Royal Decree of August 22, 1885 publishing the Commercial Code.

Ministry of Grace and Justice
"Gaceta de Madrid" No. 289, October 16, 1885 Reference: BOE-A-1885-6627

INDEX

CONSOLIDATED TEXT
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Bearing in mind the provisions of the Law sanctioned by Me on this date, which authorizes the Government to publish the draft Code of Commerce as a Law, and in accordance with the opinion of the Council of Ministers, I hereby decree the following:

Article 1.

The aforementioned Code of Commerce will be observed as Law in the Peninsula and adjacent islands as of January 1, 1886.

Article 2.

A copy of the official edition, signed by Me and countersigned by the Minister of Grace and Justice, shall be kept in the Archives of the Ministry and shall serve as the original for all legal purposes.

Article 3.

The mercantile corporations existing on December 31, 1885, which, according to article 159 of the same Code, have the right to choose between continuing to be governed by their bylaws or statutes or submitting to the prescriptions of the new Code, must exercise this right by means of a resolution adopted by their associates in an extraordinary general meeting, called expressly for this purpose, in accordance with their current bylaws, and must have this resolution inserted in the Madrid Gazette before January 1, 1886, and file an authorized copy with the Mercantile Registry. The companies that do not make use of the aforementioned right of option within the aforementioned term will continue to be governed by their own bylaws and regulations.

Article 4.

The government shall issue, after hearing the full Council of State, before the day on which the new Code comes into force, the appropriate regulations for the organization and regime of the Commercial Registry and the Stock Exchanges, and the transitional provisions required by these new organizations.

Given in San Ildefonso on August 22, 1885.

ALFONSO

The Minister of Grace and
Justice, FRANCISCO SILVELA

CODE OF COMMERCE

BOOK ONE

Of merchants and commerce in general

TITLE ONE

Merchants and acts of commerce

Article 1.

They are merchants for the purposes of this Code:

1.º Those who, having the legal capacity to engage in commerce, are habitually engaged in it.

2.º The commercial or industrial companies that are constituted in accordance with this Code.

Article 2.

Acts of commerce, whether or not they are performed by merchants, and whether or not they are specified in this Code, shall be governed by the provisions contained therein; in the absence thereof, by the usages of commerce generally observed in each place, and, in the absence of both rules, by those of the common law.

The acts included in this Code and any other acts of a similar nature shall be deemed to be acts of commerce.

Article 3.

There shall be a legal presumption of the habitual exercise of commerce as soon as the person who intends to exercise it advertises by circulars, newspapers, posters, signs displayed to the public, or in any other way, an establishment having as its object any mercantile operation.

Article 4.

Persons of legal age and who have the free disposition of their property shall have the capacity to engage in the habitual exercise of commerce.

Article 5.

Minors under eighteen years of age may continue, through their guardians, the commerce that their parents or legal guardians have exercised. If the guardians lack the capacity to trade, or have any incompatibility, they will be obliged to appoint one or more factors that meet the legal conditions, who will replace them in the exercise of trade.

Article 6.

(Repealed)

Article 7.

(Repealed)

Article 8.

(Repealed)

Article 9.

(Repealed)

Article 10.

(Repealed)

Article 11.

(Repealed)

Article 12.

(Repealed)

Article 13.

They may not engage in commerce or hold positions or have direct administrative or economic involvement in commercial or industrial companies:

1.º **(Deleted)**
2.º Persons who are disqualified by a final judgment in accordance with the Insolvency Law as long as the period of disqualification has not concluded. If the disqualified person has been authorized to continue at the head of the company or as administrator of the insolvent company, the effects of the authorization will be limited to what is specifically provided for in the judicial decision that contains it.
3.º Those who, by Law or special provisions, are not allowed to trade.

Article 14.

They may not exercise the mercantile profession by themselves or by another, nor obtain office or direct administrative or economic intervention in mercantile or industrial companies, within the limits of the districts, provinces or towns in which they perform their functions:

1.º Magistrates, Judges and officials of the Public Prosecutor's Office in active service.
This provision shall not apply to mayors, judges and municipal prosecutors, nor to those who accidentally perform judicial or prosecutorial functions.
2.º The governmental, economic or military chiefs of districts, provinces or towns.
3.º Employees in the collection and administration of State funds, appointed by the Government.
Except for those who administer and collect by seat, and their representatives.
4. Exchange Agents and Brokers, of any kind whatsoever.
5.º Those who by law or special provisions may not trade in a certain territory.

Article 15.

Foreigners and companies incorporated abroad may engage in commerce in Spain; subject to the laws of their country, as far as their capacity to contract is concerned, and to the provisions of this Code, in all that concerns the creation of their establishments within the Spanish territory, their mercantile operations and the jurisdiction of the Courts of the nation.
The provisions of this article shall be understood without prejudice to what may be established in particular cases by treaties and conventions with other powers.

TITLE II

From the Commercial Registry

Article 16.

1. The purpose of the Mercantile Registry is the registration of:

1.º Individual entrepreneurs.
2.º Commercial companies.
3.º Credit and insurance institutions, as well as mutual guarantee companies.
4.º Collective investment institutions and pension funds.
5.º Any person, natural or juridical, when so provided by law.
6.º Economic interest groupings.
7.º The Professional Civil Societies, constituted with the requirements established in the specific legislation of Professional Societies.
8º. The acts and contracts established by law.

2. The Mercantile Registry will also be responsible for the legalization of the books of businessmen, the deposit and publication of accounting documents and any other functions attributed to it by Law.

Article 17.

1. The Mercantile Registry will be kept under the Ministry of Justice with the personal sheet system.

2. The Commercial Registry will be located in the provincial capitals and in the towns where, due to service needs, it is established in accordance with the legal provisions in force.

3. A Central Mercantile Registry will also be established in Madrid, of a purely informative nature, whose structure and operation will be determined by regulation.

4. The position of Commercial Registrar shall be filled in accordance with the provisions of the Regulations of the Commercial Registry.

5. The Commercial Registry will ensure the interconnection with the European central platform in the manner determined by the rules of the European Union and the regulations implementing them. The exchange of information through the interconnection system will make it easier for interested parties to obtain information on the name and legal form of the company, its registered office, the Member State in which it is registered and its registration number.

Article 18.

1. Entry in the Commercial Register shall be made by virtue of a public document. It may only be made by virtue of a private document in the cases expressly provided for in the Laws and in the Regulations of the Commercial Registry.

2. The Registrars will qualify under their responsibility the legality of the extrinsic forms of the documents of all kinds by virtue of which the registration is requested, as well as the capacity and legitimacy of those who grant or subscribe them and the validity of their content, as it results from them and from the entries of the Registry.

3. Once the entries have been made in the Mercantile Registry, their essential data will be communicated to the Central Registry, in whose bulletin they will be published. This publication will be recorded in the corresponding Register.

4. The maximum term to register the document will be fifteen days counted from the date of the presentation entry. The registrar in the footnote of the title, if the qualification is positive, or in the negative qualification must inexcusably express the date of the inscription and, in its case, of the negative qualification to the effects of the computation of the term of fifteen days. If the title had been withdrawn before the inscription, had defects that could be corrected or if a title previously presented was pending inscription, the term of fifteen days will be computed from the date of the return of the title, the correction or the inscription of the previous title, respectively. In these cases, the validity of the filing entry shall be understood to be extended until the end of the registration period.

5. If, after the maximum period indicated in the preceding paragraph, the registration has not taken place, the interested party may request the registrar before whom the title was presented to carry out the registration within a non-extendable period of three days or the application of the table of substitutions provided for in Article 275 bis of the Consolidated Text of the Mortgage Law, approved by Decree of February 8, 1946. Likewise, if after the expiration of the three-day period the registrar does not register the title, the interested party may request the application of the table of substitutions.

6. The registration made after the deadline by the incumbent registrar will produce a reduction of fees of thirty percent, without prejudice to the application of the corresponding sanctioning regime. For the purposes of proper compliance with the registration deadline, the registrars must send to the Directorate General of Registries and Notaries within the first twenty days of the months of April, July, October and January a statistic in electronic format containing the number of deeds presented and the date of registration thereof, as well as the percentage of deeds registered after the deadline provided for in this article. The Directorate General of Registries and Notaries shall specify by means of an Instruction the electronic format and data to be sent by the registrars.

7. If the Registrar declares the title negative, either totally or partially, within or outside the term referred to in the fourth paragraph of this article, the interested party may appeal to the General Directorate of Registries and Notaries or request the qualification of the title.

of the table of substitutions provided for in Article 275 bis of the Consolidated Text of the Mortgage Law, approved by Decree of February 8, 1946.

8. If a Commercial Registry is managed by two or more registrars, they will endeavor, as far as possible, to ensure uniformity in the criteria for classification. To this end, they will handle the dispatch of documents in accordance with the agreement on the distribution of matters or sectors agreed upon. The agreement and its subsequent amendments must be submitted to the Directorate General of Registries and Notaries for approval.

Whenever the registrar to whom it corresponds the qualification of a document appreciates defects that prevent the requested operation from being carried out, he will inform the co-owner or co-owners of the same sector or of the single sector. Before the expiration of the maximum term established for the registration of the document, he shall pass the documentation to them, and the one who considers that the operation is appropriate shall carry it out under his responsibility before the expiration of the said term.

In the negative appraisal, the corresponding registrar must state that the same has been issued with the consent of the co-owners. If such indication is missing, the qualification will be understood to be incomplete, without prejudice that those entitled to do so may appeal it, request the intervention of the substitute, or expressly request that it be completed. An incomplete appraisal shall not be taken into account to interrupt the period within which the appraisal must be made. The co-owners will also be responsible for all the effects of the appraisal to which they give their conformity.

The Registrar who qualifies a document shall be informed of all the incidents that may occur until the completion of the registration procedure.

Article 19.

1. Registration in the Commercial Registry is optional for individual entrepreneurs, with the exception of shipowners.

An unregistered sole proprietor may not request the registration of any document in the Commercial Register or take advantage of its legal effects.

2. In the other cases referred to in paragraph one of Article 16, registration shall be compulsory. Unless otherwise provided by law or regulation, the registration shall be made within one month of the execution of the documents necessary for the making of the entries.

Article 20.

1. The contents of the Register are presumed to be accurate and valid. The entries of the Registry are under the safeguard of the Courts and will produce their effects as long as the judicial declaration of their inaccuracy or nullity is not registered.

2. The registration does not validate the acts or contracts that are null and void according to the Laws. The declaration of inaccuracy or nullity shall not prejudice the rights of third parties in good faith, acquired in accordance with the law.

Article 21.

1. The acts subject to registration will only be enforceable against bona fide third parties as soon as they are published in the "Official Gazette of the Commercial Registry". The effects of the registration shall remain unaffected.

2. In the case of transactions carried out within the fifteen days following publication, the registered and published acts shall not be enforceable against third parties who prove that they could not have known about them.

3. In case of discrepancy between the content of the publication and the content of the registration, third parties in good faith may invoke the publication if it is favorable to them.

Those who have caused the discrepancy shall be obliged to compensate the injured party.

4. The good faith of the third party is presumed as long as it is not proven that he knew of the act subject to registration and not registered, the act registered and not published or the discrepancy between the publication and the registration.

Article 22.

1. The sheet open to each individual entrepreneur shall contain the identification data of the same, as well as his trade name and, if applicable, the name of his establishment, the headquarters of the same and of the branches, if any, the object of his business, the date of commencement of operations, the general powers of attorney granted, the consent, opposition and revocation referred to in Articles 6 to 10; the marriage contracts, as well as the final judgments in matters of annulment, separation and divorce, and the other matters established by the Laws or the Regulations.

2. In the sheet open to commercial companies and other entities referred to in Article 16, the incorporation act and its amendments, the termination, dissolution, reactivation, transformation, merger or spin-off of the entity, the creation of branches, the appointment and dismissal of administrators, liquidators and auditors, general powers of attorney, the issuance of bonds or other negotiable securities grouped in issues when the registered entity may issue them in accordance with the Law, and any other circumstances determined by the Laws or the Regulations, shall be recorded.

3. Branches will also have their own page opened in the Registry of the province in which they are established, in the form and with the content and effects to be determined by regulation.

Article 23.

1. The Commercial Registry is public. The publicity will be made effective by certification of the content of the entries issued by the Registrars or by simple informative note or copy of the entries and of the documents deposited in the Registry. The certification shall be the only means of reliably certifying the content of the entries in the Register.

2. Both the certification and the simple informative note may be obtained by correspondence, without the amount exceeding the administrative cost.

3. The Central Registry will not issue certifications of the data in its files, except in relation to the reasons and names of companies and other registrable entities.

4. The telematic publication of the contents of the Mercantile and Movable Property Registries will be carried out in accordance with the principles contained in articles 221, 222, 227 and 248 of the revised text of the Mortgage Law, approved by the Decree of February 8, 1946, in relation to the Property Registries.

Article 24.

1. Individual entrepreneurs, companies and entities subject to compulsory registration shall state in all their documentation, correspondence, order notes and invoices, the address and identifying data of their registration in the Commercial Registry. Commercial companies and other entities shall also state their legal form and, if applicable, their liquidation status. If the capital is mentioned, reference must be made to the subscribed and paid-up capital.

2. Failure to comply with these obligations will be sanctioned, after a preliminary investigation by the Ministry of Economy and Finance, with a hearing of the interested parties and in accordance with the Administrative Procedure Law, with a fine of between 500,000 pesetas.

TITLE III

Employers' accounting

Section one. On the books of employers

Article 25.

1. Every businessman must keep orderly accounting records, appropriate to the activity of his company, allowing a chronological follow-up of all his operations, as well as the periodic preparation of balance sheets and inventories. He shall necessarily keep, without prejudice to the

established in the Laws or special provisions, a book of Inventories and annual Accounts and another Journal.

2. The accounts shall be kept directly by the entrepreneurs or by other duly authorized persons, without prejudice to their responsibility. Authorization shall be presumed to have been granted, unless there is evidence to the contrary.

Article 26.

1. Commercial companies shall also keep a book or books of minutes, in which shall be recorded, at least, all resolutions adopted by the general and special meetings and other corporate bodies of the company, with details of the notice of meeting and the constitution of the body, a summary of the matters discussed, the interventions of which a record has been requested, the resolutions adopted and the results of the voting.

2. Any member and the persons who, as the case may be, have attended the General Meeting on behalf of the members not attending, may at any time obtain certification of the resolutions and minutes of the General Meetings.

3. The administrators must file with the Mercantile Registry, within eight days following the approval of the minutes, a notarized statement of the registrable resolutions.

Article 27.

1. The businessmen will present the books that they must obligatorily keep in the Mercantile Registry of the place where they have their domicile, so that before their use, the seal of the Registry is placed on the first page of each one of those that had the book and, in all the leaves of each book, the seal of the Registry. In the cases of change of domicile, the legalization made by the Registry of origin will have full value.

2. It will be valid, however, to make entries and annotations by any suitable procedure on sheets that will later be correlatively bound to form the obligatory books, which will be legalized within four months following the closing date of the fiscal year. As regards the minutes book, the provisions of the Mercantile Registry Regulations will apply.

3. The provisions of the preceding paragraphs shall apply to the register of registered shares in corporations and limited partnerships by shares and to the register of partners in limited liability companies, which may be kept by computerized means, in accordance with the provisions of the regulations.

4. Each Commercial Registry shall keep a book of legalizations.

Article 28.

1. The book of Inventories and Annual Accounts shall be opened with the detailed opening balance sheet of the company. At least quarterly, the trial balances are to be transcribed with the amounts and balances. The year-end inventory and the annual accounts shall also be transcribed.

2. The journal shall record day by day all transactions relating to the activity of the company. It shall be valid, however, the joint annotation of the totals of the operations for periods not exceeding one quarter, provided that their detail appears in other concordant books or registers, according to the nature of the activity in question.

Article 29.

1. All accounting books and documents must be kept, regardless of the procedure used, clearly, in date order, without blanks, interpolations, erasures or erasures. Errors or omissions in the accounting entries must be subsequently corrected as soon as they are noticed. Abbreviations or symbols whose meaning is not precise according to the Law, the Regulations or the generally applicable commercial practice may not be used.

2. The accounting entries must be made expressing the values in pesetas.

Article 30.

1. Entrepreneurs shall keep the books, correspondence, documentation and supporting documents concerning their business, duly ordered, for six years, as from the last entry made in the books, except as established by general or special provisions.

2. The cessation of the entrepreneur in the exercise of his activities does not exempt him from the duty referred to in the preceding paragraph and if he has died, it will fall on his heirs. In case of dissolution of companies, their liquidators will be the ones obliged to comply with the provisions of said paragraph.

Article 31.

The probative value of the businessmen's books and other accounting documents shall be assessed by the Courts in accordance with the general rules of law.

Article 32.

1. The accounting records of entrepreneurs are secret, without prejudice to the provisions of the Law.

2. The communication or general recognition of the books, correspondence and other documents of the employers may only be decreed, ex officio or at the request of a party, in cases of universal succession, suspension of payments, bankruptcies, liquidations of companies or mercantile entities, employment regulation proceedings, and when the partners or the legal representatives of the workers have the right to their direct examination.

3. In any case, outside the cases specified in the preceding paragraph, the inspection of the books and documents of the entrepreneurs may be ordered at the request of a party or ex officio, when the person to whom they belong has an interest or responsibility in the matter in which the inspection is required. The acknowledgment shall be limited exclusively to the points that have a bearing on the matter in question.

Article 33.

1. The examination referred to in the preceding article, whether general or particular, shall be carried out at the employer's premises, in his presence or in the presence of the person commissioned by him, and appropriate measures shall be taken for the proper preservation and custody of the books and documents.

2. In any case, the person at whose request the examination is ordered may avail himself of technical assistants in such form and number as the Judge deems necessary.

Section two. Annual accounts

Article 34.

1. At the end of the financial year, the entrepreneur must draw up the annual accounts of his company, comprising the balance sheet, the profit and loss account, a statement of changes in equity for the year, a cash flow statement and the notes to the financial statements. These documents form a single unit. The statement of changes in equity and the cash flow statement are not mandatory when required by law.

2. The annual accounts must be drawn up clearly and give a true and fair view of the company's net worth, financial position and results of operations, in accordance with legal provisions. To this end, the accounting of transactions shall be based on their economic reality and not only on their legal form.

3. When the application of the legal provisions is not sufficient to give a true and fair view, the notes to the financial statements shall contain the supplementary information necessary to achieve this result.

4. In exceptional cases, if the application of a legal provision on accounting would be incompatible with the true and fair view to be given by the annual accounts, such provision shall not be applicable. In such cases, the notes to the financial statements shall state the following

The reasons for such non-application must be sufficiently explained and its impact on the company's net worth, financial position and results of operations must be sufficiently substantiated.

5. The annual accounts must be prepared expressing the values in euros.

6. The provisions of this section shall also apply to cases in which any natural or legal person prepares and publishes annual accounts.

Article 35.

1. The balance sheet shall show assets, liabilities and equity separately.

Assets shall include, with due separation, fixed or non-current assets and current or current assets. The assignment of the assets shall be made on the basis of their allocation. Current assets comprise those assets that are expected to be sold, consumed or realized in the course of the normal operating cycle, as well as, in general, those items whose maturity, disposal or realization is expected to take place within a maximum period of one year from the closing date of the fiscal year. Other assets should be classified as fixed or non-current.

Liabilities shall be duly separated into non-current liabilities and current liabilities. Current liabilities generally comprise obligations that are expected to fall due or to be settled during the normal operating cycle, or that do not exceed a maximum period of one year from the closing date of the fiscal year. Other liabilities should be classified as non-current. Provisions or obligations for which there is uncertainty as to their amount or maturity shall be shown separately.

Shareholders' equity shall be differentiated, at least, between shareholders' equity and the other items comprising it.

2. The profit and loss account shall show the result for the year, duly separating the income and expenses attributable to it, and distinguishing the operating results from those that are not. It shall show separately, at least, the amount of turnover, the consumption of inventories, personnel expenses, depreciation and amortization, value adjustments, changes in value resulting from the application of the fair value criterion, financial income and expenses, gains and losses arising from the disposal of fixed assets and the income tax expense.

Turnover shall include the amounts from the sale of products and the rendering of services or other income corresponding to the ordinary activities of the company, net of bonuses and other reductions on sales as well as Value Added Tax and other taxes directly related to the aforementioned turnover, which must be passed on.

3. The statement showing the changes in equity will have two parts. The first will reflect exclusively the income and expenses generated by the company's activity during the year, distinguishing between those recognized in the profit and loss account and those recorded directly in equity. The second shall contain all movements in equity, including those arising from transactions carried out with partners or owners of the company when they act as such. Adjustments to equity due to changes in accounting criteria and corrections of errors shall also be reported.

4. The statement of cash flows will show, duly ordered and grouped by categories or types of activities, the collections and payments made by the company, in order to report the cash movements during the year.

5. The notes to the financial statements shall supplement, amplify and comment on the information contained in the other documents comprising the financial statements.

6. In addition to the figures for the fiscal year being closed, each item of the annual accounts must show the figures for the immediately preceding fiscal year.

Where this is significant to provide a true and fair view of the company, the sections of the notes to the financial statements shall also provide qualitative data relating to the situation of the previous year.

7. The structure and content of the documents comprising the annual accounts shall conform to the models approved by regulations.

8. The structure of these documents may not be modified from one fiscal year to the next, except in exceptional cases, provided that it is duly justified and stated in the notes to the financial statements.

Article 36.

1. The elements of the balance sheet are as follows:

a) Assets: goods, rights and other resources economically controlled by the company, resulting from past events, from which it is probable that the company will obtain economic benefits in the future.

b) Liabilities: present obligations arising from past events, the settlement of which is probable to result in a decrease in resources that could produce economic benefits. For these purposes, provisions are understood to be included.

c) Net worth: this is the residual portion of the company's assets, after deducting all its liabilities. It includes the contributions made, either at the time of its incorporation or at a later date, by its partners or owners, which are not considered liabilities, as well as the accumulated results or other variations that affect it.

For the purposes of profit distribution, mandatory reduction of capital stock and mandatory dissolution due to losses in accordance with the provisions of the legal regulations governing corporations and limited liability companies, the amount classified as equity in accordance with the criteria for preparing the financial statements, increased by the amount of the uncalled subscribed capital stock, as well as the amount of the par value and of the share premiums or share premiums on the subscribed capital stock recorded for accounting purposes as liabilities, shall be deemed to be equity. Also for the aforementioned purposes, adjustments due to changes in value arising from cash flow hedging transactions pending to be charged to the profit and loss account will not be considered as equity.

2. The elements of the income statement and the statement of changes in equity for the year are as follows:

a) Income: increases in equity during the year, either in the form of inflows or increases in the value of assets, or decreases in liabilities, provided that they do not arise from contributions from partners or owners.

b) Expenses: decreases in shareholders' equity during the year, either in the form of outflows or decreases in the value of assets, or recognition or increase in liabilities, provided that they do not arise from distributions to shareholders or owners.

The income and expenses of the year shall be charged to the profit and loss account and shall form part of the profit or loss, except when they should be charged directly to equity, in which case they shall be presented in the statement showing changes in equity, in accordance with the provisions of this section or a regulatory rule that develops it.

Article 37.

1. The annual accounts shall be signed by the following persons, who shall be responsible for their veracity:

1.º By the entrepreneur himself, in the case of a natural person.
2.º By all partners unlimitedly liable for corporate debts.
3.º By all directors of the companies.

2. In the cases referred to in numbers 2 and 3 of the preceding section, if the signature of any of the persons indicated therein is missing, it shall be indicated in the documents in which it is missing, with express mention of the cause.

3. The date on which the accounts were prepared shall be stated in the preliminary signature.

Article 38.

The recording and valuation of the items comprising the various items appearing in the financial statements must be carried out in accordance with generally accepted accounting principles. In particular, the following rules shall be observed:

a) In the absence of proof to the contrary, it shall be presumed that the company is still in operation.

b) The evaluation criteria will not vary from one fiscal year to the next.

c) The principle of prudent valuation shall be followed. This principle requires that only profits earned up to the closing date of the fiscal year be recorded. However, all risks arising in the year or in a previous year must be taken into account, even if they only become known between the closing date of the balance sheet and the date on which it is drawn up, in which case full information shall be given in the notes to the financial statements, without prejudice to the reflection that they may cause in the other documents making up the annual accounts. Exceptionally, if such risks become known between the formulation and prior to the approval of the annual accounts and significantly affect the true and fair view, the annual accounts must be restated. In any case, depreciations and value adjustments for impairment in the value of assets must be taken into account, whether the year ends with a profit or a loss.

Likewise, caution should be exercised in the estimates and valuations to be made under conditions of uncertainty.

d) Expenses and revenues relating to the year to which the annual accounts refer shall be charged to the year to which they relate, regardless of the date of payment or collection.

e) Except for the exceptions provided for in the regulations, assets and liabilities, expenses and income items may not be offset and the items comprising the annual accounts shall be valued separately.

f) Without prejudice to the provisions of the following articles, assets shall be recorded at acquisition price or production cost, and liabilities at the value of the consideration received in exchange for incurring the debt, plus accrued interest payable; provisions shall be recorded at the present value of the best estimate of the amount required to settle the obligation at the balance sheet date.

g) Transactions shall be accounted for when the circumstances described in Article 36 of this Code for each of the items included in the financial statements are met and their valuation can be made with an adequate degree of reliability.

h) The items included in the annual accounts shall be valued in the currency of their economic environment, without prejudice to their presentation in euros.

i) Strict non-application of certain accounting principles is permitted when the relative importance of the variation produced by such an event is insignificant and, consequently, does not alter the expression of a true and fair view of the company's net worth, financial position and results of operations.

Article 38 bis.

1. Assets and liabilities may be valued at fair value as determined by regulations, within the limits of European regulations.

In both cases, it should be indicated whether the change in value of the asset and liability item resulting from the application of this criterion should be charged to the income statement or included directly in equity.

2. In general, the fair value will be calculated by reference to a reliable market value. In those elements for which a reliable market value cannot be determined, the fair value will be obtained by applying valuation models and techniques with the requirements determined by regulations.

Items that cannot be reliably valued in accordance with the provisions of the preceding paragraph shall be valued in accordance with the provisions of Article 38, paragraph f).

Article 39.

1. Fixed or non-current assets whose useful life is limited in time must be depreciated rationally and systematically over the period of their use. However, even when their useful life is not limited in time, when these assets are impaired, the necessary valuation adjustments are made in order to attribute to them the lower value corresponding to them at the balance sheet date.

2. When there is an impairment in the value of current or current assets, the necessary valuation adjustments are made in order to attribute to these assets the lower market value or any other lower value that corresponds to them, by virtue of special circumstances, on the closing date of the balance sheet.

3. The valuation at the lower value, in application of the provisions of the preceding paragraphs, may not be maintained if the reasons for the value adjustments no longer exist, except when they must be classified as irreversible losses.

4. Intangible assets are assets with finite useful lives. When the useful life of these assets cannot be reliably estimated, they are amortized over a period of ten years, unless another legal or regulatory provision establishes a different period.

Goodwill may only appear on the assets side of the balance sheet when it has been acquired for consideration. The useful life of goodwill is presumed to be ten years, unless there is evidence to the contrary.

The notes to the financial statements must disclose the period and method of amortization of intangible assets.

Article 40.

1. Without prejudice to the provisions of other laws requiring the annual accounts to be audited by a person having the legal status of auditor, and to the provisions of Articles 32 and 33 of this Code, every businessman shall be obliged to submit the ordinary or consolidated annual accounts of his company to an audit, as the case may be, when so agreed by the Court Clerk or the Commercial Registrar of the registered office of the businessman if they accept the well-founded request of the person who accredits a legitimate interest. Before granting the request, the Clerk of the Court or the Commercial Registrar must require the applicant to advance the funds necessary for the payment of the auditor's remuneration.

The company may only oppose the appointment by providing documentary proof that the appointment is not appropriate or by denying the applicant's legal standing.

The application to the Commercial Registrar will be processed in accordance with the provisions of the Commercial Registry Regulations. The appointment of the auditor will be subject to the regulatory shift established in the Commercial Registry Regulations.

If it is filed before the court clerk, the procedures established in the voluntary jurisdiction legislation will be followed.

The resolution issued on the validity or inadmissibility of the audit may be appealed before the Commercial Court.

2. On the same day on which it issues, the auditor shall deliver the report to the employer and to the applicant and shall submit a copy to the person who has appointed him. If the report contains a negative or unfavorable opinion, the Court Clerk or the Commercial Registrar will agree that the employer pays the applicant the amounts that had been advanced. If the report contains an opinion with reservations or qualifications, a resolution will be issued determining on whom the cost of the audit should fall and in what proportion. If the report is favorable, the cost of the audit shall be borne by the applicant.

3. The Court Clerk or the Commercial Registrar shall reject the request for an audit when, prior to the date of the request, the appointment of an auditor for the audit of the accounts for the same fiscal year has been registered in the Commercial Registry or, in the case of commercial companies and other legal entities subject to the obligation, the legal term for the appointment of an auditor by the competent body has not expired.

4. The issuance of the audit report shall not prevent the exercise of the right of access to the accounts by those to whom this right is attributed by law.

Article 41.

1. For the formulation, auditing, filing and publication of their annual accounts, corporations, limited liability companies and limited partnerships by shares shall be governed by their respective rules.

2. Partnerships and limited partnerships, when at the closing date of the fiscal year all the general partners are Spanish or foreign companies, shall be subject to the provisions of Chapter VII of the Corporations Law, with the exception of the provisions of Section 9.ª thereof.

Section three. Presentation of the accounts of groups of companies

Article 42.

1. Every parent company of a group of companies shall be obliged to prepare the consolidated annual accounts and management report in the form provided for in this section.

A group exists when a company has or may have, directly or indirectly, control over one or more other companies. In particular, control shall be presumed to exist when a company, which shall be deemed to be the controlling company, is in relation to another company, which shall be deemed to be a subsidiary, in any of the following situations:

a) Holds the majority of the voting rights.

b) Have the power to appoint or remove the majority of the members of the governing body.

c) May dispose, by virtue of agreements entered into with third parties, of the majority of the voting rights.

d) Has appointed with its votes the majority of the members of the administrative body who hold office at the time the consolidated financial statements are to be prepared and during the two immediately preceding fiscal years. In particular, this circumstance will be presumed when the majority of the members of the administrative body of the controlled company are members of the administrative body or senior executives of the controlling company or of another company controlled by the latter. This situation shall not give rise to consolidation if the company whose directors have been appointed is related to another company in any of the cases provided for in the first two letters of this paragraph.

For the purposes of this section, to the voting rights of the parent company shall be added those held through other subsidiaries or through persons acting in their own name but on behalf of the parent company or other subsidiaries or those held in concert with any other person.

2. The obligation to prepare the consolidated financial statements and management report does not exempt the companies comprising the group from preparing their own financial statements and the corresponding management report, in accordance with their specific regime.

3. The company obliged to prepare the consolidated annual accounts must include in them, the companies forming part of the group in the terms established in paragraph 1 of this article, as well as any company dominated by them, whatever their legal form and regardless of their registered office.

4. The general meeting of the company required to prepare consolidated financial statements must appoint auditors to audit the financial statements and the group's management report. The auditors shall verify the consistency of the management report with the consolidated annual accounts.

5. The consolidated financial statements and the group management report must be submitted for approval by the general meeting of the company required to consolidate at the same time as the annual financial statements of this company. The shareholders of the companies belonging to the group may obtain from the company required to prepare the consolidated financial statements the documents submitted for the approval of the general meeting, as well as the group management report and the auditors' report. The deposit of the consolidated accounts, the group management report and the auditors' report with the Commercial Registry and their publication will be carried out in accordance with the provisions established for the annual accounts of public limited companies.

6. The provisions of this section shall apply to cases in which any natural or legal person voluntarily prepares and publishes consolidated accounts. These rules shall also apply, as far as possible, to cases in which consolidated accounts are prepared and published by any natural or legal person other than those referred to in paragraph 1 of this article.

Article 43.

1. Notwithstanding the provisions of the preceding article, the companies mentioned therein shall not be required to consolidate if any of the following situations are met:

1.ª When at the closing date of the financial year of the company obliged to consolidate the group of companies does not exceed, in its last annual accounts, two of the limits indicated in Royal Legislative Decree 1/2010, of July 2, which approves the revised text of the Capital Companies Act, for the formulation of an abridged profit and loss account, unless any of the group companies is considered a public interest entity as defined in Article 3.5 of Law 22/2015, of July 20, 2015, on Auditing of Accounts.

2.ª When the company obliged to consolidate under Spanish law is at the same time a subsidiary of another company governed by Spanish law or by the law of another Member State of the European Union, if the latter company owns 50% or more of the shares of the former and the shareholders or partners owning at least 10% have not requested the preparation of consolidated accounts 6 months prior to the end of the financial year. In any case, the following requirements must be met:

a) The company exempted from consolidation, as well as all the companies that should be included in the consolidation, are consolidated in the accounts of a larger group, the parent company of which is subject to the legislation of a European Union Member State.

b) The company exempted from consolidation should state in its accounts that it is exempt from the obligation to prepare consolidated accounts, the group to which it belongs, the company name and the domicile of the parent company.

c) That the consolidated financial statements of the parent company, as well as the management report and the auditors' report, be filed with the Mercantile Registry, translated into one of the official languages of the Autonomous Community in which the exempted company is domiciled.

d) That the company exempted from formalizing the consolidation has not issued securities admitted to trading on a regulated market in any member state of the European Union.

3.ª When the company required to consolidate participates exclusively in subsidiaries that do not have a significant interest, individually and as a whole, in the true and fair view of the net worth, financial position and results of the companies in the group.

4.ª When all the subsidiaries can be excluded from consolidation for any of the following reasons:

a) In extremely rare cases where the information necessary to prepare the consolidated financial statements cannot be obtained for duly justified reasons.

b) That the holding of shares or participations of this company is exclusively for the purpose of their subsequent transfer.

c) That severe and lasting restrictions hinder the exercise of control by the parent company over this subsidiary.

2. A company shall not be included in the consolidation when one of the circumstances set forth in note 4 above applies.

Article 43 bis.

The consolidated financial statements must be prepared in accordance with the following standards:

a) If, at the closing date of the fiscal year, any of the group companies has issued securities admitted to trading on a regulated market in any European Union Member State, the international financial reporting standards adopted by the European Union Regulations shall apply.

However, Articles 42, 43 and 49 of this Code shall also apply to them. Likewise, they must include in the consolidated financial statements the information contained in Indications 1 to 9 of Article 48 of this Code.

b) If, at the closing date of the fiscal year, none of the companies of the group has issued securities listed on a regulated market in any Member State of the European Union, they may opt for the application of the accounting standards included in this Code and its implementing provisions, or for the international financial reporting standards adopted by the Regulations of the European Union. If they opt for the latter, the consolidated annual accounts must be prepared on an ongoing basis in accordance with the aforementioned standards, and the provisions of the last paragraph of letter a) of this article shall also apply to them.

Article 44.

1. The consolidated annual accounts shall comprise the consolidated balance sheet, the consolidated profit and loss account, a consolidated statement of changes in equity for the year, a consolidated cash flow statement and the notes to the consolidated financial statements. These documents form a single unit. The consolidated annual accounts shall be accompanied by the consolidated management report, which shall include, where appropriate, the statement of non-financial information.

2. The consolidated financial statements must be clearly formulated and give a true and fair view of the net worth, financial position and results of the consolidated companies as a whole. When the application of the provisions of this Code is not sufficient to give a true and fair view, in the sense indicated above, the notes to the financial statements shall contain the additional information necessary to achieve this result.

In exceptional cases, if the application of a provision contained in the following articles would be incompatible with the true and fair view to be given by the consolidated accounts, such provision shall not be applicable. In such cases, the notes to the financial statements must state this non-application, give sufficient reasons and explain its impact on the group's net worth, financial position and results.

3. The consolidated annual accounts shall be drawn up on the same date as the annual accounts of the company required to be consolidated. If the closing date of the fiscal year of a company included in the consolidation differs by more than three months from that corresponding to the consolidated accounts, its inclusion in the consolidated accounts shall be made by means of interim accounts referring to the date on which the consolidated accounts are drawn up.

4. Where the composition of the undertakings included in the consolidation has changed significantly during the course of a financial year, the consolidated financial statements shall include in the notes to the financial statements such information as is necessary for the comparison of successive consolidated financial statements to show the main changes that have occurred between financial years.

5. The consolidated financial statements must be prepared in euros.

6. The consolidated accounts and the consolidated management report, which shall include, where appropriate, the consolidated statement of non-financial information, shall be signed by all the directors of the company obliged to prepare them, who shall be responsible for their veracity. If the signature of any of them is missing, it shall be indicated in the documents in which it is missing, with express mention of the cause.

Article 45.

1. The assets, liabilities, income and expenses included in the consolidation must be valued using uniform methods and in accordance with the criteria included in this Code and its implementing provisions.

2. If any item of assets, liabilities, income and expenses included in the consolidation has been valued by any company that is part of the consolidation, according to methods that are not uniform to those applied in the consolidation, such item must be valued in accordance with the following methods

The new valuation shall be carried out in accordance with this method, unless the result of the new valuation is of little interest for the purpose of achieving a true and fair view of the group.

3. The structure and content of the consolidated annual accounts shall conform to the models approved by regulations, in accordance with the provisions of Article 35 of this Code for individual annual accounts.

4. In the consolidated balance sheet, the share corresponding to the external partners or minority interests of the group shall be shown in a specific equity item, with an appropriate designation.

Article 46.

The assets, liabilities, income and expenses of the Group companies will be included in the consolidated financial statements by applying the full consolidation method. In particular, it will be carried out by applying the following rules:

1.ª The book values of the holdings in the capital of subsidiaries held, directly or indirectly, by the parent company will be offset, at the date of acquisition, against the proportional part that such values represent in relation to the fair value of the assets acquired and liabilities assumed, including, where appropriate, the provisions under the terms determined by regulations.

The accounting treatment in the case of successive acquisitions of shares will be regulated by regulations.

2.ª The positive difference remaining after the aforementioned offsetting shall be recorded in the consolidated balance sheet under a special item, with an appropriate designation, which shall be disclosed in the notes to the financial statements, as well as the changes it has undergone with respect to the previous year, if material. This difference shall be treated as established for goodwill in Article 39.4 of this Code.

If the difference is negative, it should be taken directly to the consolidated income statement.

3.ª The assets and liabilities of group companies will be included in the consolidated balance sheet, after applying the provisions of Article 45 of this Code, at the same valuations as those at which they appear in the respective balance sheets of said companies, except when Rule 1.ª, in which case they shall be included on the basis of the fair value of the assets acquired and liabilities assumed, including, where appropriate, the provisions in the terms to be determined by regulations, on the date of first consolidation, after taking into account the depreciation and impairment losses occurring since that date.

4.ª The income and expenses of group companies shall be included in the consolidated financial statements, except in those cases where they must be eliminated in accordance with the following rule.

5.ª Debits and credits between companies included in the consolidation, income and expenses relating to transactions between such companies, and the results generated as a result of such transactions, which are not realized vis-à-vis third parties, must generally be eliminated. Without prejudice to the eliminations indicated above, transfers of results between companies included in the consolidation must be subject, where appropriate, to the corresponding adjustments.

Article 47.

1. When a company included in the consolidation jointly manages another company with one or more companies outside the group, the latter may be included in the consolidated accounts by applying the proportional integration method, i.e. in proportion to the percentage of its share capital held by the companies included in the consolidation.

2. In order to carry out this proportional consolidation, the rules set forth in the preceding article shall be taken into account, with the necessary adaptations.

3. When a company included in the consolidation exercises a significant influence on the management of another company not included in the consolidation, but with which it is associated by virtue of having an interest therein which, by creating a lasting relationship with the latter, is intended to contribute to the company's business, such interest shall be shown in the consolidated balance sheet as a separate item and under an appropriate heading.

It shall be presumed, unless there is evidence to the contrary, that there is a participation in the aforementioned sense, when one or more companies of the group own at least 20 percent of the voting rights of a company that does not belong to the group.

4. All the companies included in section 3, as well as the companies in section 1 that are not consolidated through the proportional integration method, shall be included in the consolidated accounts by applying the equity method or the equity method. The option established for the companies of paragraph 1 shall be exercised in a uniform manner with respect to all the companies in this situation.

5. For the purposes of the provisions of the preceding paragraph, the following rules shall be taken into account:

a) When the equity method is applied for the first time, the carrying amount of the investment in the consolidated financial statements will be the amount corresponding to the percentage that such investment represents, at the time of the investment, of the fair value of the assets acquired and liabilities assumed, including, where appropriate, provisions as determined by regulations. If the resulting difference between the cost of the investment and the aforementioned value is positive, it shall be included in the carrying amount of the investment and shall be disclosed in the notes to the financial statements, and the provisions of Article 46 shall be applicable to it.

The accounting treatment in the case of successive acquisitions of shares will be regulated by regulations.

b) The changes in the current year in the net worth of the company included in the consolidated financial statements by the equity method, after eliminating the proportion arising from results generated in transactions between that company and the company holding the interest or any of the group companies, which are not realized with third parties, will increase or decrease, as appropriate, the book value of that interest in the corresponding proportion, after taking into account the depreciation and impairment losses incurred since the date on which the method was first applied.

c) The profits distributed by the company included in the consolidated financial statements by the equity method will reduce the book value of the shareholding in the consolidated balance sheet.

Article 48.

In addition to the disclosures required by other provisions of this Code and by the Corporations Law, with the necessary adaptations to take into account the group of companies, the consolidated annual report shall include at least the following disclosures:

1.ª The name and domicile of the companies included in the consolidation; the shareholding and percentage of voting rights held by the companies included in the consolidation or by persons acting in their own name but on their behalf in the capital of companies included in the consolidation other than the parent company, as well as the assumption of Article 42 on which the consolidation has been based, identifying the relationship that affects them in order to configure them within a group. The same information must be given with reference to the group companies that are excluded from the consolidation because they do not have a significant interest for the true and fair view to be expressed in the consolidated annual accounts, indicating the reasons for the exclusion.

2.ª The name and domicile of the companies to which the equity method or the equity method is applied by virtue of the provisions of Article 47, paragraph 3, with an indication of the fraction of their capital and percentage of voting rights held by the companies included in the consolidation or by a person acting in his own name but on their behalf. The same indications must be given in respect of companies in which the provisions of Article 47 have been dispensed with, where the shareholdings in the capital of such companies do not have an interest in the company's share capital, and where the shareholdings in the capital of such companies do not have an interest in the company's share capital.

The Company's consolidated financial statements should give a true and fair view of the consolidated financial statements and the reason why this method has not been applied should be disclosed.

3.ª The name and domicile of the companies to which the proportional consolidation method has been applied pursuant to Article 47 (1) and (2), the elements on which the joint management is based, and the fraction of their capital and percentage of voting rights held by the companies included in the consolidation or by a person acting in his own name but on their behalf.

4.ª The name and domicile of other companies, not included in the preceding paragraphs, in which the companies included in the consolidation own directly or through a person acting in his own name, but on their behalf, a percentage of not less than 5 percent of their capital. The shareholding in the capital and the percentage of voting rights, as well as the amount of the net worth and the profit or loss for the last financial year of the company whose accounts have been approved shall be indicated. This information may be omitted when it is only of negligible interest with respect to the true and fair view that the consolidated accounts must express.

5.ª The average number of persons employed during the year by the companies included in the consolidation, distributed by category, as well as, if not mentioned separately in the profit and loss account, the personnel expenses for the year.

The average number of persons employed during the fiscal year by the companies to which the provisions of Article 47 (1) and (2) apply shall be indicated separately.

6.ª The amount of salaries, allowances and remuneration of any kind accrued during the year by senior management personnel and members of the governing body, both of the parent company, whatever their cause, as well as the pension or life insurance premium obligations incurred with respect to former and current members of the governing bodies and senior management personnel. This information may be provided on an aggregate basis per item of remuneration. When the members of the administrative body are legal entities, the above requirements shall refer to the natural persons representing them.

7.ª The amount of advances and loans granted to senior management personnel and members of the governing bodies, both of the parent company, by any group company, with an indication of the interest rate, their essential characteristics and any amounts repaid, as well as the obligations assumed on their behalf by way of any guarantee. The advances and loans granted to senior management personnel and to the directors of the parent company by companies outside the group referred to in Article 47, paragraphs 1 and 3, shall also be indicated. When the members of the administrative body are legal persons, the above requirements shall refer to the natural persons representing them.

8.ª The nature and business purpose of the agreements not included in the consolidated balance sheet, as well as the financial impact of these agreements, to the extent that this information is significant and necessary to determine the financial position of the companies included in the consolidation taken as a whole.

9.ª The amount broken down by items of the fees for the auditing of accounts and other services rendered by the account auditors, as well as those corresponding to persons or entities related to the account auditor in accordance with the provisions of Law 19/1988, of July 12, 1988, on the Auditing of Accounts.

10.ª Significant transactions, other than intra-group transactions, carried out between any of the companies included in the group with related third parties, indicating the nature of the relationship, the amount and any other information about the transactions that is necessary to determine the financial position of the companies included in the consolidation taken as a whole.

Article 49.

1. The consolidated management report must contain a true and fair view of the business performance and the situation of all the companies included in the consolidation, together with a description of the main risks and uncertainties faced.

The presentation shall consist of a balanced and comprehensive analysis of the development and performance of the business and the position of the undertakings included in the consolidation taken as a whole, taking into account the size and complexity of the undertaking. To the extent necessary for an understanding of the development, performance or condition of the business, this analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information on environmental and employee matters.

In providing this analysis, the consolidated management report will provide, where appropriate, references and supplementary explanations of the amounts disclosed in the consolidated financial statements.

2. It should also include information on:

a) Significant events occurring after the closing date of the fiscal year of the companies included in the consolidation.

b) The foreseeable evolution of the group formed by the aforementioned companies.

c) The research and development activities of this group.

d) The number and nominal value or, in the absence thereof, the book value of all the shares or holdings of the parent company held by it, by group companies or by a third party acting in its own name, but on behalf of the same.

3. With respect to the use of financial instruments, and when relevant to the valuation of assets, liabilities, financial position and results, the management report shall include the following:

a) The company's financial risk management objectives and policies, including the policy applied to hedge each significant type of forecast transaction for which hedge accounting is used.

b) The company's exposure to price risk, credit risk, liquidity risk and cash flow risk.

4. When the company obliged to prepare consolidated annual accounts has issued securities admitted to trading on a regulated market in any European Union Member State, it shall include in the consolidated management report, in a separate section, its corporate governance report.

5. Companies that prepare consolidated financial statements shall include in the consolidated management report the consolidated statement of non-financial information provided for in this section, provided that the following requirements are met:

a) The average number of employees employed by the companies in the group during the year exceeds 500.

b) They must either be considered public interest entities in accordance with auditing legislation, or, for two consecutive fiscal years, meet, at the closing date of each of them, at least two of the following circumstances:

1.º That the total of the consolidated asset items exceeds 20,000,000 euros.

2.º That the net amount of the consolidated annual turnover exceeds 40,000,000 euros.

3.ºThat the average number of employees employed during the year exceeds two hundred and fifty.

Companies shall cease to be required to prepare the statement of non-financial information if they cease to meet, for two consecutive years, any of the requirements set forth above.

In the first two fiscal years after the incorporation of a group of companies, the parent company shall be obliged to prepare the consolidated non-financial information statement, including all its subsidiaries and for all the countries in which it operates, when at least two of the three circumstances mentioned in letter b) are met at the close of the first fiscal year, provided that the requirement set forth in letter a) is also met at the close of the fiscal year.

6. The consolidated statement of non-financial information shall include the information necessary to understand the evolution, results and situation of the group, and the impact of its activity regarding, at least, environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as regarding personnel, including the measures, if any, adopted to promote the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility.

This statement of non-financial information shall include:

a) A brief description of the group's business model, including its business environment, organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future development.

b) A description of the policies applied by the group with respect to such matters, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts and for verification and control, including what measures have been adopted.

c) The results of these policies, including relevant non-financial key performance indicators that allow for the monitoring and evaluation of progress and that favor comparability between societies and sectors, in accordance with the national, European or international reference frameworks used for each subject.

d) The main risks related to these issues linked to the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on these areas, and how the group manages these risks, explaining the procedures used to detect and assess them in accordance with the national, European or international frameworks of reference for each subject matter. Information on the impacts that have been detected should be included, providing a breakdown of these impacts, in particular on the main risks in the short, medium and long term.

e) Non-financial key performance indicators that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability. In order to facilitate the comparison of information, both over time and between entities, non-financial key performance indicator standards that can be generally applied and that comply with the European Commission's guidelines on this matter and the Global Reporting Initiative standards shall be used, and the national, European or international framework used for each matter shall be mentioned in the report. The non-financial key performance indicators should be applied to each of the sections of the statement of non-financial information. These indicators must be useful, taking into account the specific circumstances and consistent with the parameters used in its internal risk management and assessment procedures. In any case, the information presented must be accurate, comparable and verifiable.

The consolidated statement of non-financial information shall include significant information on the following matters:

I. Information on environmental issues:

Detailed information on current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety, environmental assessment or certification procedures; resources devoted to environmental risk prevention; application of the precautionary principle, amount of provisions and guarantees for environmental risks.

– Pollution: measures to prevent, reduce or remediate carbon emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution.

– Circular economy and waste prevention and management: prevention measures, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste.

– Sustainable use of resources: water consumption and water supply in accordance with local constraints; consumption of raw materials and measures taken to improve the efficiency of their use; direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energies.

– Climate change: the significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces; the measures adopted to adapt to the consequences of climate change; the reduction targets voluntarily established in the medium and long term to reduce greenhouse gas emissions and the means implemented to this end.

– Biodiversity protection: measures taken to preserve or restore biodiversity; impacts caused by activities or operations in protected areas.

II. Information on social and personnel issues:

– Employment: total number and distribution of employees by gender, age, country and job classification; total number and distribution of employment contracts, average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and job classification, number of dismissals by gender, age and job classification; average compensation and its evolution broken down by gender, age and job classification or equal value; pay gap, compensation for equal or average positions in the company, average compensation of directors and officers, including variable compensation, per diems, severance pay, payments to long-term savings plans, and any other payments disaggregated by gender, implementation of career disengagement policies, and employees with disabilities.

– Work organization: organization of working time; number of hours of absenteeism; measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents.

– Health and safety: occupational health and safety conditions; occupational accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender.

– Social relations: organization of social dialogue, including procedures for informing, consulting and negotiating with employees; percentage of employees covered by collective bargaining agreements by country; the balance of collective bargaining agreements, particularly in the area of occupational health and safety; mechanisms and procedures in place to promote employee involvement in the management of the company, in terms of information, consultation and participation.

– Training: the policies implemented in the field of training; the total number of training hours per professional category.

– Universal accessibility for people with disabilities.

– Equality: measures adopted to promote equal treatment and opportunities between women and men; equality plans (Chapter III of Organic Law 3/2007, of March 22, for effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of people with disabilities; the policy against all types of discrimination and, where appropriate, diversity management.

III. Information on respect for human rights: Implementation of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses; reporting of human rights violations; promotion of and compliance with the provisions of core conventions

of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.

IV. Information related to the fight against corruption and bribery: measures taken to prevent corruption and bribery; measures to combat money laundering, contributions to foundations and non-profit entities.

V. Information about the company:

– Company commitments to sustainable development: the impact of the company's activity on employment and local development; the impact of the company's activity on local populations and the territory; the relations maintained with local community stakeholders and the methods of dialogue with them; partnership or sponsorship actions.

– Subcontracting and suppliers: inclusion of social, gender equality and environmental issues in the purchasing policy; consideration of social and environmental responsibility in relations with suppliers and subcontractors; monitoring systems and audits and the results thereof.

– Consumers: measures for consumer health and safety; complaint systems, complaints received and resolution of complaints.

– Tax information: profits earned on a country-by-country basis; profit taxes paid and government subsidies received.

Any other significant information.

In the event that the group of companies does not apply any policy in any of the matters provided for in this paragraph 6, the consolidated statement of non-financial information shall provide a clear and reasoned explanation in this respect.

The consolidated statement of non-financial information shall also include, where appropriate, references to and additional explanations of the amounts disclosed in the consolidated financial statements.

For the disclosure of the non-financial information referred to in this section, the company obliged to prepare consolidated accounts must base itself on national, European Union or international regulatory frameworks, specifying which frameworks it has based itself on.

The obligation to include non-financial information provided for in paragraph 1 of this article shall be deemed to be fulfilled if the company includes the information described in this paragraph in the management report.

When a subsidiary of a group is, in turn, the parent of a subgroup, it shall be exempt from the obligation set forth in this paragraph if such company and its subsidiaries are included in the consolidated management report of another company in which such obligation is complied with. If an entity avails itself of this option, it shall include in the management report a reference to the identity of the parent company and to the Commercial Registry or other public office where its accounts must be deposited together with the consolidated management report or, if it is not obliged to deposit its accounts in any public office, or if it has opted for the preparation of a separate report in accordance with the following section, where the consolidated information of the parent company is available or can be accessed.

It shall be mandatory for the report on non-financial information to be presented as a separate item on the agenda for approval at the general shareholders' meeting of the companies.

The Government may establish by regulation, respecting the principles set forth in this Law, key indicators for each subject of the non-financial information statement.

The information included in the statement of non-financial information will be verified by an independent verification service provider.

7. It shall be understood that a company complies with the obligation to prepare the consolidated non-financial information statement regulated in the previous section if it issues a separate report, corresponding to the same fiscal year, in which it is expressly stated that said information is part of the management report, includes the information required for said statement and is subject to the same criteria for approval, filing and publication as the management report. Companies may publish on the Corporate Responsibility Portal the following information

The non-financial information contained in the management report is included in the Social Security Report of the Ministry of Labor, Migration and Social Security.

8. The information contained in the consolidated management report shall in no case justify its absence in the consolidated financial statements when this information must be included in the latter in accordance with the provisions of this Section and the provisions that develop it.

9. Without prejudice to the disclosure requirements applicable to the consolidated statement of non-financial information provided for in this Law, this report shall be made available to the public free of charge and shall be easily accessible on the company's website within six months after the date of the end of the financial year and for a period of five years.

TITLE IV

General provisions on commercial contracts

Article 50.

Commercial contracts, in all matters relating to their requirements, modifications, exceptions, interpretation and termination and the capacity of the contracting parties, shall be governed, in all matters not expressly provided for in this Code or in special laws, by the general rules of common law.

Article 51.

Commercial contracts will be valid and will produce obligation and action in court, whatever the form and language in which they are entered into, the class to which they correspond and the amount to which they relate, provided that their existence is proved by any of the means established by civil law. However, the testimony of witnesses shall not in itself be sufficient to prove the existence of a contract whose amount exceeds 1,500 pesetas, unless there is some other proof.

Telegraphic correspondence shall only produce obligations between the contracting parties who have previously admitted this means and in a written contract, and provided that the telegrams meet the conditions or conventional signs previously established by the contracting parties, if so agreed.

Article 52.

Exceptions shall be made to the provisions of the preceding article:

1.ª Contracts which, in accordance with this Code or special laws, must be reduced to writing or require forms or solemnities necessary for their effectiveness.

2.ª Contracts entered into in a foreign country in which the Law requires specific deeds, forms or solemnities for their validity, even if they are not required by Spanish Law.

In either case, contracts that do not meet the respective required circumstances shall not give rise to any obligation or action in court.

Article 53.

Unlawful agreements do not give rise to any obligation or action, even if they relate to commercial transactions.

Article 54.

If the one who made the offer and the one who accepted it are in different places, there is consent as soon as the offeror knows of the acceptance or as soon as the acceptor, having sent it to him, cannot ignore it without being in breach of good faith. In such a case, the contract is presumed to have been concluded at the place where the offer was made.

In contracts concluded by means of automatic devices there is consent as soon as acceptance is manifested.

Article 55.

Contracts in which an Agent or Broker intervenes shall be perfected when the contracting parties have accepted his proposal.

Article 56.

In the commercial contract in which a penalty of indemnity is fixed against the one who does not fulfill it, the injured party may demand the fulfillment of the contract by the means of law or the prescribed penalty; but by using one of these two actions the other will be extinguished, unless otherwise agreed.

Article 57.

Contracts of commerce shall be executed and performed in good faith, according to the terms in which they were made and drafted, without distorting with arbitrary interpretations the straight, proper and usual sense of the words said or written, nor restricting the effects that naturally derive from the manner in which the contracting parties have explained their will and contracted their obligations.

Article 58.

If there is a discrepancy between the copies of a contract presented by the contracting parties, and an Agent or Broker has been involved in the execution thereof, the result of the books of the latter shall apply, provided that they are in accordance with the law.

Article 59.

If doubts arise that cannot be resolved in accordance with the provisions of Article 2 of this Code, the question shall be decided in favor of the debtor.

Article 60.

In all computations of days, months and years, the day, of twenty-four hours, the months, as designated in the Gregorian calendar, and the year, of three hundred and sixty-five days, shall be understood as: the day, of twenty-four hours; the months, as designated in the Gregorian calendar, and the year, of three hundred and sixty-five days.

Exceptions are bills of exchange, promissory notes and checks, as well as loans, which shall be subject to the special provisions of the Exchange and Check Law and this Code, respectively.

Article 61.

No terms of grace, courtesy or others, which under any denomination, defer the performance of commercial obligations, will be recognized, except those that the parties have prefixed in the contract, or that are supported by a definitive provision of law.

Article 62.

Obligations that do not have a term fixed by the parties or by the provisions of this Code, shall be due ten days after they are contracted, if they only give rise to ordinary action, and on the next day, if they entail execution.

Article 63.

The effects of late payment in the fulfillment of commercial obligations will begin:

1.º In contracts that have a date set for their performance, by will of the parties or by law, on the day following their expiration.

2.º In those that do not have it, from the day in which the creditor judicially interpellates the debtor, or intimates him the protest of damages made against him before a Judge, Notary or other public official authorized to admit it.

TITLE V

Of the places and houses of mercantile contracting

Section One. Stock Exchanges.

Articles 64 to 73.

(Repealed)

Section Two. Stock Exchange operations

Articles 74 to 80.

(repealed)

Section Three. Other public places of contracting. Of fairs, markets and stores

Article 81.

Both the Government and the commercial companies that meet the conditions set forth in Article 65 of this Code may establish fish markets or trading houses.

Article 82.

The competent authority shall announce the place and time when the fairs are to be held and the police conditions to be observed therein.

Article 83.

Contracts of sale concluded at a fair may be in cash or in installments; the former must be fulfilled on the same day of their conclusion or, at the latest, within the following twenty-four hours.

Once these have passed without any of the contracting parties having claimed their fulfillment, they will be considered null and void, and the gajes, tokens or earnest money that mediate will remain in favor of the one who has received them.

Article 84.

Questions arising at fairs regarding contracts entered into therein shall be decided in a verbal trial by the Municipal Judge of the town in which the fair is held, in accordance with the provisions of this Code, provided that the value of the disputed matter does not exceed 1,500 pesetas.

If there is more than one Municipal Judge, the one chosen by the plaintiff shall have jurisdiction.

Article 85.

The purchase of merchandise in warehouses or stores open to the public shall cause prescription of rights in favor of the purchaser, with respect to the merchandise acquired, being saved, if applicable, the rights of the owner of the objects sold to exercise the civil or criminal actions that may correspond to him against the person who sold them unduly.

For the purposes of this prescription, stores or stores open to the public shall be deemed to be stores or stores open to the public:

1.º Those established by registered traders.

2. Those established by unregistered merchants, provided that the stores or stores remain open to the public for eight consecutive days, or have been advertised, by means of signs, samples or titles, on the premises, or by notices distributed to the public or inserted in the local newspapers.

Article 86.

The currency in which payment is made for goods purchased in cash in public stores shall not be recoverable.

Article 87.

Purchases and sales verified on the premises shall always be presumed to have been made in cash, unless there is proof to the contrary.

TITLE VI

On the Mediating Agents of commerce and their respective obligations

Section One. Provisions common to Commercial Mediating Agents.

Article 88.

The following shall be subject to mercantile laws as agents mediating commerce:

Exchange and Stock Exchange Agents.
Brokers of Commerce.
Ship Broker Interpreters.

Article 89.

The services of Stockbrokers and Brokers, whatever their class, may be rendered by Spaniards and foreigners; but only registered Agents and Brokers shall have public faith.

The ways of proving the existence and circumstances of the acts or contracts in which Agents who are not members of the Association intervene shall be those established by Commercial or Common Law to justify obligations.

Article 90.

In each trading center there may be established a College of Stockbrokers, another of Commercial Brokers, and in maritime centers, one of Ship Interpreter Brokers.

Article 91.

The Colleges referred to in the preceding article shall be composed of individuals who have obtained the corresponding title, by meeting the conditions required in this Code.

Article 92.

At the head of each College there shall be a Union Board elected by the members.

Article 93.

The collegiate Agents will have the character of Notaries as regards the contracting of public effects, industrial and mercantile securities, merchandise and other acts of commerce included in their office, in the respective market.

They shall keep a register-book in accordance with the provisions of Article 27, recording therein, in their order, separately and daily, all the transactions in which they have been involved, and may also keep other books with the same solemnities.

The books and policies of the registered Agents shall be authentic in court.

Article 94.

To join any of the Colleges of Agents referred to in Article 90, it shall be necessary:

1.º Be Spanish or a naturalized foreigner.
2.º Have the capacity to trade under this Code.
3.º Not to be suffering correctional or afflictive punishment.
4.º To prove good moral conduct and known probity, by means of a judicial information of three registered merchants.
5.º To constitute in the Caja de Depósitos or in its branches, or in the Bank of Spain, the bond determined by the Government.
6.º Obtain the corresponding title from the Ministry of Development, after hearing the opinion of the Trade Union Board of the respective College.

Article 95.

It will be the obligation of the collegiate Agents:

1.º To ensure the identity and legal capacity to contract of the persons in whose business they intervene, and, if applicable, the legitimacy of the signatures of the contracting parties.
When the latter do not have free administration of their assets, the Agents may not provide their assistance without due authorization in accordance with the Laws.
2.º To propose business with accuracy, precision and clarity, refraining from making assumptions that may mislead the contracting parties.
3.º To maintain secrecy in all that concerns the negotiations they make, and not to reveal the names of the persons entrusted with them, unless otherwise required by law or the nature of the operations, or if the interested parties consent to their names being known.
4.º To issue, at the expense of the interested parties who request it, certification of the respective entries of their contracts.

Article 96.

Registered Agents may not:

1.º Trading on own account.
2.º To become insurers of commercial risks.
3.º Trading securities or merchandise on behalf of individuals or companies that have suspended their payments, or have been declared bankrupt or insolvent, or have not been rehabilitated.
4.º To acquire for himself the effects of whose negotiation they are in charge, except in the case that the Agent has to answer for faults of the buyer to the seller.
5.º To give certifications that do not refer directly to facts that appear in the entries of its books.
6.º To perform the duties of cashiers, bookkeepers or clerks of any merchant or mercantile establishment.

Article 97.

Those who contravene the provisions of the preceding article shall be deprived of their office by the Government, after hearing the Trade Union Board and the interested party, who may appeal against this resolution by means of contentious-administrative proceedings.
They shall also be civilly liable for any damages resulting from failure to comply with the obligations of their position.

Article 98.

The bond of Stockbrokers, Commercial Brokers and Shipbrokers shall be especially affected by the results of the operations of their trade, and the injured parties shall have a preferential real action against the same, without prejudice to any other actions that may be applicable at law.
This bond may not be raised, even if the Agent ceases to hold office, until the period of time specified in Article 946 has elapsed, without any claim having been made within that period.

The bond shall only be subject to liabilities unrelated to the position, when the latter's liabilities are fully covered.

If the bond is dismembered by the liabilities to which it is subject, or if its actual value is diminished for any reason, it must be replaced by the Agent within twenty days.

Article 99.

In cases of disqualification, incapacity or suspension of Stockbrokers, Commercial Brokers and Ship Brokers, the books that they are required to keep under this Code shall be deposited with the Commercial Registry.

Section Two. Collegiate Exchange and Stock Exchange Agents.

Articles 100 to 105.

(Repealed)

Section Three. Collegiate Commercial Brokers

Article 106.

In addition to the obligations common to all agents mediating commerce, as listed in Article 95, registered brokers of commerce shall be obliged:

1.º To be legally liable for the authenticity of the signature of the last transferor in the negotiation of bills of exchange or other endorsable securities.

2.º To attend and attest, in the sale and purchase contracts, the delivery of the effects and their payment, if the interested parties so require.

3.º To collect from the transferor and deliver to the taker the bills of exchange or endorsable bills of exchange that have been negotiated with his intervention.

4.º To collect from the policyholder and deliver to the transferor the amount of the negotiated bills of exchange or endorsable securities.

Article 107.

Registered Brokers shall record in their books, and in separate entries, all transactions in which they have been involved, stating the names and domicile of the contracting parties, the subject matter and the conditions of the contracts.

Sales shall state the quality, quantity and price of the thing sold, the place and date of delivery and the form in which the price is to be paid.

In the negotiation of bills of exchange they shall note the dates, points of issue and payment, terms and maturities, names of the drawer, endorser and payer, those of the transferor and taker, and the agreed exchange.

Insurance with reference to the policy shall state, in addition to the number and date thereof, the names of the insurer and the insured, the object of the insurance, its value according to the contracting parties, the agreed premium and, if applicable, the place of loading and unloading, and the precise and exact designation of the vessel or means of transport in which the transportation is to be effected.

Article 108.

Within the day on which the contract is executed, the licensed Brokers shall deliver to each of the contracting parties a signed minute, including all that they have agreed upon.

Article 109.

In those cases in which for convenience of the parties a written contract is drawn up, the Broker shall certify at the bottom of the duplicates and shall keep the original.

Article 110.

Registered Brokers may, in concurrence with Ship Interpreter Brokers, perform the functions of the latter, subject to the provisions of the following section of this title.

Article 111.

The College of Brokers, where there is no College of Agents, shall draw up each trading day a note of the current exchange rates and prices of the goods; for this purpose, two members of the Syndicate Board shall attend the meetings of the Stock Exchange, and shall send an authorized copy of said note to the Mercantile Registry.

Section Four. Chartered Ship Brokers and Interpreters.

Article 112.

In order to exercise the position of Ship Broker Interpreter, in addition to meeting the circumstances required of Mediating Agents in Article 94, it shall be necessary to demonstrate, either by examination or by certificate from a public establishment, knowledge of two foreign languages.

Article 113.

The duties of Ship Interpreter Brokers shall be:

1. To intervene in contracts of affreightment, marine insurance and loans to the bulk, when required.
2. º Assist the captains and pursers of foreign ships and serve as interpreters in the declarations, protests and other proceedings that occur in the Courts and public offices.
3. º To translate the documents that the aforementioned foreign captains and pursers have to present in the same offices, whenever there is any doubt as to their understanding, certifying that the translations are well and faithfully done.
4. º Represent them in court when they, the shipowner or the consignee of the vessel do not appear.

Article 114.

It shall also be the obligation of the Ship Interpreter Brokers to carry:

1. º A copy book of the translations they make, inserting them verbatim.
2. º A record of the names of the captains to whom they render the assistance proper to their office, stating the flag, name, class and size of the vessel and the ports of departure and destination.
3. A daily book of the charter-party contracts in which they have been involved, stating in each entry the name of the vessel, its flag, registration and carriage; those of the master and charterer; price and destination of the freight; currency in which it is to be paid; advances on the same, if any; the effects of the cargo; conditions agreed upon between the charterer and the master on demurrage, and the time limit fixed for commencing and concluding the cargo.

Article 115.

The Shipbroker Interpreter shall keep a copy of the contract(s) between the Master and the Charterer.

SECOND BOOK

Special contracts of commerce

TITLE ONE

Of trading companies

Section One. The incorporation of companies and their classes.

Article 116.

A company contract, by which two or more persons bind themselves to pool goods, industry or any of these things, in order to obtain profit, shall be mercantile, whatever its kind, provided that it has been constituted in accordance with the provisions of this Code.

Once the commercial company is incorporated, it will have legal personality in all its acts and contracts.

Article 117.

The commercial company contract entered into with the essential requirements of the Law shall be valid and binding between those who enter into it, whatever the form, conditions and lawful and honest combinations with which they constitute it, provided that they are not expressly prohibited in this Code.

Article 118.

Contracts between commercial companies and any persons capable of binding themselves shall be equally valid and effective, provided that they are lawful and honest and that the requirements set forth in the following article are met.

Article 119.

Every trading company, before commencing its operations, shall record its incorporation, covenants and conditions, in a public deed to be filed for registration with the Commercial Registry, in accordance with the provisions of Article 17.

Additional deeds that in any way modify or alter the original contract of the company shall be subject to the same formalities, in accordance with the provisions of Article 25.

The partners may not make reserved covenants, but all of them must be recorded in the corporate deed.

Article 120.

Those in charge of corporate management who contravene the provisions of the preceding article shall be jointly and severally liable to persons outside the company with whom they have contracted on behalf of the same.

Article 121.

Commercial companies shall be governed by the clauses and conditions of their contracts and, insofar as they are not determined and prescribed therein, by the provisions of this Code.

Article 122.

As a general rule, corporations shall be incorporated in one of the following forms:

1. Collective regularity.
2. The limited partnership, simple or by shares.
3. The anonymous.
4. The limited liability company.

Article 123.

Article 124.

Mutual insurance companies for fire insurance, life insurance for old age and any other type of insurance, and production, credit or consumer cooperatives shall only be considered mercantile and shall be subject to the provisions of this Code when they engage in acts of commerce other than mutual insurance or become fixed-premium companies.

Section Two. Collective companies

Article 125.

The articles of incorporation of the general partnership shall state:

The name, surname and address of the
partners. The company name.
The name and surnames of the partners entrusted with the management of the company and the use of the corporate signature.
The capital contributed by each partner in cash, credits or effects, with an expression of the value given to these or of the basis on which the appraisal is to be made.
The duration of the company.
The amounts, if any, allocated to each managing member annually for its particular expenses.
All other lawful covenants and special conditions that the partners may wish to establish may also be recorded in the deed.

Article 126.

The general partnership must operate under the name of all its partners, of some of them or of only one, and in the latter two cases, the words "and Company" must be added to the name or names expressed.
This collective name shall constitute the corporate name or company name, which may never include the name of a person who is not presently a member of the company.
Those who, not belonging to the company, include their name in the corporate name, shall be subject to joint and several liability, without prejudice to criminal liability, if applicable.

Article 127.

All the partners forming the partnership, whether or not they are managers of the partnership, shall be personally and jointly and severally liable, with all their assets, for the results of the transactions made in the name and on behalf of the partnership, under the signature of the partnership and by a person authorized to use it.

Article 128.

The partners not duly authorized to use the corporate signature shall not bind the company with their acts and contracts, even if they execute them in the name of the company and under their signature.
The liability for such acts in civil or criminal law shall be borne exclusively by the perpetrators.

Article 129.

If the administration of the general partnership has not been limited by a special act to any of the partners, all of them shall have the power to concur in the direction and management of the common business, and the partners present shall agree on any contract or obligation that concerns the partnership.

Article 130.

Against the will of one of the managing partners who expressly manifests it, no new obligation shall be contracted, but if, nevertheless, it is contracted, it shall not be annulled for this reason and shall take effect, without prejudice to the partner or partners who contract it being liable to the corporate estate for the loss it causes.

Article 131.

If there are partners especially in charge of the administration, the other partners may not oppose or hinder the actions of the former or impede their effects.

Article 132.

When the exclusive power to administer and to use the company's signature has been conferred in an express condition of the corporate contract, the person who obtained it may not be deprived of it; but if he misuses said power and his management results in manifest prejudice to the common mass, the other partners may appoint from among themselves a co-administrator to intervene in all the operations or promote the rescission of the contract before the competent Judge or Court, which must declare it, if such prejudice is proven.

Article 133.

In general partnerships, all partners, whether or not they are administrators, shall have the right to examine the state of the administration and the accounting and to make, in accordance with the agreements set forth in the partnership deed or the general provisions of the law, the claims that they deem convenient to the common interest.

Article 134.

The negotiations made by the partners in their own name and with their private funds shall not be communicated to the company nor shall they constitute any liability whatsoever, being of the type of those that the partners may lawfully make on their own account and at their own risk.

Article 135.

The partners may not apply the funds of the company nor use the corporate firm for business on their own account; and in the event of doing so, they shall lose for the benefit of the company the part of the profits that, in the operation or operations made in this manner, may correspond to them, and there may be a termination of the corporate contract as to them, without prejudice to the reimbursement of the funds they have used, and to indemnify, in addition, the company for all damages and losses that may have been caused to it.

Article 136.

In partnerships that do not have a specific type of trade, its individuals may not carry out operations on their own account without the prior consent of the partnership, which may not refuse it without proving that this would result in an effective and manifest prejudice to the partnership.

The partners who contravene this provision shall contribute to the common assets the profit resulting from these operations and shall individually suffer the losses, if any.

Article 137.

If the company has determined in its contract of incorporation the type of trade in which it is to engage, the partners may lawfully carry out on their own account any mercantile operation that suits them, provided that it does not belong to the type of business in which the company of which they are partners is engaged, unless there is a special agreement to the contrary.

Article 138.

The industrial partner may not engage in negotiations of any kind, unless the company

expressly permits him to do so; and in the event of doing so, it will be at the discretion of the

The shareholders may exclude him from the company, depriving him of the benefits that correspond to him in the company, or take advantage of those that he may have obtained in contravention of this provision.

Article 139.

In general partnerships or limited partnerships, no partner may separate or divert from the common assets more than the amount designated to each one for his particular expenses; and if he does so, he may be compelled to reimburse it as if he had not completed the portion of the capital that he was obliged to put into the partnership.

Article 140.

Not having determined in the company contract the part corresponding to each partner in the profits, these will be divided pro rata to the portion of interest that each one has in the company, with the industrial partners, if any, appearing in the distribution in the class of the capitalist partner with the smallest participation.

Article 141.

Losses shall be allocated in the same proportion among the capital partners, without including the industrialists, unless by express agreement they have been constituted as participants in them.

Article 142.

The company shall pay the partners for the expenses incurred and indemnify them for the damages they may experience, on the immediate and direct occasion of the business which it places in their charge; but it shall not be obliged to indemnify them for the damages that the partners may experience, due to their fault, fortuitous event or any other cause independent of the business, while they have been engaged in carrying out the business.

Article 143.

No partner may transfer to another person the interest he has in the company, nor substitute him in his place to perform the offices that he has in the corporate administration, without the prior consent of the partners.

Article 144.

The damage that occurs to the interests of the company due to malice, abuse of authority or gross negligence of one of the partners, shall constitute its cause in the obligation to indemnify it, if the other partners demand it, provided that it cannot be induced from any act the approval or the express or virtual ratification of the fact on which the claim is based.

Section Three. Limited Partnerships

Article 145.

The articles of incorporation of the limited liability company shall contain the same circumstances as in the collective one.

Article 146.

The limited partnership shall be under the name of all the general partners, of some of them or of only one, and in the latter two cases, the word "and Company" must be added to the name or names expressed, and in all cases, the word "Limited Partnership".

Article 147.

This collective name shall constitute the corporate name, which may never include the names of the limited partners.

If any limited partner includes his name or consents to its inclusion in the corporate name, he shall be subject, with respect to persons outside the company, to the same liabilities as the managers, without acquiring any rights other than those corresponding to his capacity as limited partner.

Article 148.

All the general partners, whether or not they are managers of the limited partnership, shall be personally and jointly and severally liable for the results of the operations of the latter, under the same terms and to the same extent as those of the general partnership, as provided in Article 127.

They shall also have the same rights and obligations as are prescribed in the preceding section with respect to the partners of the general partnership.

The liability of the limited partners for the obligations and losses of the company shall be limited to the funds they put or are obliged to put in the limited partnership, except in the case provided for in Article 147.

The limited partners may not perform any act of administration of the company's interests, not even in their capacity as attorneys-in-fact of the managing partners.

Article 149.

The provisions of Article 144 shall be applicable to the partners of limited partnerships.

Article 150.

The limited partners may not examine the state and situation of the corporate administration except at the times and under the penalties prescribed in the articles of incorporation or its additions.

If the contract does not contain such a prescription, the limited partners shall necessarily be informed of the balance sheet of the partnership at the end of the year, and shall be provided with the background information and documents necessary to verify it and to judge the operations within a period of not less than fifteen days.

Section Four. Limited partnerships by shares

Articles 151 to 157.

(Repealed)

Articles 158 and 159.

(Repealed)

Section Five. Of the actions

Articles 160 to 168.

(repealed)

Article 169.

In the event of war, the funds belonging to foreigners in joint stock companies shall not be subject to reprisals.

Section Six. Rights and obligations of members

Article 170.

If within the agreed term, any partner does not contribute to the common estate the portion of the capital to which he has bound himself, the company may choose between proceeding executively against his assets to enforce the portion of the capital that he has failed to deliver or terminate the contract with respect to the defaulting partner, retaining the amounts that correspond to him in the corporate estate.

Article 171.

The partner who for any reason delays the total delivery of his capital, after the term fixed in the partnership agreement has elapsed, or in the event that no such term has been fixed, after the cashier's office has been established, shall pay to the common estate the legal interest on the money that he has not delivered in due time and the amount of the damages that he has caused by his delinquency.

Article 172.

When the capital or the part of it that a partner is to contribute consists of bills of exchange, its valuation shall be made in the manner provided for in the partnership agreement, and in the absence of a special agreement, it shall be made by experts chosen by both parties and according to market prices, and subsequent increases or decreases shall be at the expense of the company.

In case of divergence between the appraisers, a third party shall be appointed, by lot, among the appraisers of his class who appear as major taxpayers in the locality to settle the disagreement.

Article 173.

The managers or administrators of commercial companies may not refuse to allow the partners to examine all the supporting documents of the balance sheets prepared to show the state of the corporate administration, except as prescribed in Articles 150 and 158.

Article 174.

The creditors of a partner shall not have, with respect to the company, even in the event of bankruptcy of the same, any other right than that of seizing and collecting what may correspond to the debtor partner by way of profits or liquidation.

The provisions at the end of the preceding paragraph shall not be applicable to companies constituted by shares, except when these are nominative, or when their legitimate owner is certainly stated, if they are bearer shares.

Section Seven. Special rules for credit companies

Article 175.

The following operations will mainly correspond to the nature of these companies:

1.ª To subscribe or contract loans with the Government, provincial or municipal corporations.

2.ª Acquire public funds and shares or debentures of all kinds of industrial enterprises or credit companies.

3.ª To create companies for iron roads, canals, factories, mines, docks, general warehouses, lighting, clearing and breaking, irrigation, drainage and any other industrial or public utility companies.

4.ª To carry out the merger or transformation of all kinds of commercial companies and to be in charge of the issue of shares or debentures of the same.

5.ª To administer and lease all kinds of contributions and public services and to execute on its own account, or assign, with the approval of the Government, the contracts entered into for this purpose.

6.ª To sell or pledge all shares, debentures and securities acquired by the corporation and to exchange them whenever they deem it convenient.

7.ª To lend on public effects, shares or bonds, goods, fruits, harvests, farms, factories, ships and their cargoes and other securities and to open credits on current account, receiving as collateral effects of the same kind.

8.ª To effect on behalf of other companies or persons all kinds of collections or payments and to carry out any other transaction on behalf of others.

9.ª To receive in deposit all kinds of securities in paper and cash and to keep current accounts with any corporations, companies or persons.

10.ª Drawing and discounting bills of exchange or other exchange documents.

Article 176.

Credit companies may issue debentures for an amount equal to the amount employed and represented by portfolio securities, subject to the provisions of the title on Commercial Registry.

These debentures will be registered or bearer and for a fixed term, which in no case will be less than thirty days, with amortization, if any, and interest as determined.

Section Eight. Banks of issue and discount

Article 177.

The following operations will mainly correspond to the nature of these companies:

Discounts, deposits, current accounts, collections, loans, drafts and contracts with the government or public corporations.

Article 178.

Banks may not carry out operations for more than ninety days.

Neither may they discount bills of exchange, promissory notes or other commercial securities without the guarantee of two responsible firms.

Article 179.

Banks may issue bearer bills, but their admission to transactions shall not be compulsory. This freedom to issue bearer bills shall, however, continue to be suspended as long as the privilege currently enjoyed by the Banco Nacional de España under special laws subsists.

Article 180.

Banks shall keep in cash in their vaults at least one quarter of the amount of deposits and current accounts in cash and banknotes in circulation.

Article 181.

Banks shall be obliged to exchange their banknotes for cash upon presentation by the bearer.

Failure to comply with this obligation will give rise to an enforcement action in favor of the bearer, following a request for payment, through a Notary Public.

Article 182.

The amount of banknotes in circulation, together with the sum represented by deposits and current accounts, may in no case exceed the amount of the cash reserve and portfolio securities realizable within a maximum period of ninety days.

Article 183.

The banks of issue and discount will publish, at least monthly, and under the responsibility of their administrators, in the Gazette and "Official Gazette" of the province, the status of their situation.

Section Nine. Railroad and other public works companies.

Article 184.

The following operations will mainly correspond to the nature of these companies:

1.ª The construction of railroads and other public works, of any kind whatsoever.

2.ª The exploitation thereof, either in perpetuity or during the term indicated in the concession.

Article 185.

The capital stock of the companies, together with the subsidy, if any, shall represent at least half of the amount of the total budget of the work.

Companies may not be incorporated until the entire capital stock has been subscribed and 25 percent of the capital stock has been paid up.

Article 186.

Railroad and other public works companies may issue bearer or registered debentures freely and without any limitations other than those set forth in this Code and those established in their respective bylaws.

These issues will necessarily be recorded in the Commercial Registry of the province; and if the bonds are mortgage bonds, such issues will also be recorded in the corresponding Property Registries.

Prior issues will have preference over successive issues for the payment of the coupon and for the redemption of the debentures, if any.

Article 187.

The debentures issued by the companies may or may not be redeemable, at their will and in accordance with the provisions of their bylaws.

In the case of railroads or other public works subsidized by the State, or whose construction has been preceded by a legislative or administrative concession, if the concession is temporary, the obligations issued by the concessionary company shall be amortized or extinguished within the term of the concession itself, and the State shall receive the work, at the end of this term, free of all encumbrances.

Article 188.

Railroad and other public works companies may sell, assign and transfer their rights in the respective companies and may also merge with other similar companies.

For these transfers and mergers to take effect, it will be necessary:

1.º With the unanimous consent of the partners, unless other rules have been established in the bylaws to alter the corporate purpose.

2.º That all the creditors also consent to it. This consent shall not be necessary when the purchase or merger is carried out without confusing the guarantees and mortgages and the creditors retain the integrity of their respective rights.

Article 189.

For the transfers and mergers of companies referred to in the preceding article, no authorization from the Government shall be necessary, even when the work has been declared of public utility for the purposes of expropriation, unless the company enjoys a direct subsidy from the State, or has been granted by a Law or other governmental provision.

Article 190.

The executive action referred to in the Civil Procedure Law with respect to the matured coupons of the bonds issued by the railroad companies and other public works, as well as to the same bonds to which the fate of the amortization, if any, has been applied, may only be directed against the liquid yields obtained by the company and against the other assets owned by the same, not forming part of the road or the work nor being necessary for the operation.

Article 191.

Railroad and other public works companies may use the funds left over from construction, operation and payment of credits at their respective maturities, as they deem appropriate, in accordance with their by-laws.

The placement of such surpluses will be made by combining the terms in such a way that the construction, conservation, operation and payment of the credits are not left unattended in any case, under the responsibility of the administrators.

Article 192.

Once the concession has been declared forfeited, the company's creditors will be guaranteed by the company's creditors:

1.º The liquid yields of the company.

2.º When such yields are not sufficient, the liquid proceeds of the works sold at public auction for the remaining term of the concession.

3.º The other assets owned by the company, if they do not form part of the road or work, or are not necessary for its movement or exploitation.

Tenth Section. General warehousing companies

Article 193.

The following operations will mainly correspond to the nature of these companies:

1.ª The deposit, conservation and custody of the fruits and merchandise entrusted to them.

2.ª The issuance of its nominative or bearer slips.

Article 194.

The receipts issued by the bonded warehousing companies for the fruits and merchandise admitted into their custody shall be negotiable, shall be transferred by endorsement, assignment or any other title transferring ownership, depending on whether they are nominative or bearer, and shall have the force and value of the mercantile bill of exchange.

These receipts will necessarily express the kind of goods, with the number or quantity that each one represents.

Article 195.

The holder of the receipts shall have full dominion over the effects deposited in the warehouses of the company and shall be exempt from liability for claims made against the depositor, the endorsers or previous holders, except if they arise from the transportation, storage and conservation of the goods.

Article 196.

The creditor who, having legitimately pledged a receipt, is not paid on the due date of his credit, may require the company to dispose of the deposited effects, in an amount sufficient for payment, and shall have preference over the other debts of the depositor, except for those mentioned in the preceding article, which shall have priority.

Article 197.

The sales referred to in the preceding article shall be made at the company's warehouse, without the need for a judicial decree, at a public auction announced in advance, and with the intervention of a registered broker, if any, and, failing that, of a notary public.

Article 198.

The general warehousing companies shall in any case be responsible for the identity and conservation of the deposited effects, in accordance with the law of paid deposit.

Eleventh Section. Territorial credit companies or banks

Article 199.

The following operations will mainly correspond to the nature of these companies:

1.ª Lending in installments on real estate.
2.ª Issue debentures and mortgage bonds.

Article 200.

The loans will be made on mortgages of real estate whose ownership is registered in the Registry in the name of the borrower, and will be repayable in annual installments.

Article 201.

These companies may not issue bonds or bearer bonds as long as the privilege currently enjoyed by the Banco Hipotecario de España under special laws subsists.

Article 202.

Loans to the provinces and towns are exempt from the mortgage required by Article 200, when they are legally authorized to contract loans within the limit of said authorization and provided that the repayment of the capital loaned, its interest and expenses, are secured with revenues, duties and capital or special surcharges or taxes.

Loans to the State are also exempted, which may also be made on promissory notes of purchasers of national assets.

Loans to the State, provinces and towns may be repayable for a term of less than five years.

Article 203.

In no case may the loans exceed one-half of the value of the real estate on which the mortgage is to be constituted.

The basis and form of the valuation of real estate shall be precisely determined in the Bylaws or Regulations.

Article 204.

The amount of the coupon and the amount of the amortization of the mortgage bonds issued on account of a loan will never be greater than the amount of the annual net income that on average the real estate offered and mortgaged as security for the same loan produces in a five-year period. The calculation will always be made by relating the loan, the yield of the mortgaged property and the annuity of the bonds issued on the occasion of the loan. This annuity may be, at any time, less than the net annual income of the respective properties mortgaged as security for the loan and for the issuance of the bonds.

Article 205.

When the mortgaged real estate decreases in value by 40%, the bank may request an increase in the mortgage to cover the depreciation, or the termination of the contract, and the debtor may choose between these two extremes.

Article 206.

Territorial credit banks may issue mortgage bonds for an amount equal to the total amount of real estate loans.

They may also issue special bonds for the amount of loans to the State, provinces and towns.

Article 207.

The mortgage bonds and special obligations referred to in the preceding article shall be registered or bearer, with or without amortization, short or long term, with or without premium.

These bonds and debentures, their coupons and premiums, if any, will be enforceable as provided in the Civil Procedure Law.

Article 208.

Mortgage bonds and special obligations, as well as their interest or coupons and the premiums assigned to them, shall be secured, in preference to any other creditor or obligation, by the credits and loans in favor of the bank or company that issued them and on whose behalf they were created, and consequently, those same loans and credits shall be especially and singularly subject to their payment.

Without prejudice to this special guarantee, they shall enjoy the general guarantee of the company's capital, with preference also, as regards the latter, over the credits resulting from the other operations.

Article 209.

Territorial credit banks may also make loans with mortgages, repayable in a period of less than five years.

These short-term loans will be non-amortizing and will not authorize the issuance of debentures or mortgage bonds, and must be made with the proceeds from the realization of the social fund and its profits.

Article 210.

The territorial credit banks may receive, with or without interest, capital on deposit, and use half of the same to make advances for a term not exceeding ninety days, as well on their bonds and mortgage bonds as on any other securities received as collateral by the banks of issue and discount.

In the absence of payment by the borrower, the bank may request, in accordance with the provisions of Article 323, the sale of the pledged bonds or securities.

Article 211.

All combinations of territorial credit, including mutual homeowners' associations, shall be subject, as to the issuance of debentures and mortgage bonds, to the rules contained in this Section.

Twelfth Section. Special rules for banks and agricultural societies.

Article 212.

It will mainly correspond to the nature of these companies:

1.º To lend in cash or in kind, for a term not exceeding three years, on fruits, crops, livestock or other pledge or special security.

2.º Guarantee with his signature promissory notes and bills payable within a maximum term of ninety days, in order to facilitate their discount or negotiation to the owner or grower.

3.º Other operations whose purpose is to promote the ploughing and improvement of the soil, the draining and drainage of land and the development of agriculture and other related industries.

Article 213.

Banks or agricultural credit companies may have agents outside their domicile to vouch for the solvency of the owners or settlers who request the company's assistance, by affixing their signature to the promissory note to be discounted or endorsed by the company.

Article 214.

The guarantee or endorsement placed by these companies or their representatives, or by the agents referred to in the preceding article, on the promissory notes of the owner or grower, shall entitle the bearer to claim payment thereof, directly and executively, on the day of maturity, from any of the signatories.

Article 215.

The promissory notes of the owner or grower, whether retained by the company or negotiated by it, shall give rise at maturity to the corresponding executive action, in accordance with the Civil Procedure Law, against the assets of the owner or grower who has subscribed them.

Article 216.

The interest and commission to be received by the agricultural credit companies and their agents or representatives shall be freely stipulated, within the limits established by the Bylaws.

Article 217.

Agricultural credit companies may not allocate to the operations referred to in numbers 2 and 3 of article 212 more than 50 percent of their capital stock, the remaining 50 percent being applied to the loans referred to in number 1 of the same article.

Thirteenth Section. Termination and liquidation of commercial companies

Article 218.

Partial termination of the general or limited partnership contract shall be applicable for any of the following reasons:

1.º For using a partner of the common capitals and of the corporate firm for business on his own account.

2.º For interfering in administrative functions of the company by the partner who is not entitled to perform them according to the terms of the partnership contract.

3.º For committing fraud by a managing partner in the administration or accounting of the company.

4.º For failing to put in the common fund the capital that each one stipulated in the partnership contract after having been required to verify it.

5.º For carrying out by a member on his own account trading operations that are not lawful in accordance with the provisions of Articles 136, 137 and 138.

6.º For the absence of a partner who is obliged to render personal services in the partnership if, having been requested to return and fulfill his duties, he does not do so or does not accredit a just cause that temporarily prevents him from doing so.

7.º For failure in any other way by one or more partners to comply with the obligations imposed in the company contract.

Article 219.

The partial rescission of the company will produce the ineffectiveness of the contract with respect to the guilty partner, who will be considered excluded from it, demanding from him the part of loss that may correspond to him, if any, and the company being authorized to retain, without giving him participation in the profits or any indemnification, the funds that it has in the social mass, until all the operations pending at the time of the rescission are finished and liquidated.

Article 220.

As long as the entry of the partial termination of the partnership contract is not made in the Commercial Registry, the liability of the excluded partner will subsist, as well as that of the company, for all the acts and obligations that are practiced, in the name and on behalf of the company, with third parties.

Article 221.

Companies, of any kind whatsoever, shall be totally dissolved for the following causes:

1.ª The fulfillment of the term established in the partnership agreement or the conclusion of the business that constitutes its object.
2.ª The entire loss of capital.
3.ª The opening of the liquidation phase of the company declared bankrupt.

Article 222.

General partnerships and limited partnerships shall also be dissolved for the following reasons:

1.ª The death of one of the general partners, if the partnership deed does not contain an express agreement to continue in the partnership the heirs of the deceased partner or to continue the partnership among the surviving partners.
2.ª Insanity or any other cause that produces the disqualification of a managing partner to administer its assets.
3.ª The opening of the liquidation phase in the insolvency proceedings of any of the general partners.

Article 223.

Commercial companies shall not be understood to be extended by the tacit or presumed will of the partners after the term for which they were constituted has expired, and, if the partners wish to continue as a company, they shall enter into a new contract, subject to all the formalities prescribed for its establishment, as provided in Article 119.

Article 224.

In general partnerships or limited partnerships for an indefinite period of time, if any of the partners demands its dissolution, the others may not oppose it except on the grounds of bad faith on the part of the one proposing it.

It shall be understood that a partner acts in bad faith when, on the occasion of the dissolution of the partnership, he intends to make a private profit that he would not have obtained if the company had survived.

Article 225.

The partner who by his will separates from the company or promotes its dissolution cannot prevent the conclusion of the pending negotiations in the most convenient way for the common interests, and as long as they are not concluded, the assets and effects of the company will not be divided.

Article 226.

The dissolution of the trading company arising from any cause other than the termination of the term for which it was constituted shall not take effect to the detriment of third parties until it is recorded in the Commercial Registry.

Article 227.

In the liquidation and division of the corporate assets, the rules established in the company deed will be observed and, in its absence, those that are expressed in the following articles. However, when the company is dissolved for the 3rd cause foreseen in Articles 221 and 222, the liquidation will be carried out in accordance with the provisions of Chapter II of Title V of the Insolvency Law.

Article 228.

From the moment the company is declared in liquidation, the representation of the managing partners to enter into new contracts and obligations will cease, and their powers, as liquidators, will be limited to collecting the company's credits, extinguishing the obligations contracted beforehand, as they fall due, and carrying out the pending operations.

Article 229.

In partnerships or limited partnerships, if there is no contradiction on the part of any of the partners, those who have been in charge of the administration of the corporate assets will continue to be in charge of the liquidation; but if all the partners do not agree to this, a general meeting will be called without delay and what is resolved therein will be followed, both as regards the appointment of liquidators inside or outside the partnership, and as regards the form and formalities of the liquidation and the administration of the common assets.

Article 230.

Under penalty of dismissal, the liquidators shall:

1.º To prepare and communicate to the partners, within a term of twenty days, the inventory of the corporate assets, with the balance sheet of the accounts of the company in liquidation, according to its accounting books.

2.º Communicate also to the members every month the state of the liquidation.

Article 231.

The liquidators shall be liable before the partners for any loss resulting from fraud or gross negligence in the performance of their duties, without being authorized to make transactions or enter into commitments regarding the corporate interests, unless the partners have expressly granted them these powers.

Article 232.

Once the liquidation has been completed and the case arises of proceeding to the division of the corporate assets, according to the qualification made by the liquidators or the Meeting of partners that any of them may require to be held for this purpose, the same liquidators shall verify said division within the term determined by the Meeting.

Article 233.

If any of the partners believes himself aggrieved in the agreed division, he may exercise his right before the competent Judge or Court.

Article 234.

In the liquidation of commercial companies in which minors have an interest, the father, mother or guardian of such minors, as the case may be, shall act with full faculties

as in their own business, and all acts that such representatives grant or consent to on behalf of their principals shall be valid and irrevocable, without benefit of restitution, without prejudice to the liability that they may incur with respect to the latter for having acted with fraud or negligence.

Article 235.

No partner may demand the delivery of the credit that corresponds to him in the division of the corporate mass, as long as all the debts and obligations of the company have not been extinguished, or the amount thereof has not been deposited, if the delivery cannot be verified in the present.

Article 236.

The first distributions made to the members shall be reduced by the amounts that they have received for their private expenses, or that under any other concept have been advanced to them by the company.

Article 237.

The private assets of the general partners which were not included in the assets of the partnership at the time of its formation, may not be executed for the payment of the obligations contracted by the partnership, until after the partnership assets have been excluded from the assets of the partnership.

Article 238. (Repealed)

TITLE II

Joint Venture Accounts

Article 239.

The merchants may take an interest in each other's operations, contributing to them with such part of the capital as they may agree, and sharing in their prosperous or adverse results in such proportion as they may determine.

Article 240.

Participation accounts shall not be subject to any solemnity in their formation, and may be contracted privately by word of mouth or in writing, and their existence may be proved by any of the means recognized by Law, in accordance with the provisions of Article 51.

Article 241.

In the negotiations referred to in the two preceding articles, it shall not be possible to adopt a commercial reason common to all the participants, nor to use more direct credit than that of the merchant who makes and directs them in his own name and under his individual responsibility.

Article 242.

Those who contract with the merchant who bears the name of the negotiation will only have action against him, and not against the other interested parties, who will also not have action against the third party who contracted with the manager, unless the latter formally assigns his rights to them.

Article 243.

The liquidation shall be made by the manager, who, once the operations have been completed, shall render a justified account of its results.

TITLE III

Commercial commission

Section One. Commission agents

Article 244.

A commercial commission shall be deemed to be a commercial commission when its object is an act or operation of commerce and the principal or the commissioner is a merchant or agent mediating commerce.

Article 245.

The commission agent may carry out the commission by contracting in his own name or in the name of his principal.

Article 246.

When the commission agent contracts in his own name, he shall have no need to declare who the principal is, and shall be bound directly, as if the business were his own, with the persons with whom he contracts, who shall have no action against the principal, nor the principal against them, excepting always those that correspond respectively to the principal and the commission agent among themselves.

Article 247.

If the commission agent contracts on behalf of the principal, he shall state it; and, if the contract is in writing, he shall state it in the same or in the foreword, declaring the name, surname and domicile of said principal.

In the case prescribed in the preceding paragraph, the contract and the actions derived therefrom shall produce their effect between the principal and the person or persons who contracted with the commission agent; but the latter shall remain bound to the persons with whom he contracted, as long as he does not prove the commission, if the principal denies it, without prejudice to the respective obligation and actions between the principal and the commission agent.

Article 248.

In the event of a commission agent refusing an assignment, he shall be obliged to inform the principal by the quickest possible means, and shall confirm this in any case by the mail closest to the day on which he received the commission.

He shall also be obliged to exercise due diligence in the custody and conservation of the effects that the principal has sent him, until the latter designates a new commission agent, in view of his refusal, or until, without waiting for a new designation, the Judge or Court has taken charge of the effects, at the request of the commission agent.

Failure to comply with any of the obligations set forth in the two preceding paragraphs shall render the commission agent liable to indemnify the principal for any damages and losses resulting therefrom.

Article 249.

The commission shall be deemed to have been accepted whenever the commission agent carries out any action, in the performance of the commission given to him by the principal, which is not limited to that specified in the second paragraph of the preceding article.

Article 250.

The performance of commissions requiring the provision of funds shall not be obligatory, even if they have been accepted, as long as the principal does not place at the disposal of the commission agent the sum necessary for this purpose.

Likewise, the commission agent may suspend the steps inherent to his assignment, when, having invested the sums received, the principal refuses to remit new funds requested

by him.

Article 251.

Once the advance of funds for the performance of the commission has been agreed upon, the commission agent shall be obliged to supply them, except in the event of suspension of payments or bankruptcy of the principal.

Article 252.

The commission agent who, without legal cause, does not fulfill the commission accepted or begun to be executed, shall be liable for all damages that may occur to the principal as a result.

Article 253.

Once a contract has been entered into by the commission agent in accordance with the legal formalities, the principal shall accept all the consequences of the commission, except the right to recourse against the commission agent for faults or omissions committed in the performance of the commission.

Article 254.

The commission agent who, in the performance of his duties, submits himself to the instructions received from the principal, shall be exempt from any liability to the principal.

Article 255.

In matters not expressly provided for and prescribed by the principal, the commission agent shall consult the principal, provided that the nature of the business so permits.

But if he is authorized to act at his own discretion, or if consultation is not possible, he will do what prudence dictates and is more in accordance with the use of trade, taking care of the business as his own. In the event that an unforeseen accident should, in the opinion of the commission agent, make the execution of the instructions received risky or prejudicial, he may suspend the performance of the commission, informing the principal, by the most expeditious means possible, of the reasons for his conduct.

Article 256.

In no case may the commission agent proceed against the express order of the principal, and shall be liable for all damages and losses caused by doing so.

The same liability shall apply to the commission agent in cases of malice or abandonment.

Article 257.

The commission agent shall be responsible for the risks of the cash held by him in connection with the commission.

Article 258.

The commission agent who, without the express authorization of the principal, enters into a transaction at prices or conditions more onerous than those prevailing in the market at the date on which it was made, shall be liable to the principal for the loss thereby caused, without being excused by alleging that at the same time and under the same circumstances he carried out transactions on his own account.

Article 259.

The commission agent shall observe the provisions of the Laws and Regulations with respect to the negotiation entrusted to him, and shall be responsible for the results of his contravention or omission. If he has proceeded by virtue of express orders from the principal, the liabilities shall be borne by both of them.

Article 260.

The commission agent shall frequently communicate to the principal the news that is of interest to the success of the negotiation, informing him by mail on the same day, or on the following day, in which they have taken place, of the contracts that he has entered into.

Article 261.

The commission agent shall carry out by himself the orders he receives, and may not delegate them without the prior consent of the principal, unless he is authorized beforehand to do so; but he may, under his responsibility, employ his employees in those subordinate operations which, according to the general custom of commerce, are entrusted to them.

Article 262.

If the commission agent has delegated or substituted with the principal's authorization, he shall be liable for the actions of the substitute, if the person to whom he was to delegate remains at his choice, and if not, his liability shall cease.

Article 263.

The commission agent shall be obliged to render, in relation to his books, a specified and justified account of the amounts he received for the commission, returning to the principal, within the term and in the manner prescribed by the latter, any surplus in his favor.

In case of default, the legal interest will be paid.

The loss and misplacement of excess funds shall be charged to the principal, provided that the commission agent has complied with the instructions of the principal with respect to the return.

Article 264.

The commission agent who, having received funds to carry out a commission, invests them or uses them for a purpose other than that of the commission, shall pay the principal and its legal interest to the principal, and shall be liable, from the day on which he received them, for the damages and losses caused as a consequence of having failed to fulfill the commission, without prejudice to any criminal action that may be applicable.

Article 265.

The commission agent shall be liable for the effects and merchandise he receives, under the terms and with the conditions and qualities with which he was notified of the consignment, unless he records, when taking charge of them, the resulting damage and deterioration, comparing their condition with that stated in the bills of lading or charter party, or in the instructions received from the principal.

Article 266.

The commission agent who has in his possession goods or effects on behalf of others shall be liable for their preservation in the state in which he received them. This liability shall cease when the destruction or damage is due to acts of God, force majeure, lapse of time or defect of the thing itself.

In the event of partial or total loss due to the passage of time or a defect in the goods, the commission agent shall be obliged to legally prove the damage to the goods, making it known to the principal as soon as he notices it.

Article 267.

No commission agent shall buy for himself or for another what he has been instructed to sell, nor shall he sell what he has been instructed to buy, without a license from the principal.

Nor may he alter the markings on the goods he has bought or sold for others.

Article 268.

Commission agents cannot have effects of the same species belonging to different owners, under the same mark, without distinguishing them by a countermark that avoids confusion and designates the respective property of each principal.

Article 269.

If any alteration occurs in the effects entrusted to a commission agent that makes their sale urgent in order to save the possible part of their value, and the haste is such that there is no time to give notice to the principal and await his orders, the commission agent shall go to the competent Judge or Court, who shall authorize the sale with the solemnities and precautions that he deems most beneficial to the principal.

Article 270.

The commission agent may not, without the authorization of the principal, lend or sell on credit or in installments, and in such cases the principal may require payment in cash, leaving in favor of the commission agent any interest, benefit or advantage resulting from such credit in installments.

Article 271.

If the commission agent, with due authorization, sells in installments, he shall state so in the account or notices he gives to the principal, and shall inform him of the names of the purchasers; and, if he does not do so, it shall be understood, with respect to the principal, that the sales were for cash.

Article 272.

If the commission agent receives on a sale, in addition to the ordinary commission, another commission, called guarantee commission, the risks of collection shall be borne by him, and he shall be obliged to pay the principal the proceeds of the sale within the same terms agreed upon by the buyer.

Article 273.

The commission agent shall be liable for the damages caused by his omission or delay, if he does not verify the collection of his principal's credits at the times when they were due, unless he proves that he made timely use of the legal means to obtain payment.

Article 274.

The commission agent in charge of a shipment of effects, who has an order to insure them, shall be liable, if he fails to do so, for the damages that may occur to them, provided that the necessary provision of funds to pay the insurance premium has been made, or he has been obliged to advance them and fails to give immediate notice to the principal of the impossibility of contracting him.

If the insurer is declared bankrupt, the commission agent shall be obliged to conclude a new insurance contract, unless the principal has advised him otherwise.

Article 275.

The commission agent who, as such, has to send goods to another point, shall contract the transportation, fulfilling the obligations imposed on the shipper in land and sea transportation.

If he contracts the carriage in his own name, even if he does so for another's account, he shall be subject to all the obligations imposed on shippers in land and maritime transport.

Article 276.

The effects sent on consignment shall be understood to be especially obliged to pay the commission fees, advances and expenses incurred by the commission agent on account of their value and proceeds.

As a consequence of this obligation:

1. No commission agent may be dispossessed of the effects he has received on consignment, without prior reimbursement of his advances, expenses and commission fees.

2.º On account of the proceeds of the same goods, the commission agent shall be paid in preference to the principal's other creditors, except as provided in Article 375.

In order to enjoy the preference set forth in this article, it shall be a necessary condition that the effects are in the possession of the consignee or commission agent, or that they are at his disposal in a public deposit or warehouse, or that the shipment has been verified by consigning it in his name, having received the bill, voucher or transport document signed by the person in charge of verifying it.

Article 277.

The principal shall be obliged to pay the commission premium to the commission agent, unless otherwise agreed.

In the absence of an express agreement on the fee, it shall be fixed in accordance with the commercial usage and practice of the place where the commission is made.

Article 278.

The principal shall also be obliged to pay in cash to the commission agent, by means of a justified account, the amount of all his expenses and disbursements, with the legal interest from the day on which they were incurred until their total reimbursement.

Article 279.

The principal may revoke the commission granted to the commission agent, at any stage of the business, by informing him, but always remaining bound to the results of the steps taken before having informed him of the revocation.

Article 280.

Upon the death of the commission agent or his disqualification, the contract shall be rescinded; but upon the death or disqualification of the principal, the contract shall not be rescinded, although it may be revoked by his representatives.

Second Section. Other forms of mercantile mandate. Factors, dependents and servants

Article 281.

The merchant may appoint attorneys-in-fact or general or individual agents or representatives to carry on business in his name and on his behalf, in whole or in part, or to assist him in doing so.

Article 282.

The factor must have the necessary capacity to be bound under this Code, and the power of attorney of the person on whose behalf he/she is doing business.

Article 283.

The manager of an enterprise or manufacturing or commercial establishment for the account of others, authorized to administer it, direct it and contract on the things concerning it, with more or less powers, as the owner has deemed convenient, shall have the legal concept of factor, and the provisions contained in this section shall be applicable to him.

Article 284.

The factors shall negotiate and contract in the name of their principals, and in all the documents they sign in such capacity, they shall express that they do so with power of attorney or on behalf of the person or company they represent.

Article 285.

By contracting the factors under the terms provided for in the preceding article, the principals shall be responsible for all obligations contracted by them.

Any claim to compel their performance shall be effective in the assets of the principal, establishment or company, and not in those of the factor, unless they are confused with the former.

Article 286.

Contracts entered into by the factor of a manufacturing or commercial establishment or company, when it notoriously belongs to a known company or corporation, shall be understood to have been made on behalf of the owner of said company or corporation, even if the factor has not expressed it at the time of entering into them, or if abuse of trust is alleged, transgression of powers or appropriation by the factor of the effects object of the contract, provided that these contracts relate to objects included in the line of business and traffic of the establishment, or if, even if of a different nature, it appears that the factor acted with the order of his principal, or that the latter approved his management in express terms or by positive facts.

Article 287.

A contract made by a factor in his own name shall bind him directly to the person with whom he has entered into it; but if the negotiation has been made on behalf of the principal, the other contracting party may direct his action against the factor or against the principal.

Article 288.

Factors may not deal on their own account, nor engage in negotiations in their own name or in the name of others of the same type as those they make in the name of their principals, unless they are expressly authorized to do so by their principals.

If they negotiate without this authorization, the profits of the negotiation shall be for the principal, and the losses shall be borne by the factor.

If the principal has granted the factor authorization to carry out operations on his own account or in association with other persons, he shall not be entitled to the profits nor shall he share in any losses that may arise.

If the principal has interested the factor in any operation, the participation of the latter in the profits shall be, unless otherwise agreed, proportionate to the capital contributed by him; and if he does not contribute capital, he shall be considered an industrial partner.

Article 289.

The fines that the factor may incur for contraventions to the fiscal laws or public administration regulations in the management of his factory shall become effective immediately in the assets he administers, without prejudice to the right of the principal against the factor for his guilt in the facts that gave rise to the fine.

Article 290.

The powers conferred to a factor shall be deemed to subsist as long as they are not expressly revoked, notwithstanding the death of the principal or of the person from whom they were duly received.

Article 291.

The acts and contracts executed by the factor shall be valid, with respect to his principal, provided that they are prior to the time when the revocation of the powers of attorney or the alienation of the establishment comes to his knowledge by a legitimate means.

They shall also be valid in relation to third parties, as long as the provisions of number 6 of article 21 have not been complied with, as regards the revocation of the powers of attorney.

Article 292.

The merchants may entrust to other persons, in addition to the factors, the constant performance, in their name and on their account, of any or some of the operations proper to the trade in which they are engaged, by virtue of a written or verbal agreement; the companies may include it in their regulations and the individuals may communicate it by public notices or by means of circulars to their correspondents.

The acts of these dependents or individual agents shall not bind their principal except in the operations proper to the branch specifically entrusted to them.

Article 293.

The provisions of the preceding article shall also be applicable to the commercial officers who are authorized to govern a mercantile operation or any part of the business and traffic of their principal.

Article 294.

The grocers in charge of retail sales in a public warehouse shall be deemed authorized to collect the amount of the sales they make, and their receipts shall be valid, issued in the name of their principals.

The same power shall be vested in the grocers who sell in wholesale stores, provided that the sales are in cash and the payment is made in the same store; but when the collections are to be made outside the store, or come from sales made in installments, the receipts shall necessarily be signed by the principal or his factor, or by an agent legitimately constituted to collect.

Article 295.

When a merchant entrusts his servant with the reception of goods, and the latter receives them without any objection as to their quantity or quality, his reception shall have the same effect as if it had been made by the principal.

Article 296.

Without the consent of their principals, neither the factors nor the commercial servants may delegate to others the orders they receive from them; and if they do so without such consent, they shall be directly liable for the actions of the substitutes and for the obligations contracted by the latter.

Article 297.

Factors and trade servants shall be liable to their principals for any damage they may cause to their interests by having acted with malice, negligence or in violation of the orders or instructions they may have received in the performance of their duties.

Article 298.

If, as a result of the service rendered by a commercial servant, he incurs any extraordinary expense or experiences any loss, unless an express agreement has been made between him and his principal, the latter shall be liable to compensate him for the loss suffered.

Article 299.

If the contract between the merchants and their servants and dependents has been concluded for a fixed term, neither of the contracting parties may, without the consent of the other, withdraw from its performance until the expiration of the agreed term.

Those who contravene this clause shall be subject to compensation for damages, except as provided in the following articles.

Article 300.

Special causes for merchants to dismiss their employees, notwithstanding the fact that the term of the commitment has not been fulfilled, shall be special causes:

1.ª Fraud or abuse of trust in the management entrusted to them.

2.ª To make any trade negotiation on one's own account without the express knowledge and license of the principal.

3.ª To seriously disrespect and disregard the respect and consideration due to him/her or to the persons of his/her family or dependents.

Article 301.

The dependents shall be entitled to discharge their principals even if they have not completed the term of the pledge:

1.ª Failure to pay the agreed salary or stipends within the established terms.

2.ª Failure to comply with any of the other conditions agreed upon for the benefit of the dependent.

3.ª Bad treatment or serious offenses on the part of the principal.

Article 302.

In the event that the pledge does not have a fixed term, either party may terminate it by giving one month's notice to the other party.

The factor or servant shall be entitled, in this case, to the salary corresponding to such allowance.

TITLE IV

From the commercial deposit

Article 303.

For the deposit to be mercantile, it is required:

1.º The depositary must at least be a merchant.

2.º That the deposited things are object of commerce.

3.º That the deposit constitutes in itself a mercantile operation or is made as a cause or as a consequence of mercantile operations.

Article 304.

The depositary shall have the right to demand remuneration for the deposit, unless otherwise expressly agreed.

If the contracting parties have not fixed the amount of the remuneration, it shall be regulated according to the customs of the place where the deposit has been constituted.

Article 305.

The deposit shall be constituted by the delivery to the depositary of the thing which constitutes its object.

Article 306.

The depositary is obliged to keep the thing that is the object of the deposit as he receives it, and to return it with its additions, if any, when the depositor asks for it.

In the conservation of the deposit, the depositary shall be liable for the damages and losses that the deposited things suffer due to his malice or negligence and also for those arising from the nature or defect of the things, if in these cases he did not do what was necessary to avoid or remedy them, giving notice of them to the depositor as soon as they become apparent.

Article 307.

When the deposits are in cash, specifying the currencies of which they consist, or when they are delivered sealed or closed, any increase or decrease in their value shall be for the account of the depositor.

The risks of such deposits shall be borne by the depositary, and the depositary shall be responsible for any damage suffered, unless it is proved that such damage was caused by force majeure or an insurmountable fortuitous event.

When the cash deposits are constituted without specification of coins or without closing or sealing, the depositary shall be liable for their conservation and risks under the terms established by the second paragraph of article 306.

Article 308.

The depositaries of titles, securities, effects or documents that accrue interest are obliged to collect them at the time of their maturity, as well as to perform such acts as may be necessary to ensure that the deposited effects retain the value and rights that correspond to them in accordance with the legal provisions.

Article 309.

Whenever the depositary, with the consent of the depositor, disposes of the things that are the object of the deposit, either for himself or his business, or for operations entrusted to him by the depositor, the rights and obligations of the depositor and depositary shall cease, and the rules and provisions applicable to the commercial loan, commission or contract entered into by them in substitution of the deposit shall be observed.

Article 310.

Notwithstanding the provisions of the preceding articles, deposits verified in banks, general warehouses, credit companies or any other companies shall be governed, in the first place, by their bylaws; secondly, by the prescriptions of this Code, and finally, by the rules of common law, which are applicable to all deposits.

TITLE V

Commercial loans

Section one. Commercial loans

Article 311.

The loan will be considered mercantile if the following circumstances concur:

1.ª If any of the contracting parties is a merchant.
2.ª If the things lent are destined to acts of commerce.

Article 312.

If the loan consists of money, the debtor shall pay by returning an amount equal to that received, according to the legal value of the currency at the time of return, unless the type of currency in which the payment is to be made has been agreed upon, in which case the alteration in its value shall be to the detriment or benefit of the lender.

In the case of loans of securities, the debtor shall pay by returning as many others of the same type and identical conditions, or their equivalents if they have been extinguished, unless otherwise agreed.

If the loans were in kind, the debtor must return, unless otherwise agreed, the same amount in the same kind and quality, or its equivalent in cash if the kind owed has been extinguished.

Article 313.

In the case of loans for an indefinite period of time or without a fixed maturity date, the debtor may not be required to pay until thirty days after the date of the notarial demand made to him.

Article 314.

Loans shall not accrue interest unless agreed in writing.

Article 315.

The interest on the loan may be agreed upon, without any rate or limitation of any kind. Any benefit agreed upon in favor of the creditor shall be deemed to be interest.

Article 316.

Debtors who delay payment of their debts after the due date must pay the interest agreed for this case or, failing this, the legal interest from the day following the due date.

If the loan consists of goods in kind, in order to compute the interest, its value shall be adjusted by the prices of the loaned goods in the market where the repayment is to be made, on the day following the maturity date, or by the price determined by experts, if the goods are extinguished at the time of valuation.

And if the loan consists of securities, the interest for default shall be that which the securities or securities themselves accrue, or, failing that, the legal rate, the price of the securities being determined by the price they have on the Stock Exchange, if they are listed, or on the market otherwise, on the day following the maturity date.

Article 317.

Overdue and unpaid interest shall not accrue interest. The contracting parties may, however, capitalize liquid and unpaid interest, which, as an increase in capital, shall accrue new interest.

Article 318.

The receipt of the principal by the creditor, without expressly reserving the right to the interest agreed or due, shall extinguish the debtor's obligation in respect thereof.

Payments on account, when their application is not expressly stated, shall be allocated first to the payment of interest in order of maturity, and then to the payment of principal.

Article 319.

Once a claim has been filed, interest may not accrue to the principal in order to demand higher yields.

Section Two. Loans secured by securities

Article 320.

The loan secured by securities admitted to negotiation in an official secondary market, made in a policy with the intervention of a Chartered Commercial Broker or in a public deed, shall always be deemed to be mercantile.

The lender shall have on the pledged securities, in accordance with the provisions of this Section, the right to collect his claim in preference to the other creditors, who may not dispose of them except in satisfaction of the claim constituted on them.

Article 321.

The contract policy must state the data and circumstances necessary for the proper identification of the securities pledged as collateral.

Article 322.

Upon expiration of the term of the loan, the creditor, unless otherwise agreed and without the need to request the debtor, shall be authorized to request the sale of the securities pledged as collateral, for which purpose it shall deliver to the governing bodies of the corresponding official secondary market the loan policy or deed, accompanied by the pledged securities or the certificate evidencing the registration of the collateral, issued by the entity in charge of the corresponding accounting registry.

The governing body, once the appropriate verifications have been made, shall adopt the necessary measures to dispose of the pledged securities, on the same day on which it receives the creditor's communication, or, if this is not possible, on the following day, through a member of the corresponding official secondary market.

The pledgee may only make use of the special enforcement procedure regulated in this article during the three working days following the maturity of the loan.

Article 323.

The provisions of this Section shall also apply to current credit accounts opened by credit institutions when it has been agreed that the amount payable in the event of foreclosure shall be the amount specified in the certificate issued by the creditor institution, in which case, in addition to the documents referred to in the preceding article, the aforementioned certificate shall be delivered together with the reliable document referred to in Article 1.435 of the Civil Procedure Law.

Article 324.

The securities pledged in accordance with the provisions of the preceding articles shall not be subject to claim as long as the lender is not reimbursed, without prejudice to the rights and actions of the dispossessed holder against the persons responsible under the Laws, for the acts by virtue of which he has been deprived of the securities given as collateral.

TITLE VI

Commercial sale and exchange and transfer of non-endorsable receivables

Section One. Purchase and sale

Article 325.

The purchase and sale of movable things for resale, either in the same form in which they were purchased, or in a different one, with the intention of profiting from the resale, shall be mercantile.

Article 326.

They shall not be considered commercial:

1.º The purchases of effects destined for the consumption of the buyer or of the person on whose behalf they were acquired.

2.º The sales made by landowners and farmers or ranchers of the fruits or products of their crops or livestock, or of the species in which the rents are paid to them.

3.º The sales of objects constructed or manufactured by the artisans, made by them in their workshops.

4.º The resale made by any non-merchant person of the rest of the stockpiles made for his own consumption.

Article 327.

If the sale is made on the basis of samples or by determining the quality known in the trade, the buyer may not refuse to receive the goods contracted, if they conform to the samples or to the quality specified in the contract.

In the event that the buyer refuses to receive them, experts shall be appointed by both parties who shall decide whether or not the goods are receivable.

If the appraisers declare to be of receipt, the sale shall be deemed to be consummated, and if not, the contract shall be rescinded, without prejudice to the compensation to which the buyer is entitled.

Article 328.

In purchases of goods that are not in sight and cannot be classified by a specific quality known in the trade, it shall be understood that the buyer reserves the right to examine them and to freely rescind the contract if the goods do not suit him.

The buyer shall also have the right of rescission if by express agreement he has reserved the right to test the contracted goods.

Article 329.

If the seller fails to deliver the sold goods within the stipulated period, the buyer may request performance or rescission of the contract, with compensation, in either case, for the damages caused by the delay.

Article 330.

In contracts in which it is agreed to deliver a determined quantity of goods within a fixed term, the buyer shall not be bound to receive a part, even under promise to deliver the rest; but if he accepts partial delivery, the sale shall be consummated as to the goods received, except for the buyer's right to demand performance of the contract or its rescission for the rest, in accordance with the preceding article.

Article 331.

The loss or deterioration of the effects before their delivery, by unforeseen accident or through no fault of the seller, shall entitle the buyer to rescind the contract, unless the seller has become the bailee of the goods in accordance with article 339, in which case his obligation shall be limited to that arising from the deposit.

Article 332.

If the buyer refuses without just cause the receipt of the purchased goods, the seller may request the performance or rescission of the contract, depositing the goods judicially in the first case.

The same judicial deposit may be constituted by the seller whenever the buyer delays taking delivery of the goods.

The expenses arising from the deposit shall be for the account of the person who has given the reason for the deposit.

Article 333.

Any damage or loss which may occur to the goods, the contract being perfect and the seller having the goods at the disposal of the buyer at the place and time agreed, shall be for the buyer's account, except in cases of fraud or negligence on the part of the seller.

Article 334.

Damage and impairment suffered by the goods, even in the event of an act of God, shall be for the Seller's account in the following cases:

1.º If the sale has been made by number, weight or measure, or the thing sold is not certain and determined, with marks and signs that identify it.

2.º If by express agreement or by usage of trade, in view of the nature of the thing sold, the buyer has the right to recognize and examine it beforehand.

3.º If the contract had the condition of not making the delivery until the sold thing acquires the stipulated conditions.

Article 335.

If the effects sold perish or deteriorate at the seller's expense, he shall return to the buyer the part of the price he has received.

Article 336.

The buyer who, at the time of receiving the goods, examines them to his satisfaction, shall have no right of action against the seller alleging defect or defect of quantity or quality in the goods.

The buyer shall have the right of recourse against the seller for defects in the quantity or quality of the goods received wrapped or packaged, provided that the action is brought within four days of receipt and the damage is not due to an act of God, inherent vice of the thing or fraud.

In these cases, the buyer may opt for the rescission of the contract or for its performance as agreed, but always with the indemnification of the damages caused by the defects or faults.

The seller may avoid this claim by requiring, at the time of delivery, that an acknowledgment be made, as to quantity and quality, to the satisfaction of the buyer.

Article 337.

If the time for delivery of the goods sold has not been stipulated, the seller must have them at the disposal of the buyer within twenty-four hours following the contract.

Article 338.

The costs of delivery of the goods in commercial sales shall be borne by the seller until they are placed, weighed or measured, at the disposal of the buyer, unless otherwise expressly agreed.

The cost of its receipt and removal outside the place of delivery shall be borne by the buyer.

Article 339.

Once the goods sold have been placed at the disposal of the buyer, and the buyer is satisfied, or the goods have been judicially deposited, in the case provided for in article 332, the obligation to pay the price in cash or in the installments agreed with the seller shall commence for the buyer.

The latter shall become the depositary of the effects sold and shall be bound to their custody and preservation in accordance with the laws of deposit.

Article 340.

As long as the goods sold are in the seller's possession, even if as a deposit, the latter shall have preference over them over any other creditor to obtain payment of the price with interest for delay.

Article 341.

The delay in the payment of the price of the purchased thing will constitute the buyer in the obligation to pay the legal interest of the amount owed to the seller.

Article 342.

The buyer who has not made any claim based on the internal defects of the thing sold, within thirty days after its delivery, shall lose all action and right to repeat for this cause against the seller.

Article 343.

The amounts that, by way of down payment, are delivered in commercial sales, shall always be deemed to be given on account of the price and as proof of the ratification of the contract, unless otherwise agreed.

Article 344.

Commercial sales shall not be rescinded for cause of injury; but the contracting party who has acted with malice or fraud in the contract or in its performance shall be liable for damages, without prejudice to criminal action.

Article 345.

In all commercial sales, the seller shall be obliged to eviction and reorganization in favor of the buyer, unless otherwise agreed.

Section Two. On Exchanges

Article 346.

Commercial exchanges shall be governed by the same rules as those prescribed in this title with respect to purchases and sales, insofar as they are applicable to the circumstances and conditions of those contracts.

Section Three. Transfers of nonendorsable credits

Article 347.

Commercial credits that are not endorsable or bearer credits may be transferred by the creditor without the debtor's consent, it being sufficient to inform the debtor of the transfer.

The debtor shall be bound to the new creditor by virtue of the notification, and as soon as it takes place, only the payment made to the new creditor shall be considered legitimate.

Article 348.

The assignor shall be liable for the legitimacy of the credit and for the personality with which he made the assignment; but not for the solvency of the debtor, unless an express agreement so declares.

TITLE VII

Commercial contract of land transportation

Articles 349 to 379.

(Repealed)

TITLE VIII

Insurance contracts

Articles 380 to 438.

(Repealed)

TITLE IX

Commercial surety bonds

Article 439.

Any surety whose purpose is to secure the performance of a commercial contract, even if the surety is not a merchant, shall be deemed to be a merchant.

Article 440.

The commercial guarantee must be in writing, without which it shall have no value or effect.

Article 441.

The commercial surety shall be free of charge, unless otherwise agreed.

Article 442.

In contracts for an indefinite period of time, once a payment to the surety has been agreed upon, the bond shall subsist until, by the complete termination of the main contract to be bonded, the obligations arising therefrom are definitively cancelled, regardless of its duration, unless by express agreement a term has been fixed for the bond.

TITLE X

Contract and bills of exchange

Articles 443 to 530.

(Repealed)

TITLE XI

Draft, vouchers and promissory notes to order, and payment orders called checks.

Articles 531 to 543.

(Repealed)

TITLE XII

Bearer effects and forgery, theft, robbery or loss thereof.

Section one. Bearer instruments

Article 544.

All bills of exchange to order, referred to in the preceding title, may be issued to bearer and, like the former, shall be enforceable from the day of their maturity, with no other requirement than the acknowledgment of the signature of the person responsible for their payment.

The day of expiration shall be counted according to the rules established for bills of exchange issued to order, and no exceptions other than those indicated in Article 523 shall be admitted against the executive action.

Article 545.

Bearer titles shall be transferable by tradition of the document. The title whose possession is acquired by a third party in good faith and without gross negligence shall not be subject to claim. The rights and actions of the legitimate owner against those responsible for the acts that have deprived him of his ownership shall remain unaffected.

Article 546.

The holder of a bearer bill of exchange shall have the right to compare it with its matrices whenever he deems it convenient.

Section Two. Theft, robbery or loss of credit documents and bearer instruments.

Article 547.

For the purposes of this Section, bearer credit documents shall be considered as such, as the case may be:

1. Credit documents against the State, provinces or municipalities, legally issued.
2. º Those issued by foreign nations whose listing has been authorized by the Government at the proposal of the Syndicate Board of the Agents' Association.
3. The bearer credit documents of foreign companies incorporated under the law of the State to which they belong.
4. Bearer credit documents issued in accordance with their constitutive law by national establishments, companies or enterprises.
5. º Those issued by individuals, provided they are mortgaged or sufficiently secured.

Article 548.

The dispossessed owner, for any reason whatsoever, may go before the competent Judge or Court to prevent the payment to a third person of the principal, interest or dividends due or to become due, as well as to prevent the transfer of ownership of the title to another person or to obtain the issuance of a duplicate of the title.

The competent Judge or Court shall be the one exercising jurisdiction in the district in which the debtor establishment or person is located.

Article 549.

In the complaint made to the Judge or Court by the dispossessed owner, he must indicate the name, nature, nominal value, number, if any, and series of the titles; and also, if possible, the time and place in which he became owner, and the manner of his ownership.

acquisition; the time and place where the last interest or dividends were received; and the circumstances accompanying the dispossession.

The dispossessed person, when filing the complaint, shall indicate, within the district in which the competent Judge or Court exercises jurisdiction, the domicile where all notifications shall be made known to him.

Article 550.

If the complaint refers only to the payment of the principal or interest or dividends due or to become due, the Judge or Court, justified as to the legitimacy of the acquisition of the title, shall uphold it, ordering it on the spot:

1.º That the denunciation be published immediately in the Madrid Gazette, in the Official Gazette of the province and in the Official Gazette of Notices of the locality, if any, indicating a brief term within which the holder of the title may appear.

2.º That it be brought to the attention of the management center that issued the security, or of the company or individual from whom it originates, so that they may withhold the payment of principal and interest.

Article 551.

The application shall be heard by the Public Prosecutor's Office and in the manner prescribed for incidents in the Civil Procedure Law.

Article 552.

If one year has elapsed since the denunciation without being contradicted by anyone, and if two dividends have been distributed in the interval, the denouncing party may ask the Judge or Court for authorization, not only to receive the interest or dividends due or to become due, in the proportion and measure of their demandability, but also the capital of the securities, if they have become demandable.

Article 553.

Once the authorization has been granted by the Judge or Court, the dispossessed person must, before receiving the interest or dividends or the capital, provide sufficient and extensive security for the amount of the annuities due and also double the value of the last annuity due.

After two years have elapsed since the authorization without the complainant being contradicted, the surety shall be cancelled.

If the complainant is unwilling or unable to provide the surety, he may demand from the debtor company or individual the deposit of the interest or dividends due or of the capital due, and receive, after two years, if there is no contradiction, the deposited values.

Article 554.

If the capital becomes due after the authorization has been granted, it may be requested under surety or the deposit may be required.

After five years have elapsed without opposition since the authorization, or ten years from the time of enforceability, the dispossessed person may receive the deposited securities.

Article 555.

The solvency of the surety shall be assessed by the Judges or Courts.

The complainant may provide a surety bond and constitute it in income securities of the State, recovering it at the end of the term indicated for the surety bond.

Article 556.

If in the complaint it is a question of bearer coupons separated from the title, and the opposition has not been contradicted, the opposing party may collect the amount of the coupons after three years from the date of the judicial declaration upholding the complaint.

Article 557.

Payments made to the dispossessed person in accordance with the rules set forth above exempt the debtor from any obligation; and the third party who considers himself prejudiced shall only retain a personal action against the opposing party who proceeded without just cause.

Article 558.

If, before the release of the debtor, a third party presents himself with the titles denounced, the first party must retain them and inform the Judge or Court and the first opponent, indicating at the same time the name, residence or circumstances by which the third party may come to the knowledge of the third party.

The filing of a third party shall suspend the effects of the opposition until the Judge or Court decides.

Article 559.

If the purpose of the complaint is to prevent the negotiation or transfer of listed securities, the dispossessed person may address the Board of the Association of Agents, reporting the theft, robbery or loss, and attaching a note stating the series and numbers of the securities lost, the time of their acquisition and the title by which they were acquired.

The Syndicate Board, on the same or the next Stock Exchange day, shall post a notice on the notice board; it shall announce, at the opening of the Stock Exchange, the denunciation made, and shall notify the other Syndicate Boards of the Nation, informing them of said denunciation.

The same announcement will be made, at the expense of the complainant, in the Madrid Gazette, in the Official Gazette of the province and in the Official Gazette of Notices of the respective locality.

Article 560.

The negotiation of stolen, stolen or lost securities, made after the announcements referred to in the preceding article, shall be null and void, and the purchaser shall not enjoy the right of non-reclaim; but the third party holder's right against the seller and against the agent who intervened in the transaction shall be safeguarded.

Article 561.

Within nine days, the person who has denounced the theft, robbery or loss of the securities must obtain the corresponding order from the Judge or Court, ratifying the prohibition to negotiate or dispose of the aforementioned securities.

If this order is not notified or brought to the attention of the Labor Union Board within nine days, the Board will annul the announcement and the subsequent sale of the securities will be valid.

Article 562.

After five years have elapsed, counting from the publications made pursuant to the provisions of Articles 550 and 559, and from the ratification of the Judge or Court referred to in Article 561, without any opposition to the complaint having been made, the Judge or Court shall declare the nullity of the stolen or lost title, and shall communicate it to the official management center, company or individual from which it originates, ordering the issuance of a duplicate in favor of the person who turns out to be its legitimate owner.

If within five years a third opponent is presented, the term will be suspended until the Judges or Courts decide.

Article 563.

The duplicate shall bear the same number as the original title; it shall state that it was issued in duplicate; it shall produce the same effects as the original title, and shall be negotiable under the same conditions.

The issuance of the duplicate shall annul the original title, and shall be so recorded in the

entries or records relating thereto.

Article 564.

If the purpose of the denunciation of the dispossessed person is not only the payment of the capital, dividends or coupons, but also to prevent the negotiation or transfer of the listed securities on the Stock Exchange, the rules established for each one in the preceding articles shall be observed, as the case may be.

Article 565.

Notwithstanding the provisions of this Section, if the dispossessed person has acquired the securities on the Stock Exchange, and the complaint is accompanied by the Agent's certificate in which the securities or effects are fixed and determined in such a way as to show his identity, before going to the Judge or Court he may do so to the debtor establishment or person, and even to the Syndicate Board of the Agents' Association, opposing payment and requesting the appropriate publications. In such case, the debtor establishment or house and the Union Board shall be obliged to proceed as if the Court or Tribunal had notified them that the complaint had been admitted and upheld.

If the Judge or Court, within a period of one month, does not order the withholding or publication, the denunciation made by the dispossessed person shall be without effect, and the debtor establishment or person and the Union Board shall be released from all liability.

Article 566.

The foregoing provisions shall not apply to Banco de España banknotes, nor to banknotes of the same kind issued by establishments subject to the same regime, nor to bearer securities issued by the State, which are governed by special Laws, Decrees or Regulations.

TITLE XIII

Letter of credit orders

Article 567.

Letters of credit are those issued from merchant to merchant or to attend to a commercial operation.

Article 568.

The essential conditions of the letters of credit shall be:

1.ª Issued in favor of a specific person, and not to order.

2.ª Contracting to a fixed and specific amount, or to one or more undetermined amounts, but all included in a maximum whose limit must be precisely indicated.

Those that do not have any of the latter circumstances will be considered as simple letters of recommendation.

Article 569.

The giver of a letter of credit shall be liable to the person to whose charge he gave it, for the amount paid under it, within the maximum amount fixed therein.

Letters of credit may not be protested even if they are not paid, nor shall the bearer of such letters of credit acquire any action for such default against the person who gave it to him.

The payer shall have the right to demand verification of the identity of the person in whose favor the letter of credit was issued.

Article 570.

The giver of a letter of credit may cancel it by informing the bearer and the person to whom it is addressed.

Article 571.

The bearer of a letter of credit shall promptly reimburse the giver for the amount received.

If it does not do so, it may be demanded by executive action, with the legal interest and the current exchange rate in the place where the payment was made, on the place where the reimbursement is made.

Article 572.

If the bearer of a letter of credit has not made use of it within the term agreed with the giver of the same, or, failing the fixing of a term, within six months from its date, in any part of Europe, and twelve months in those outside Europe, it shall be null and void in fact and in law.

BOOK III

Maritime trade

Articles 573 to 869.

(repealed)

BOOK IV

Suspension of payments, bankruptcy and statutes of limitations

TITLE ONE

Suspension of payments and bankruptcy in general

Articles 870 to 941.

(Repealed)

TITLE II

Prescriptions

Article 942.

The terms established in this Code for the exercise of actions arising from commercial contracts shall be fatal, without restitution being given against them.

Article 943.

Actions that under this Code do not have a specific time limit to be brought in court shall be governed by the provisions of the common law.

Article 944.

The statute of limitations shall be interrupted by the lawsuit or any other type of judicial interpellation made to the debtor; by the acknowledgment of the obligations, or by the renewal of the document on which the creditor's right is based.

The statute of limitations shall be deemed not to have been interrupted by the judicial interpellation, if the plaintiff withdraws it, or if the instance lapses, or if his claim is dismissed.

In the case of recognition of obligations, the statute of limitations shall begin to run again from the day on which it is made; in the case of renewal, from the date of the new title; and if the term of performance of the obligation has been extended in the new title, from the date on which it expires.

Article 945.

The liability of stockbrokers, commercial brokers or ship interpreters, in the obligations they intervene by reason of their trade, shall be subject to the statute of limitations after three years.

Article 946.

The real action against the bail of the mediating agents shall only last for six months, counted from the date of receipt of the public effects, trade securities or funds delivered to them for the negotiations, except for the cases of interruption or suspension expressed in Article 944.

Article 947.

The actions of the partner against the partnership, or vice versa, shall be barred for three years, counted, as the case may be, from the separation of the partner, his exclusion, or the dissolution of the partnership.

In order for this period to run, the separation of the partner, his exclusion or dissolution of the company must be recorded in the Commercial Registry.

The right to receive dividends or payments agreed upon as profits or capital on the part or shares corresponding to each partner in the corporate assets shall also be subject to a five-year statute of limitations, counted from the day indicated for the commencement of their collection.

Article 948.

The statute of limitations for the benefit of a partner who has withdrawn from the partnership or who has been excluded from it, as determined in the preceding article, shall not be interrupted by legal proceedings brought against the partnership or against another partner.

The statute of limitations for the benefit of the partner who was part of the partnership at the time of its dissolution will not be interrupted by legal proceedings against another partner, but will be interrupted by those against the liquidators.

Article 949.

The action against the managing partners and administrators of the companies or partnerships will terminate after four years, counting from the time they cease for any reason in the exercise of the administration.

Article 950.

Actions arising from bills of exchange shall be extinguished three years after their maturity, whether or not they have been protested.

The same rule shall apply to commercial drafts and promissory notes, checks, checks, checks and other draft or exchange documents, and to dividends, coupons or redemption amount of obligations issued in accordance with this Code.

This article is repealed as regards the statute of limitations for actions derived from the titles regulated in Law 19/1985, of July 16, 1985, Ref. BOE-A-1985-14880.

Article 951.

Article 952.

Article 953. (Repealed)

Article 954. (Repealed)

TITLE III

General Provision

Article 955.

In cases of war, officially declared epidemic or revolution, the Government may, by agreement of the Council of Ministers and after reporting to the Cortes, suspend the action of the time periods indicated by this Code for the effects of mercantile operations, determining the points or places where it deems the suspension convenient, when it is not to be general throughout the Kingdom.