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**UNIDROIT Working Group on a Model Law on  
Warehouse Receipts**

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### **PRELIMINARY DRAFTING SUGGESTIONS FOR THE MODEL LAW ON WAREHOUSE RECEIPTS**

1. This document provides a preliminary proposal of draft provisions prepared by the Drafting Committee for the future Model Law on Warehouse Receipts. Please note that the drafting suggestions are merely indicative to facilitate the Working Group's discussions. At this stage, this document contains preliminary proposals for two possible chapters:

- i. Chapter II – Issue of a warehouse receipt (Page 2)
- ii. Chapter IV – Transfer of warehouse receipts. Protected holders and other transferees. Warranties. Miscellaneous provisions regarding transfer (Page 10)

2. The drafting aims to ensure consistency with existing UNCITRAL Model Laws, in particular the UNCITRAL Model Law on Secured Transactions (MLST), as well as other relevant international instruments.

3. The tables on the following pages for chapters II and IV include proposed text for articles to be included in the future Model Law and examples of issues to be addressed therein, respectively. They also include corresponding articles in national warehouse receipt laws (WRLs) and international instruments, as well as items for discussion. They are to be considered in conjunction with the corresponding sections of the Issues Paper for the Second Session (Study LXXXIII – W.G.2 – Doc. 2) which contain a more detailed background for discussion. The Working Group is invited to consider issues of substance as well as such of structure and form, as the present draft is of a preliminary nature. Many of the articles prepared are based on consensus or discussion which took place during the first session of the Working Group. Where possible, the relevant sections of the Summary Report of the First Session ([Study LXXXIII – W.G.1 – Doc. 5](#)) have been referenced accordingly. Other articles that address substantive issues which were not resolved by the Working Group during its first session are included; the drafting in such cases is indicative of how they might be resolved and shall be carefully considered by the Working Group.

4. The Secretariat is grateful in particular to Mr Marek Dubovec, Kozolchyk National Law Center (NatLaw), as well as Working Group members Mr Nicholas Budd and Mr Jean-François Riffard for their contributions to this document.

## MODEL LAW ON WAREHOUSE RECEIPTS

### DRAFTING SUGGESTIONS

#### Chapter II. Issue of a warehouse receipt

| Suggested text   | Discussion  | Corresponding provisions in national WRLs   | Relevant provisions in international instruments |
|--|---|---|--|
| <b>Article 1. Issue of a warehouse receipt</b>   |   |   |  |
| A warehouse receipt [may be/shall be] issued by a warehouse operator after receipt of the goods. | Please refer to the discussion and questions for the Working Group concerning the suggested Article 1 included in the Issues Paper for the Second Session (Study LXXXIII – W.G.2 – Doc. 2) under section III.A, Issue of a warehouse receipt, paras. 34-37. | US: <a href="#">UCC § 7-201(a)</a><br><br>Japan: <a href="#">Warehousing Business Act, Art. 13(1)</a><br><br>France: <a href="#">Comm. C. Art. L522-24</a> ; <a href="#">Art. L 522-37-1</a><br><br>Germany: <a href="#">Comm. C. § 475c, para. 1</a> |  |
| <b>Article 2. Form and content of a warehouse receipt</b>  |   |   |  |
| 1. A warehouse receipt can be issued in paper form or electronically.                            |   | US: <a href="#">UCC § 7-202(a)</a><br><br>France: <a href="#">Comm. C. Art.L522-25</a> ; <a href="#">Art. L522-37-2</a>   |  |

| Suggested text  | Discussion   | Corresponding provisions in national WRLs   | Relevant provisions in international instruments |
|---|--|---|--|
|   |  | Germany: <a href="#">Comm. C. § 475c, para. 4</a>   |  |
| <p>2. A warehouse receipt [shall] contain the following information:</p>                  | <p>“Shall” is bracketed as the Working Group did not reach consensus on the minimum elements during the first meeting.</p>   | <p>Canada: Draft Uniform Documents of Title Act, <a href="#">Part 1(2)</a>, para. 2</p> <p>France: <a href="#">Comm. C. Art. L522-24</a></p> <p>Germany: <a href="#">Comm. C. § 475c, para. 1</a></p> <p>US: <a href="#">UCC § 7-202(b)</a></p> | <p><a href="#">Rotterdam Rules</a>, Art. 36</p>  |
| <p>(a) the name, address, and unique identification number, if any, of the depositor;</p> | <p>The Working Group did not discuss whether the name, address and identification number of the depositor should be required on a warehouse receipt during its first session.</p> <p>This information is for example required in France (see <a href="#">Comm. C. Art. L522-24</a>, para. 1). Conversely, it is not required neither in the UCC nor under the German legislation on warehouse receipts.</p> <p>It should be noted that not all jurisdictions have unique identification numbers (at least for natural persons). The drafting suggestion takes this into account in its current version.</p> <p><i>Question to the Working Group:</i></p> <ul style="list-style-type: none"> <li>• <i>Should the MLWR require the name, address, and unique identification number, if any, of the depositor to be included on the warehouse receipt?</i></li> </ul> | <p>US: <a href="#">UCC § 7-201(a)</a></p> <p>France: <a href="#">Comm. C. Art. L522-24</a>; Art. <a href="#">L 522-37-1</a></p> <p>Germany: <a href="#">Comm. C. § 475c, para. 1</a></p>  |  |

| Suggested text   | Discussion  | Corresponding provisions in national WRLs | Relevant provisions in international instruments   |
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| (b) the name of warehouse operator and the address/location of the warehouse where the goods were deposited; | During its first session, the Working Group agreed that the name and location of the warehouse should be set out as a minimum content requirement in the MLWR (cf. <a href="#">Report of the First Session</a> , para. 93). This is in line with national legislation governing warehouse receipts.   |   |  |
| (c) a description of the nature, quantity and quality of the stored goods;                                   | <p>The first session of the Working Group agreed that the quantity and the quality of the stored goods should be set out as a minimum content requirement in the MLWR (cf. <a href="#">Report of the First Session</a>, para. 93).</p> <p>Additionally, the suggested provision (c) requires the nature of the stored goods to be indicated in a receipt, which would further facilitate the identification of the stored goods.</p> <p><i>Question to the Working Group:</i></p> <ul style="list-style-type: none"> <li>• <i>Should the MLWR additionally require the nature of the stored goods to be indicated?</i></li> </ul>   |   |  |
| (d) an indication of whether the warehouse receipt is negotiable or non-negotiable;                          | <p>The first session of the Working Group did not reach a decision on whether the MLWR should use the terms “negotiable”/“non-negotiable” warehouse receipt (see <a href="#">Report of the First Session</a>, para. 41). See discussion of this question in the Issues Paper for the Second Session (Study LXXXIII – W.G.2 – Doc. 2) under Section III.D, Transfer of warehouse receipts, paras. 53-56.</p> <p><i>Question to the Working Group:</i></p> <ul style="list-style-type: none"> <li>• <i>Should the MLWR additionally require an indication of whether the receipt is negotiable or non-negotiable?</i></li> <li>• <i>Concerning the required information on a warehouse receipt, as for the distinction between negotiable and non-negotiable, would it be more efficient for the practice if the</i></li> </ul> |   | <p><a href="#">MLST</a>, for example Arts. 14, 16, 26, 46, etc.</p> <p><a href="#">Rotterdam Rules</a>, Chapter 11</p> |

| Suggested text                                       | Discussion  | Corresponding provisions in national WRLs | Relevant provisions in international instruments |
|--|---|---|--|
|  | <p><i>warehouse receipt is presumed to be negotiable unless it is clearly indicated to be non-negotiable?</i></p>   |   |  |
| (e) the unique identification number of the receipt; | <p>During its first session, the Working Group agreed that the unique identification number of the receipt should be set out as a minimum content requirement in the MLWR (cf. <a href="#">Report of the First Session</a>, para. 93).</p>  |   |  |
| (f) the date of issue of the receipt.                |   |   |  |
|  | <p>In addition to the above terms, some laws require the <b>storage fee</b> to be included on the warehouse receipt. The holder may need to pay the storage fee; but the fee could be complex and should not overburden the receipt with information, bearing in mind that there is limited room on a paper warehouse receipt to print detailed contractual provisions. Moreover, the holder could ask for a copy of the storage agreement. Alternatively, it could be sufficient for the receipt to state that the storage and handling fees are set forth in a separate storage agreement that is incorporated by reference in the receipt.</p> <p><u>Question to the Working Group:</u></p> <ul style="list-style-type: none"> <li>• <i>Should the MLWR require the storage fee to be included on the warehouse receipt?</i></li> </ul> <p>Some warehouse laws require the name of the <b>insurer</b> who insures the goods against fire and destruction to be indicated in the receipt. Alternatively, it could be sufficient to require a conspicuous statement of "non-insured" if the warehouse has no obligation to procure insurance for the goods. Or, the MLWR could not require any indication in the receipts, in which case it would be an optional item that could be moved to paragraph 3, below.</p> |   |  |

| Suggested text  | Discussion   | Corresponding provisions in national WRLs  | Relevant provisions in international instruments |
|---|--|--|--|
|   | <p><u>Question to the Working Group:</u></p> <ul style="list-style-type: none"> <li>• <i>Should the MLWR require the name of the insurer, a statement of "non-insured" if the warehouse has no obligation to procure insurance for the goods, or be silent on this issue?</i></li> </ul>   |  |  |
| <p>3. The warehouse operator may also include in a receipt:</p>   | <p>Many laws separate between essential and optional terms in a receipt. Paragraph 3 in the left column is proposed for the MLWR should the Working Group decide that it provide for optional terms.</p> <p><u>Questions to the Working Group:</u></p> <ul style="list-style-type: none"> <li>• <i>Should the MLWR explicitly enumerate the optional terms as suggested in the left column?</i></li> <li>• <i>Should further optional terms be included in this list in addition to those listed?</i></li> </ul> | <p>Canada: Draft Uniform Documents of Title Act, <a href="#">Part 1(2)</a>, para. 3</p> <p>Germany: Comm. C. <a href="#">§ 475c, para. 2</a></p> <p>US: <a href="#">UCC § 7-202(c)</a></p> |  |
| <p>(a) a mention of the faculty of substitution when the deposited goods are fungible goods and with the consent of the depositor;</p>  |  |  |  |
| <p>(b) an indication of the duration of the storage, when it is for a fixed period. In the absence of any indication, the receipt is effective for an indefinite period; or</p> |  |  |  |
| <p>(c) any other terms and conditions insofar as they are not contrary to the provisions of this Act and do</p>   |  |  |  |

| Suggested text   | Discussion  | Corresponding provisions in national WRLs   | Relevant provisions in international instruments |
|--|---|---|--|
| <p>not affect the obligation of the warehouse operator to deliver.</p>   |   |   |  |
| <p>4. A warehouse receipt must be signed by the warehouse operator.</p>  | <p>The Working Group agreed that signature of the warehouse operator should be a minimum content requirement in the MLWR during its first session (cf. <a href="#">Report of the First Session</a>, para. 93).</p> <p>Some warehouse receipt laws require the operator’s signature but also allow for an equivalent, such as the reproduction of the personal signature by means of printing or a stamp (see for example Germany, Comm. C. <a href="#">§ 475c (3)</a>).</p>   | <p>Canada: Draft Uniform Documents of Title Act, <a href="#">Part 1(2)</a>, para. 2(g)</p> <p>Germany: <a href="#">Comm. C. § 475c, para. 3</a></p> <p>US: <a href="#">UCC § 7-202(b)</a></p> |  |
| <p>5. If the warehouse receipt does not contain the required information, <b>[the warehouse operator is liable for damages caused by the omission to any person thereby] [it is considered void] [it is considered null] [it cannot be characterised as a warehouse receipt under this Law]</b>.</p> | <p>The consequences are bracketed and highlighted in red since the Working Group agreed that the MLWR should state the consequences of missing and inaccurate information in a receipt, but did not reach a decision on what those consequences should be, except for four requirements flagged above (cf. <a href="#">Report of the First Session</a>, para. 93).</p> <p>The first option bracketed in draft paragraph 5 (liability of the warehouse operator) corresponds to the approach adopted <i>inter alia</i> in the UCC and the Canadian Draft Uniform Documents of Title Act.</p> | <p>US: <a href="#">UCC § 7-202(b)</a></p> <p>Canada: Draft Uniform Documents of Title Act, <a href="#">Part 1(2)</a></p>  | <p><a href="#">Rotterdam Rules</a>, Art. 37</p>  |
| <p>6. An incorrect or insufficient statement of the required information required in a warehouse receipt does not affect the validity of the receipt.</p>  | <p>To provide that a warehouse receipt is invalid if it contains incorrect or insufficient information would do harm to holders (who are not aware that they are misled). It seems more appropriate to hold the warehouse operator liable for incorrect information rather than to invalidate the warehouse receipt.</p>  |   | <p><a href="#">Rotterdam Rules</a>, Art. 37</p>  |

| Suggested text   | Discussion | Corresponding provisions in national WRLs | Relevant provisions in international instruments |
|--|------------|---|--|
| <b>Article 3. Electronic warehouse receipts</b>  |            |   |  |
| 1. An electronic warehouse receipt that contains the information set out in article 2, paragraph 2, shall not be denied legal effect, validity or enforceability on the sole ground that it is in electronic form provided that a reliable method is used:   |            |   | <a href="#">MLETR</a> , Art. 10                  |
| (a) to identify that electronic record as the electronic transferable record;  |            |   |  |
| (b) to render that electronic record capable of being subject to control from its creation until it ceases to have any effect or validity; and   |            |   |  |
| (c) to retain the integrity of that electronic record.   |            |   |  |
| 2. The criterion for assessing integrity shall be whether information contained in the electronic transferable record, including any authorized change that arises from its creation until it ceases to have any effect or validity, has remained complete and unaltered apart from any change which arises in the |            |   |  |



| Suggested text   | Discussion   | Corresponding provisions in national WRLs  | Relevant provisions in international instruments |
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| normal course of communication, storage and display.   |  |  |  |
| <b>Article 4. Loss of a warehouse receipt</b>  |  |  |  |
| 3. If a non-negotiable warehouse receipt has been lost, the depositor, or any person to whom the receipt has been lawfully transferred, may obtain a substitute receipt from the [warehouse operator] upon proof of entitlement. |  | France: <a href="#">Comm. C. Art. L522-36</a><br>US: <a href="#">UCC § 7-601</a><br>Canada: Draft Uniform Documents of Title Act, <a href="#">Part 4(24)</a> |  |
| 4. If a negotiable warehouse receipt has been lost, the depositor, a Court may order delivery of the goods or issuance of a substitute receipt. The claimant must provide proof of entitlement and a security.                   | <p><u>Question to the Working Group:</u></p> <ul style="list-style-type: none"> <li><i>If the MLWR requires a court action for lost negotiable warehouse receipts, should it describe the appropriate procedure and the rights of the innocent holder of the lost warehouse receipt more precisely?</i></li> </ul> |  |  |

## DRAFTING SUGGESTIONS

### Chapter IV. Transfer of warehouse receipts. Protected holders and other transferees. Warranties. Miscellaneous provisions regarding transfer

**Note:** The following provisions for Chapter IV were selected as examples of issues that may need to be addressed in the Model Law. However, it should be highlighted that the Working Group will still need to find a “legal functional equivalent” to express those concepts in a manner more broadly acceptable among legal systems.

| Suggested text  | Discussion   | Corresponding provisions in national WRLs | Relevant provisions in international instruments  |
|---|--|---|---|
| <b>Article 1. Transfer of a negotiable warehouse receipt</b>          |  |   |   |
| 1. A negotiable tangible warehouse receipt may be transferred:        | The suggested text does not distinguish between warehouse receipt transfers for purposes of sale and transfers for purposes of security, which corresponds to the approach adopted by the UN Convention on International Bills of Exchange and International Promissory Notes. | US: <a href="#">UCC § 7-501</a>           | <a href="#">UN Convention on International Bills of Exchange and International Promissory Notes</a> ,<br>Chapter III<br><br><a href="#">Rotterdam Rules</a> ,<br>Chapter 11<br><br><a href="#">MLST</a> , Arts. 1, 14, 26, etc. |
| (a) by endorsement and delivery, if the receipt is issued or endorsed |  |   |   |

| <b>Suggested text</b>   | <b>Discussion</b>   | <b>Corresponding provisions in national WRLs</b> | <b>Relevant provisions in international instruments</b> |
|---|---|--|---|
| <p>to the order of a named person, and such person is named in the receipt or in the most recent endorsement; or</p>  |   |  |   |
| <p>(b) by delivery, if the receipt is issued in bearer form, or if issued or endorsed to the order of a named person, that person or any subsequent holder to whom the receipt has been transferred endorsed it in blank or to bearer.</p>  |   |  |   |
| <p>If by the terms of the receipt the goods are deliverable to the order of a named person, the delivery of the receipt to such person has the same effect as if the receipt had been transferred to such person.</p>   |   |  |   |
| <p>2. A negotiable electronic warehouse receipt may be transferred by transfer of control over the electronic warehouse receipt if the receipt is issued to the order of a named person or to bearer. The transfer does not require an endorsement by the named person. If the receipt is issued to the order of a named person and the named person has control of the receipt, the effect is the same as if the receipt had been transferred.</p> | <p>Delivery may be understood in a broader sense to include transferring an EWR, in which case it would need to be defined as such. If the operative concept to transfer an EWR is control, a reference to it would make how an EWR is transferred clear.</p> |  |   |

| Suggested text  | Discussion   | Corresponding provisions in national WRLs      | Relevant provisions in international instruments |
|---|--|--|--|
| <b>Article 2. Rights of a transferee who is not a [protected holder] [other type of holder to be specified by the enacting State]</b>   |  |  |  |
| 1. A person to whom a warehouse receipt has been transferred but who is not a [protected holder] [other type of holder to be specified by the enacting State] acquires such title to the receipt and the goods as the person who transferred the receipt was lawfully able to convey, subject to the terms of the receipt and any agreement between them. |  | US: UWRA § 42<br><a href="#">UCC § 7-504</a> ; |  |
| 2. If the warehouse receipt is non-negotiable such person also acquires the right to notify the issuer of the transfer, and thereby to acquire the direct obligation of the warehouse operator to hold possession of the goods for him subject to and in accordance with to the terms of the receipt and the storage agreement.                           | This provision recognises the concept of “non-negotiable” warehouse receipt, which will require description in the definitions section. Typically, this means any warehouse receipt that does not meet the definition of “negotiable,” that is, a receipt in bearer or order form. |  |  |
| 3. Prior to notification to the warehouse operator in accordance with paragraph 2, the ownership of the transferee of the goods may be defeated by a [non-consensual creditor] [levy of an [attachment or execution][analogous  |  |  |  |

| Suggested text   | Discussion  | Corresponding provisions in national WRLs   | Relevant provisions in international instruments |
|--|---|---|--|
| <p>claim against the goods sanctioned on judicial proceedings whether or not ex parte]] upon the goods by a creditor of the transferor, or by a notification to the warehouse operator from the transferor or a subsequent transferee from the transferor of a subsequent sale of the goods by the transferor.</p> |   |   |  |
| <p><b>Article 3. Transfer of a negotiable warehouse receipt to a [protected holder] [other type of holder to be specified by the enacting State]</b></p>   |   |   |  |
| <p>A person is a [protected holder] [other type of holder to be specified by the enacting State] of a negotiable warehouse receipt if:</p>   | <p>The aim of this provision is to expedite trade and financing by commercial parties by reducing the need to verify the practically unknowable chain of transactions once the goods have entered in the established flow of commerce. This is an essential advantage of warehouse receipts, which should be provided by the MLWR.</p> <p>Concerning the negotiability doctrine, please see the discussion included in the Issues Paper for the Second Session (Study LXXXIII – W.G.2 – Doc.2) under section III.D, Transfer of warehouse receipts, para. 63.</p> | <p>US: UWRA § 41;<br/><a href="#">UCC § 7-501</a></p> <p>UCC § 7-102, 7-201, 1-201, 1-204;</p> <p>Germany: <a href="#">Comm. C. § 366</a> in conjunction with <a href="#">Civil C. § 932</a></p> <p>France: uncodified theory of appearance and good faith.</p> | <p><a href="#">MLST</a>, Art. 46 II</p>          |

| <b>Suggested text</b>   | <b>Discussion</b>  | <b>Corresponding provisions in national WRLs</b> | <b>Relevant provisions in international instruments</b> |
|---|--|--|---|
| (a) the receipt has been transferred to such person in the manner stated in Article 1 and   |  |  |   |
| (b) such person took the receipt in good faith, for value and without notice of any [defect in the title of the person who transferred it/any previous holder] [defence against it or any claim to it on the part of any person], | Note by the Secretariat for consideration by the Working Group: The requirement of endorsement being “for value” is a common law requirement that enacting civil law countries are not likely to need.   |  |   |
| unless it is established that the transfer is not in the ordinary course of business or financing.  |  |  |   |
| <b>Article 4. Rights of a [protected holder] [other type of holder to be specified by the enacting State]</b>   |  |  |   |
| 1. A [protected holder] [other type of holder to be specified by the enacting State] of a warehouse receipt acquires:   | This Article secures to the [protected holder] [other type of holder to be specified by the enacting State] virtually unassailable ownership of the goods and the right of contractual performance of the warehouse operator. This provision is key to the utility of warehouse receipts as vehicles of trade and finance. | US: <u>UCC § 7-502</u>                           |   |

| <b>Suggested text</b>   | <b>Discussion</b>   | <b>Corresponding provisions in national WRLs</b> | <b>Relevant provisions in international instruments</b> |
|---|---|--|---|
| <p>(a) the right to quiet possession of the warehouse receipt/title to the receipt;</p>   | <p>Note by the Secretariat for consideration by the Working Group: The notion of “title” as adopted by US law would not function in this way in most other legal systems. “Title” to the document itself only serves the purpose to protect possession against interference or conversion and clarifying that the holder may pledge the rights arising out of the receipt by endorsement or mere delivery of the receipt.</p> <p><u>Question to the Working Group:</u></p> <ul style="list-style-type: none"> <li>• <i>Is the notion of “title” sufficiently known to jurisdictions?</i></li> </ul> |  |   |
| <p>(b) title to the goods represented by the receipt; and</p>   | <p>See the comment concerning the notion of “title” under (a) above.</p> <p>This provision should indicate that the transfer of the receipt has the same effects as the transfer of physical possession of the goods to the holder.</p>   |  |   |
| <p>(c) the direct obligation of the warehouse operator to hold and deliver the goods in accordance with the terms of the receipt, free of any defences or claims by the warehouse operator other than defences or claims that arise under the terms of the receipt or under this Law.</p> |   |  |   |
| <p>2. Subject to Article 5, the title and rights acquired by a [protected holder] [other type of holder to be specified by the enacting State] are not defeated even if:</p>  |   |  |   |

| <b>Suggested text</b>  | <b>Discussion</b>  | <b>Corresponding provisions in national WRLs</b> | <b>Relevant provisions in international instruments</b> |
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| (a) the transfer to the [protected holder] [other type of holder to be specified by the enacting State] or any prior transfer constituted a breach of duty by the person transferring the receipt;               |  |  |   |
| (b) a previous owner of or claimant to the receipt lost possession or control of the receipt, as a result of fraud, duress, theft, conversion, misrepresentation, mistake, accident or similar circumstances; or | <p>Subsection (b) ensures that the good faith purchaser is protected against claims, by the paramount owner, that it did not authorise the sale of the goods by the holder of the receipt (for example by an agent), or that the receipt was obtained by fraud or theft, or that the goods or receipt have been previously sold or pledged. These are risks that would obstacle the free transfer of the receipt since they would otherwise require substantial investigation on the part of potential purchasers causing delay and expense.</p> <p>This treatment is very similar to the rights granted to “protected holders” under the UN Convention on International Bills of Exchange and International Promissory Notes (Arts. 27, 29).</p> <p><u>Question to the Working Group:</u></p> <ul style="list-style-type: none"> <li>• <i>Shall these protections be available only in a commercial setting among commercial counterparties?</i></li> </ul> |  |   |
| (c) the goods or the receipt had been previously sold or transferred to a third person.  |  |  |   |



| <b>Suggested text</b>   | <b>Discussion</b>  | <b>Corresponding provisions in national WRLs</b>   | <b>Relevant provisions in international instruments</b>              |
|---|--|--|--|
| <b>Article 5. Rights of a holder defeated in certain cases</b>  |  |  |  |
| A warehouse receipt confers no right in goods against a person who, before issuance of the receipt, had a legal interest or a security right in the goods and who neither   | <p>This provision aims to establish that the ownership by a protected holder of a warehouse receipt prevails over almost any interest in the goods that existed prior to the procurement of the receipt if the prior claimant is factually or legally responsible for the goods entering into the stream of commerce.</p> <p>The word “legal interest” may need to be replaced with a more generic term that signifies a property right of a person.</p> | <p>Canada: Draft Uniform Documents of Title Act, <a href="#">Part 4(19)</a></p> <p>US: <a href="#">UCC § 7-503</a></p> |  |
| (a) delivered or entrusted the goods or any receipt covering the goods to the depositor with any actual or apparent authority to ship, store or sell the goods or otherwise grant to such person any power to transfer, express or implied, of such receipt or the goods; nor |  |  |  |
| (b) acquiesced in the procurement by the depositor or any representative of such receipt.   |  |  |  |
| <b>Article 6. Transfer of a warehouse receipt by assignment</b>   |  |  |  |
| Subject to the terms and conditions in the warehouse receipt or the associated storage agreement, a warehouse receipt that is not in a form that it may be  | This provision serves to notify the holders that they ignore the valid storage agreement terms at their peril.   | US: UWRA §§ 42,43  | <a href="#">UN Convention on International Bills of Exchange and</a> |

| <b>Suggested text</b>  | <b>Discussion</b>  | <b>Corresponding provisions in national WRLs</b>  | <b>Relevant provisions in international instruments</b>       |
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| transferred pursuant to Article 1 of this Law, may be transferred by assignment notified to and acknowledged by the issuer of the receipt. The issuer is obliged, upon request by the transferee, to accept the assignment unless the warehouse receipt or storage agreement otherwise provides. |  |   | <a href="#">International Promissory Notes</a> , Arts. 12, 29 |
| <b>Article 7. Warranties on transfer of a warehouse receipt</b>  |  |   |   |
| 1. A person who transfers a warehouse receipt for value warrants to the person to whom it transfers the receipt, unless agreed otherwise, that:  | The rationale of this provision is that delivery of goods by use of a warehouse receipt should not limit or displace the ordinary obligations of a seller regarding the sale of goods that arise under other law, such as warranties of merchantability and fitness for intended purpose.<br><br>Note by the Secretariat for consideration by the Working Group: "Warranty" is not a concept known as such in civil law jurisdictions. | Canada: Draft Uniform Documents of Title Act, <a href="#">Part 4(23)</a><br><br>US: UWRA § 43, 46;<br><a href="#">UCC § 7-507</a> |   |
| (a) the receipt is genuine;  |  |   |   |
| (b) such person does not know of any fact that would impair the receipt's validity [or worth]; and   |  |   |   |
| (c) the transfer is rightful and effective with respect to the title to the receipt and the goods it covers.   |  |   |   |

| <b>Suggested text</b>   | <b>Discussion</b>   | <b>Corresponding provisions in national WRLs</b>            | <b>Relevant provisions in international instruments</b>   |
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| <p>2. A collecting bank or other intermediary that is known to be entrusted with warehouse receipts on behalf of another or with collection of a draft or other claim against delivery of the receipts warrants by the delivery of a receipt only that it is authorised to do so and is acting in good faith, even if the collecting bank or other intermediary has acquired or made advances against the claim or draft to be collected.</p> |   | <p>US: <a href="#">UCC § 7-508</a></p>                      | <p><a href="#">UN Convention on International Bills of Exchange and International Promissory Notes</a>, Art. 21</p> |
| <p><b>Article 8. Endorser not a guarantor</b></p>   |   |   |   |
| <p>A person who endorses a warehouse receipt is not liable by virtue of the endorsement for any failure by the warehouse operator or any previous endorser of the receipt to fulfil their obligations in relation to the receipt.</p>   | <p>The rationale of this Article is to exclude any continuing obligation on the part of the endorser for the performance by the warehouse receipt issuer.</p> <p>This section is limited to tangible receipts as the concept of endorsement is irrelevant to EWR.</p>   | <p>US: UWRA § 45,<br/><a href="#">UCC § 7-505</a></p>       |   |
| <p><b>Article 9. Subsequent sale of a warehouse receipt in possession of the seller</b></p>   |   |   |   |
| <p>Where a person having sold or encumbered goods that are in a warehouse and for which a negotiable warehouse receipt has been issued, or having sold or encumbered the negotiable receipt covering such goods, continues in possession of the negotiable receipt, the</p>   | <p>The rationale of this provision is that a buyer who has allowed the seller to remain in possession of the goods following purchase assumes the risk that a subsequent purchaser will be misled by the seller in possession and purchase the goods in good faith.</p> | <p>England: Sale of Goods Act § 25(1)<br/>US: UWRA § 48</p> |   |

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| <p>subsequent transfer thereof by that person under any sale or other disposition to any [protected holder] [other type of holder to be specified by the enacting State] shall have the same effect as if the person who acquired the goods or receipt had expressly authorised the subsequent transfer.</p>  |  |  |   |
| <p><b>Article 10. Transfer defeats retention-of-title right of a seller</b></p>   |  |  |   |
| <p>1. Where a negotiable receipt has been issued for goods, no retention-of-title or equivalent right [the enacting State to specify the appropriate right granted to sellers] shall defeat the rights of any [protected holder] [other type of holder to be specified by the enacting State] to whom the receipt has been transferred, whether such transfer is prior or after the notification to the warehouse operator of the seller's right.</p> | <p>The rationale of this Article is that a seller, who has by giving up possession of the goods or warehouse receipt, allowed a negotiable receipt to be outstanding, should not be permitted to defeat one who buys the receipts in good faith.</p> | <p>US: UWRA § 49</p>                             |   |
| <p>2. The warehouse operator shall not be obliged to deliver or justified in delivering the goods to a seller unless the receipt is first surrendered for cancellation.</p>   |  |  |   |