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INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW

COMMITTEE OF GOVERNMENTAL EXPERTS FOR THE PREPARATION OF A DRAFT

CONVENTION ON INTERNATIONAL FINANCIAL LEASING

PROPOSALS

of the delegation of the People's Republic of China
to the second session of the committee of governmental
experts

Rome, April 1986

Proposals of the People's Republic of China

Article 1 - This article should be changed to read:

1. - This Convention governs a financial leasing transaction in which one party (the lessor)

- (a) on the specifications of another party (the lessee), enters into a supply agreement with a third party (the supplier), under which acquires plant, capital goods or equipment (the equipment) from the supplier, and
- (b) enters into a leasing agreement with the lessee granting to him the use of the equipment for business or professional purposes in return for the payment of rentals.

2. - unchanged

(a) unchanged

(b) unchanged

(c) unchanged

and a new

(d) the ownership of the equipment belongs to the lessor and the right to the use of the equipment belongs to the lessee within the duration of the leasing agreement.

Article 3 - This article should be changed to read:

The Convention applies whether or not the leasing agreement confers on the lessee the right to buy the equipment during the leasing period or upon the expiration of the leasing period or to hold it on lease for a further period.

Article 10 - While no change is proposed to the first three paragraphs of this article, paragraph 4 should be changed to read:

4. - The lessee shall be entitled to withhold the payment of the rentals, or have any other claim against the lessor for non-delivery, delay in delivery or delivery of non-conforming equipment provided that these faults result from the act or omission of the lessor.

Article 13 - An extra paragraph should be added to read either:

Alternative I

(b) The lessee may transfer the right to the use of the equipment and any other rights under the leasing agreement provided that such transfer does not affect the lessor's interests and the lessor has

been informed in time, or

Alternative II

- (b) The lessee may transfer the right to the use of the equipment or any other rights under the leasing agreement, subject to the consent of the lessor.