

Law of the Republic of Tajikistan on Pledge of Movable Property

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Chapter 1 -General Provisions on Pledge of Movable Property

Article 1 - Main Notions Used in this Law

The following notions are used in this Law:

Pledge is a way to ensure performance of an obligation owing to that a creditor, upon an obligation secured by pledge (pledgee), has the right, on default of an obligation by a debtor, to receive a recovery from the cost of the pledged property prior to other creditors of the person who owns the property (pledgor) except as otherwise provided by the present Law.

a pledgor is a person with the right of property or other real right to the subject of pledge. A pledgor can be the debtor himself when the obligation is secured by pledge or an adverse claimant with no party to the obligation.

a pledgee is a person whose claims on the basic obligation are secured by pledge. pledged property is any movable property not withdrawn from the civil turnover or not limited in the civil turnover, as well as property rights designated in Article 5 of the present Law and given in pledge.

movable property is assets not related to real property, including money and securities. proceeds from a subject of a pledge is property obtained as a result of settlement of transactions with the subject of pledge or transactions with proceeds from the subject of pledge.

pledge notification is a form filled in relevant justice agencies on registration of pledge agreements, containing key information on pledge to be entered in the Single Public Pledge Register, and pledge obligations with an open access to public in accordance with the present Law.

registering agency is a body of justice acting in compliance with the present Law and other normative legal acts responsible for registration, provision of information compatibility of all registers on transactions with pledge security, and maintenance of a Single Public Pledge Register on the territory of the Republic of Tajikistan..

Single Public Pledge Register is an information database of pledge obligations created and maintained by relevant bodies of justice on registration of pledge agreements. registered pledge is a pledge registered in compliance with registration procedure set forth in Chapter 2 of the present Law.

Pledge administrator is a person designated by a pledgee for sale of the pledged property on his behalf and resolution of all related issues.

Article 2 - Legislation on Pledge of Movable Property in the Republic of Tajikistan

Legislation on pledge of movable property is based upon the Constitution of the Republic of Tajikistan and consists of the Civil Code of the Republic of Tajikistan, laws of the Republic of Tajikistan, the present Law, normative legal acts of the Republic of Tajikistan, and international legal acts recognized by the Republic of Tajikistan.

Article 3 - Subjects and Grounds for Creation of Pledge of Movable Property

1. Subjects of pledge relations are pledgors and pledgees who may be the State, physical persons, legal entities.
2. Banks and other credit organizations perform operations related to pledge in compliance with present Law, and other laws.
3. A pledge creates on the basis of law or an agreement (pledge agreement) made between a pledgor and pledgee in accordance with the provisions of the Civil Code of the Republic of Tajikistan and the present Law. Such agreement may be a separate agreement or a part of an agreement leading to creation of an obligation secured by pledge.
4. The pledge obligations shall arise in the presence simultaneously of the following conditions:
 - a) pledge agreement;
 - b) enjoyment of property or other real right by the pledgor to the subject of pledge.

Article 4 - Subject of Pledge of Movable Property

1. Subject of pledge may be any movable property belonging on a property basis or other real right or rights not withdrawn from civil commerce that can be alienated in an order stipulated by the law of the Republic of Tajikistan.
2. Subject of pledge may be property rights belonging to the pledgor that can be alienated from property, including tenant rights, right to undivided share of a joint property, promissory claims, earn-in option of items that do not belong to the pledgor on a property basis, property rights resulting from intellectual activity and equated with it, rights of stocks in the form of records, and other rights (claims) resulting from agreement obligations. The right with a defined period of validity may be a subject of pledge only till the end of the term of validity.
3. Subject of pledge may be things or rights originating in the future, including future stores of actual production of the pledgor or debts receivable without restrictions.
4. If not otherwise envisaged by a pledge agreement, the main item, which is the subject of pledge, is considered pledged along with its properties as a whole. Part of property when its in-kind division is impossible without a change of its designation (undivided subject) may not become an independent subject of pledge.
5. Subject of pledge may not be items withdrawn from commerce, claims inseparably associated with the personality of the creditor, in particular, and alimony requirements, compensation for harm inflicted to somebody's life, health or other rights, cessation of which is prohibited by the legislation of the Republic of Tajikistan.
6. The Government of the Republic of Tajikistan may determine a registry of objects which can not be a subject of pledge by virtue of historical, cultural value or material to the state security assurance.

Article 5 - Right to pledge property and rights

1. The right to give the property in pledge belongs to the proprietor or the possessor of another real right or a person who will receive the property in ownership (or possession) in future.. Any property (things) or rights which belong to the pledgor as ownership or other real right may be given in pledge except cases provided by the legislation of the Republic of Tajikistan.

2. In giving the right in pledge the pledgor may be a person who owns or will own the pledged right except cases provided by the legislation of the Republic of Tajikistan. A person with the right of enjoyment can give his right of enjoyment in pledge, including the tenant right which may become the subject of pledge only with consent of the lessor, if not otherwise stipulated by law or an agreement.
3. Property belonging to a pledgor on the basis of economic control or operative management may be the subject of pledge with consent of its proprietor, if its foreclosure in accordance with the law of the Republic of Tajikistan requires proprietor's consent.
4. Pledge of property withdrawn or limited in the civil turnover, as well as property that in compliance with the law cannot be enforced shall be prohibited.
5. Property of a joint ownership () may be pledged only upon a written consent of all owners or a steering body selected by owners for the administration of their property. In case other owners come forward after the property was given in pledge, their consent is not required.
6. A party to a joint property has the right to pledge his share of joint property without consent of other owners if the share of each owner is defined in the right of joint ownership. In case the pledgee claims to recover this share upon its sale, the Civil Code rules on the preferential right of purchasing the share, the right of joint ownership, and foreclosure of the share of a joint property shall be used.

Article 6 - Obligations and Claims Secured by Pledge of Movable Property

1. A pledge may be established to secure monetary or other obligation expressed in a monetary form, including obligations based on a contract of sale, rent, labor contract and other contract with an installment of obligations, if not otherwise stipulated by law or agreement.
If not otherwise stipulated by a pledge agreement, the pledge secures a pledgee with the cost of obligation at the time of foreclosure of this pledge, including the unpaid part of the main sum of debt, the interest, a penal sum, justified maintenance costs required for the protection of the pledged property cost, reparation of loss caused by a delay of performance, as well as expenses for foreclosure of the subject of pledge.
2. A pledge may secure one or several obligations. Multiple obligations and future obligations secured by pledge may be defined by a description of obligations included into pledge.
3. In case one of the obligations is fulfilled, the pledge may secure for other consequent obligations without removing the prohibition, if the agreement relates to the same parties and is envisaged by the pledge agreement.
4. The Pledgor has a right to demand from pledgee to decrease encumbrance of the subject of pledge proportionally to the performed obligation which shall be not less than fifty percent.

Article 7 - Format and Contents of an Agreement on Pledge of Movable Property

1. Pledge agreement must be settled in writing by elaborating a document signed by the parties.
2. If a pledge covers obligations under agreement subject to a notarial certification, as well as in cases envisaged by the parties, a pledge agreement must also be certified by a notary public.
3. Upon inclusion of a pledge agreement into a credit or other agreement containing an obligation covered by pledge, the format of this agreement must follow the requirements established for a pledge agreement.

4. Disregard of the rules of a pledge agreement stipulated by parts 1, 2 and 3 of the present Article entails a nullity of the pledge agreement. Such an agreement is considered void.
5. A pledge agreement must include:
 - 1) name (first, middle, and family name) and location (place of residence) of the parties involved;
 - 2) the main obligation covered by pledge;
 - 3) name, assessed value, contents and location, as well as sufficient description of the subject of pledge;
 - 4) information on the existence or absence of prior pledge agreements on the subject of pledge;
 - 5) type of pledge;
 - 6) amount and timeframe for the fulfillment of the obligation.Parties may also establish other conditions in the pledge agreement.
6. Assessed value of the subject of pledge is defined upon an agreement of a pledger with a pledgee. Assessed value is specified in the agreement in money terms. In case the state property is pledged (national or communal), its value is assessed in accordance with requirements of the legislation of the Republic of Tajikistan. Parties to a pledge agreement may charge the assessment of the subject of pledge to an independent evaluator.
7. Description of the subject of pledge may be individual or general since it makes it possible to identify the subject of pledge when its validity, priority or enforcement is questioned.
8. When a pledge obligation is based on an agreement, it is important to define the parties to this agreement and the date of its settlement.
9. If the sum of an obligation covered by a pledge is to be defined in the future, the pledge agreement needs to provide an order and other necessary conditions required for its definition.
10. If the subject of pledge is a tenant right belonging to the pledger, the pledge agreement needs to define the tenement and the term of lease.
11. An agreement defining a waiver of rights or limitation of rights of the pledger or an agreement on the collection of the subject of pledge by a pledgee before a non-fulfillment or improper fulfillment of obligations takes place is void.

Article 8 - Subsequent pledge of the pledged property (surcharge)

1. Property pledged by a pledge agreement by way of securing execution of an obligation (prior pledge) may be pledged for securing execution of another obligation (subsequent pledge).
2. Subsequent pledge is allowed if it is not prohibited by prior pledge agreements of the same property if they are still acting at the moment the subsequent pledge agreement is signed. If a prior pledge agreement envisages conditions for a subsequent pledge agreement, the latter must be signed subject to these conditions.
3. A pledgor must inform each subsequent pledgee in writing on all existing pledges of the property in question, as well as on the character and the amount of all obligations covered by these pledges, and is responsible for the recovery of loss suffered by pledge holders due to a non-fulfillment of this duty.

Article 9 - Priority for Satisfaction of Pledges' Claims

1. Priority of Pledges to the same subject of pledge shall be determined by the registration date of the pledge agreement at the justice bodies (registered pledge), and in its absence of such registration – by the settlement date of the pledge agreement.
2. When there are several pledges to the same subject of pledge the priority shall be given to the registered pledge. When there are several registered pledges the priority shall be determined by registration date of the pledge agreement or by the registration number assigned by the registry.
3. In the presence of several pledges to the same subject of pledge with registered and unregistered pledge, priority is given to the registered pledge, and after it, the priority between unregistered pledges shall be determined by the date of conclusion of a pledge agreement.
4. In the presence of several pledges to the same subject of pledge with unregistered pledge, the priority shall be defined from the date of conclusion of a pledge agreement.
5. The pledgee having a primary right according to this article shall be deemed as a junior pledgee. Other pledges shall be senior pledgees.
6. Provision of this Article shall not apply in cases provided for by Article 10 of the Law.

Article 10 - Special Claim of other Creditors

The creditor, giving the debtor a credit for purchasing the collateral property shall have exclusive right (priority) to satisfy his claims at the cost of this property

Article 11 - Claims of Employees

1. The claims of employees of a pledgor for unpaid salaries has priority over the pledge by agreement but only to the extend of 3 unpaid salaries, subject to the second paragraph of this Article.
2. Provision of paragraph 1 of this Article shall not apply in cases provided by Article 10 of this Law.

Article 12 - Pledge of property attached to other property

1. If the subject of pledge is attached to immovable property, pledge of this property has effect if its separation may be possible without substantial damaging of the immovable property.
2. If the subject of pledge is attached to immovable property and its separation is not possible without substantial damaging of the immovable property the pledgee has a right to demand early fulfillment of the obligation or replacement of the subject of pledge.
3. When the subject of pledge is attached to other movable property the rules stipulated by paragraphs 1 and 2 of this Article shall apply.

Article 13 - Maintenance and Repair of the Pledged Property

1. If not otherwise stipulated by a pledge agreement, a pledgor must maintain the pledged property in an operating condition and bear expenses on its maintenance and repair (routine and capital) till the termination of a charge.

2. A pledgee has the right to check upon the existence, status and conditions of the property pledged under a pledge agreement.

Article 14 - Insurance

1. If a pledge agreement entrusts a pledgor with the responsibility to insure the pledged property, the pledge will cover any rights of a pledgor on the said policy of insurance, and a pledgee has a priority right to satisfy his secured claim out of any subsequent sum of the insurance indemnity directly from the insurance carrier and without the pledgor's consent.
2. A pledgee is deprived of his right to satisfy his claim out of the insurance indemnity if a loss or damage of property occurred due to his fault.

Article 15 - Incomes from Subject of Pledge of Movable Property.

1. Incomes received by the pledgor from transactions with pledged property (barter, sale etc.) shall be subject of pledge.
2. Revenues resulting from use of pledged property (fruits, products, incomes) shall be the subject of pledge if it is provided by pledge agreement.

Article 16 - Third Party Rights with Regard to Subject of Pledge of Pledge Property

1. A pledgor may administer the pledged property by sale, donation, exchange, contribution as an input to partnerships or associations, or as an installment to the property of a cooperative or by other means only upon a written consent of a pledgee unless otherwise provided by the Law, agreement or follows from the essence of the Law.
A pledgor has the right to bequeath the pledged property. Conditions of a pledge agreement or other agreement limiting this right of a pledger are void.
A person obtaining the pledged property under the pledge agreement by a legal succession, including reorganization of a legal person or by inheritance, takes the place of the pledgor and bears all obligations of the latter with regard to the pledge agreement, including those that have not been properly fulfilled by the former pledger, if not otherwise stipulated by the agreement.
If the property pledged under the pledge agreement passed to several persons, each of the legal successors of the former pledgor faces the associated consequences of non-fulfillment of the secured obligation with regard to the portion of property transferred to him personally.
If the subject of pledge is indivisible or, for another reason, becomes a joint property of the pledgor's legal successors, the legal successors become joint creditors.
Property pledge remains in force irrespective of any violations of rules defined for such a transfer during the period of transfer to other persons.
2. A person (persons) obtains the pledged property free of pledge on the following occasions:
 - 1) if a pledge agreement or a written amendment to it directly permits administration of property free of pledge or to the benefit of a third party ;
 - 2) if the pledge property consists of inventory;
 - 3) if a pledgor is involved in retail business, the third party purchasing such a property as a result of a regular retail transaction obtains it free from pledge with the exception of cases when before the moment of sale the customer was informed in writing that the pledgee has the right to exercise his pledge rights with regard to the goods in question

3. On the assignment of property pledged under a pledge agreement with the violation of the regulations of part 1 of the present Article, a pledgee, in his discretion, may claim:
 - 1) nullification of a deal on the assignment of the pledged property in accordance with the Civil Code of the Republic of Tajikistan;
 - 2) pre-term fulfillment of the obligation covered by pledge and taking recourse irrespective of who owns it.
4. If proved that a purchaser of the property pledged under a pledge agreement knew or should have known at the moment of the transaction that the property is assigned with the violation of the regulations of part 1 of the present Article, such a purchaser bears responsibility, to the extent of the cost of the said property, for non-fulfillment of the obligation covered by pledge jointly with the obligator.
If the pledged property is assigned with the violation of the regulations of part 1 of the present Article by a pledger who is not a pledge obligator, along with him a joint responsibility lies both upon the property purchaser and the former pledger.

Article 17 - Charge of the Pledged Property by Other Persons' Rights

1. If not otherwise stipulated by a pledge agreement, a pledger, without the consent of a pledgee, has the right to lease the pledged property, transfer it to a temporary uncompensated use, and, upon an agreement with another person, provide the latter with the right of a limited use of this property (servitude) on the conditions that:
 - 1) the term of a temporary use of property does not exceed the term of obligation covered by pledge;
 - 2) the property is provided for the objectives corresponding to the use of property.
2. If a pledgee recovers the pledged property on the grounds envisaged by law or a pledge agreement, all tenant rights or other rights to the use of this property provided by the pledger to a third party upon signing the pledge agreement terminated:
 - 1) from the moment a court decision on the property recovery comes into force;
 - 2) 15 days after a notification is sent on the grounds of satisfying a pledge holder claims ex curia envisaged in a pledge agreement or an agreement on satisfying the pledgee claims ex curia settled at the same time with the pledge agreement or in subsequent agreements of a pledger with the pledgee.
3. Pledged property may be provided by the pledger for the use of third parties for the period exceeding the term of obligations covered by pledge or for the purposes inconsistent with the property use only upon a written consent of the pledgee and an appropriate notification of these persons.
4. Provision by a pledger the pledged property for the use of another person does not relieve the pledger of his duties under a pledge agreement, if not otherwise stipulated by the pledge agreement.

Article 18 - Consequences of a Forced Exemption of the Pledged Property by the State

1. If the property right of the movable property of the pledger which is the subject of pledge is terminated for cause and in an order stipulated by law due to an exemption (redemption) of property for national or public purposes, its requisition or nationalization, the pledger is provided with other property or a respective reimbursement in accordance with the law of the Republic of Tajikistan. The pledge covers the substituted property or the pledgee obtains the right of a priority satisfaction of his claims out of the sum of reimbursement due to the pledger.
2. A pledgee whose rights cannot be fully protected by rights envisaged in part 1 of the present Article has the right to claim a pre-term fulfillment of the obligation covered

by pledge and apply for a recovery of property provided to the pledger in substitution of the exempted property.

3. When property, which is the subject of pledge, is recovered from a pledger by the state by way of a sanction for committing a crime or other delinquency (confiscation), the pledge remains in force and the pledgee has the right to claim a pre-term fulfillment of the obligation covered by pledge or a replacement of the subject of claim.

Article 19 - Consequences of the Recovery of the Pledged Property

In cases when property, which is the subject of pledge, is recovered from a pledger in an established procedure on the grounds that the real owner of this property is a different person (vindication), the pledge towards this property is terminated. A pledgee, after a court decision enters into legal force, has the right to claim a pre-term fulfillment of the obligation which has been covered by pledge or a replacement of the subject of pledge.

Article 20 - Assignment of Rights and Transfer of Debt under an Agreement on Pledge of Movable Property

1. A pledgee has the right to transfer his rights to another person, if not otherwise stipulated by an agreement.
2. A person receiving the rights under the pledge agreement takes the place of the former pledgee of this agreement. Assignment of rights under a pledge agreement must be performed according to the regulations of the Civil Code of the Republic of Tajikistan.
3. Assignment of rights under a pledge agreement to another person is valid if the same person is assigned the rights of claims to a debtor on the obligation covered by pledge. If not proved otherwise, assignment of rights under a pledge agreement means assignment of rights on the obligation covered by pledge.
4. A debtor has the right to transfer his debt to another person upon the consent of a pledgee (creditor). Transfer of debt is performed in accordance with the regulations stipulated by the Civil Code of the Republic of Tajikistan.

Chapter 2 Registration of Pledge of Movable Property

Article 21 - Commission of Justice Authorities on the Registration of Pledge of Movable Property

1. Registration of pledges is executed by the Ministry of Justice of the Republic of Tajikistan, justice offices of Gorno Badakhshan Autonomous Oblast and provinces. The procedure for registration of pledges and maintain of the Single State Registry shall be approved by the Ministry of Justice of the Republic of Tajikistan.
2. Registration of pledges represented by monetary-credit means, organizational stocks is executed by authorized bodies (registers) on stocks.

Article 22 - Registration of pledge of movable property

1. Registration of pledge is voluntary and is performed with the purpose of providing a pledgee with the priority right to satisfy his claims before other pledgees with no previously registered pledge, as well as before third parties.
2. For registration the pledgee or pledgor shall present a pledge notification to the registration body.

3. Time of registration of pledge shall be introduction of data from a pledge notification into the Single State Registry and assigning s registration number. Registration in the Single State Registry shall be confirmed by a statement from the Single State Registry to be issued within three days from the registration date.
4. The Registration body shall not be liable for contents and reliability of the pledge notification.
5. State fee, determined by the Law, shall be collected for registration of pledge and issuance of a statement.
6. While executing a pledge obligation, a pledgee must provide the registration body with documents required for entering a respective record to the United State Register of pledged property.
7. Registration body bears responsibility for a timely and correct execution of registration of a pledge agreement and is obliged to compensate the complainant for a loss inflicted by an untimely, incomplete or incorrect application of records to the United State Register.

Article 23 - Contents of a Pledge Notification

The pledge notification filed to the registration body shall contain the following:

- 1) name, address of a pledgor and a debtor on the obligation covered by pledge, if this person is not a pledgor, identification number of a taxpayer, settlement account, passport number (for physical persons);
- 2) name, address of a pledgee or a pledge administrator, if any, identification number of a taxpayer, settlement account, passport number (for physical persons) ;
- 3) description of the subject of pledge, allowing to identify it;
- 4) brief notification of possible surcharge limitations;
- 5) date and content of a pledge agreement;
- 6) the signature of a pledgor or pledgee, or a debtor on the obligation covered by pledge if this person is not the pledger, or authorized persons;
- 7) date and subject-matter of the pledge agreement.

Other requirements to the pledge notification shall be determined by the Ministry of Justice of the Republic of Tajikistan.

Article 24 - Registration of Changes Introduced to a Registered Pledge

1. Changes introduced to a registered pledge must be additionally registered:
 - 1) appointment or dismissal of a pledge administrator if the administrator was appointed or dismissed after the registration of the pledge;
 - 2) assignment by the pledgee of a claim covered by pledge;
 - 3) replacement of a debtor in the obligation;
 - 4) replacement of the subject of pledge.
2. Registration of changes in the registered pledge is executed on the basis of an additional notification. Additional pledge notification must contain the date, number of the initial registration, subject-matter of changes of an agreement, and the signature of the pledge holder or the pledger.
3. Registration of changes introduced to the registered pledge is executed in order stipulated by Article 22 of the present Law.

Article 25 - Refusal to Register an Agreement on Pledge of Movable Property or to Introduce Changes to a Registered Pledge

Registration body has the right to refuse registration of a pledge of movable property or to introduce changes in a registered pledge if requirements of the present Law or other normative legal acts of the Republic of Tajikistan have not been executed. Registration body, in three days time, forwards to the person requesting registration a notification providing reasons for refusal in registration.

Article 26 - Annulment of Registration of Pledge of Movable Property

1. Registration of a pledge must be annulled by the pledge holder during 15 days after execution of all obligations covered by the registered pledge.
2. A person violating part 1 of the present Article must compensate all losses to the pledger.
3. In case a pledgee fails to implement his obligations stipulated by part 1 of the present Article, the pledger or other interested party has the right to claim annulment of registration of the pledge in a judicial proceeding.

Article 27 - Access to the United State Register

Information in the United State Register shall be open. Any person, having paid a state fee, according to part 5 of Article 22 of this law may get an information statement from the United State Register.

SECTION II - TYPES OF PLEDGE OF MOVABLE PROPERTY

Chapter 3 - Pledge with a transfer of a subject of pledge to a pledgee (possessory pledge)

Article 28 - Concept of Possessory Pledge

1. Possessory Pledge is a type of pledge when the pledged property is transferred by a pledger to the pledgee in accordance with the pledge agreement.
2. Upon an agreement of the pledgee with the pledger, a subject of the possessory pledge may be kept by the pledger under lock and stamp of the pledgee (normal conventional lien). Individually identified item may be kept by the pledger with an overstrike demonstrating a security.
3. Regulations of the present section apply to the normal conventional lien since their application does not contradict the subject of relations between the pledgee and the pledger in this type of pledge.

Article 29 - Rights and Duties of a Pledgee at Possessory Pledge

1. A pledgee has the right to use the subject of possessory pledge only to the extent stipulated by a pledge agreement with the exception of cases when the pledged property is represented by a cash account and the pledgee is represented by a bank..
The acquired property benefits of the subject of possessory pledge are used, in the first place, to cover the expenses of the pledgee on maintenance and preservation of the pledged property and then on the redemption of interest with regard to the main sum of the debt.
2. If a loss, damage or attrition of the pledged property takes place without any default to the pledgee and are caused by the properties or contents of the pledged property, the pledgee may claim replacement of the subject of possessory pledge as well as compensation of all losses suffered by the pledgee.
3. With regard to possessory pledge, a pledgee, if not otherwise stipulated by the present Law, must:
 - 1) take measures stipulated by an agreement or other measures for a physical preservation of the pledged property with the pledger responsible for the compensation of all expenses if stipulated by the pledge agreement;
 - 2) immediately inform the pledger of the damage or loss of the pledged property, as well as of any other threat (hazard) towards this property;
 - 3) regularly submit a report on the use of the pledged property to the pledger;
 - 4) insure the subject of possessory pledge in the volume of its cost at the expense of, and in favor of, the pledger;
 - 5) properly maintain the pledged property;
 - 6) In three days time to return the subject of pledge after executing the covered obligation if the pledgee does not state a reasonable excuse for a delay that could not be anticipated at the time of signing a pledge agreement.

Article 30 - Rights and Duties of the Pledger at Possessory Pledge

1. A pledger has the rights of a physical access to the pledged property with the purpose of identifying its proper maintenance and use.
In the presence of a threat of loss, damage or attrition of the pledged property with a default of the pledgee, the pledgee has the right to claim termination of circumstances resulting in a loss, damage or attrition of the pledged property.
2. A pledger has the right at any time to claim pre-term termination of security through implementation of obligations covered by security, if not otherwise stipulated by the pledge agreement.
In case the obligation is represented by a money debt and the pledger is represented by a physical person, the pledger may terminate the possessory pledge before the deadline established in the pledge agreement by a discharge of the debt covered by security, if not otherwise stipulated by the agreement.
3. If the pledger learns of a threatened loss, damage or attrition of the pledged property caused by the properties or contents of the pledged property without a default of the pledgee, he immediately informs the pledgee and claims to provide protection.

Article 31 - Responsibility of the Pledgee at a Loss or Damage of the Possessory Pledge

If not otherwise stipulated by an agreement, the pledgee at possessory pledge is responsible before the pledger for a loss or damage of the pledged property if he does not prove that it happened without his default. The size of a compensation paid by the pledgee is estimated by calculating the market amount of loss of the pledger property compared to the money value of the pledged property agreed upon by the parties at the moment of transfer of the pledged property, and in an absence of such an agreement – compared to the market value of the property at the moment of security.

Article 32 - Pawnshops

1. Pawnshops are specialized organizations which deal with securing things as a means of a loan guarantee without collecting additional obligations from a pledgor at any default in payment.
2. Pawning is executed in accordance with Article 387 of the Civil Code of the Republic of Tajikistan.
3. Regulations of Chapter 6 of the present Law are not applicable to pawnshops.
4. Pawnshop shall be liable for loss and damage of pledged things unless proves that loss or damage happened as a result of acts of God.
5. A pledge ticket issued by a pawnshop obtains the force of an agreement.

Article 33 - Pledge of Cash Assets

1. A pledge of cash assets may only be executed through their transfer to a pledger. Cash holdings provided by the pledger to a person who is not represented by a bank are kept by the pledgee on a deposit account of a bank or a notary office. The accumulated interest belongs to the pledger.
2. A bank that has a client's account has the right to keep the cash holdings from his account by way of a pledge as a security of bank credits to the client (pledger) or a third person, on the consent of parties. Such a pledge is considered (constitutes) a security.

3. Cash assets of a bank client (pledger) on the client's bank account may be considered a subject of pledge (pawn) before a third person (pledgee), on the consent of parties.
4. Cash assets which are the subject of pledge can not be paid out from the client's bank account (pledger) without the consent of the pledgee if the bank received a written notification from the pledger and the pledgee with regard to the cash assets on the client's bank account and if there is a written confirmation from the bank.

Chapter 4 - Pledge with the Reservation of a Pledge Object with the Pledger

Article 34 - Subject of pledge with the reservation of a pledge object with the pledger

1. Movable property and items not collected from the civil turnover upon the consent of parties may become a subject of pledge with the reservation of a pledge object with the pledger.
2. Secreted profits may become a subject of pledge determined by part 1 only on the condition that they do not become, from the moment of secreting, an object of a third person's right.

Article 35 - Rights of a pledgee with the reservation of an object of pledge with the pledger

1. If the subject of pledge is with the pledger, the pledgee, if not otherwise stipulated by a pledge agreement, has the right to:
 - 1) receive physical access to the property as well as to any existing documentation to it, required for checking the size, status and maintenance conditions or the use of the pledged property;
 - 2) claim annulment of any infringement of the subject of pledge threatening it with a loss, damage or attrition of its value;
 - 3) reasonably claim that the pledger takes measures aimed at the protection of the subject of pledge;
 - 4) claim restoration or replacement of the pledged property or a discharge of the debt (respective part of the debt) irregardless of the agreed terms of payment in case of damage of the pledged property without a default through no fault of the pledgee;
 - 5) exercise other rights provided by the pledge agreement and not in contradiction with the present Law.
2. In case the pledger refuses to execute the pledge holder's claim on the replacement of the pledged property in accordance with paragraph 4, part 1, of the present Article, the pledgee may claim a pre-term execution of the covered obligation and apply for collection of the pledged property.

Article 36 - Rights and obligations of a pledger with the reservation of the pledge object with the pledger

1. If not otherwise stipulated by a pledge agreement, the pledger, with the reservation of the pledge object with the pledger, has the right to:
 - 1) own and use the subject of pledge in accordance with its character and application;
 - 2) exercise other rights provided by a pledge agreement.
2. A pledger, with the reservation of the pledge object with him, if not otherwise stipulated by a pledge agreement, is obliged to:
 - 1) take all measures necessary for preservation of the subject of pledge, including implementation of a capital or running repair in accordance with the agreement;
 - 2) insure, at his expense, the reserved subject of pledge in full volume;

- 3) in case of a loss of the subject of pledge, as agreed restore or replace the subject of pledge with an item equal in its market value to the lost subject of pledge or discharge the debt (respective part of the debt) irregardless of the terms of payment agreed by the parties;
- 4) notify the pledgee of lease of the subject of pledge;
- 5) provide the pledgee with physical access to property, and to any existing document thereof necessary for inspection of size, state and conditions of keeping and use of the pledge property.

Article 37 - Pledge of Goods in Turnover/Commerce

1. Goods in turnover/commerce are inventory holdings, raw materials, intermediate products and end products that can be used and replenished over the time. In accordance with the present Article, those goods may be secured that can be given a general description ensuring identification of goods. A pledge agreement on goods in turnover must define the type of the pledged goods, describe its characteristic features, total value, location, and thus describe any goods that can be used for a replacement of the pledged property.
2. With regard to a pledge of goods in turnover, the subject of pledge is goods of a certain value which is estimated according to the number of units, size or volume of goods. If not otherwise stipulated by an agreement, the pledger has the right to replace the subject of pledge so that the total value of goods is not lower than the one established by the pledge agreement, eliminate the subject of pledge without a pledgee's consent. Before replenishing the subject of pledge represented by goods in turnover, cash assets relieved from sales are considered the subject of pledge.
Parties may foresee a decrease of the total pledge value of goods in turnover in proportion to the performed part of the obligation covered by the current pledge.
3. A pledge of goods in turnover/commerce is a pledge of goods with their reservation with the pledger. With regard to a pledge of goods in turnover and processing, the pledger preserves the right to own, use, and administer the subject of pledge in compliance with the regulations of the present chapter.
4. Goods in turnover/commerce obtained by the pledger in accordance with the conditions of the pledge agreement on the goods in turnover, become the subject of pledge from the moment of their transfer to the pledger on a property basis or other real right. Goods in turnover stop being a pledge from the moment of their transfer in ownership, economic control or operating administration of the buyer.
5. From the moment of notification of a pledger by a pledge holder of an application of recovery in accordance with Chapter 6 of the present Law, the pledger is prohibited to administer any goods in turnover.

Chapter 5 - Pledge of Rights

Article 38 - Pledge of Rights

1. When the subject of pledge is represented by a money debt due to the pledger, the pledger is not obliged, with the exception of cases determined by the law of the Republic of Tajikistan, to notify his debtor that his debt has been turned to a pledge. The debtor, whose debt has been turned to a pledge, can discharge it through a payment to the pledger or to a person appointed by the pledger if the pledger or the pledgee do not notify the debtor of the pledge. Upon notification of the debtor, the pledgee can directly follow the debtor on the pledge due to the pledger, and the pledged debt can be

discharged only through payments to the pledgee or to a person appointed by the pledgee.

2. If the subject of pledge is a contractual obligation of the third person before the pledger, which is not a money debt, this contractual obligation is satisfied by the obliged party according to an agreement with the pledger. In this case, the pledgee can get satisfaction after any value according to the agreement is transferred to the ownership of the pledger.

The pledgee can get a direct satisfaction from the obliged party according to the contractual obligation only after the pledgee forwards a copy of the notification of a forced recovery of the contractual obligation by the obliged party stating that the pledgee executes, in accordance with the present Law, his right of a forced recovery of the contractual obligation by the obliged party before the pledger.

3. Agreement on a pledge of rights that have no money value defines the value of the subject of pledge upon an agreement of parties, if not otherwise stipulated by the law of the Republic of Tajikistan.

4. If the debtor of the pledgor has performed its obligation before performance of the secured obligation by the pledgor all received things shall be the subject of pledge, and the pledgor must immediately inform the pledgee about it.

In receiving monetary sums from the pledgor's debtor in performance of his obligation, the pledgor, under demand of the pledgee, shall transfer relevant sums to cover the secured obligation unless otherwise provided by the pledge agreement.

Article 39 - Obligations of a pledger with regard to a pledge of rights

If not otherwise stipulated by a pledge agreement, the pledger, with regard to a pledge of rights, must:

- 1) not transfer a pledged right;
- 2) not perform actions resulting in the annulment of the pledge right or attrition of its value;
- 3) take the necessary actions providing validity of the pledge right;
- 4) take all the necessary measures to protect the pledge right against infringement of third parties;
- 5) inform the pledgee of any changes in the pledged right, its violations by third parties, and on the claims to it by third parties.

Article 40 - Rights of the pledgee with regard to a pledge of rights

If not otherwise stipulated by an agreement, the pledgee, with regard to a pledge of rights, has the right to:

- 1) irrespective of the deadline of the obligation covered by pledge, apply to court with a plea to transfer the pledged right to him if the pledger violated obligations stipulated by Article 39 of the present Law;
- 2) if the pledger violates requirements stipulated by paragraph 4, Article 39, of the present Law, take independent actions aimed at the protection of the pledged right against violations on behalf of third parties;
- 3) act as the third party in a case entertaining an action on the pledged right.

SECTION III - FORECLOSURE OF THE PLEDGED PROPERTY

Chapter 6 - Foreclosure of Pledged Property

Article 41 - Grounds for foreclosure of the subject of pledge

1. Foreclosure of the subject of pledge for the satisfaction of the pledge's (creditor's) claims determined by the present Law may be applied in case of a non-fulfillment or inappropriate fulfillment by the debtor of the obligation covered by pledge, in particular:
 - 1) violation of the procedure and period of the interest payment determined by an agreement;
 - 2) violation of the procedure and period of the refund of the main debt determined by law or an agreement;
 - 3) non-fulfillment by the debtor of the pledge's claims of a pre-term execution of the obligation covered by pledge in cases stipulated by Article 42 of the present Law;
 - 4) in other cases stipulated by Law of the Republic of Tajikistan or an agreement.
2. Foreclosure of the pledged property is executed in an order determined by a pledge agreement, if not otherwise stipulated by the present Law. In case of a discrepancy between the conditions of a pledge agreement and the conditions of the obligation covered by pledge with regard to claims that can be satisfied through application of recovery against the pledged property, preference is given to the conditions of the pledge agreement.
3. Foreclosure of the pledged property may be denied if the violation of the obligation covered by pledge by the debtor is minor and the amount of claims put forward by the pledgee is obviously inadequate to the value of the pledged property.

Article 42 - Foreclosure of the subject of pledge with regard to dissatisfaction of claims on a pre-term execution of the obligation covered by pledge

1. A pledgee has the right to claim a pre-term execution of the obligation covered by pledge, and if his claim is not satisfied, to foreclose on the subject of pledge in case of:
 - 1) a violation by the pledger of administrative regulations of the subject of pledge or if the subject of pledge is no longer owned by the pledger;
 - 2) a violation by the pledger of regulations on a replacement or restoration of the subject of pledge;
 - 3) a loss of the subject of pledge due to circumstances for which the pledger bears no responsibility if the pledger did not use the right of replacement or restoration of the subject of pledge;
 - 4) a violation by the pledger of regulations on a subsequent pledge;
 - 5) a violation by the pledger of the obligations on maintenance and preservation of the subject of pledge;
 - 6) a violation by the pledger of obligations on the notification of the pledgee on the rights of third persons with regard to the subject of pledge;
 - 7) regular (more than twice) violations by the debtor of obligations on the payment of interest or other sums determined by the obligation covered by pledge;
 - 8) in other cases stipulated by Law or a pledge agreement.

Article 43 - Priority for Foreclosure of Pledges' Claims

1. Claims of the subsequent pledgee are satisfied from the value of the subject of pledge after the claims of the previous pledgee have been satisfied.
2. The priority of satisfaction of claims in accordance with the present Law may be changed upon a written consent of pledgees.
3. In case of an foreclosure of the subject of pledge on a demand of a senior pledgee the claims of a senior pledgee shall be satisfied after satisfaction of the claims of the junior pledgee even if deadline for satisfaction of his claims does not come.
4. In case of foreclosure of the subject of pledge under the claim of a senior pledgee foreclosure of the subject of pledge and on the claims covered by the junior pledges, before the deadline for its recovery, is allowed.
Claims covered by a subsequent pledge of senior pledgees are not due to a pre-term satisfaction if to satisfy the claims of the junior pledgees it is sufficient to apply for recovery of part of the subject of pledge.
5. A subsequent pledgee who owns the pledged property shall:
 - 1) notify junior pledgees of his intentions to sell the pledged property;
 - 2) transfer the pledged property to possession of junior pledgee upon notification of a previous pledgee.If these claims are not executed, the subsequent pledgee who sells the property bears property responsibility before previous pledgees.
6. When foreclosure of the subject of pledge, claims of the senior pledgee are satisfied from the value of the subject of pledge only after satisfaction by the junior pledgees of his own claims.
7. Regulations of the present Article are not applied if the pledgee of both the previous and subsequent pledges is one and the same person.
In this case, claims covered by each of the pledges are satisfied in order of precedence corresponding to the execution deadline of the respective obligations, if not otherwise stipulated by Law or an agreement of both parties.
8. If the sum recovered from a forced sale of the pledged property carried out in accordance with Section III of the present Law is not sufficient to cover the claims of subsequent pledgees, their claims are dropped as unsecured despite the legality of these claims, if not otherwise stipulated by the pledge agreement.

Article 44 - Procedure of an application of recovery against the subject of pledge

1. To initiate the application procedure of recovery against the subject of pledge ex curia or in court, the pledgee must:
 - 1) take a formal notification on initiating an application procedure of recovery against the subject of pledge;
 - 2) duly handle a written notification to a debtor (and the pledger if he is not simultaneously the debtor);
 - 3) forward a copy of the notification to junior and senior pledgees.
2. Notification is prepared in a written form and must contain:
 - 1) description of a non-fulfilled or inadequately fulfilled obligation against which the recovery procedure is applied;
 - 2) proposal of a voluntary execution of obligations, including payment of sums of all debts in the timeframe that cannot exceed 20 days from the moment of an appropriate notification of the debtor (pledger);
 - 3) warning of a possible initiation of the recovery procedure by enforcement or a proposal of an application of recovery stipulated by Article 46 of the present Law;

- 4) other data which, in the opinion of the pledgee, is obligatory;
- 5) date of notification and the signature of the pledgee or a person authorized by him.

Article 45 - Actions of a debtor (pledger) upon reception of notification of initiating a recovery procedure against the subject of pledge

Upon reception of notification, the debtor (pledger) has the right to:

- 1) satisfy the pledgee's offer to voluntarily execute obligations;
- 2) appeal to court with a plea of contestation of the grounds of recovery in accordance with paragraph 6, Article 46 of the present Law if the pledge agreement or a separate agreement stipulate an extrajudicial procedure;
- 3) when in argument, take measures aimed at its regulation without recourse to court or appeal to court with the claim to withdraw the notification by the pledgee.

Article 46 - Extrajudicial procedure for application of recovery against the subject of pledge

1. Application of recovery against the subject of pledge in an extrajudicial procedure is performed on the following grounds:
 - 1) a pledge agreement or an agreement containing conditions for an application of recovery against the subject of pledge ex curia;
 - 2) ministerial inscription of a notary public in accordance with paragraph 7 of this Article.
2. Application of recovery against the subject of pledge upon a pledge agreement or an agreement on the satisfaction of the pledgee's claims ex curia is executed upon forwarding a notification stipulated by Article 44 of the present Law.
3. A condition on the satisfaction of the pledgee's claims ex curia provides the pledgee with the right to execute a sale of the subject of pledge through a tender or otherwise according to the pledge agreement or an Agreement without additional consent of the pledgor, after submission of a notification and expiration of the specified term.
4. In an agreement of the satisfaction of the pledgee's claims in an extrajudicial procedure, parties must designate:
 - 1) title (name) and location (residence) of parties;
 - 2) name, initial (starting) price of the subject of pledge which is defined on the basis on an agreement between the pledger and the pledgee, contents and location, as well as a description of the subject of pledge sufficient for identification;
 - 3) sums due to be paid to the pledgee by the debtor on the ground of the obligation covered by pledge and the pledge agreement; and if the pledger is represented by a third party, also specify the pledger;
 - 4) consent of parties to the application of recovery and realization of the subject of pledge in an extrajudicial procedure;
 - 5) regulation providing the pledgee has an authority to make deals related to the realization of the subject of pledge;
 - 6) realization of the subject of pledge by one of the means stipulated by the present Law;
 - 7) distribution order of the sum recovered through the realization of the subject of pledge;
 - 8) title (name) of previous and subsequent pledgees of the subject of pledge (if any available);
 - 9) title (name) of third parties with real rights and the rights to use the subject of pledge (if available);

- 10).other conditions that parties believe important to be mentioned in the agreement.
5. Agreement on the satisfaction of the senior pledgee's claims is valid if signed with participation of the junior pledgees.
Agreement on the satisfaction of the pledgee's claims in an extrajudicial procedure may be found invalid by court at the suit of the person whose rights have been violated by this agreement.
 6. If an agreement (contract) signed between the pledger and the pledgee establishes an extrajudicial procedure for an application of recovery against the subject of pledge, none of the parties can, unilaterally, change the application of recovery procedure or otherwise deny the application of recovery procedure established by the agreement (contract), if between the parties there is no argument on the grounds of application of recovery against the subject of pledge.
At that, in case there are grounds for application of recovery against the subject of pledge, parties can sign an additional agreement stipulating an extrajudicial application procedure of recovery against the subject of pledge different from the one initially determined by the pledge agreement or the agreement.
 7. A pledgee has the right to apply for the execution of the ministerial inscription made by a notary public after rendering of judicial decision on the legality of the grounds for the application of recovery against the mortgaged property if the parties did not agree otherwise in accordance with part 6 of the present Article.
 8. If the sum recovered from the realization of the pledged property is not sufficient for the satisfaction of the pledgees claims, he is deprived of the right to receive the missing sum from the value of other property of the debtor, if not otherwise stipulated by the pledge agreement or an agreement on satisfying the pledgee's claims in an extrajudicial procedure.

Article 47 - Transfer to a pledgee of the subject of pledge according to an extrajudicial application procedure of recovery

1. In cases determined by part 1, Article 46 of the present Law, the pledger must provide a transfer of the subject of pledge to the pledgee or his authorized representative, including a tender organizer, if not otherwise stipulated by the parties' agreement.
2. If a transfer of the subject of pledge is impeded by the third party, the pledger, the pledgee or their authorized representatives have the right to take any legitimate measures necessary for the transfer of the subject of pledge.
3. From the moment of reception of the subject of pledge and till the moment of its realization, the pledgee has rights of the subject of pledge determined by law or an agreement, including the right to improve the subject of pledge through reconstruction, repair, etc. or to decrease expenditures on its realization.
The pledgee also has obligations towards the subject of pledge which are determined by law or an agreement, including the obligation to provide its maintenance.
4. After the pledgee forwards a notification on the forced application of recovery, he or his representative obtain the right of an immediate ownership of the respective subject of pledge.
5. After obtaining ownership of the pledged property and before the sale according to the application of recovery, the pledgee has rights and obligations towards the pledged property determined by the present Law with regard to the pledge. The pledgee may take measures on an increase of the property sale value through its improvement by reconstruction, repair or a decrease of sale expenditures. The pledgee may take measures aimed at the protection of the subject of pledge at any time upon an agreement with the pledger. Following the pledger's application of a forced recovery, court may take a decision on other protective measures of the pledged property.

6. At the end of the deadline established by part 2, part 2, Article 44 of present Law, the pledger cannot change the contractual obligation or exercise his rights towards the contractual obligation without the consent of the pledgee. In case when the pledgee exercises the rights of the pledger towards his contractual obligation turned into pledge, the pledgee must execute any respective obligation of the pledger following from the same contractual obligation.

Article 48 - Judicial process of an application of recovery against the subject of pledge

1. Application of recovery against the subject of pledge may be carried out as a legal process if the pledge agreement does not envisage a possibility of an application of recovery against the subject of pledge in an extrajudicial procedure, as well as when:
 - 1) signing a pledge agreement required consent or permission of another person and such a consent or permission was not granted;
 - 2) the subject of pledge is represented by property that has a significant historical, art, or other cultural value for the society;
 - 3) the pledger is missing and it is not possible to identify his location.
2. The pledgee has the right to bring a suit on the application of recovery through a legal process after the deadline determined by part 2, part 2, Article 44 of the present Law.
3. A suit on the application of recovery against the subject of pledge is brought and the case is judged at the location (residence) of the pledger in accordance with the norms of the procedural legislation of the Republic of Tajikistan and the regulations determined by the present Law.
4. The pledgee must submit to the court an evidence of notifying the pledger (debtor) of the application of recovery against the subject of pledge stipulated by the present Law. The pledgee must also submit to the court an evidence of notifying previous and subsequent pledgees of the initiation of the procedure of recovery application against the subject of pledge.
5. Persons with the legitimate right to use the pledged property or the real right to this property may participate in the hearing of the case on the application of recovery against the subject of pledge as an interested party.

Article 49 - Issues resolved by court in the hearing of a case on the application of recovery against the subject of pledge

Besides general issues envisaged by the procedural legislation of the Republic of Tajikistan, hearing a case on the application of recovery against the subject of pledge the court must define and point out in its decision:

- 1) all sums due to be paid to the pledgee out of the value of the subject of pledge with the exception of sums on the protection and realization of the subject of pledge which are defined after its realization. For the sums calculated percentage-wise, it is necessary to define the sum that charges interest, the amount of interest and penalties, as well as the period of charge;
- 2) the subject of pledge the value of which should be used for the satisfaction of the pledgee's claims;
- 3) manner of realization of the subject of pledge which is applied for recovery;
- 4) initial (starting) price of the subject of pledge at its realization which is defined on the basis of an agreement between the pledger and the pledgee, and in case of an argument – by court on the basis of the conclusion of an independent evaluator;
- 5) measures providing protection of the subject of pledge before its realization, if required.

- 6) order and priority of distribution of the effects of the sale in accordance with the present Law.

Article 50 - Issues resolved by court in the hearing of an argument on the grounds of application of recovery against the subject of pledge

Besides general issues envisaged by the procedural legislation of the Republic of Tajikistan, hearing of an argument between the mortgager and the pledgee on the grounds of an application of recovery against the subject of pledge in accordance with part 6, Article 46 of the present Law, the court must define and decide on the grounds justification of the application of recovery against the subject of pledge and explain to the parties their right for application of recovery against the subject of pledge according to parts 6 and 7, Article 46 of the present Law.

Chapter 7 - Sale of the Subject of Pledge under Recovery

Article 51 - Sale of the subject of pledge

1. Upon the expiry of the term specified in item 2 paragraph 2 Article 44 of present Law, the pledgee has the right launch sale of the subject of pledge in accordance with this Law .
2. Sale of the subject of pledge on application of recovery may be either public or private, and must be in compliance with the type and status of property.
The pledger and the pledgee must take voluntary measures to ensure sale in such a way that it is most profitable for all participating parties with the consideration of actual conditions.
3. Any person, excluding a pledgor and any persons acting on behalf of the pledger, who offers the highest bid among a tender participants on application of recovery in accordance with the present Article, obtains the right of ownership to the pledged property. Under a private tender, a buyer who is not the pledger or a person acting on behalf of the pledger, obtains the same right of ownership having paid the price agreed upon between the pledger and the pledgee.
4. If the pledge is represented by a possessory pledge and the subject of pledge is a money deposit, stocks, fungible things or other things that can be replaced by identical things in case of a need to return them to the pledger, the pledgee may exercise his rights on application of recovery of the non-fulfilled obligation at the moment of deadline for the execution of the obligation covered by pledge.
The pledgee has the right to sell or otherwise realize this pledge immediately after obtaining ownership of this pledge if:
 - 1) this recovery, due to its physical characteristics, is a perishable item or there is a threat that it will soon lose its value;
 - 2) expenses for preservation and maintenance of the subject of pledge are way too big compared to its value;
 - 3) upon a decision of court;
5. The pledger may stop foreclosure of the pledged property through a payment to the pledgee of the whole due sum with regard to the obligation covered by the pledged property, including the expenses on the application of recovery before its sale.
6. Assignment of the subject of pledge through application of recovery with the purpose to satisfy claims under the obligation covered by pledge is not a trade operation.

Article 52 - Manner and methods of sale

1. The subject of pledge which is the object of the application of recovery in accordance with the present Law is sold through a public or private tender or in a different manner determined by a party agreement, as well as through obtaining the subject of pledge by the pledgee in accordance with the requirements of the present Law.
2. Public tender is held in the form of an open auction or competition. Tender format is defined by a decision of court (if application of recovery is processed in court) or a pledge agreement or an agreement on the satisfaction of the pledgee's claims (if application of recovery is processed in an extrajudicial procedure).
3. Order of a public tender is defined by respective articles of the Civil Code of the Republic of Tajikistan, the present Law and other normative legal acts, as well as by the pledge agreement or an agreement on the satisfaction of the pledge holder's claims in an extrajudicial procedure.

Article 53 - Rights and obligations of a pledgee at the sale of the subject of pledge

1. The pledgee may sell the pledged property in any manner convenient to him, with particulars stipulated by the law of the Republic of Tajikistan. The pledgee may appoint a pledge administrator acting on his behalf for a sale or resolving of any related issue. The pledgee has the right to wait with the sale of the subject of pledge upon the consent of previous and subsequent pledgees to get a higher price for the pledged property but no longer than three months from the beginning of the application of recovery procedure.
The pledgee has the right to apply to court with a request to postpone the tender in accordance with the Civil Code of the Republic of Tajikistan.
Upon a written consent of the pledger and all pledgees, the sale of the pledged property may be postponed without going to court.
2. The pledgor cannot buy the pledged property through a private tender himself.
3. The pledgee invests any profit from a tender held under an application of recovery exceeding the sum due to the pledgee in a depository. This sum will be used for payment to senior pledgees, and the rest will be returned to the pledgers. All means spent by the pledgee as costs in litigation, maintenance, improvement of the pledged property, sale of the pledged property or expenditures according to part 5, Article 47 of the present Law relate to expenses under an application of recovery in accordance with Article 6 of the present Law and are due to the pledgee.

Article 54 - Obligation before the pledger resulting from illegal sale of the subject of pledge

1. If the court finds out that the pledged property was sold by the pledgee at an insufficiently low price due to a violation of the procedures stipulated by the present Law, obligations of parties return to their initial stage.
2. If the pledger or the senior pledgee proves that a sufficient market price of the pledged property during its sale exceeded the sale value and that as a result of a violation of tender regulations by the junior pledgee the pledgor or the senior pledgee lost the effects of the sale which may remain, the pledger or the senior pledgee may apply to court with a request to compensate the losses equal to the lost sum by the pledgee.

Article 55 - Consequences resulting from an illegal ownership of the subject of pledge

The pledger may lay the damage from the pledgee in a procedure stipulated by the law of the Republic of Tajikistan if the pledgee obtains ownership of the pledged property without a legitimate right to do it or illegally.

Article 56 - Termination of the sale of the subject of pledge

1. At any time before the sale of the subject of pledge through a tender or its purchase by the pledge through a procedure established by the present Law, the application procedure of recovery and its sale must be terminated if the debtor or the pledger, who is the third party, executes the obligation covered by pledge fully or in the part non-fulfillment or inadequate fulfillment of which served the ground for an application of recovery through payment of the sums under the claim of the pledgee in the volume corresponding the claims by the moment of payment of respective sums and compensates the pledge holder the amount of litigation costs and other costs resulting from the application of recovery against the subject of pledge and its realization.
The agreement that constraints the right determined in the present paragraph is void.
2. Upon reception of sums determined in part 1 of the present Article, the pledge holder must:
 - 1) prepare a notification on the termination of the application procedure of recovery against the subject of pledge and its realization;
 - 2) in case the pledge was registered in accordance with the present Law, submit a notification to a respective agency to annul the registration in accordance with article 26 of the present Law;
 - 3) upon a claim of the pledger (debtor) or the junior and senior pledgees on the previous and subsequent pledge, provide them with copies of the notification.
3. Notification is prepared in writing and must contain the following data:
 - 1) title (name) and location (residence) of the pledger (debtor);
 - 2) title (name) and location (residence) of the pledgee;
 - 3) instruction to terminate the application procedure of recovery against the subject of pledge and its realization;
 - 4) if the pledge was registered – registration number, date and time of registration in the registration agency;
 - 5) other data which, in the opinion of the pledgee, is necessary;
 - 6) date of notification and the signature of the pledgee.

Article 57 - Grounds for termination of a pledge

1. A pledge is terminated fully or partially on the grounds stipulated by the Civil Code of the Republic of Tajikistan, the present Law or the pledge agreement.
2. Upon the termination of a pledge, the pledgee must:
 - 1) prepare a notification of the termination of the pledge;
 - 2) if the pledge agreement was registered in accordance with the present Law – forward the notification to the registration agency for annulment of registration in accordance with Article 26 of the present Law;
 - 3) upon a claim of the debtor (pledger) or junior and senior pledgees provide them with copies of the notification.
3. Notification is prepared in writing and must contain the following data:
 - 1) title (name) and location (residence) of the debtor (pledger);
 - 2) title (name) and location (residence) of the pledgee;
 - 3) circumstances consisting the grounds for termination of the pledge;

- 4) if the pledge was registered – registration number, date and time of registration in the registration agency;
- 5) other data that, in the opinion of the debtor (pledger) and/or the pledgee, are necessary;
- 6) date of notification and the signature of the pledgee.

SECTION IV - GUARANTEE OF RIGHTS UNDER PLEDGE

Article 58 - Protection of rights of a pledgee and a pledger under termination of their rights to the pledged property on the grounds envisaged by Law

1. In case the Republic of Tajikistan adopts legislative acts terminating the pledge right the losses inflicted to a pledgee as a result of adoption of these acts are compensated to him in full volume from the state budget.
2. In case of termination of a property right to the pledged property or termination of pledged rights due to a decision of a state governance or administration body, not directly aimed at the recovery of the pledged property or pledged rights, the losses inflicted to the pledgee as a result of this decision are compensated to the pledge holder in full volume by this state body at the expense of means at its disposal, and if not sufficient – at the expense of the state budget. Arguments on the compensation of losses are resolved by court.
3. In case forced measures are taken by the state for a recovery of the pledged property or rights (nationalization, requisition, confiscation, as well as other measures similar by their consequences), the state compensates the losses inflicted to the pledgee by these measures in accordance with the law of the Republic of Tajikistan.

Article 59 - Invalidity of acts violating the pledge right

1. If publication by a state governance and administrative body of a non-normative act which is not in compliance with the legislation results in a violation of a pledgee's rights, such an act is found invalid by court upon an application of the pledgee.
2. Consequences stipulated by part 1 of the present Article also follow if a pledger is deprived of the right of economic maintenance or operational administration of the subject of pledge.
3. Losses inflicted to the pledge holder resulting from the publication of acts defined in part 1 of the present Article are due to compensation in full volume by a respective body of the state administration and governance.

SECTION V - CONCLUDING PROVISIONS

Chapter 9 - Concluding Provisions

Article 60 - On the procedure of introducing the present Law into effect

1. The present Law is introduced into effect from the day of its official publication.
2. To establish that the Law of the Republic of Tajikistan “On Pledge” issued on July 20, 1994 (Akhbori Shuroi Oli of the Republic of Tajikistan, 1994, # 14, Art. 205, Majlisi Oli of the Republic of Tajikistan, 1997, #9, Art. 117; 1998, #10, Art. 123), is in force before the adoption of the Law of the Republic of Tajikistan “On Mortgage” and only in the part that does not contradict to the present Law.
3. Chapter 2 of the present Law shall come into effect in a year after coming into force of the present Law.

Pledges, originating before the present Law came into force, may be registered within six months after introducing Chapter 2 of the present Law into force.

4. Pending an adjustment with the present Law of other laws and legal normative acts of the Republic of Tajikistan, these laws and legal normative acts are in force in the part that does not contradict the present Law.
5. With regard to a pledge originating before the present Law came into force, the present Law is not used, if not otherwise stipulated by an agreement of the parties.