



شعبة الترجمة الرسمية
Official Translation Department

Commercial Papers Law

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Translation of Saudi Laws



NOTE:

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



Commercial Papers Law

Part 1: Bill of Exchange

Chapter 1: Issuing a Bill of Exchange

Article 1

A bill of exchange shall include the following particulars:

- a) The statement “bill of exchange” written in the body of the instrument and in the language in which it is issued.
- b) An unconditional order to pay a fixed amount of money.
- c) Name of the obligor (drawee).
- d) Maturity date.
- e) Place of payment.
- f) Name of the payee, whether the bill is payable to bearer or to order;
- g) Date and place of issuance.
- h) Signature of the issuer (drawer).

Article 2

An instrument that does not include any of the particulars stated in Article 1 shall not be deemed a bill of exchange except in the following cases:

- a) If a bill does not include a maturity date, it shall be deemed payable at sight.
- b) If a bill does not include a place of payment or the drawee’s domicile, the place indicated next to the drawee’s name shall be deemed both the place of payment and the drawee’s domicile.
- c) If a bill does not include the place of issuance, it shall be deemed issued in the place indicated next to the drawer’s name.

Article 3

A bill of exchange may be drawn to the order of the drawer or the order of another person, and may be drawn on the drawer’s account.

Article 4

A bill of exchange may stipulate that payment be made in the domicile of a person other than the drawee, whether such domicile is in the place where the drawee’s domicile is located or elsewhere.

Article 5

If the amount of the bill of exchange is written both in words and in figures, the amount written in words shall prevail in case of a discrepancy; if the amount is written multiple times in words or figures, the lesser amount shall prevail in case of a discrepancy.



Article 6

Stipulating interest in a bill of exchange shall render the bill null and void.

Article 7

The competence of an obligor to pay a bill of exchange shall be governed by the law of his country of residence. For Saudi nationals, the age of competence is 18.

If a person is deemed incompetent under the law in force in his country, his obligation under the bill shall remain valid if he signs it in the territory of a country where he is deemed competent under its law.

Article 8

The obligations of minors who are not merchants and the obligations of incompetent persons which arise from their signatures on the bill of exchange shall be invalid; such invalidity may be invoked against holders of the bill, including *bona fide* holders.

Article 9

If a bill of exchange bears the signatures of incompetent or fictitious persons, or forged signatures, or signatures that, for any other reason, are not binding on the signatories of the bill or the persons in whose names the bill is signed, the obligations of the remaining signatories shall remain valid.

Article 10

A person who signs a bill of exchange on behalf of another person without his authorization shall be personally liable under the bill; if said person satisfies the bill, the rights that are conferred on the person he claims to represent shall pass on to him. This provision shall apply to any person who exceeds the limits of his authorization.

Article 11

The drawer of a bill of exchange shall guarantee its acceptance and payment. He may stipulate that he be exempted from guaranteeing the acceptance, but not the payment, of the bill.

Chapter 2: Negotiating a Bill of Exchange by Indorsement

Article 12

A bill of exchange may be negotiated by indorsement, even if it is not explicitly issued "to order". A bill whose drawer has written therein the statement "not to order" or any similar statement may not be negotiated except in accordance



with the provisions governing the transfer of rights. A bill may be indorsed to its drawee whether he accepts the bill or not. The bill may also be indorsed to its drawer or to any other obligor. Such persons may re-indorse the bill.

Article 13

An indorsement must be unconditional, and any condition attached to the indorsement shall be deemed null and void. A partial indorsement shall also be deemed null and void. An indorsement to bearer shall be deemed a blank indorsement.

Article 14

An indorsement shall be written on the bill of exchange or on a paper attached thereto and shall be signed by the indorser. An indorsement may not include the name of the indorsee, and may include only the signature of the indorser (blank indorsement).

If a bill is indorsed in blank, the bearer may fill in the blank either with his own name or with the name of another person, re-indorse the bill in blank or to another person, or deliver the bill to another person without filling in the blank and without indorsing it.

Article 15

An indorser of a bill of exchange shall guarantee its acceptance and payment unless stipulated otherwise. He may stipulate that the bill not be re-indorsed and shall not, in such case, be liable toward future indorsees with regards to guaranteeing its acceptance or payment.

Article 16

The bearer of a bill of exchange shall be deemed the lawful holder thereof if he proves his entitlement thereto by uninterrupted indorsements even if the last indorsement is in blank. Indorsements which are stricken out shall be deemed null and void.

If a blank indorsement is followed by another indorsement, the signatory on the latter shall be deemed the indorsee of the blank indorsement.

If a person loses possession of a bill due to an accident, its holder shall not be obliged to relinquish his right thereto if he is able to establish such right according to the preceding provisions, unless he acquired it in bad faith or as a result of a gross offense he committed.

Article 17

Indorsement shall transfer all the rights arising from a bill of exchange.

A person against whom an action relating to a bill is filed may not invoke against the holder defenses that are based on his personal relationship with the drawer or previous holders, unless the intention of the holder at the time of obtaining



the bill was to inflict harm on the debtor.

Article 18

If an indorsement contains the statement "value for collection," "value for receipt," "by proxy," or any other words indicating procuration, the holder may exercise all rights which arise from the bill of exchange, but may not indorse it except by proxy. In such case, the obligors to a bill may only invoke against the holder the defenses that could be raised against the indorser. The procuration which arises from the proxy indorsement shall not expire if the indorser dies or becomes incompetent.

Article 19

If an indorsement contains the statement "value as security," "value as pledge," or any other words indicating pledge, the holder may exercise all rights which arise from the bill of exchange.

If a holder indorses the bill, the indorsement shall be deemed to have been made by proxy. The debtor under a bill may only invoke against its holder the defenses that are based on his personal relationship with the indorser, unless the intention of the holder at the time of obtaining the bill was to inflict harm on the debtor.

Article 20

Any indorsement made after the maturity date shall produce the same effects of any indorsement made prior to such date. Any indorsement made after a non-payment protest or after the expiration of the period prescribed for making such protest shall produce the effects of the transfer of rights. An undated indorsement shall be deemed to have been made prior to the expiration period prescribed for making a protest, unless proven otherwise. An indorsement may not be antedated; otherwise, it shall be deemed a forgery.

Chapter 3: Acceptance of a Bill of Exchange

Article 21

The holder or bearer of a bill of exchange may, until the maturity date, present it for acceptance to the drawee at his domicile.

The drawer of a bill may stipulate its presentment for acceptance, whether dated or undated; he may also stipulate that the bill not be presented for acceptance unless it is due for payment by a person other than the drawee, or at a place other than the drawee's domicile, or after sight if it is payable upon the lapse of a fixed period thereafter; as well as stipulate that it not be presented for acceptance prior to a fixed date.

Any indorser of a bill may stipulate its presentment for acceptance, whether



dated or undated, unless the drawer stipulates non-presentment thereof.

Article 22

A bill of exchange payable at a fixed period after sight shall be presented for acceptance within one year from its date of issuance. The drawer may reduce or extend such period; however, an indorser may only reduce it.

Article 23

A drawee may request the bill of exchange presented thereto for acceptance to be presented on the following day.

Any claim made by concerned persons that such request constitutes a refusal of the acceptance shall not be admissible unless the presentment for acceptance is stated in the protest.

The holder of a bill presented for acceptance shall not be obliged to relinquish his right thereto or deliver it to the drawee.

Article 24

Acceptance shall be established on the bill of exchange using the word “accepted” or any other similar word and shall be signed by the drawee. The signature of the drawee on the face of the bill shall be deemed an acceptance thereof. If the bill is payable upon the lapse of a fixed period after sight or it must be presented for acceptance at a fixed period pursuant to a specific stipulation, the date of acceptance must be stated on the same day the acceptance is effected, unless the holder stipulates that the date of acceptance be stated on the day of presentment. If the acceptance is not dated, the holder may, in order to exercise his right of recourse against indorsers or the drawer, establish the omission of the date by a protest made within the prescribed period.

Article 25

Acceptance of a bill of exchange must be unconditional; however, the drawee may limit acceptance to part of its amount.

Including any information in the statement of acceptance that is inconsistent with the particulars of the bill shall be deemed refusal of acceptance; however, the acceptor shall remain bound by his statement of acceptance.

Article 26

If the drawee strikes out the statement of acceptance written on the bill of exchange prior to returning it, such action shall be deemed non-acceptance.

The act of striking out the statement of acceptance shall be deemed to have been made prior to returning the bill, unless proven otherwise. However, if the drawee notifies the holder or any other signatory of his acceptance in writing, such acceptance shall make him liable toward them.



Article 27

If the drawer designates on the bill of exchange a place of payment other than the drawee's domicile without naming the person in whose domicile the payment is to be made, the drawee may designate the place of payment at the time of acceptance. If the drawee fails to do so, he shall be liable for payment in the designated place of payment.

If the bill is payable at the drawee's domicile, he may designate in the statement of acceptance an address in such domicile where payment is to be made.

Article 28

If the drawee accepts the bill of exchange, he shall pay it on the maturity date. If the drawee refuses to pay, the holder may, even if he is the drawer, file a claim against the acceptor demanding all the rights he is entitled to under Articles 60 and 61.

Chapter 4: Funds for Payment

Article 29

The drawer of a bill of exchange or the person he assigns to draw the bill for his account shall ensure the funds for payment are available with drawee. However, the person assigned to draw a bill for the account of another person shall not be exempted from personal liability toward the indorsers and holders of the bill.

Article 30

The funds for payment shall be deemed available if, on the bill's maturity date, the drawee owes the drawer or the person who ordered the drawing of the bill a fixed amount of money which is payable and is equal to or higher than the amount of the bill.

The drawee's acceptance of a bill shall be deemed presumptive evidence of the availability of funds sufficient for payment, unless he establishes otherwise. If the drawee denies availability of sufficient funds, regardless of acceptance of the bill, the responsibility of establishing that sufficient funds for payment were in his possession on the maturity date shall fall solely on the drawer. If he fails to establish such fact, he shall guarantee payment of the bill, even if he makes a protest after the prescribed period.

If the drawer establishes that sufficient funds for payment were in the possession of the drawee until the lapse of the prescribed period for protest, his liability shall be discharged to the extent of the value of the funds unless expended for his benefit.



Article 31

The ownership of the amount of the bill of exchange shall, under this Law, transfer to the successive holders of the bill. If the funds are insufficient to pay the value of the bill, the holder shall have against the insufficient funds all the rights due to him against the full funds.

Article 32

If the funds for payment of multiple bills of exchange that are payable on the same day are insufficient, the payment thereof shall be determined according to the bills' dates of issuance, from earliest to latest. If all the bills are drawn on the same date, priority shall be given to the bills carrying the drawee's acceptance, followed by the bills for the payment of which funds are allocated, and finally to the bills carrying a non-acceptance stipulation.

Article 33

The drawer shall, even if he makes the protest after the prescribed period, deliver to the holder of a bill of exchange the documents required for its payment. If the drawer becomes bankrupt, liability for payment shall pass on to persons specified under the law.

In all cases, the holder of the bill shall incur all related expenses.

Article 34

If the drawer becomes bankrupt, even prior to the maturity date of the bill of exchange, the holder of the bill shall have priority over other creditors of the drawer to receive his share of the funds duly available with the drawee. If the drawee becomes bankrupt and the funds for payment of the bill are still owed to the holder, the debt shall be included in the drawee's bankruptcy assets. If payment can be made through the sale of property in accordance with the bankruptcy provisions, the holder shall have priority over other creditors to receive payment of the bill.

Chapter 5: Reserve Guarantee

Article 35

Payment of a bill of exchange may be guaranteed in whole or in part by a reserve guarantor. Said guarantee may be made by any person, including the bill's signatories.

Article 36

A reserve guarantee shall be established on the bill of exchange itself or on a paper attached thereto including the statement "accepted as a reserve guarantee" or any other similar words and shall be signed by the guarantor. The



name of the guaranteed person shall be indicated in the guarantee; otherwise, the guarantee shall be deemed made in favor of the drawer.

The signature of the guarantor on the face of the bill shall validate the guarantee, unless the signature is made by the drawee or the drawer. The reserve guarantee may also be established on a separate paper indicating the place where such guarantee is made.

In such case, the reserve guarantor shall be liable only toward the person in whose favor the guarantee is made.

Article 37

A reserve guarantor shall be as liable as a guaranteed person. The liability of the reserve guarantor shall remain valid even if such liability is invalidated for any reason other than a defect in form. If a reserve guarantor pays the bill of exchange, the rights which arise therefrom against the guaranteed person and against the obligor who is liable toward the latter under the bill shall pass on to the guarantor.

Chapter 6: Payment of the Bill of Exchange

Section 1: Time of Payment

Article 38

A payable bill of exchange may be drawn at sight, upon the lapse of a fixed period after sight, upon the lapse of a fixed period from the date of its issuance, or on a fixed date.

A bill may not include other maturity dates or successive maturity dates; otherwise, it shall be deemed null and void.

Article 39

A bill of exchange payable at sight must be paid upon presentment and shall be presented for payment within one year from its date of issuance. The drawer may reduce or extend such period, but an indorser may only reduce it. The drawer may stipulate that a bill payable at sight not be presented for payment prior to the lapse of a fixed period; in such case, the presentment period shall commence upon the lapse of the fixed period.

Article 40

The maturity date of a bill of exchange payable upon the lapse of a fixed period after sight shall commence from the date of acceptance or the date of protest. If no protest is made and the acceptance is undated, the acceptance shall be deemed to have taken place on the last day of the period prescribed for presentment of the bill for acceptance in accordance with Article 22.



Article 41

A bill of exchange payable after one month or more from its issuance or sight thereof shall be paid on the day of the month set for payment which corresponds to the day of the month of issuance or the day of sight thereof. In the absence of a corresponding date in the month set for payment, the bill shall be paid on the last day of said month.

If a bill is payable after one month and a half or after several months and a half month from its date of issuance or sight thereof, only full months shall be counted toward the date of payment.

If the bill is payable at the beginning, middle, or end of a month, it shall mean the first, fifteenth, or last day of such month, respectively.

The statement "eight days" or "fifteen days" shall not mean one or two weeks, respectively, but shall actually mean eight or fifteen days, and the statement "half a month" shall mean fifteen days.

Article 42

If a bill of exchange is payable on a fixed date and in a country that uses a different calendar from that of the country where it is issued, the maturity date shall be determined according to the calendar of the country where it is payable.

If a bill is issued between two countries using different calendars and is payable upon the lapse of a fixed period from its date of issuance, the date of issuance shall be the corresponding date of the calendar of the country where the bill is payable and the maturity date shall be determined accordingly. The date of the bill's presentment shall be determined in accordance with the preceding provisions.

The preceding provisions shall not apply if the bill stipulates or its particulars indicate otherwise.

Section 2: Method of Payment

Article 43

The holder of a bill of exchange shall present it for payment on its maturity date. Presentment of the bill to any of the legally recognized clearing houses shall be deemed presentment for payment.

Article 44

If a drawee pays a bill of exchange, he may require delivery of the bill from the holder signed as duly paid. The holder may not refuse partial payment.

In case of partial payment, the drawee may require that such payment be indicated on the bill and that he be provided with a quittance to this effect. The drawer, indorsers, and other obligors under the bill shall be discharged of liability to the extent of the amount paid from the total value of the bill. The holder may make a protest regarding the unpaid amount.



Article 45

A holder of a bill of exchange shall not be obliged to receive its value prior to its maturity date.

If the drawee pays the bill prior to its maturity date, he shall be liable for the consequences. Any person who pays a bill on its maturity date without a valid objection shall be discharged of liability, unless he commits an act of fraud or gross negligence. Said person shall ensure that the indorsements are uninterrupted, but he shall not be responsible for verifying the authenticity of the indorsers' signatures.

Article 46

If a bill of exchange stipulates payment be made in a currency that is not in circulation in the Kingdom, payment shall be made using a currency that is in circulation in the Kingdom at its rate of exchange on the bill's maturity date. If payment is not made on such date, the holder may choose to claim the amount of the bill in a currency that is in circulation in the Kingdom either at the rate of exchange on its maturity date or date of payment.

The customary practice in the Kingdom shall be applied in determining the rate of exchange of foreign currency. The drawer may, however, indicate on the bill the rate on the basis of which the payable amount is to be exchanged.

If the amount of the bill is denominated in a currency the name of which in the country of issuance and in the country of payment is similar but the value of which is different, it shall mean the currency of the country of payment.

Article 47

If the bill of exchange is not presented for payment on its maturity date, each debtor may deposit the bill's amount with the agency designated by the Minister of Commerce and Industry, and the deposit shall be made at the holder's expense and he shall be liable therefor. Said agency shall provide the depositor with a deposit receipt indicating the amount deposited, the bill's dates of issuance and maturity, and the name of the original beneficiary. If the holder demands payment from the debtor, the debtor shall deliver to him the deposit receipt against the holder's delivery of the bill.

The holder shall be entitled to receive the amount from said agency pursuant to such receipt. If the debtor fails to deliver the deposit receipt to the holder, he must pay the bill.

Section 3: Objection to Payment

Article 48

The payment of a bill of exchange may not be objected to unless the bill is lost, or its holder becomes bankrupt or is incompetent.



Article 49

If an unaccepted bill of exchange issued in several copies is lost, the person entitled to its value may demand payment pursuant to any copy thereof.

If a bill is issued in several copies and the copy bearing the statement of acceptance is lost, payment of the bill may not be demanded pursuant to any of the remaining copies, except pursuant to an order from the agency designated by the Minister of Commerce and Industry; in such case, a guarantor shall be provided.

Article 50

If a bill of exchange is lost, whether accepted or not, and its holder fails to present any copy thereof, he may obtain from the agency designated by the Minister of Commerce and Industry an order for its payment, provided he establishes his ownership of the bill and registers the same.

Article 51

If, upon demand, a lost bill of exchange is not paid in accordance with the preceding provisions, the owner shall, in order to protect his rights, establish such non-payment in a protest to be made on the day following the maturity date and the obligors to the bill shall be notified thereof according to the specified manner and dates.

The protest shall be made and the obligors shall be notified thereof even if the competent agency order cannot be obtained in due course.

Article 52

The owner of a lost bill of exchange may obtain a copy thereof by tracing it back to its drawer through the person who indorsed the bill to him and previous indorsers. Each indorser shall assist the owner of the bill and allow him to use his name to trace the indorsements up to the drawer. The drawer shall make a copy of the bill indicating thereon that it is a replacement copy and each indorser shall re-indorse it.

A demand for payment may not be made pursuant to such copy, except by an order from the competent agency designated by the Minister of Commerce and Industry; in such case, a guarantor shall be provided. The owner of the lost bill shall incur any related expenses.

Article 53

The debtor shall, pursuant to an order from the competent agency referred to in the preceding articles, be liable for payment of the bill of exchange on its maturity date. The guarantor referred to in Articles 49, 50, and 52 shall be discharged of liability upon the lapse of three years if no claim or lawsuit is filed before the agency designated by the Minister of Commerce and Industry.



Section 4: Refusal of Payment

First: Protest

Article 54

The holder of a bill of exchange shall record the non-acceptance or non-payment in an official document called "non-acceptance protest" or "non-payment protest". Such protest shall not be replaced by any other action and shall be made in coordination with the agency designated by the Minister of Commerce and Industry. The protest shall include an identical copy of the bill including the statements of acceptance, indorsements, guarantees, and any other particulars recorded in the original bill, as well as the bill's payment notice. The protest shall also indicate the presence or absence of the person liable for acceptance or payment. Said agency shall deliver a copy of the protest to the person against whom it has been made. It shall record, in a special register whose pages are numbered and duly marked, the protests in a chronological order. Entries in said register shall be made in the same manner used in catalog records.

Said agency shall, within the first 10 days of each month, provide the Commercial Register Office with a list of non-payment protests made during the previous month for accepted bills. The Commercial Register Office shall maintain a register for recording such protests and any person may access such register and obtain identical copies thereof upon payment of the prescribed fees. The Office shall announce such protests.

Article 55

A non-acceptance protest shall be made during the periods prescribed for presentment of the bill of exchange for acceptance.

If the first presentment for acceptance, in accordance with Article 23, is made on the last day of the period prescribed for presentment, the protest may be made on the following day. The protest for non-payment of a bill payable on a fixed date or within a fixed period from its date of issuance or from the date of sight thereof shall be made within the two days following the maturity date. If the bill is payable at sight, the protest for non-payment shall be made in accordance with the stipulations stated in the preceding paragraph regarding the protest for non-acceptance.

The protest for non-acceptance shall render the presentment of the bill for payment and the making of a protest for non-payment unnecessary.

If the drawee, whether he accepts the bill or not, stops payment or if an unavailing attachment has been imposed on his assets, the holder may not exercise his right of recourse against his guarantors except after the presentment of the bill to the drawee for payment and after making the protest for non-payment.

If the drawee becomes bankrupt, whether he accepts the bill or not, and if the drawer of the bill stipulating non-presentment for acceptance becomes



bankrupt, the presentment of the bankruptcy judgement shall be sufficient to enable the holder to exercise his right of recourse against the guarantors.

Article 56

The holder of a bill of exchange shall notify the drawer and the person who indorsed it to him of the non-acceptance or non-payment of the bill within four business days following the day of the protest or of non-presentment of the bill for acceptance or payment if it includes the stipulation "recourse without expenses" or "without protest".

Each indorser shall, within two business days following his receipt of the notice, notify the person who indorsed the bill to him of the notice he has received, stating the names and addresses of the previous notifiers; the notifications shall be made by each of the indorsers up to the drawer.

The prescribed period for notification shall commence from the date of the indorser's receipt of the notice. If a signatory of a bill is notified within the prescribed period, his reserve guarantor shall be notified within the same period. If a signatory of the bill has not stated his address thereon or has provided the same in an illegible manner, it shall be deemed sufficient to notify his indorser. The person required to give notice may do so in any manner, even by returning such bill and he must establish that he made the notification within the prescribed period. The period of notification shall be deemed observed if the notice is sent by registered mail within such period. The rights of the person required to give notice shall not be forfeited by his failure to do so within the prescribed period. However, he shall, if necessary, provide compensation for any harm resulting from his negligence, provided the amount of compensation does not exceed the amount of the bill.

Article 57

The holder of the bill of exchange need not make, when exercising his right of recourse, a protest for non-acceptance or non-payment if the drawer and any reserve indorser guarantees the bill and includes above his signature the stipulation "recourse without expenses" or "without protest" or any other statement to that effect.

Such stipulation shall not exempt the holder from presentment of the bill on the prescribed dates nor from making the required notifications. Any party asserting non-observation of such dates against the holder shall be required to establish the same.

If the drawer includes such stipulation, it shall be effective against all signatories. However, if the stipulation is included by an indorser or a reserve guarantor, it shall be effective only against him. If the stipulation is included by the drawer and the holder makes a protest despite this fact, the holder alone shall incur the expenses. If, however, the stipulation is included by an indorser or a reserve guarantor, the holder may, if he makes a protest, exercise his right of recourse against all signatories with respect to the expenses thereof.



Second: Holder's Rights

A. Right of Recourse

Article 58

The drawer, acceptor, indorser, and reserve guarantor of a bill of exchange shall all be jointly liable to the holder. The holder shall exercise his right of recourse against such persons jointly or severally, without having to adhere to any specific order. The same right of recourse shall apply to any signatory of the bill who has paid its amount against those liable to him.

A claim filed against an obligor shall not prevent the filing of a claim against any other obligor, even if his liability is subsequent to that of the obligor against whom the initial claim is filed.

Article 59

A holder of a bill of exchange not paid on its maturity date shall have the right of recourse against the drawer, indorsers, and any other obligors. He may exercise his right of recourse prior to the bill's maturity date in the following cases:

1. Total or partial non-acceptance.
2. If the drawee becomes bankrupt, whether he has accepted the bill or not; if he stops payment of dues owed by him, even if not established by a court judgment; or if an unavailing attachment is imposed on his assets.
3. If the drawer of the bill which includes a stipulation for non-presentment for acceptance becomes bankrupt.

The guarantors against whom the right of recourse is exercised in the cases mentioned in paragraphs (2) and (3) of this Article may, within three days from the date of recourse, petition the agency designated by the Minister of Commerce and Industry to grant them a grace period for payment. If said agency approves the petition, it shall issue an order determining the duration of such period, provided it does not exceed the bill's maturity date; such order shall be final.

Article 60

The holder of a bill of exchange may claim the following from any person against whom he has a right of recourse:

- a) Original amount of the non-accepted or non-paid bill.
- b) Expenses of protests and notices, and any other expenses.

If recourse is made prior to the bill's maturity date, an amount equal to the official rate of discount applicable on the date of recourse at the holder's domicile shall be deducted from the amount of the bill.

Article 61

A person who pays the amount of a bill of exchange may claim from his



guarantors:

- a) the full amount he pays; and
- b) any expenses he incurs.

Article 62

Any obligor under a bill of exchange who is called upon, or is likely to be called upon, to pay the bill by way of recourse may demand delivery of the bill upon payment, together with the protest and a quittance for the amount paid.

Each indorser who pays the bill may strike out his indorsement and all subsequent indorsements. In case of recourse against an obligor for the portion of the bill's amount which has not been accepted, the person who pays such amount may require the bill's holder to establish such payment and provide him with a quittance.

The holder shall also provide such person with a copy of the bill attested as a true copy, together with the protest to enable him to exercise his right of recourse against others for the amount he paid.

Article 63

A grace period may not be granted for payment of the amount of a bill of exchange or for taking any action related thereto, except in cases stipulated in this Law.

Article 64

In the event of force majeure rendering the presentment of a bill of exchange or the making of a protest infeasible within the prescribed periods, such periods shall be extended.

The holder of a bill shall promptly notify his indorser of the force majeure event. He shall establish such notification by dating and signing it on the bill or on the paper attached thereto. Notifications shall be made by each of the indorsers up to the drawer, in accordance with Article 56.

When the force majeure event subsides, the holder of the bill shall promptly present it for acceptance or payment and make, if necessary, a protest.

If the force majeure event continues for more than 30 days from the maturity date, recourse may be exercised against the obligors without the need to present the bill or make a protest. If the bill is payable at sight or at a fixed period after sight, the 30-day period shall commence on the date the holder notifies his indorser of the force majeure event, even if such date falls prior to the expiry of the period fixed for presentment of the bill.

The sight period shall be added to the 30-day period if the bill is payable at a fixed period after sight.

Personal circumstances related to the holder of a bill or to the person he assigns to present the same or to make the protest shall not be deemed force majeure.



Article 65

If the maturity date of a bill of exchange coincides with a public holiday, the holder may not demand payment thereof except on the following business day. In addition, any action relating to the bill, particularly its presentment for acceptance or for making a protest, may only be taken on a business day. If a certain action must be taken within a set period the last day of which coincides with a public holiday, such period shall be extended to the following business day. Public holidays falling within the set period shall be made part thereof. The first day of a statutory period or the period stipulated in the bill shall not be made part thereof, unless this Law stipulates otherwise.

B. Recourse Bill of Exchange

Article 66

Any person having a right of recourse against other obligors under a bill of exchange may recover his dues by issuing a new bill of exchange against one of his guarantors which shall, unless stipulated otherwise, be payable at sight at the domicile of such guarantor.

The value of the recourse bill shall include the amounts stated in Articles 60 and 61 of this Law, in addition to any paid commissions and fees. If the drawer of the recourse bill is the holder, its amount shall be determined in the same manner as that used in determining the value of a payable-at-sight bill issued at the place of payment of the original bill and payable at the place of the guarantor's domicile.

If the drawer of a recourse bill is an indorser thereof, its amount shall be determined in the same manner as that used in determining the value of a payable-at-sight bill issued at the place of the drawer's domicile and payable at the place of the guarantor's domicile.

In case of multiple recourse bills, only the amount of a single bill may be claimed from the drawer of the original bill or any of its indorsers.

C. Provisional Seizure

Article 67

The holder of a bill of exchange protested for non-payment may provisionally seize the movable property of an obligor under the bill after obtaining an order to that effect from the agency designated by the Minister of Commerce and Industry.



Chapter 7: Acceptance or Payment by Intervention

Article 68

The drawer, indorser, and reserve guarantor of a bill of exchange may designate a person to accept or pay the bill.

The bill may be accepted or paid by any person who intervenes in favor of any debtor thereof against whom a right of recourse is exercised.

The intervener may be a third party, the drawee, or any other obligor under the bill, but not the acceptor thereof.

The intervener shall, within two business days following the intervention, notify the person in whose favor the intervention is made of such intervention; otherwise, he shall be liable for compensating any damage resulting from his negligence, provided that such compensation does not exceed the amount of the bill.

Article 69

Acceptance by intervention shall take place in cases where the holder of a bill of exchange that could be presented for acceptance has a right of recourse prior to the maturity date thereof.

If the bill designates a person to accept it or pay its value when due at the place of payment, the holder may not, prior to its maturity date, exercise his right of recourse against the person who made the designation nor against any of the subsequent signatories, unless he presents the bill to the person designated for its acceptance or payment when due and said person refuses acceptance, and the holder establishes such refusal by making a protest.

The holder may, in other cases, refuse acceptance by intervention. However, if the holder agrees to such intervention, he shall forfeit his right of recourse prior to the maturity date against the person in whose favor the intervention is made as well as against subsequent signatories.

Article 70

Acceptance by intervention shall be established on the bill of exchange and signed by the intervener, and shall include the name of the person in whose favor the intervention is made. If the name is not indicated in the acceptance by intervention, such acceptance shall be deemed to have been made in favor of the drawer.

Article 71

The acceptor by intervention shall be as liable as the person in whose favor the intervention is made toward the holder of the bill of exchange and any indorser subsequent to the person in whose favor the intervention is made.

The person in whose favor the intervention is made and his guarantors may,



despite the acceptance of the intervention, require the holder, upon payment of the amount stated in Article 60, to deliver the bill, and the protest and quittance, if any. If the bill is not presented to the acceptor by intervention on the day following the last day of the period prescribed for making the protest for non-payment, such acceptor shall be discharged from liability.

Article 72

A bill of exchange may be paid by intervention in cases where, on the maturity date or prior thereto, the holder thereof has a right of recourse against the obligors under the bill.

Such payment shall cover the full amount of the bill which the person in whose favor the intervention is made should have paid. The bill shall be paid not later than the day following the last day on which the protest for non-payment may be made.

Article 73

If the acceptors of the bill of exchange by intervention or those designated for its payment when due have a domicile at the place of payment, the holder shall present the bill to said persons for payment and, if not paid, make a protest for non-payment not later than the day following the last day on which the protest may be made.

If the protest is not made within the prescribed period, the person who designated the payer of the bill when due, the person in whose favor the bill is accepted by intervention, and any subsequent indorser shall be discharged from liability.

Article 74

If the holder of a bill of exchange refuses payment by intervention, he shall forfeit his right of recourse against any person whose liability would have been discharged by such payment.

Article 75

Payment by intervention shall be established by writing a quittance on the bill of exchange including the name of the person in whose favor the payment is made. If the name is not indicated in the quittance, the payment by intervention shall be deemed to have been made in favor of the drawer. The bill and the protest, if made, shall be delivered to the payer by intervention.

Article 76

The payer of a bill of exchange by intervention shall acquire all the rights which arise therefrom against the person in whose favor the payment is made and against all obligors liable to the latter under the bill. Such payer may not re-indorse the bill.

The indorsers subsequent to the person in whose favor the payment is made



shall be discharged from liability. If multiple persons offer to pay the bill by intervention, preference shall be given to the person whose payment would discharge from liability the largest number of obligors under the bill.

A person who intervenes for payment, knowing that such intervention is in violation of this rule, shall forfeit his right of recourse against the persons whose liability would have been discharged had this rule been observed.

Chapter 8: Multiplicity of Copies and Alteration

Article 77

A bill of exchange may be issued in multiple identical copies. Each copy shall be numbered; otherwise, each copy shall be deemed a separate bill. Each holder of a bill which does not state that it is the only copy may acquire more copies at his expense. To do so, the holder may trace the bill back to its drawer through the person who indorsed the bill to him and previous indorsers. Each indorser shall assist him to trace the indorsements up to the drawer. Each indorser shall indorse the new copies.

Article 78

Any person who pays a bill of exchange upon presentment of one of its copies shall be discharged from liability, even if it is not stipulated in such copy that payment thereof renders the other copies null and void. However, the drawee shall remain liable for payment under each copy he accepts but fails to recover. An indorser who indorses the copies of the bill to different persons and any subsequent indorsers shall remain liable under each copy they sign but fail to recover.

Article 79

Any person who sends a copy of a bill of exchange for acceptance shall state on the other copies the name of the person in possession of the sent copy. The person in possession of the sent copy shall deliver it to the lawful holder of the other copies, and if he refuses to do so, the holder shall have no right of recourse unless he establishes, pursuant to a protest, that the copy sent for acceptance has not been delivered to him despite his request and that acceptance or payment of any of the other copies has not been made upon presentment thereof.

Article 80

The holder of a bill of exchange may make copies thereof. Each copy must be identical to the original bill, including all indorsements and other particulars. Upon copying all the indorsements and particulars, he shall indicate the point at which the copying ends. Such copy shall be subject to the same provisions applicable to the original, including those relating to indorsers and reserve



guarantors.

Article 81

A copy of a bill of exchange shall indicate the name of the person in possession of the original bill, and the latter shall deliver the original to the lawful holder of the copy. If the person in possession of the original refuses to deliver it, the holder of the copy shall have no right of recourse against the bill's indorsers or reserve guarantors, unless he establishes, pursuant to a protest, that the original has not been delivered to him upon request. If, after the last indorsement made on the original bill and prior to making a copy thereof, a statement is written on the original bill stipulating that subsequent indorsements may only be made on the copy, any subsequent indorsement made on the original bill shall be deemed null and void.

Article 82

If an alteration is made to the body of a bill of exchange, the signatories subsequent to such alteration shall be liable under the altered bill. However, the previous signatories shall be liable under the original bill.

Chapter 9: Effects of a Holder's Negligence (Forfeiture)

Article 83

The holder of a bill of exchange shall forfeit his rights which arise therefrom against the drawer, indorsers, and other obligors under the bill, but not against the acceptor thereof, after the expiry of the periods prescribed for carrying out the following:

- a) Presentment of a bill payable at sight or at a fixed period thereafter.
- b) Making a protest for non-acceptance or non-payment.
- c) Presentment of the bill for payment if the stipulation "recourse without expenses" or "without protest" is stated therein.

The drawer shall not benefit from such forfeiture unless he establishes that the funds for payment are available on the maturity date; in such case, the holder may only have recourse against the drawee.

If the bill is not presented for acceptance within the period stipulated by the drawer, the holder thereof shall forfeit his right of recourse on the grounds of non-acceptance and non-payment, unless it is assumed from the stipulation that the drawer only intended to discharge himself from guaranteeing the acceptance.

If the indorser stipulates in the indorsement a date for presentment of the bill for acceptance, only such indorser may benefit from such stipulation.



Chapter 10: Claim Dismissal

Article 84

Without prejudice to the rights of the holder which arise from his original relationship with the person from whom he received the bill of exchange, a claim which arises from the bill against the acceptor thereof shall not be heard upon the lapse of three years from its maturity date nor a claim filed by the holder against the drawer or the indorsers upon the lapse of one year from the date of the protest made within the prescribed period or from the maturity date if the stipulation “recourse without expenses” or “without protest” is stated in the bill. A claim filed by the indorsers against each other or against the drawer shall not be heard upon the lapse of six months from the day on which an indorser pays the bill or from the day on which the claim is filed against him.

Article 85

If a claim is filed, the periods prescribed in Article 84 shall only take effect from the date of the last action taken. Such periods shall not apply if a judgment debt is rendered or if the debtor acknowledges the debt on a separate document and a debt rollover arises therefrom.

Article 86

Interruption of the prescribed periods shall not affect the person against whom the action causing the interruption was taken.

Part 2: Promissory Note

Article 87

A promissory note shall include:

- a) the statements “payable to order” or “promissory note” written in the body of the instrument and in the language in which the note is made;
- b) an unconditional promise to pay a fixed amount of money;
- c) maturity date;
- d) place of payment;
- e) name of the payee, whether the note is payable to bearer or to order;
- f) date and place of making the promissory note; and
- g) signature of the person who made the note (maker).

Article 88

A note that does not include any of the particulars stated in Article 87 shall not



be deemed a promissory note except in the following cases:

- a) If a note does not include a maturity date, it shall be deemed payable at sight.
- b) If a note does not include a place of payment or the maker's domicile, the place where the note is made shall be deemed the place of payment and the maker's domicile.
- c) If a note does not include the place where the note is made, it shall be deemed to have been made at the place indicated next to the maker's name.

Article 89

The following provisions applicable to a bill of exchange shall apply to a promissory note to the extent they are consistent with its nature:

- a) The provisions relating to a bill of exchange payable at the domicile of a third party or at a place other than the place where the drawee's domicile is located; discrepancies in the particulars of the amount payable; nullity of the interest stipulation; competency; effects which arise from an incompetent person's signature, a nonbinding signature, or the signature of an unauthorized person or a person who exceeds the limits of his authorization.
- b) The provisions relating to indorsement and the reserve guarantee of a bill of exchange; if the name of the guaranteed person is not stated in the statement of guarantee, the guarantee shall be deemed made in favor of the maker of the note.
- c) The provisions governing a bill of exchange which relate to maturity, payment, objection to payment, protest, recourse due to non-payment, refusal to grant grace periods for payment, determination of periods and business days, recourse bill of exchange, and provisional seizure.
- d) The provisions relating to payment by intervention, multiplicity of copies and alteration, the effects of a holder's negligence, and claim dismissal.

Article 90

The maker of a promissory note shall be as liable as the acceptor of a bill of exchange. Presentment of a promissory note payable upon the lapse of a fixed period after sight shall be made to the maker within the period provided for in Article 22 in order for him to enter a note thereon indicating that it has been sighted; such note shall be dated and signed by the maker. The period of sight shall commence from the date of such entry. If the maker refuses to make such entry, his refusal shall be established by a protest and the date thereof shall be deemed the commencement date of the period of sight.



Part 3: Checks

Chapter 1: Check Issuance

Article 91

A check shall include:

- a) the word “check” written in the body of the instrument and in the language in which it is issued;
- b) an unconditional order to pay a fixed amount of money;
- c) name of the obligor (drawee);
- d) place of payment;
- e) date and place of issuance; and
- f) signature of the issuer (drawer).

Article 92

An instrument that does not include the particulars stated in Article 91 shall not be deemed a check, except in the following cases:

- a. If a check does not include a place of payment, the check shall be payable at the place indicated next to the drawee’s name. If several places are indicated next to the drawee’s name, the check shall be payable at the first indicated place. If such places or any other place are not indicated on the check, it shall be payable at the drawee’s principal domicile.
- b. If the check’s place of issuance is not indicated, it shall be deemed to have been issued at the place indicated next to the drawer’s name.

Article 93

A check issued in the Kingdom and payable therein may only be drawn on a bank. Instruments issued in the form of checks which are drawn on other than a bank shall not be deemed valid checks.

Article 94

A check may not be issued unless the drawer, at the time of issuing the check, holds with the drawee funds they explicitly or implicitly agree to be disposed of by means of a check. A person who issues a check or orders another person to issue the same for his account shall provide funds for the payment thereof. However, the issuer of a check for the account of another person shall be liable only toward the indorsers and the holder. In the event of denial, only the issuer of the check shall establish that the drawee had sufficient funds to pay the check at the time of issuance; if he fails to do so, he shall guarantee the payment of the check even if a protest is made after the prescribed periods. Unavailability



or insufficiency of funds for payment shall not render the check invalid.

Article 95

A check may be made payable to:

- a) a specific person, whether or not it is explicitly stipulated "to the order of";
- b) a specific person with the stipulation "not to the order" or any other statement to that effect; or
- c) the holder of the check.

A check shall be deemed issued to bearer if it is issued in favor of a specific person and includes the stipulation "or to bearer" or any other statement to that effect or if the name of the beneficiary is not indicated therein. If the stipulation "non-negotiable" is included on a check, it shall be payable only to the bearer who receives it thereafter.

Article 96

A check may be issued to the order of the drawer or to the order of another person. However, a check may not be issued to the order of the drawer unless it is drawn on any of the branches of a bank controlled by the same central office, and the check must not include the stipulation "payable to bearer".

Article 97

The drawer shall guarantee the payment of the check; any stipulation which exempts the drawer from such guarantee shall be deemed null and void.

Chapter 2: Check Negotiation

Article 98

Negotiation of a check stipulated to be payable to a specific person, whether or not the stipulation "to order" is explicitly included thereon, shall be by indorsement.

Negotiation of a check stipulated to be payable to a specific person which contains the statement "not to the order" or any other statement to that effect shall be subject to the provisions of the transfer of rights.

A check may be indorsed to its drawer or to any other obligor and each of them may re-indorse the check. An indorsement to the drawee shall be deemed a quittance, unless the drawee owns several establishments and the indorsement is made in favor of an establishment other than the one on which the check has been drawn.

Article 99

Negotiation of a check payable to its bearer shall commence upon delivery. The indorsement of such check shall render the indorser liable under the provisions



of recourse; however, such indorsement shall not render the check payable "to order".

Chapter 3: Check Certification

Article 100

A drawee may not include a statement of acceptance on a check; any statement to that effect shall be deemed null and void. However, the drawee may mark the check as certified. Such certification shall establish the availability of funds sufficient for payment on the date of certification. The drawee may not refuse to certify the check if sufficient funds for payment are available. The drawee's signature on the face of the check shall be deemed certification thereof.

Chapter 4: Reserve Guarantee

Article 101

Payment of the value of a check may be guaranteed in whole or in part by a reserve guarantor. Such guarantee may be provided by a third party other than the drawee and may also be provided by any of the signatories of the check.

Chapter 5: Check Presentment and Payment

Article 102

A check shall be payable at sight and any stipulation to the contrary shall be deemed null and void. If a check is presented for payment before the date of issuance indicated thereon, it shall be paid upon presentment.

Article 103

A check issued in the Kingdom and payable therein must be presented for payment within one month. If it is issued abroad and is payable in the Kingdom, it must be presented for payment within three months. Such periods shall commence from the date of issuance indicated on the check. Presentment of the check to any recognized clearing house shall be deemed presentment for payment.

Article 104

If a check is issued between two places using different calendars, the date of issuance shall be the corresponding date of the calendar of the country where the check is payable.



Article 105

The drawee shall pay the check, even after the expiry of the period prescribed for presentment thereof. The drawer may not object to payment of the check prior to the expiry of the period prescribed for presentment thereof except if it is lost or its holder becomes bankrupt or incompetent. If the drawer dies or becomes bankrupt or incompetent after the check is issued, the validity thereof shall not be affected.

Article 106

If multiple checks are presented for payment on the same day and the funds available for their payment are insufficient, payment shall be made according to their date of issuance. If the presented checks are issued from the same checkbook and bear the same date of issuance, priority shall be given according to the order of their serial numbers, from earliest to latest.

Article 107

If a check stipulates payment be made in a currency that is not in circulation in the Kingdom, payment shall be made on the date of its presentment using a currency that is in circulation in the Kingdom at its rate of exchange on the check's date of payment. If payment is not made on the date of presentment, the holder may choose to claim the amount of the check in a currency that is in circulation in the Kingdom either at the rate of exchange on its date of presentment or date of payment.

If the check is presented for the first time upon the lapse of the period prescribed for presentment thereof, the rate of exchange on the last day of such period shall prevail. The customary practice in the Kingdom shall be applied in determining the rate of exchange of foreign currency. The drawer may, however, indicate on the check the rate on the basis of which the payable amount is to be exchanged. If the amount of the check is denominated in a currency the name of which in the country of issuance and in the country of payment is similar but the value of which is different, it shall mean the currency of the country of payment.

Chapter 6: Refusal of Payment

Article 108

The holder of a check may exercise his right of recourse against its obligors jointly or severally if the check is presented within the statutory period and is not paid and the refusal of payment is established by making a protest. As an alternative, such refusal may be established through:

- a) an acknowledgement made by the drawee indicating the date of presentment of the check; and
- b) an acknowledgement made by a recognized clearing house stating that the



check has been presented within the statutory period but has not been paid. Both acknowledgements shall be written on the check and shall be dated and signed by the issuer of the acknowledgement. The issuer may not refuse to include such acknowledgement on the check if requested by the holder, even if the check includes the stipulation "recourse without expenses". However, the obligor may request a grace period not exceeding the business day following the presentment of the check, even if it is presented on the last day of the period prescribed for presentment.

Article 109

Refusal of payment shall be established in the manner provided for in Article 108 prior to the expiry of the period prescribed for presentment. If the check is presented on the last day of the prescribed period, such refusal may be established on the following business day.

Chapter 7: Multiplicity of Copies and Alteration

Article 110

Except for a check payable to bearer, a check may be issued in multiple identical copies if it is issued in one country and payable in another country. In such case, the copies shall be numbered; otherwise, they shall be deemed separate checks.

Chapter 8: Crossed Checks and Checks Credited to an Account

Article 111

The drawer and holder of a check may cross it by drawing two parallel lines on its face. Crossing may be general or specific. If no writing is made between the two lines or if the word "bank" or any other word denoting the same meaning is inserted therebetween, the crossing shall be deemed general.

If the name of a specific bank is inserted between the two lines, the crossing shall be deemed specific. A general crossing may be changed into a specific crossing; however, a specific crossing may not be changed into a general crossing. If the crossing or the name of the bank inserted between the two lines is stricken out, it shall be deemed null and void.

Article 112

A drawee may not pay a check which bears a general crossing except to a client or a bank and may not pay a check which bears a specific crossing except to the bank whose name is written between the two lines or to a client of said bank if the latter is the drawee. However, said bank may entrust another bank to



become the payee of the check. A bank may not receive a crossed check except from a client or another bank, nor may it become the payee of such check for the account of any person other than its client or the other bank.

If the check bears multiple specific crossings, the drawee may not pay it unless it bears two crossings, one of which is for the collection of its value through a clearing house.

Article 113

A drawer or holder of a check may stipulate non-payment thereof in cash by writing on its face the statement “to be credited to the account” or any other statement to that effect.

In such case, the drawee may only settle the value of the check by crediting the amount to the account, bank transfer, or setoff.

Such transactions shall constitute payment and the striking out of the statement “to be credited to the account” shall not be valid.

Article 114

If a drawee fails to comply with the preceding provisions, he shall be liable for compensating any resulting damage, provided that such compensation does not exceed the amount of the check.

Chapter 9: Effects of a Holder’s Negligence (Forfeiture)

Article 115

A holder of a check shall forfeit his rights against the drawer, indorsers, and other obligors, but not against the drawee, upon the expiry of the periods prescribed for presenting the check to the drawee or making a protest, or of any alternative action within the prescribed period.

The drawer shall not benefit from this provision unless the funds for payment are deposited with the drawee and remain therewith until the expiry of the period prescribed for presentment of the check, after which the funds are no longer available due to an act not attributable to the drawer.

Chapter 10: Claim Dismissal

Article 116

Recourse claims filed by the holder of a check against the drawee, drawer, indorser, and other obligors shall not be heard upon the lapse of six months from the date of expiry of the period prescribed for presentment of the check. Recourse claims filed by the obligors against each other shall not be heard



upon the lapse of six months from the date on which the obligor pays the amount of the check or from the date of filing the claim against him.

Chapter 11: Bill of Exchange Rules Applicable to Checks

Article 117

In addition to the special provisions provided in this Part, the provisions applicable to a bill of exchange shall apply to a check to the extent they are consistent with its nature. This shall include the following articles: 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 31, 33, 34(1 and 2), 36, 37, 44, 45, 49, 50, 51, 52, 53, 54(2, 3, and 4), 55(4 and 5), 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 67, 77(2), 78, 80, 81, 82, 85, 86, and 87.

Chapter 12: Penalties

Article 118

A fine of not less than one hundred riyals and not more than two thousand riyals or imprisonment for a term of not less than 15 days and not more than six months, or both penalties, shall be imposed on any person who, in bad faith, issues a check that is not drawable or the funds for payment thereof are not available or not sufficient; withdraws funds, after issuing a check, rendering the remaining funds for payment insufficient; or requests the drawee not to pay the check. These penalties shall also be imposed on any beneficiary or holder who, in bad faith, receives a check the funds for payment thereof are not sufficient. Application of said penalties shall be in line with the provisions of Sharia.

Article 118 (Amended)

This Article is amended pursuant to Royal Decree No. M/45, dated 12/9/1409H, as follows:

Subject to the provisions of other laws, any person who, in bad faith, commits any of the following acts shall be punished by imprisonment for a term not exceeding three years and a fine not exceeding 50 thousand riyals, or by either penalty if:

- a) he issues a check that is not drawable or the funds for payment thereof are not available or not sufficient;
- b) he withdraws, after drawing the check, funds rendering the remaining funds insufficient for payment thereof;
- c) he requests the drawee not to pay the check;
- d) he intentionally issues or signs a check in a way that renders it unpayable;
- e) he knowingly indorses or delivers a check that is unpayable or the funds for payment thereof are insufficient; and
- f) the beneficiary or holder receives a check the funds for payment thereof are insufficient.



If an offender commits any of these crimes within three years from the date a judgment is rendered against him for committing any of such crimes, he shall be punished by imprisonment for a term not exceeding five years and a fine not exceeding one hundred thousand riyals, or by either penalty.

Article 119

Subject to the provisions of Sharia, a fine of not less than one hundred riyals and not more than two thousand riyals shall be imposed on any drawee who, in bad faith, refuses to pay a properly drawn check for which sufficient funds are available and no objection has been made, without prejudice to the drawer's right to compensation for any damage he incurs due to non-payment.

These penalties shall also be imposed on any drawee who falsely claims that the available funds are not sufficient for payment.

Article 119 (Amended)

This Article is amended pursuant to Royal Decree No. M/45, dated 12/9/1409H, as follows:

Subject to the provisions of other laws, a fine of not less than one hundred thousand riyals shall be imposed on any drawee who, in bad faith, refuses to pay a properly drawn check for which sufficient funds are available and no objection has been made, without prejudice to the drawer's right to compensation for any damage he incurs due to non-payment.

These penalties shall also be imposed on any drawee who falsely claims that the available funds are not sufficient for payment.

Article 120

Subject to the provisions of Sharia, a fine of not more than five hundred riyals shall be imposed on any person who:

- a) issues an undated check or a check with an incorrect date;
- b) draws a check on other than a bank; and
- c) pays an undated check or receives the same by way of set-off.

Article 120 (Amended)

This Article is amended pursuant to Royal Decree No. M/45, dated 12/9/1409H, as follows:

Subject to the provisions of other laws, a fine not exceeding 10 thousand riyals shall be imposed on any person who:

- a) issues an undated check or a check with an incorrect date;
- b) draws a check on other than a bank; and
- c) pays an undated check or receives the same by way of set-off.

Article 121

A judgment may order the publication of the names of persons against whom a



penalty decision has been issued under this Law; said judgment shall determine the manner of publication.