



# General Assembly

Distr.: General  
4 March 2024

Original: English

**United Nations Commission on  
International Trade Law**  
**Fifty-seventh session**  
New York, 24 June–12 July 2024

## Draft model law on warehouse receipts

### Note by the Secretariat

1. At its forty-ninth session, in 2016, the Commission decided to place the topic of warehouse receipt financing on its future work programme.<sup>1</sup>
2. At the fifty-third session, in 2020, the Commission had before it a note in which the secretariat presented the progress made since the fifty-second session of the Commission ([A/CN.9/1014](#)). The Commission was informed that its secretariat had invited UNIDROIT to participate in and contribute to the preparatory phase of the Commission's work on warehouse receipts. The Commission was also informed that, in line with the mandate received from the Commission at its fifty-second session,<sup>2</sup> UNIDROIT and the UNCITRAL secretariat had jointly organized and held a workshop with a broad audience of experts and organizations on 26 March 2020.
3. The Commission concurred with the assessment made by the secretariat and requested the secretariat to proceed with the necessary preparatory work towards the development of a model law on the private law aspects of warehouse receipts, covering both electronic and paper, negotiable and non-negotiable receipts. The Commission agreed to authorize such work to start on a broad basis aiming at the preparation of a comprehensive instrument covering all the essential aspects necessary to regulate the private law side of a system of warehouse receipts.<sup>3</sup>
4. As regards the methodology, and bearing in mind the overall work programme of the Commission and the expected progress of the projects then being dealt with by the various working groups, the Commission agreed to carry out the project jointly with UNIDROIT, and noted with appreciation the information that the Governing Council of UNIDROIT had already authorized its secretariat to participate in such a joint project. The Commission also agreed with the proposal by the secretariat that UNIDROIT could convene a study group or working group set up by UNIDROIT under the auspices of its Governing Council and to which the UNCITRAL secretariat would be invited in order to start the work. Once the UNIDROIT study group or working group had completed its work, the preliminary draft model law would be submitted for intergovernmental negotiations through an UNCITRAL working group

<sup>1</sup> *Official Records of the General Assembly, Seventy-first Session, Supplement No. 17 (A/71/17)*, para. 125.

<sup>2</sup> *Ibid.*, *Seventy-fourth Session, Supplement No. 17 (A/74/17)*, paras. 196 and 221(b).

<sup>3</sup> *Ibid.*, *Seventy-fifth Session, Supplement No. 17 (A/75/17)*, para. 60.





with a view to its ultimate adoption by UNCITRAL. The Commission further agreed that the final text to be adopted by UNCITRAL would bear the names of both organizations, in recognition of their close cooperation and the contribution by UNIDROIT during the preparatory phase of the project. In conclusion, the Commission requested its secretariat to proceed with the preparatory work in cooperation with UNIDROIT towards the development of a model law on the private law aspects of warehouse receipts, as proposed in paragraphs 24–26 of the note by the Secretariat ([A/CN.9/1014](#)) and present the results of that work to the Commission for consideration at its next session.<sup>4</sup>

5. At its fifty-sixth session, in 2023, the Commission considered the note by the Secretariat summarizing the work done by the Working Group on a Model Law on Warehouse Receipts convened by UNIDROIT in consultation with the UNCITRAL secretariat (hereafter the “Working Group”) and containing the draft model law as revised by the Drafting Committee following the sixth session of the Working Group and the subsequent written consultation of the Working Group ([A/CN.9/1152](#)). In addition, the Commission was informed that the UNIDROIT Governing Council, at its 102nd session (Rome, 10–12 May 2023), had agreed that the draft was ready for submission to UNCITRAL for State negotiations and completion.<sup>5</sup> After deliberation, the Commission agreed to refer the draft model law on warehouse receipts to Working Group I. In doing so, the Commission noted the advanced stage of the draft model law on warehouse receipts and its belief that consideration of the text by the Working Group would require only a short amount of time, possibly two sessions.<sup>6</sup>

6. The Working Group completed a first reading of the draft model law on warehouse receipts at its fortieth session (Vienna, 25–29 September 2023). At that occasion, the Working Group discussed the scope of application of the model law and general provisions, issuance and contents of a warehouse receipt, transfer and other dealings in negotiable warehouse receipts, rights and obligations of the warehouse operator, and pledge bonds, and holding a general discussion on warehouse receipts in electronic form ([A/CN.9/1158](#)).

7. At its forty-first session (New York, 5–9 February 2024), the Working Group completed a second reading of the model law and requested the secretariat to revise the draft model law to reflect its deliberations and decisions during the session, and to transmit the revised draft to the Commission for consideration and possible approval at its fifty-seventh session ([A/CN.9/1165](#), para. 9). The draft model law, as revised, is contained in the annex to this document.

8. In addition to the draft model law, at its fifty-fifth session, the Commission will have before it a compilation of comments received from Governments and relevant international organizations, to which the draft model law has been circulated prior to the session ([A/CN.9/1184](#)). At the request of the Working Group ([A/CN.9/1165](#), para. 9), the Commission will also have before it a draft guide to enactment of the model law prepared by the secretariat in cooperation with UNIDROIT ([A/CN.9/1183](#)). The Commission may wish to take note of the draft guide to enactment and request the secretariat to publish it as a paper and electronic booklet in the six official languages of the United Nations, within existing resources.

<sup>4</sup> Ibid., para. 61.

<sup>5</sup> Ibid., *Seventy-eighth Session, Supplement No. 17* ([A/78/17](#)), para. 177.

<sup>6</sup> Ibid., paras. 22(b) and 177.



## Annex

### Draft model law on warehouse receipts

#### Chapter I. Scope and general provisions

##### *Article 1. Scope of application*

1. This Law applies to warehouse receipts.
2. For the purposes of this Law, a warehouse receipt is an electronic record or paper document issued and signed by a warehouse operator by which the warehouse operator:
  - (a) Acknowledges holding the goods covered by it on behalf of the holder; and
  - (b) Promises to deliver the goods to the holder.

##### *Article 2. Definitions*

For the purposes of this Law:

1. “Depositor” means a person who deposits goods for storage with a warehouse operator.
2. “Electronic record” means information generated, communicated, received or stored by electronic means, including, where appropriate, all information logically associated with or otherwise linked together so as to become part of the record, whether generated contemporaneously or not.

##### *Variant 1*

3. “Holder” of a warehouse receipt means:
  - (a) In the case of an electronic negotiable warehouse receipt that is issued to the order of a named person – that person, or the most recent endorsee, if in control of the receipt;
  - (b) In the case of an electronic negotiable warehouse receipt that is issued to bearer or endorsed in blank – the person in control of the receipt;
  - (c) In the case of a paper negotiable warehouse receipt that is issued to the order of a named person – that person, or the most recent endorsee, if in possession of the receipt;
  - (d) In the case of a paper negotiable warehouse receipt that is issued to bearer or endorsed in blank – the person in possession of the receipt; and
  - (e) In the case of a non-negotiable warehouse receipt – the person to whom delivery of the goods is to be made in accordance with the terms of the receipt.

##### *Variant 2<sup>1</sup>*

3. “Holder” of a warehouse receipt means:
  - (a) In the case of a receipt that is issued to bearer or endorsed in blank, the person in control of the warehouse receipt:
    - (i) Pursuant to a method used in accordance with article 6, paragraph 3, if the warehouse receipt is electronic; or

<sup>1</sup> Note to the Commission: Variant 2 is offered to simplify the definition and reflect more clearly the preference expressed by the Working Group, at its forty-first session (New York, 5–9 February 2024) “to streamline and simplify the draft definition in particular by finding common terms for the different concepts used in paper and electronic contexts” (A/CN.9/1165, para. 21).



- (ii) By possession, if the warehouse receipt is issued in paper form;
- (b) In the case of a warehouse receipt that is issued to the order of a named person – that person, or the most recent endorsee, if in control of the receipt:
  - (i) Pursuant to a method used in accordance with article 6, paragraph 3, if the warehouse receipt is electronic; or
  - (ii) By possession, if the warehouse receipt is issued in paper form;
  - (c) In the case of a non-negotiable warehouse receipt – the person to whom delivery of the goods is to be made in accordance with the terms of the receipt.
- 4. “Negotiable warehouse receipt” means a warehouse receipt that is issued:
  - (a) To the order of a named person; or
  - (b) To bearer.
- 5. “Non-negotiable warehouse receipt” means a warehouse receipt that is issued in favour of a named person only.
- 6. “Protected holder” means a person that satisfies the requirements of article 17, paragraph 1.
- 7. “Storage agreement” means an agreement between a warehouse operator and a depositor that sets out the terms on which the warehouse operator agrees to store goods.
- 8. “Warehouse operator” means a person who is in the business of storing goods for other persons.

#### *Article 3. Party autonomy*

The provisions of this Law may not be derogated from or varied by agreement.

#### *Article 4. Interpretation*

In the interpretation of this Law, regard is to be had to its international origin and the need to promote uniformity in its application.

## **Chapter II. Issuance and contents of a warehouse receipt; alteration and replacement**

#### *Article 5. Obligation to issue a warehouse receipt*

A warehouse operator shall issue a warehouse receipt in relation to goods after receiving them for storage if requested by the depositor in accordance with the terms of the storage agreement.

#### *Article 6. Electronic warehouse receipt*

1. Where an electronic warehouse receipt is issued, a reliable method shall be used:
  - (a) To identify the electronic warehouse receipt;
  - (b) To render that electronic warehouse receipt capable of being subject to control from its issuance until it ceases to be valid; and
  - (c) To retain the integrity of that electronic warehouse receipt.
2. The criterion for assessing integrity shall be whether information contained in the electronic warehouse receipt, 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 normal course of communication, storage and display.



3. An electronic warehouse receipt is subject to control if a reliable method is used:
  - (a) To establish exclusive control of that electronic warehouse receipt by a person;
  - (b) To identify that person as the person in control; and
  - (c) To transfer control over the electronic warehouse receipt.

*Article 7. General reliability standard for electronic warehouse receipts*

For the purposes of article 6, the method referred to shall be:

- (a) As reliable as appropriate for the fulfilment of the function for which the method is being used, in light of all relevant circumstances, which may include:
  - (i) Any operational rules relevant to the assessment of reliability;
  - (ii) The assurance of data integrity;
  - (iii) The ability to prevent unauthorized access to and use of the system;
  - (iv) The security of hardware and software;
  - (v) The regularity and extent of audit by an independent body;
  - (vi) The existence of a declaration by a supervisory body, an accreditation body or a voluntary scheme regarding the reliability of the method;
  - (vii) Any applicable industry standard; or
- (b) Proven in fact to have fulfilled the function by itself or together with further evidence.

*Article 8. Representations by the depositor*

By requesting the issuance of a warehouse receipt, the depositor represents to the warehouse operator and to the subsequent holders that:

- (a) It has the authority to deposit the goods;
- (b) It has the authority to request the issuance of a negotiable or non-negotiable warehouse receipt; and
- (c) To the best of its knowledge, the goods are free of any rights or claims of third parties except as notified to the warehouse operator.

*Article 9. Incorporation of storage agreement in the warehouse receipt*

1. A warehouse receipt may state that it includes some or all terms of the storage agreement. In that case, a copy of the storage agreement or of its relevant provisions shall be made available on request by the current holder to potential transferees.
2. Notwithstanding paragraph 1, the warehouse operator may not invoke against any person who becomes a holder under article 15 or 16 any term of the storage agreement that is inconsistent with the express terms of the warehouse receipt.

*Article 10. Information to be included in a warehouse receipt*

1. A warehouse operator shall include the following information in a warehouse receipt:
  - (a) The words “warehouse receipt”;
  - (b) If it is negotiable, the name of the person to whose order the receipt is issued or a statement that it is issued to bearer;
  - (c) If it is non-negotiable, the name of the person in whose favour it is issued;
  - (d) The name and address of the depositor;



- (e) The name and address of the warehouse operator;
  - (f) A description of the goods and their quantity;
  - (g) The existence of any rights or claims of third parties to the goods notified by the depositor to the warehouse operator pursuant to article 8, subparagraph (c);
  - (h) The fixed period of the storage, if any;
  - (i) The place where the goods are stored;
  - (j) A unique identifier for the receipt;
  - (k) The date and place of issuance; and
  - (l) The date of the storage agreement.
2. A missing, incomplete or incorrect statement of information required by paragraph 1 does not affect the validity of the warehouse receipt, but the warehouse operator is not relieved from any liability that it would have under other law to any person as a result of the statement being missing, incomplete or incorrect.
3. If a warehouse receipt does not include the information required by paragraph 1, subparagraph (b) or (c), it is presumed to be a negotiable warehouse receipt that is issued to bearer.

*Article 11. Additional information that may be included in a warehouse receipt*

1. A warehouse operator may also include any other information in a warehouse receipt, such as:
- (a) The name of the insurer, if any, who has insured the goods, the details of the insurance policy covering the goods and the insured value;
  - (b) The amount of the storage fees if they are a fixed amount or, if they are not a fixed amount, how the fees are calculated;
  - (c) The quality of the goods; or
  - (d) If the goods are fungible, whether the goods may be commingled.
2. An incorrect statement of information referred to in paragraph 1 does not affect the validity of the warehouse receipt, but the warehouse operator is not relieved from any liability that it would have under other law to any person as a result of the statement being incorrect.
3. If a warehouse receipt covers fungible goods but does not state the quality of the goods, the goods are presumed to be of average quality.

*Article 12. Goods in sealed packages and similar situations*

1. If the warehouse operator has no practicable or commercially reasonable means of inspecting the goods or otherwise verifying the information provided by the depositor, the warehouse operator may describe the goods, including their type, quantity and quality:
- (a) In accordance with information provided to it by the depositor, by a statement to that effect in the warehouse receipt; or
  - (b) In the case of goods in a sealed package, by a statement to the effect that the package is said to contain the described goods, and that the warehouse operator otherwise has no knowledge of the contents or condition of the contents of the package.
2. A warehouse operator who describes goods in accordance with paragraph 1 shall not be liable for any loss suffered by any person as a result of the description being incomplete or incorrect, unless the warehouse operator knew or had reasonable grounds to believe that the description was incomplete or incorrect.



*Article 13. Loss or destruction of a warehouse receipt*

1. In the event of loss or destruction of a warehouse receipt, the holder at the time of loss or destruction may require the warehouse operator to issue a replacement warehouse receipt subject to reasonable requirements that the warehouse operator may establish as regards:

- (a) Proof of the loss or destruction of the warehouse receipt;
- (b) Proof of the holder's entitlement to the warehouse receipt;
- (c) An indemnity in relation to the issuance of the replacement warehouse receipt, and security in support of that indemnity; and
- (d) Reimbursement of costs reasonably incurred for the replacement of the warehouse receipt, [when such possibility is not covered by the storage agreement] [unless the storage agreement provides otherwise].<sup>2</sup>

2. In the case of an electronic warehouse receipt:

(a) "Loss or destruction" in paragraph 1 occurs when any of the conditions for an electronic warehouse receipt set out in article 6, paragraph 1, or any of the conditions necessary for establishing the existence of control set out in article 6, paragraph 3, ceases to be met; and

(b) "Issue a replacement warehouse receipt" in paragraph 1 may include reinstatement of control of the electronic warehouse receipt over which control has been lost.

3. If a warehouse operator fails to issue a replacement warehouse receipt pursuant to paragraph 1, the holder at the time of loss or destruction may apply to the court for an order that the warehouse operator issue a replacement warehouse receipt, including by way of proceedings in the form of [*the enacting State specifies the appropriate expeditious proceedings*].

4. A replacement warehouse receipt issued under this article shall state that it is a replacement warehouse receipt and shall cancel and supersede the warehouse receipt believed to have been lost or destroyed.

5. Only the replacement warehouse receipt issued in accordance with paragraph 4 entitles the holder, or a person nominated by the holder, to claim delivery of the goods under article 26, but a person who, in good faith, acquires the warehouse receipt believed to have been lost or destroyed retains any right to claim damages from a previous holder that may be available under other laws.

*Article 14. Change of medium of a warehouse receipt*

1. If the holder of a warehouse receipt so requests, a warehouse operator may change the medium of the warehouse receipt from paper to electronic or from electronic to paper.

2. At the time of the change of medium, the warehouse operator shall ensure that the warehouse receipt can no longer be used in its previous medium.

3. The change of medium does not affect the rights and obligations of the parties.

<sup>2</sup> Alternative formulation for consideration by the Commission.



### Chapter III. Transfers and other dealings in negotiable warehouse receipts

#### *Article 15. Transfer of a negotiable warehouse receipt*

1. A paper negotiable warehouse receipt may be transferred:
  - (a) By endorsement and delivery, if it is issued or endorsed to the order of the person transferring it; or
  - (b) By delivery, if:
    - (i) It is issued to bearer; or
    - (ii) It is endorsed in blank or to bearer.
2. An electronic negotiable warehouse receipt may be transferred by transfer of control.

#### *Article 16. Rights of a transferee generally*

1. A person to whom a negotiable warehouse receipt has been transferred acquires:
  - (a) The benefit of the obligation of the warehouse operator to hold and deliver the goods in accordance with the terms of the receipt; and
  - (b) Such rights to the receipt and the goods as the transferor was able to convey.
2. Paragraph 1 does not limit the rights of a protected holder of a negotiable warehouse receipt pursuant to article 18.

#### *Article 17. Protected holder of a negotiable warehouse receipt*

1. A person is a protected holder of a negotiable warehouse receipt if:
  - (a) The receipt has been transferred to the person pursuant to article 15;
  - (b) The person acted in good faith and without knowledge of any right or claim to the receipt or the goods covered by it, or of any defence on the part of any person other than the warehouse operator; and
  - (c) The transfer was in the ordinary course of business or financing.
- [2. A person does not have knowledge of a right or claim to a warehouse receipt or the goods covered by it for the purposes of paragraph 1(b) merely because information relating to that claim has been registered in [*the enacting State specifies the appropriate registry established pursuant to a secured transactions law*].]<sup>3</sup>
3. If a negotiable warehouse receipt is issued by a warehouse operator to the order of a named person other than the depositor, the issuance of the receipt to that person by the warehouse operator has the same effect, for the purposes of determining whether that person is a protected holder, as if the receipt had been transferred to that person pursuant to article 15.

#### *Article 18. Rights of a protected holder of a negotiable warehouse receipt<sup>4</sup>*

##### *Option 1*

1. A protected holder of a negotiable warehouse receipt acquires ownership of the receipt and the goods covered by the receipt, and the benefit of the obligation of the

<sup>3</sup> This provision appears within square brackets as not all enacting States may have a registry for the registration of notices with respect to security rights of the type envisaged in chapter IV of the UNCITRAL Model Law on Secured Transactions.

<sup>4</sup> The enacting State may wish to choose the option that better reflects the nature of the rights acquired by the protected holder of a documents of title in respect of the goods covered by the document in its domestic legal system.



warehouse operator to hold and deliver the goods in accordance with the terms of the receipt, free of any right, claim or defence of the warehouse operator or any other person, other than any right, claim or defence that arises under the terms of the receipt or under this Law.

#### *Option 2*

1. A protected holder of a negotiable warehouse receipt acquires:
  - (a) Ownership of the receipt and the benefit of the obligation of the warehouse operator to hold and deliver the goods in accordance with the terms of the receipt; and
  - (b) Such rights to the goods as it would acquire by the transfer of physical possession of the goods under other law, free of any claim or defence of the warehouse operator or any other person, other than any claim or defence that arises under the terms of the receipt or under this Law.
2. Paragraph 1 applies even if:
  - (a) The transfer to the protected holder or any prior transfer constituted a breach of duty by the transferor;
  - (b) A previous holder of the receipt lost control or possession of the receipt as a result of fraud, duress, theft, misappropriation, misrepresentation, mistake, accident or similar circumstances; or
  - (c) The goods or the receipt had been previously sold, transferred or encumbered to a third person.
3. The rights of a protected holder of a negotiable warehouse receipt under paragraph 1 are not subject to [*the enacting State specifies any retention-of-title, security or equivalent right*] that any person may have in or in relation to the goods covered by the receipt.
4. The rights of a protected holder of a negotiable warehouse receipt under paragraph 1 are not subject to any right pursuant to a judgment against any other person. The warehouse operator is not obliged to deliver the goods to a person claiming pursuant to such a judgment, unless the warehouse receipt is surrendered to the warehouse operator.

#### *Article 19. Third-party effectiveness of a security right*

A security right in a negotiable warehouse receipt may be made effective against third parties by:

- (a) [Registration in a registry established pursuant to [*the enacting State specifies its secured transactions law providing for such registry*];]<sup>5</sup>
- (b) In the case of an electronic negotiable warehouse receipt, the secured creditor taking control of the receipt; or
- (c) In the case of a paper negotiable warehouse receipt, the secured creditor taking possession of the receipt.

#### *Article 20. Representations by a transferor of a negotiable warehouse receipt*

A transferor of a negotiable warehouse receipt represents to the transferee that:

- (a) The receipt is authentic; and
- (b) The transferor does not know of any fact that would impair the validity of the receipt, the value of the goods covered by the receipt, or the effectiveness of the

<sup>5</sup> This provision appears within square brackets as not all enacting states may have a registry for the registration of notices with respect to security rights of the type envisaged in chapter IV of the UNCITRAL Model Law on Secured Transactions.



transfer of the receipt and rights to the goods it covers, except as notified to the transferee.

*Article 21. Limited representation by intermediaries*

An intermediary that is known to be entrusted with warehouse receipts on behalf of another person may exercise all rights arising out of the receipt but represents by the transfer of a negotiable warehouse receipt only that it is authorized to do so and does not make the representations referred to in article 20.

*Article 22. Transferor not responsible for the warehouse operators' performance*

A person who transfers a negotiable warehouse receipt does not guarantee, by virtue of the transfer, the performance by the warehouse operator of any obligations evidenced by the receipt.

## **Chapter IV. Rights and obligations of the warehouse operator**

*Article 23. Duty of care*

1. The warehouse operator shall store and preserve the goods in accordance with the level of care expected of a diligent and competent owner of goods of that type.
2. The warehouse receipt may contain limitations and conditions to the obligations of the warehouse operator under this chapter, but any clause purporting to lower the duty of care in paragraph 1 or to exclude or limit the warehouse operator's liability for its fraud, wilful misconduct, gross negligence, or misappropriation of the goods shall be null and void. The invalidity of such a clause shall not otherwise affect the validity of the warehouse receipt.

*Article 24. Duty to keep goods separate*

1. Subject to paragraph 2, the warehouse operator shall keep the goods covered by each receipt separate so as to permit identification of the goods at any time.
2. The warehouse operator may commingle fungible goods into a mass of goods of the same type and quality, to the extent permitted by the warehouse receipt.

*Article 25. Lien of the warehouse operator*

1. The warehouse operator has a lien on the goods in its possession and in any proceeds for:
  - (a) Charges for storage of the goods;
  - (b) Unexpected reasonable expenses necessary for the preservation of the goods;
  - (c) Reasonable expenses incurred in the sale of the goods in accordance with paragraph 4; and
  - (d) Similar charges or expenses owed by the holder in relation to other goods held by the warehouse operator, if so stated in the warehouse receipt.
2. Subject to paragraph 3, the warehouse operator's lien is effective against third parties.
3. As against a protected holder, the lien is limited to:
  - (a) Charges and expenses expressly stated in the warehouse receipt; or
  - (b) If no charges or expenses are so stated, a reasonable charge for storage after the date of issuance of the receipt.



4. The warehouse operator may enforce its lien as permitted by [*relevant other law as specified by the enacting State*].

*Article 26. Obligation of warehouse operator to deliver*

1. Except as provided in article 29, the warehouse operator shall deliver the goods to the holder, or a person nominated by the holder, if the holder:
  - (a) Provides the warehouse operator with an instruction to deliver the goods;
  - (b) Surrenders the warehouse receipt to the warehouse operator; and
  - (c) Pays any outstanding amounts owed to the warehouse operator in respect of any of the charges or expenses referred to in article 25, paragraph 1 or, in the case of a protected holder, those referred to in article 25, paragraph 3.
2. Upon delivery of the goods, the warehouse operator shall cancel the warehouse receipt.

*Article 27. Partial delivery*

1. Except as provided in article 29, the warehouse operator shall deliver part of the goods to the holder, or a person nominated by the holder, if the holder:
  - (a) Provides the warehouse operator with an instruction as to the delivery of the goods;
  - (b) Surrenders the warehouse receipt to the warehouse operator; and
  - (c) Pays a corresponding proportion of any outstanding amounts owed to the warehouse operator in respect of any of the charges or expenses referred to in article 25, paragraph 1 or, in the case of a protected holder, those referred to in article 25, paragraph 3.
2. Upon partial delivery of the goods, the warehouse operator shall note the partial delivery on the warehouse receipt and return the receipt to the holder.

*Article 28. Split warehouse receipt*

1. If requested by the holder of a warehouse receipt, a warehouse operator shall split the warehouse receipt into two or more warehouse receipts that cover in total the goods that were covered by the original warehouse receipt, upon surrender of the original warehouse receipt and payment of any additional cost reasonably incurred by the warehouse operator as a consequence of the split and reissuance of the warehouse receipt [where such possibility was not covered by the storage agreement] [unless the storage agreement provides otherwise].<sup>6</sup>
2. Upon delivery of the split warehouse receipts, the warehouse operator shall cancel the original warehouse receipt.

*Article 29. Excuses from delivery obligation*

The warehouse operator is relieved of its obligation to deliver the goods if and to the extent it establishes any of the following:

- (a) Destruction or loss of the goods for which the warehouse operator is not liable;
- (b) That it has sold or otherwise disposed of the goods in enforcement of its lien pursuant to article 25, paragraph 4, or to article 30;
- (c) That it has received competing claims to the goods and the matter has yet to be resolved; or

<sup>6</sup> Alternative formulation for consideration by the Commission.



(d) That it is prevented from doing so by court order or otherwise by circumstances beyond its control.

*Article 30. Termination of storage by the warehouse operator*

1. The warehouse operator, by giving notice to all persons known to the warehouse operator to claim an interest in the goods, may:

(a) Demand payment of the amounts secured by its lien and removal of the goods by the end of the storage period specified in the warehouse receipt or, if the storage period has expired or no storage period is specified in the warehouse receipt, within a reasonable period [of not less than ... days [*the enacting State specifies a certain period*]] after the warehouse operator gives notice, as specified in the notice; and

(b) Reserve the right, if the amounts are not paid and the goods not removed by the date or within the period specified in the notice, to then sell the goods by public sale, according to [*relevant law on public sale as specified by the enacting State*], or private sale, in any commercially reasonable manner.

2. If the warehouse operator does not know of any person claiming an interest in the goods, the notice required by paragraph 1 may be given by public advertisement pursuant to [*relevant other law as specified by the enacting State*].

3. If the warehouse operator in good faith determines that, within the time provided in subparagraph 1(a), the goods are about to deteriorate or decline in value to less than the amount secured by its lien, the warehouse operator may specify in the notice given under subsection 1(a) any reasonably shorter time for removal of the goods and, if the goods are not removed, may sell them in accordance with subparagraph 1(b).

4. If, as a result of a quality or condition of the goods of which the warehouse operator did not have knowledge at the time of deposit, the goods are a hazard, the warehouse operator may dispose of the goods in any lawful manner.

## **[Chapter V. Pledge bonds]<sup>7</sup>**

*Article 31. Scope of provisions on pledge bonds*

This chapter governs the effects of the pledge bond once transferred separately from the warehouse receipt.

*Article 32. Issuance and form of a pledge bond*

1. The warehouse operator shall issue a pledge bond as a paper document signed by the warehouse operator that is associated with, but detachable from, the warehouse receipt, or as an electronic record capable of being controlled separately from the electronic warehouse receipt, which, once detached or subject to separate control:

(a) Represents the holder's right to payment of the amount stated in the pledge bond; and

(b) Grants the holder of the pledge bond a possessory security right in the goods covered by the warehouse receipt.

<sup>7</sup> This chapter is offered to States that wish to introduce or modernize a "dual" system of warehouse receipts consisting of two documents capable of being transferred separately. An enacting State that wishes to maintain or introduce a dual warehouse receipt system, could enact this chapter either in its current form or integrated with the contents of the main body of the Model Law. The chapter appears within square brackets, as States that wish to maintain or introduce a single warehouse receipt system would not incorporate chapter V in their legislation.



2. The pledge bond and the warehouse receipt shall each be identified as pledge bond and warehouse receipt, respectively, and contain the same information.<sup>8</sup>

*Variant 1*

3. “Holder” of a pledge bond means:

(a) In the case of an electronic pledge bond that is issued to the order of a named person – that person, or the most recent endorsee, if in control of the pledge bond;

(b) In the case of an electronic pledge bond that is issued to bearer or endorsed in blank – the person in control of the pledge bond;

(c) In the case of a paper pledge bond that is issued to the order of a named person, that person, or the most recent endorsee, if in possession of the pledge bond; and

(d) In the case of a paper pledge bond that is issued to bearer or endorsed in blank, the person in possession of the pledge bond.

*Variant 2<sup>9</sup>*

3. “Holder” of a pledge bond means:

(a) In the case of a pledge bond that is issued to bearer or endorsed in blank, the person in control of the pledge bond:

(i) Pursuant to a method used in accordance with article 6, paragraph 3, if the pledge bond is electronic; or

(ii) By possession, if the pledge bond is issued in paper form;

(b) In the case of a pledge bond that is issued to the order of a named person – that person, or the most recent endorsee, if in control of the pledge bond.

4. Except for article 10, paragraph 1, subparagraph (a), articles 5 to 14 apply in relation to pledge bonds in the same way as they apply to warehouse receipts.

*Article 33. Effect of a pledge bond*

1. The rights of the holder of the warehouse receipt to goods are subject to the rights of the holder of the pledge bond.

2. The holder of the warehouse receipt may pay the amounts secured by the pledge bond to its holder whether or not the amount is yet due, in which case the holder of the pledge bond shall surrender the pledge bond to the holder of the warehouse receipt.

3. If there has been default in payment of the amount secured by a pledge bond, the holder of the pledge bond may enforce its security right over the goods pursuant to [relevant other law as specified by the enacting State].

*Article 34. Transfers and other dealings*

1. A pledge bond may be transferred together with the warehouse receipt, or separately. When transferred separately from the warehouse receipt, the pledge bond transfers the rights referred to in article 32, paragraph 1, subparagraphs (a) and (b).

<sup>8</sup> Note to the Commission: An alternative formulation for this article could be as follows: “The pledge bond shall identify itself as a pledge bond rather than as a warehouse receipt but shall otherwise contain the same information as the warehouse receipt to which it relates.”

<sup>9</sup> Note to the Commission: variant 2 is offered to simplify the definition and reflect more clearly the preference expressed by the Working Group, at its forty-first session (New York, 5–9 February 2024) “to streamline and simplify” the definitions used in the draft model law, in particular “by finding common terms for the different concepts used in paper and electronic contexts” (A/CN.9/1165, para. 21).



2. The first holder of a pledge bond to transfer it separately from the warehouse receipt shall ensure that:

(a) The amount secured by the pledge bond and the due date for payment are inserted in the pledge bond; and

(b) Such information is transcribed into the warehouse receipt and a copy of the completed warehouse receipt is provided to the warehouse operator.

3. Articles 15 to 18 and 20 to 22 apply to pledge bonds in the same way as they apply to warehouse receipts.

*Article 35. Rights and obligations of the warehouse operator*

1. If the pledge bond has been transferred separately from the warehouse receipt pursuant to article 34, paragraph 1, the warehouse operator shall only split the warehouse receipt in accordance with article 28 if requested by both the holder of the warehouse receipt and the holder of the pledge bond.

2. Prior to the due date for payment of the amount secured by the pledge bond, the warehouse operator shall only deliver all or part of the goods upon presentation of both the warehouse receipt and the pledge bond.

3. After the due date for payment of the amount secured by the pledge bond, the warehouse operator shall deliver the goods upon presentation of the pledge bond whether or not the warehouse receipt is also surrendered.

## **Chapter VII. Application of this Law**

*Article 36. Entry into force*

1. This Law enters into force [*on the date or according to a mechanism to be specified by the enacting State*].

2. This Law applies to warehouse receipts [and pledge bonds] that are issued after this Law enters into force.

*Article 37. Repeal and amendment of other laws*

1. [*The laws as specified by the enacting State*] are repealed.

2. [*The laws as specified by the enacting State*] are amended as follows [*the text of the relevant amendments to be specified by the enacting State*].

---