Article 1204. Decrease of the Indemnity Claimed by a Person that Inflicted Damage

1. A person responsible for the damage indemnification inflicted by mutilation or other health injury of a victim shall have the right to claim a decrease in the indemnity if a working capacity of the victim increased as against the working capacity at the moment of the decision on indemnification.

Article 1205. Indemnification in Case of Termination of a Legal Entity Responsible for Indemnification

1. In case of termination of a legal entity responsible to indemnify for the damage inflicted by mutilation, other health injury or death, as well as establishment of its legal successors and the responsibility for monthly payments shall be vested with its legal successors.

In this case claims to increase the indemnity amount shall be raised to its successors.

2. In case of liquidation of a legal person the payments due to the victim or to the persons specified in article 1200 of this Code shall be subject to capitalization to be paid to the victim or to these persons per the procedure established by the law or the other regulatory act.

In the event of a legal person under liquidation having no funds for capitalization of payments due, the obligation for their capitalization shall be vested with the liquidation commission based on a court decision upon the victim's claim.

Article 1206. Recovery of Expenses for Medical Treatment of a Person that Suffered from a Crime

1. A person that committed a crime shall be obliged to cover to the health care provider for the cost of the medical treatment of a victim suffered from a crime except for a case of damage during excess of the limits of the necessary defense or in the state of strong spontaneous anxiety caused by violation or outrage from the victim.
2. If an infant or a juvenile committed a crime, the medical treatment costs are covered by the persons specified in Articles 1178 and 1179 of this Code.
3. If medical treatment was performed by the health care provider owned by the state, by the Autonomous Republic of Crimea or by the territorial community, the funds to reimburse for the medical treatment costs shall be credited to the respective budget.

Article 1207. Obligation of the State to Indemnify for the Damage Inflicted by Mutilation, Other Health Injury or Death Due to Crime

1. Damage inflicted by mutilation, other health injury or death caused by a crime shall be indemnified to a victim or to the persons specified in Article 1200 of this Code by the state, unless a person committed a crime is identified or is solvent.
2. Procedure and conditions for the damage indemnification inflicted by mutilation, other health injury or death shall be established by the law.

Article 1208. Increase of the Indemnity In Connection with the Increased Cost of Life and Minimal Salary

1. Upon the application of a victim in case the cost of life increased, the indemnification for the damage inflicted by mutilation, other health injury or death shall be subject to indexation based on the court decision.
2. Upon the application of a victim in case the minimal salary increased, the indemnification for the damage inflicted by mutilation, other health injury or death shall be subject to the respective increase based on the court decision.

§ 3. Indemnification for the Damage Inflicted Due to Defects of Commodities, Works (Services)

Article 1209. Grounds for Indemnification for the Damage Resulted from Defects of Commodities, Works (Services)

1. A seller, a goods producer, a performer of works (services) shall be obliged to indemnify for the damage to a physical or a legal person as a result of constructive, technological, prescription and other defects of the commodities, works (services) as well as a result of unreliable or insufficient information about them.

Indemnification does not depend on their fault and on the fact whether a victim was on the agreement terms with them.

2. A seller, a goods producer, a performer of works (services) shall be exempt from indemnification for the damage, if they prove that the defect appeared as a result of force majeure or violation by the victim of the rules for the goods (results of the work, services) usage and storage.

Article 1210. Persons Obligated to Indemnify for the Damage Resulted from Defects of Commodities, Works (Services)

1. Damage resulted from defects of the commodities shall be subject to indemnification by the seller or the goods producer, at the victim's option.
2. Damage resulted from defects of the works (services) shall be subject to indemnification by the performer.
3. Damage resulted from a failure to give complete or reliable information on the properties and rules of the goods' use shall be subject to indemnification in compliance with part one of this Article.

Article 1211. Terms of Indemnification for the Damage Resulted from Defects of Commodities, Works (Services)

1. Damage resulted from defects of commodities, works (services) shall be subject to indemnification if it is inflicted within the established useful life of the commodity, work (service) and in case the term is not established – within ten days since the day of the goods manufacture, of the work performance (of the service rendering).

2. Damage resulted from defects of the commodities, works (services) shall be also subject to indemnification, in case:
 - 1) in violation of the legal requirements the useful life of the goods, work (service) is not established;
 - 2) a person was not warned on the necessary actions after expiration of the useful life and on possible consequences in case of the failure to take the necessary actions.

Chapter 83. ACQUISITION AND KEEPING OF PROPERTY WITHOUT SUFFICIENT LEGAL GROUND

Article 1212. General Provisions on Obligations Related to Acquisition, Storage of Property without Sufficient Legal Ground

1. A person that acquired property or kept property at the cost of the other person (victim) without sufficient legal ground (irregular acquisition of property) shall be obliged to return this property to the victim. The person shall be obliged to return the property also in the case when the ground for its acquisition is no longer effective.
2. Provisions of this Chapter shall be applicable irrespective of the fact whether the acquisition or storage of the property was resulted from the conduct of the property beneficiary, the victim, other persons or was the consequence of the event.
3. Provisions of this Chapter shall be also applicable to the claims on:
 - 6) return of the property (the performed) under the invalid transaction;
 - 7) claim of the property by the owner from the other's illegal holding;
 - 8) return of the result achieved by one of the parties under obligation;
 - 9) indemnification of the damage by a person that illegally acquired the property or kept it at the cost of other person.

Article 1213. Return in Kind of the Property Acquired with no Grounds

1. A beneficiary shall be obliged to return to the victim the property in kind acquired with no ground.
2. In case of impossibility to return to the victim the property in kind acquired with no grounds, the value of the property shall be reimbursed equal to its value as of the moment of the court consideration of the case on return of the property.

Article 1214. Compensation of the Income from the Property Acquired with no Ground and Expenses for its Maintenance

1. A person that acquired the property or kept it without sufficient legal ground shall be obliged to compensate all the income he received or could receive from this property since the time when this person discovered or could discover about holding of this property without sufficient legal ground. Since that time he shall be also responsible for deterioration of the property.

A person that acquired the property or kept it without sufficient legal ground shall have the right to claim compensation of the necessary expenses on the property since the moment determined for return of the received income.

2. In case of groundless receipt or deposit of the money the interest shall be calculated for using it. (Article 536 of this Code).

Article 1215. Property Acquired without Legal Ground but not Subject to Return

1. The following items acquired without legal ground shall not be subject to return:
 - 1) salary and similar payments, pensions, allowances, stipends, indemnities for mutilation, other health injuries and death, alimonies and other sums of money given to a physical person as a subsistence if they are paid by a physical or a legal person voluntarily without calculation errors made by them and mala fides of the beneficiary;
 - 2) other property specified by the act of law.

BOOK SIX - LAW OF SUCCESSION

Chapter 84. GENERAL PROVISIONS ON SUCCESSION

Article 1216. Concept of Succession

1. Succession is the passing of rights and obligations (inheritance) from a natural person who died (the testator) to other persons (the heirs).

Article 1217. Types of Succession

1. Succession shall be exercised based on a will (testamentary succession) or according to law (legal succession).

Article 1218. Contents of Inheritance

1. Inheritance shall include all rights and obligations of the testator as of the moment of opening of inheritance that did not terminate in consequence of the testator's death.

Article 1219. Personal Rights and Obligations outside Inheritance

1. The rights and obligations inseparably connected with the testator shall not be included in the inheritance, particularly:

- 1) personal non-property rights;
- 2) the right to participation in partnerships and the right to membership in associations of citizens, unless otherwise established by law or the constituent documents thereof;
- 3) the right to compensation of damages resulting from mutilation or other health disturbance;
- 4) rights to alimony, pension, aids or other payments established by law; and
- 5) creditor's or debtor's rights and obligations envisaged by Article 608 of this Code.

Article 1220. Opening of Inheritance

1. Inheritance shall be opened in consequence of the person's death or declaring the person dead.
2. The time of opening of inheritance shall be the day of the person's death or declaring the person dead (Clause 3 of Article 46 of this Code).
3. If two persons who could have inherited one after the other die during the same day, the inheritance shall be opened simultaneously and separately for each of the said persons.
4. If several persons who could have inherited one after another die as a result of the same distress (natural disaster, accident, catastrophe, etc.), it shall be deemed that they died simultaneously. In this case, the inheritance shall be opened simultaneously and separately for each of the said persons.

Article 1221. Place of Opening of Inheritance

1. The place of opening of inheritance shall be the last place of the testator's residence.
2. If the place of the testator's residence is unknown, the place of opening of inheritance shall be the location of immovable property or the major part thereof, or in default of immovable property - the location of movable property.

Article 1222. Heirs

1. Testamentary and legal heirs may be natural persons living as of the moment of opening of inheritance, and the persons conceived in the testator's lifetime and live-born upon opening of the inheritance.
2. Testamentary heirs may be legal entities and other participants of civil relations (Article 2 of this Code).

Article 1223. Right to Succession

1. The persons specified in the will shall have the right to succession.
2. In default of the will, declaring it null and void, non-acceptance of inheritance, or refusal to accept by the testamentary heir, or if the will does not include all inheritance, the persons specified in Articles 1261 - 1265 of this Code shall have the right to legal succession.
3. The right to succession is created on the day of opening of inheritance.

Article 1224. Divestment of the Right to Succession

1. The persons who intentionally caused death of the testator or any of the potential heirs, or attempted on the lives thereof, shall be divested of the right to succession.

The provision of Paragraph 1 of this Clause shall not apply to the person who committed an attempt if the testator instituted this person as a testamentary heir although knowing of the attempt on his/her life.

2. The persons who intentionally impeded making a will, making changes or cancellation thereof, thus facilitating creation of their own or others' rights to succession or increase of their share in the inheritance, shall be divested of the right to succession.
3. Parents divested of parental rights to a child, provided their rights were not restored as of the moment of opening of inheritance, shall be divested of the right to legal succession after the said child.

Parents (adopters) and grown-up children (adoptees), or other persons who evaded from obligations of maintenance of the testator shall be divested of the right to legal succession if this circumstance was established by the court.

4. Persons whose marriage is invalid or declared invalid in accordance with the court decision shall be divested of the right to legal succession one after the other.

If the marriage is recognized invalid after death of one spouse, the court may recognize the right of the survivor who did not know and could not know of the impediments to marriage registration to inherit a share of the deceased spouse in the property acquired during their marriage.

5. Based on a court decision, a person may be divested of the right to legal succession, if the court establishes that this person evaded from supporting the testator who was helpless as a result of age, illness or mutilation.
6. Provisions of this Article shall apply to all heirs including those having the right to a hereditary portion, and those for whose benefit the testamentary renunciation is made.

Article 2. Succession of the Right to a Land Plot

1. The right to ownership of a land plot shall pass to the heirs on general grounds with preservation of the plot's target use.

2. Persons inheriting houses, other buildings and constructions shall acquire the right to ownership or use of the land plot under the said constructions.
3. Persons inheriting houses, other buildings and constructions shall acquire the right to ownership or use of the land plot necessary for maintenance thereof, unless other size of the land plot is specified in the will.

Article 1226. Succession of a Share in the Right to Joint Ownership

1. A share in the right to joint ownership shall be inherited on the general grounds.
2. A holder of the right to joint ownership shall have the right to devise a share in the right to joint ownership before its allocation in kind.

Article 327. Right to Wages, Pension, Stipend, Alimony and Other Testator's Welfare Benefits

1. The amounts of wages, pension, stipend, alimony, aids for temporary work incapability, compensation for mutilation or other health disturbance, other welfare benefits of the testator that were not received in his/her lifetime shall be transferred to his/her family members, or in the absence thereof - included in the inheritance.

Article 4. Succession of the Right to Deposits in Banks (Financial Institutions)

1. A depositor shall have the right to dispose of his/her right to a deposit in a bank (financial institution) in case of his/her death by making a will or the testamentary arrangement with the bank (financial institution).
2. The right to deposit shall be included in the inheritance irrespective of the manner of disposal thereof.
3. A will made after the testamentary arrangement with a bank (financial institution) shall fully or partially nullify the latter, if the will changes the heir of the right to the deposit, or if the will specifies the entire testator's property.

Article 1229. Succession of the Right to the Sum Insured

1. Sums insured shall be inherited on general grounds.
2. Unless the person insured authorizes a person in the personal insurance agreement who will receive the right to the sum insured in case of the death of the person insured, this right shall be included in the inheritance.

Article 1230. Succession of the Right to Compensation of Losses, Moral Damages and Payment of Penalties

1. The heir shall inherit the right to compensation of losses suffered by the testator on contractual obligations of the latter.
2. The heir shall inherit the right to collect penalties (fines) from the debtor imposed by the court in the testator's lifetime as a result of the debtor's default on contractual obligations to the testator.
3. The heir shall inherit the right to compensation of moral damages imposed by the court in the testator's lifetime .

Article 5. Succession of the Obligation to Compensate Pecuniary and Moral Damages Caused by the Testator

1. The heir shall inherit the obligation to compensate pecuniary damages (losses) caused by the testator.

2. The heir shall inherit the obligation to compensate moral damages caused by the testator, and imposed by court in the testator's lifetime.
3. The heir shall inherit the obligation to pay to the creditors the penalties (fines) imposed by court in the testator's lifetime.
4. The pecuniary or moral damages caused by the testator shall be compensated by the heirs within the amount of movable or immovable property inherited by the heirs.
5. By the heir's claim, the court may reduce the amounts of penalty (fine), compensation of pecuniary losses and moral damages if these amounts are unreasonably big compared to the value of the inherited movable or immovable property.

Article 1232. Heirs' Obligation to Compensate the Cost of Maintenance, Care, Medical Treatment and Funeral of the Testator

1. The heirs shall compensate the reasonable expenses incurred by one of them or other parties for maintenance, care, medical treatment and funeral of the testator.
2. The expenses for maintenance, care, medical treatment and funeral of the testator to be compensated shall include those incurred for the last three years of the testator's life.

Chapter 85. TESTAMENTARY SUCCESSION

Article 1233. Concept of the Will

1. A will is a personal arrangement made by a natural person in case of his/her death.

Article 1234. Right to Make a Will

1. Natural persons in full civil capacity shall have the right to make a will.
2. The right to make a will shall be exercised personally. Making a will through a representative shall not be permitted.

Article 1235. Testator's Right to Institute Heirs

1. Irrespective of any family relations, the testator may institute one or several natural persons or other participants of civil relations as his/her heirs.
2. Without specifying the reasons, the testator may divest any of the legal heirs of the right to succession. In this case, such a person shall not receive the right to succession.
3. The testator cannot divest the persons eligible to the hereditary portion of the right to succession. The validity of the will with regard to the persons eligible to hereditary portion shall be established at the moment of opening of inheritance.
4. In case of death of a person divested of the right to succession before the testator's death, the divestment of the right to succession losses effect. The children (grandchildren) of such a person shall have the right to succession on general grounds.

Article 1236. Testator's Right to Establish the Size of Testamentary Inheritance

1. The testator shall have the right to include in the will his/her rights and obligations as of the moment of the will construction, and the rights and obligations he/she may acquire in the future.
2. The testator shall have the right to include either the entire inheritance, or a part thereof in the will.
3. If the testator divided only his/her rights among the heirs, the heirs shall also inherit the part of the testator's obligations proportional to the rights inherited by the heirs.

4. With regard to the composition of the inheritance, the will shall come into effect at the moment of opening of the inheritance.

Article 1237. Testator's Right to Testamentary Renunciation

1. The testator shall have the right to make testamentary renunciation in the will.
2. The legatees may be legal heirs or other persons.

Article 1238. Subject of Testamentary Renunciation

1. The subject of testamentary renunciation is the conveyance to the legatee for ownership or by other pecuniary rights of the pecuniary rights or property included or not included in the inheritance.
2. The testator may impose on a heir inheriting a house, apartment or other movable or immovable property an obligation to convey the right to use the said pecuniary right or property to a third person. The right to use a house, apartment or other movable or immovable property shall remain valid in case of consequent change of the owner thereof.

The right to use a house, apartment or other movable or immovable property received as a result of testamentary renunciation shall be unalienable, nontransferable and non-conveyable to the legatee's heirs.

The right to use a house, apartment or other movable or immovable property given to the legatee shall not be the ground for residence of the legatee's family members therein, unless otherwise specified in the will.

3. A heir towards whom the testator established testamentary renunciation shall exercise it only within the amount of real value of the property conveyed thereto, with the deduction of the share of the testator's debts proportional to this property.
4. The legatee shall have the right to chose in action to the heir starting from the moment of opening of the inheritance .

Article 1239. Lapse of Testamentary Renunciation

1. Testamentary renunciation lapses in case of the legatee's death before opening of the inheritance.

Article 1240. Testator's Right to Impose Other Obligations on the Heir

1. The testator may oblige the heir to take certain actions of non-pecuniary nature, particularly with regard to disposal of personal documents and defining the place and form of the burial.
2. The testator may oblige the heir to take certain actions aimed at achievement of socially beneficial goals.

Article 1241. Right to Hereditary Portion

1. Irrespective of the will, the testator's juvenile children, grown-up incapable children, incapable widow (widower) and incapable parents shall inherit half of the shares that would belong to each of them in case of legal succession (compulsory portion).

(Paragraph one, part one of Article 1241 as edited by the Law of Ukraine of 03.12.2004 N 2146-IV)

The court may decrease the amount of hereditary portion taking into account the relations between the given heirs and the testator or other essential circumstances.

2. The hereditary portion of the inheritance shall include the value of the usual household and private items, the value of testamentary renunciation for the benefit of a person eligible to the hereditary portion, and the value of other items and property rights inherited by this person.
3. Any restrictions or encumbrances established in the will for the heir eligible to the hereditary portion shall be effective only with regard to the share of the inheritance that exceeds his/her hereditary portion.

Article 1242. Will with Condition

1. For the creation of the right to succession, the testator may envisage a certain condition for the person specified in the will either related or not related to this person's behavior (existence of other heirs, residence at a certain place, birth of a child, education, etc.)

The condition established in the will shall exist as of the moment of opening of the inheritance.

2. A condition established in the will shall be void if it contradicts law or moral principles of the society.
3. A person instituted in the will as a heir shall not have the right to claim declaring the condition null and void for the reason that the said person was not aware thereof or that the condition did not depend upon the said person.

Article 1243. Marital Will

1. A married couple may make a joint will with regard to the property jointly owned thereby.
2. In case of a joint will, a share in joint ownership belonging to a deceased spouse shall pass to the survivor. In case of death of the latter, the persons instituted in the will as heirs shall have the right to succession.
3. In the lifetime of both spouses, either of them shall have the right to refuse from the joint will. The refusal from the joint will shall be notarized.
4. In case of death of one of the spouses, the notary shall establish prohibition to alienate the property specified in the marital will.

Article 1244. Substitution of Heir

1. The testator shall have the right to substitute the heir if the heir instituted in the will dies before the inheritance opening, or fails to accept the inheritance, or is divested of the right to succession, or in default of the conditions specified in the will (Article 1242 of this Code).
2. A substituted heir may be any person specified in Article 1222 of this Code.

Article 1245. Succession of a Part of the Inheritance outside the Will

1. A part of the inheritance outside the will shall be inherited by legal heirs on general grounds. Among the said heirs, there shall be also the legal heirs who inherited parts of the inheritance according to the will.

Article 1246. Establishment of Servitude in the Will

1. The testator shall have the right to establish servitude in the will with regard to a land plot, other natural resources or other immovable property to satisfy the needs of other persons.

Article 6. General Requirements as to the Form of the Will

1. A will shall be executed in writing with indication of the place and time of its construction.
2. A will shall be personally signed by the testator.

If a person cannot sign the will personally, the will shall be signed in accordance with Clause 4 of Article 207 of this Code.

3. A will shall be certified by a notary or other officials specified in Articles 1251 - 1252 of this Code.

Article 1248. Notarization of Wills

1. A notary shall certify the will constructed by the testator manually or using the common technical devices.

2. By the testator's request, a notary may construct a will at the testator's dictation manually or using the common technical devices.

In this case, the will shall be read aloud and signed by the testator.

If a testator cannot read the will because of physical incapability, the will shall be certified in presence of witnesses (Article 1253 of this Code).

Article 1249. Notarization of Secret Wills

1. A secret will is the will certified by the notary without reading its contents.

2. The person who constructed the secret will shall submit it in a closed envelope to the notary. The envelope shall bear the testator's signature.

The notary shall make a notarial record, attach a seal on the envelope, put it in another envelope and seal in the testator's presence.

Article 1250. Announcement of Secret Wills by Notaries

1. Having received the information on opening of the inheritance, the notary shall fix the day of announcement of the will. The testator's family members shall be notified of this date if their address is known, or this information shall be made public through printed media.

2. In the presence of interested persons and two witnesses, a notary shall open the envelope with the will and announce its content.

3. The records of the will announcement shall be kept and signed by the notary and witnesses. The total text of the will shall be cited in the records.

Article 1251. Certification of Wills by Local Government Officials

1. If there is no notary in a populated place, a will other than the secret wills may be certified by an authorized official of the relevant local government.

Article 1252. Certification of Wills by Other Officials

1. A will made by a person staying in a hospital or other in-patient health care institution, or a person residing in an old people's home or an invalids' asylum, may be certified by a chief medical officer, or a deputy thereof, or a doctor on duty of the hospital, or other in-patient health care institution, or the director or chief medical officer of the old people's home or invalids' asylum.

2. A will made by a person on board a sea or river vessel under the flag of Ukraine may be certified by its captain.

3. A will made by a person participating in a search party or expedition may be certified by the head thereof.

4. A will made by a military servant, or in the places of location of military units, detachments, institutions, military training institutions in default of a notary or the bodies authorized to

exercise notary acts, as well as the wills made by workers, employees, members of families thereof and families of military servants, may be certified by the commander (head) of the said unit, detachment or institution.

5. A will made by a person serving his/her sentence in prison may be certified by a prison governor.

6. A will made by a person under arrest may be certified by the head of the trial center.

7. Wills made by the persons specified in Clauses 1 - 6 of this Article shall be certified in presence of witnesses.

8. Provisions of Article 1247 of this Code shall apply to the wills certified by the said officials.

9. The wills certified by the officials specified in Clauses 1 - 6 of this Article shall be deemed equal to the notarized wills.

Article 1253. Certification of Wills in the Presence of Witnesses

1. According to the testator's wish, the will may be certified in the presence of witnesses.

2. In cases established by Paragraph 3 of Clause 2 of Article 1248 and Article 1252 of this Code, presence of at least two witnesses at certification of the will shall be obligatory.

3. Only persons in full civil capacity may be witnesses.

4. The following persons cannot be witnesses:

1) notaries or other officials certifying the will;

2) testamentary heirs;

3) family members and close relatives of testamentary heirs; and

4) persons incapable of reading and signing the will.

5. The witnesses in whose presence the will is certified shall read it aloud and put their signatures thereon.

6. The witnesses' personal data shall be included in the text of the will.

Article 1254. Testator's Right to Cancel or Modify the Will

1. The testator shall have the right to cancel the will at any time.

2. The testator shall have the right to make a new will at any time. A later will shall cancel the previous will fully or in the part where it contradicts the latter.

3. Each new will shall cancel the previous will without restoring the will made by the testator before the previous will.

4. If a new will made by the testator is declared null and void, the previous will shall not be restored except the cases established by Articles 225 and 231 of this Code.

5. The testator shall have the right to modify the will at any time.

6. Cancellation or modification of the will shall be made by the testator personally.

7. Cancellation or modification of the will shall be made in accordance with the procedure established by this Code for certification of wills.

Article 1255. Secrecy of Wills

1. A notary or other official certifying the will, witnesses and the natural persons signing the will for the testator shall not have the right before the inheritance opening to disclose the information with regard to the fact of making the will, its contents, cancellation or modification thereof.

Article 1256. Interpretation of Wills

1. Interpretation of a will may be made by the heirs upon the inheritance opening.
2. In case of a dispute between the heirs, the interpretation of the will shall be made by court in accordance with Article 213 of this Code.

Article 1257. Declaring a Will Null and Void

1. A will made by the person who did not have the right thereto, or a will made with violations as to its form or certification shall be void.
2. Upon the claim presented by an interested party, the court shall declare a will null and void if it establishes that the testator's will was not free or did not conform to his/her desire.
3. Declaring null and void of a separate arrangement in the will shall not entail declaring its other parts null and void.
4. In case of declaring the will null and void, the heir divested of the right to succession according to the given will shall have the right to succession on general grounds.

Chapter 86. LEGAL SUCCESSION

Article 7. Order of Legal Succession

1. Legal heirs shall have the right to succession in turn.
2. Every next turn of legal heirs shall receive the right to succession in default of the previous turn of heirs, their divestment of the right to succession, non-acceptance of inheritance or refusal to accept inheritance, except the cases established by Article 1259 of this Code.

Article 1259. Change in the Sequence of Legal Succession

1. The sequence of legal succession may be changed by a notarized agreement of the interested heirs concluded upon inheritance opening. This agreement shall not violate the rights of heirs that are not parties thereto or the heirs eligible to hereditary portions.
2. A natural person - legal heir of one of the sequent turns may receive the right according to the court decision to succession together with the heirs of the turn eligible to succession, on condition that this person for a long time provided care, material support or other assistance to the testator, who was helpless as a result of age, illness or mutilation.

Article 1260. Succession by Adopters and Adoptees

1. In case of legal succession, the adoptee and the descendants thereof, on the one hand, and the adopter and the relatives thereof, on the other hand, shall be deemed equal to the relatives by origin.
2. The adoptee and the descendants thereof shall not be legal heirs after death of the adoptee's parents or other antecessors.

The adoptee's parents and other relatives by origin shall not be legal heirs after the death of the adoptee and the descendants thereof.

3. If the court decision on adoption preserves the legal relations between the adoptee and his/her grandfather, grandmother, brother or sister, the adoptee shall have the right to succession after the death of the grandfather or the grandmother by origin in accordance with the right of representation, in case of death of the brother or sister by origin, the adoptee shall have the right to succession as a heir of the second turn.

In case of the adoptee's death, his/her grandfather, grandmother, brother or sister by origin, with whom legal relations were preserved, shall have the right to succession on general grounds.

Article 1261. First Priority Legal Heirs

1. The first priority legal heirs shall be the testator's children, including those conceived in the lifetime and born after death of the testator, the survivor spouse, and the parents.

Article 1262. Second Priority Legal Heirs

1. The second priority legal heirs shall be the testator's brothers and sisters, grandfather and grandmother both paternal and maternal.

Article 1263. Third Priority Legal Heirs

1. The third priority legal heirs shall be the testator's aunt and uncle.

Article 1264. Fourth Priority Legal Heirs

1. The fourth priority legal heirs shall be the persons who lived as one family with the testator for at least five years before the inheritance opening.

Article 1268. Fifth Priority Legal Heirs

1. The fifth turn legal heirs shall be other testator's relatives up to the sixth degree of kindred. The relatives of a closer degree shall have priority over the farther degree relatives.

The degree of kindred shall be determined by the number of births between the testator and the relative. The testator's birth shall not be included in this number.

2. The fifth priority legal heirs shall be the testator's dependents other than his/her family members.

A dependent shall be an underage or incapable person other than the testator's family members, who received material assistance from the testator for at least five years, which was the only or the main means of subsistence.

Article 1266. Succession Based on the Right of Representation

1. The testator's grandchildren and great grandchildren shall inherit the share of the inheritance to be legally inherited by their mother, father, grandmother or grandfather, had they lived at the moment of opening of the inheritance.

2. The testator's great grandmother and great grandfather shall inherit the share of the inheritance to be legally inherited by their children (the testator's grandmother and grandfather), had they lived at the moment of opening of the inheritance.

3. The testator's nephews and nieces shall inherit the share of the inheritance to be legally inherited by their mother and father (the testator's sister and brother), had they lived at the moment of opening of the inheritance.

4. The testator's cousins shall inherit the share of the inheritance to be legally inherited by their mother and father (the testator's aunt and uncle), had they lived at the moment of opening of the inheritance.

5. If succession based on the right of representation is exercised by several persons simultaneously, the share of their deceased relative shall be equally divided.

6. In case of direct descending succession, the right of representation shall apply without restrictions of the degree of kindred.

Article 1267. Shares of Legal Heirs in the Inheritance

1. The shares of legal heirs in the inheritance shall be equal.
2. By oral agreement with regard to movable property, the heirs may change the share of one of the heirs in the inheritance.
3. By written notarized agreement with regard to immovable property or transportation means, the heirs may change the share of one of the heirs in the inheritance.

Chapter 87. EXERCISING OF THE RIGHT TO SUCCESSION

Article 1268. Acceptance of Inheritance

1. A testamentary or legal heir shall have the right to either accept or reject the inheritance.
2. No acceptance of inheritance with conditions or limitations shall be admitted.
3. A heir who lived together with the testator as of the moment of opening of the inheritance shall be deemed as having accepted the inheritance if no refusal was declared during the period established by Article 1270 of this Code.
4. A child, underage or incapable person, or a person in limited civil capacity shall be deemed as having accepted the inheritance, except the cases established by Clauses 2 – 4 of Article 1273 of this Code.
5. Irrespective of the time of inheritance acceptance, the inheritance shall belong to the heir since the time of its opening.

Article 1269. Application for Acceptance of Inheritance

1. A heir willing to accept an inheritance who did not live together with the testator as of the moment of inheritance opening shall have to submit an application to the notary office for acceptance of the inheritance.
2. An application for acceptance of inheritance shall be submitted by the heir personally.
3. A person under fourteen years shall have the right to apply for the acceptance of inheritance without the consent of his/her parents or custodians.
4. Applications on behalf of underage or incapable persons shall be made by the parents (adopters) or custodians.
5. A person who made an application for acceptance of inheritance may withdraw the application during the period established for acceptance of the inheritance.

Article 9. Term for Acceptance of Inheritance

1. For the acceptance of inheritance, the term of six months shall be established starting from the moment of opening of the inheritance.
2. If the origin of a person's right to succession depends upon the non-acceptance or refusal to accept the inheritance by other heirs, the term for acceptance of inheritance by this person shall be three months from the moment of non-acceptance or refusal to accept the inheritance by other heirs.

If the remaining period is less than three months, it shall be extended to three months.

Article 1271. Acceptance of Testamentary Renunciation

1. If during six months upon opening of the inheritance the legatee did not refuse from the testamentary renunciation, he/she shall be deemed as having accepted the testamentary renunciation.

Article 1272. Consequences of Expiry of the Term for Inheritance Acceptance

1. If the heir fails to apply for acceptance of inheritance during the term established by Article 1270 of this Code, he/she shall be deemed as having rejected the inheritance.

2. By a written consent of the heirs who accepted the inheritance, the heir who let the time limit elapse may apply for the acceptance of inheritance to the notary office at the place of inheritance opening.

3. At the claim by a heir who let the time limit elapse for a valid reason, the court may establish an additional term for acceptance of inheritance sufficient for application for acceptance thereof.

Article 1273. Right to Refuse from Acceptance of Inheritance

1. A testamentary or legal heir may refuse from acceptance of inheritance during the term established by Article 1270 of this Code. Applications for refusal from acceptance of inheritance shall be submitted to notary offices at the place of opening of the inheritance.

2. A natural person in limited civil capacity may refuse from acceptance of inheritance by consent of his/her guardian or the guardianship (custody) authority.

3. An underage person between fourteen and eighteen years may refuse to accept inheritance by consent of his/her parents (adopters), guardian or the guardianship (custody) authority.

4. Parents (adopters) or the guardian may refuse from acceptance of inheritance of an underage, incapable person only by permission of the guardianship (custody) authority.

5. The refusal from acceptance of inheritance shall be unconditional and indisputable.

6. The refusal from acceptance of inheritance may be withdrawn during the term established for the acceptance thereof.

Article 1274. Right to Refuse from Acceptance of Inheritance in Favor of Other Persons

1. A testamentary heir shall have the right to refuse from acceptance of inheritance in favor of another testamentary heir.

2. A legal heir shall have the right to refuse from acceptance of inheritance in favor of any legal heir irrespective of the priority.

3. A heir shall have the right to refuse from a share in the inheritance of a heir who refused to accept the inheritance in favor of the former.

4. If a testator substituted the heir, a person whose name is specified in the will may refuse to accept the inheritance only in favor of the substituted heir.

5. A court may recognize the refusal from acceptance of inheritance null and void for the reasons stated in Articles 225, 229 - 231 and 233 of this Code.

Article 1275. Legal Consequences of the Refusal from Acceptance of Inheritance

1. If one of testamentary heirs refused from acceptance of inheritance, his/her share of the inheritance shall be equally inherited by other testamentary heirs.

2. If one of the legal heirs having the priority to succession refused from acceptance of inheritance, his/her share in the inheritance shall be equally divided among the legal heirs of the same priority.

3. Provisions of this Article shall not apply if the heir refused from acceptance of inheritance in favor of another heir, or if the testator substituted a heir.
4. If testamentary renunciation was imposed on a testamentary heir who refused from acceptance of inheritance, the obligation on testamentary renunciation shall pass to other testamentary heirs who accepted the inheritance and shall be divided among them equally.
5. The refusal of a testamentary heir from acceptance of inheritance shall not divest him/her of the right to legal succession.

Article 1276. Devolution of the Right to Accept Inheritance

1. If upon opening of the inheritance, a testamentary or legal heir failed to accept it, the right to accept his/her share (except the hereditary portion) shall pass to his/her heirs (hereditary transmission).

In this case, the right to accept inheritance shall be exercised on general grounds during the remaining period. If the remaining period is less than three months, it shall be extended to three months.

Article 1277. Escheat Inheritance

1. If there are no testamentary or legal heirs, or if they are divested of the right to succession, in case of non-acceptance of inheritance, or refusal from acceptance, the court shall declare the inheritance escheat by application of the relevant local government at the place of opening of the inheritance.

2. Application for declaring inheritance escheat shall be submitted one year after inheritance opening.

3. Inheritance declared escheat by the court shall be owned by the territorial community at the place of opening of the inheritance.

4. A territorial community that owns the escheat property shall satisfy the claims of the testator's creditors presented in accordance with Article 1231 of this Code.

5. Inheritance that was not accepted by heirs shall be protected from being declared escheat in accordance with Article 1283 of this Code.

Article 1278. Division of Inheritance Among Heirs

1. Shares of the heirs in the inheritance shall be equal, unless otherwise established by the testator in the will.

2. Each heir shall have the right to have his/her share allocated in kind.

Article 1279. Heirs' Priority for Allocation of Inherited Property in Kind

1. The heirs who lived with the testator as one family for at least one year shall have a priority right before other heirs to receive household and domestic items within the amount of the share they inherit.

2. The heirs who owned property jointly with the testator shall have a priority right before other heirs to have this property allocated in kind within the share they inherit, unless this violates the material interests of other heirs.

Article 1280. Redistribution of Inheritance

1. If upon expiry of the term of acceptance of the inheritance and its division among the heirs, the inheritance was accepted by other heirs (Clauses 2 and 3 of Article 1272 of this Code), this inheritance shall be redistributed among the latter heirs.

These heirs shall have the right to claim allocation of the remaining property in kind or money compensation.

2. If the property claimed by the heir who let the time limit for inheritance opening elapse was conveyed to the territorial community as escheat property and preserved, the heir shall have the right to claim its allocation in kind. If the property was sold the heir shall have the right to claim money compensation.

Article 1281. Presentation of Claims by the Testator's Creditor to the Heirs

1. Heirs shall inform the testator's creditor of opening of the inheritance if they are aware of the testator's debts.

2. During six months after the day when the testator's creditor knew or could have known of the opening of the inheritance, he/she shall present the claims to the heirs who accepted the inheritance irrespective of the date when the claim is due.

3. If the testator's creditor did not know and could not have known of the inheritance opening, he/she shall have the right to present the claims to the heirs who accepted the inheritance during one year after the date when the claim is due.

4. The testator's creditor who failed to present claims to the heirs who accepted the inheritance within the terms established by Clauses 2 and 3 of this Article shall be divested of the right to claim.

Article 1282. Heirs' Obligation to Satisfy the Creditor's Claims

1. The heirs shall satisfy the creditor's claims fully but within the amount of the inherited property. Each of the heirs shall satisfy the creditor's claims personally in the amount relevant to his/her share in the inheritance.

2. The heirs shall satisfy the creditor's claims by making a single payment, unless otherwise established by the agreement between the heirs and the creditor.

If the heirs refuse to make single payments, the court shall seize the property allocated to the heirs in kind by the creditor's claim.

Article 1283. Protection of Inheritance

1. Protection of inheritance shall be exercised in favor of the heirs, legatees and creditors of the testator for its preservation until acceptance by the heirs.

2. Measures for protection of inheritance shall be taken by the notary at the place of opening of the inheritance, or by local governments in the places without notaries, at their initiative or by application of the heirs.

3. Protection of inheritance shall last until expiry of the term established for the acceptance of inheritance.

4. Costs of protection of inheritance shall be reimbursed by the heirs proportionally to their shares in the inheritance.

Article 1284. Protection of Inheritance by the Testamentary Executor

1. If succession is being exercised based on both the will and the law, the testamentary executor appointed by the testator shall take measures for protection of the entire inheritance.

2. Legal heirs shall have the right to appoint another person who will take measures for protection of a part of the estate inherited according to the law.

Article 1285. Administering of Inheritance

1. If inheritance consists of the property that requires maintenance, servicing or other practical or legal actions to keep it in proper condition, in the absence of heirs or testamentary executor, the notary or local governments in the places without notaries shall enter into agreements with other person for administration of inheritance.
2. A person administering the inheritance shall have the right to take any necessary actions aimed at preservation of inheritance until appearance of heirs or acceptance of the inheritance.
3. A person administering the inheritance shall have the right to receive payment for execution of his/her functions.

Chapter 88. EXECUTION OF WILLS

Article 1286. Testator's Right to Appoint a Testamentary Executor

1. A testator may authorize a natural person in full civil capacity or a legal entity (testamentary executor) for execution of a will.
2. If a will is made in favor of several persons, any of them may be authorized for execution of the will.
3. If a will is made in favor of one person, a person other than legal heir may be authorized for execution of the will.

Article 1287. Appointment of a Testamentary Executor at Initiative of Heirs

1. Heirs shall have the right to claim removal of a testamentary executor appointed by the testator from his/her functions, if this executor cannot ensure execution of the testator's will.
2. If the testator failed to appoint another executor or if the person appointed refused from execution of the will or was removed from execution, the heirs shall have the right to choose an executor among themselves or appoint a different person.
3. If the heirs cannot reach an agreement as to the appointment of a testamentary executor, at request of one of the heirs the executor may be appointed by the court.

Article 1288. Appointment of a Testamentary Executor by a Notary

1. A testamentary executor may be appointed by a notary at the place of opening of the inheritance, if the testator failed to appoint the executor, or if the executor refused from execution of will or was removed from execution, and if this is required by the heirs' interests.

Article 1289. Consent to Being Appointed as Testamentary Executor

1. A person can be appointed as testamentary executor only by his/her consent.
2. The consent of a person to be appointed as testamentary executor may be incorporated in the will or attached thereto.
3. A person may submit an application to the notary at the place of opening of the inheritance on his/her consent to be appointed as testamentary executor after opening of the inheritance.

Article 1290. Powers of a Testamentary Executor

1. A testamentary executor shall:
 - 1) take measures for protection of inheritance;
 - 2) take measures for notification of heirs, legatees and creditors about opening of the inheritance;
 - 3) claim fulfillment of obligations by the testator's debtors;

- 4) administer the inheritance;
 - 5) ensure receipt by each heir of the shares specified in the will; and
 - 6) ensure receipt of hereditary portions by each person entitled thereto.
2. A testamentary executor shall ensure that the heirs take the actions they are required to in accordance with the will.
 3. The powers of a testamentary executor shall be certified by a document issued by a notary at the place of opening of the insurance.

Article 1291. Testamentary Executor's Right to Receive Payment for his/her Functions

1. A testator shall have the right to specify in the will the property (in kind or in cash), that the testamentary executor shall have the right to inherit as payment for his/her functions.
2. If the amount of payment is not established by the testator, it may be established by agreement between the testamentary executor and the heirs, or in case of a dispute - by court.
3. The testamentary executor shall have the right to claim compensation by the heirs of the expenses incurred for protection, administration of inheritance and execution of the will.

Article 1292. Control of the Will Execution

1. The heirs shall have the right to control the actions of the testamentary executor.
2. If the heirs are children, underage or incapable persons, or the persons in limited civil capacity, the control of execution of the will shall be exercised by their parents (adopters), guardians, custodians, or guardianship (custody) authorities.
3. By the demand of the persons specified in Clauses 1 and 2 of this Article, the testamentary executor shall report on the actions taken thereby with regard to execution of the will.
4. Upon execution of the will, the testamentary executor shall present a report on execution of his/her functions to the heirs or the legal representatives thereof.

Article 1293. Right to Appeal the Actions of a Testamentary Executor

1. Heirs, their legal representatives or guardianship (custody) authorities shall have the right to appeal the actions of the testamentary executor to the court, if these actions are not complying with this Code, other laws, or violate the heirs' interests.
2. The limitation of action applied for recognizing the actions of the testamentary executor as illegal shall be one year.

Article 1294. Term of Authority of a Testamentary Executor

1. The authority of a testamentary executor shall be valid until the full execution of the testator's will.
2. The term of authority of the testamentary executor shall be terminated by the notary at the place of opening of the inheritance by consent of the heirs and legatees.
3. Upon termination of his/her authority, the testamentary executor shall return the document certifying his/her authority to the notary (Clause 3 of Article 1290 of this Code).
4. If the testamentary executor fails to return the document certifying his/her authority, the heirs shall have the right to obtain the document on demand, and claim compensation of their damages.

Article 10. The Right of a Testamentary Executor to Refuse to Exercise his/her Functions

1. Irrespective of who appointed the testamentary executor, the latter shall have the right to refuse to exercise his/her functions.
2. The testamentary executor shall immediately notify the heirs and other persons concerned on the refusal to exercise his/her functions.
3. The testamentary executor cannot refuse from exercising his/her functions in case of necessity to take urgent measures, which being delayed may cause damages for the heirs.
4. The testamentary executor shall be held liable to the heirs for the damages resulting from the failure to meet the requirements established in Clauses 2 and 3 of this Article.

Chapter 89. EXECUTION OF THE RIGHT TO INHERITANCE

Article 1296. Heir's Right to Receive the Certificate of the Right to Inheritance

1. A heir who accepted the inheritance may receive a certificate of the right to inheritance.
2. If the inheritance was accepted by several heirs, the certificates of the right to inheritance shall be issued to each of them with the names and other heirs' shares specified.
3. Absence of the certificate of the right to inheritance shall not divest a heir of the right to inheritance.

Article 1297. Heir's Obligation to Apply for the Certificate of the Right to Inherit Immovable Property

1. A heir who accepted the inheritance including immovable property shall apply to a notary for a certificate of the right to inherit immovable property.
2. If the inheritance was accepted by several heirs, the certificates of the right to inheritance shall be issued to each of them with the names and other heirs' shares specified.

Article 1298. Term of Issuance of the Certificate of the Right to Inheritance

1. Certificates of the right to inheritance shall be issued to the heirs six months after opening of the inheritance.
2. If the will is made for the benefit of a conceived unborn child, the issuance of the certificate of the right to inheritance and the distribution of the inheritance among all heirs may take place only after the child's birth.

The provision of Paragraph 1 of this Clause shall also apply to a child conceived in the testator's lifetime and born after his death in case of legal succession.

3. Before the expiry of the term for acceptance of inheritance, the notary may issue a permit to the heir for the receipt of a part of the testator's deposit in a bank (financial institution), if this is necessitated by material circumstances.

Article 1299. State Registration of the Right to Inheritance

1. If the inheritance accepted by a heir includes immovable property, the heir shall register the right to the inheritance with the authorities in charge of the state registration of immovable property (Article 182 of this Code).
2. The right to ownership of immovable property shall be given to the heir as of the moment of the state registration of this property.

Article 1300. Amendments to the Certificate of the Right to Inheritance

1. By the consent of all heirs who accepted the inheritance, a notary at the place of opening of the inheritance may make amendments to the certificate of the right to inheritance.
2. By the request of one of the heirs according to a court decision, amendments may be made to the certificate of the right to inheritance.
3. In the cases established by Clauses 1 and 2 of this Article, the notary shall issue new certificates of the right to inheritance.

Article 1301. Declaring Certificates of the Right to Inheritance Null and Void

1. A certificate of the right to ownership shall be declared null and void in accordance with the court decision, if it is established that the holder of the certificate did not have the right to succession, or in other cases established by law.

Chapter 90. SUCCESSION AGREEMENT

Article 1302. Concept of the Succession Agreement

1. According to a succession agreement, one party (the recipient) is obligated to fulfill the orders of the other party (the alienator) and acquires the right to inherit the alienator's property after his/her death.

Article 1303. Parties to a Succession Agreement

1. The alienator in a succession agreement may be a married couple, one of the spouses or other persons.
2. The recipient in a succession agreement may be a natural person or a legal entity.

Article 1304. Form of a Succession Agreement

1. A succession agreement shall be executed in writing and notarized.

Article 1305. Obligations of the Recipient in a Succession Agreement

1. The recipient in a succession agreement may be obligated to take certain actions either related to property or not, before or after opening of the inheritance.

Article 1306. Specifics of the Succession Agreement with a Married Couple

1. The subject of a succession agreement may be property jointly owned by a married couple, or personal property of each spouse.
2. A succession agreement may establish that in case of death of a spouse the property shall be inherited by the survivor, and in case of the death of the other spouse, the property shall be inherited by the recipient in accordance with the agreement.

Article 1307. Ensuring Fulfillment of the Succession Agreement

1. The notary who certified the succession agreement shall impose restraint on alienation of the property specified in the agreement.
2. The will made by the alienator with regard to the property specified in the succession agreement shall be void.
3. The alienator shall have the right to appoint a person to control execution of the succession agreement after the death of the former.

In case of absence of such a person, control of execution of the succession agreement shall be exercised by the notary at the place of opening of the inheritance.

Article 1308. Termination of the Succession Agreement

1. A succession agreement may be terminated by the court by demand of the alienator in case of the recipient's failure to fulfill the orders of the former.
2. A succession agreement may be terminated by the court by demand of the recipient in case of impossibility to fulfill the alienator's orders.

CLOSING AND TRANSITIONAL PROVISIONS

1. This Code shall come into effect on January 1, 2004.
2. The following acts shall lose effect on January 1, 2004:

Civil Code of the Ukrainian SSR of July 18, 1963 with changes made therein;

Law of the Ukrainian SSR "On Approval of the Civil Code of the Ukrainian SSR" (Journal of the Verkhovna Rada of the Ukrainian SSR, 1963, # 30, Page 463);

Articles 2 - 7, 12, 13 and 16 of the Edict of the Presidium of the Verkhovna Rada of the Ukrainian SSR of December 9, 1963 "On the Procedure of Enactment of the Civil Code and the Civil Procedure Code of the Ukrainian SSR" (Journal of the Verkhovna Rada of the Ukrainian SSR, 1963, # 51, Page 731; 1985, # 23, Page 542; Journal of the Verkhovna Rada of Ukraine, 1993, # 3, Page 15).

3. By April 1, 2003, the Cabinet of Ministers of Ukraine shall develop and submit to the Verkhovna Rada of Ukraine for consideration:

the list of legislative acts (separate provisions thereof) that lost effect, and the list of legislative acts to be amended due to the enactment of this Code;

draft law on international private law and other draft laws necessitated by this Code;

4. The Civil Code of Ukraine shall apply to the civil relations that arose after its coming into effect.

With regard to the civil relations that arose before enactment of the Civil Code of Ukraine, the provisions of this Code shall apply to the rights and duties that arose or continue to exist after its coming into effect.

5. The rules of Book Six of the Civil Code of Ukraine shall also apply to the inheritance opened but not accepted by any heirs before this Code's coming into effect.

The rules of Article 1277 of the Civil Code of Ukraine on escheat property shall also apply to the inheritance opened less than one year before this Code's coming into effect.

6. The rules of the Civil Code of Ukraine on limitation of action shall apply to the claims with the term of presentation established by the previous legislation that did not expire before this Code's coming into effect.

7. The limitation of action established for the relevant claims by the previous legislation shall apply to the claims on declaring an objected transaction null and void and the consequences of invalidity of a void transaction with the right to presentation that occurred before January 1, 2004.

8. The rules of Article 344 of the Civil Code of Ukraine on usucapion shall also apply to the cases when property possession started three years before this Code's coming into effect.

9. The rules of this Code shall continue to apply to the agreements concluded before January 1, 2004 and effective after this Code's coming into effect, with regard to the grounds, procedures and consequences of modification or breach of particular types of agreements irrespective of the date of their conclusion.

10. The rules of the Civil Code of Ukraine on responsibility for violation of agreements shall apply in the cases when the violations took place after this Code came into effect, except the cases when other responsibilities for such violations were established in the agreements concluded before January 1, 2004.

11. Court proceedings in the cases on termination of ownership rights on the grounds, which are not established by the Civil Code of Ukraine or other laws, shall be terminated.

Decisions on such cases that were made but not executed shall not be forcibly executed.

V. LYTVYN,
Speaker of the Verkhovna Rada of Ukraine

Kyiv
January 16, 2003
435-IV