

ACTS
SUPPLEMENT No. 5 **8th June, 2006.**
ACTS SUPPLEMENT

to The Uganda Gazette No. 36 Volume XCVIX dated 8th June, 2006.

Printed by UPPC, Entebbe, by Order of the Government.

Act 14 *Warehouse Receipt System Act 2006*

THE WAREHOUSE RECEIPT SYSTEM ACT, 2006.

ARRANGEMENT OF SECTIONS

Section

PART I—PRELIMINARY

1. Short title
2. Interpretation

PART II—ESTABLISHMENT AND FUNCTIONS
OF THE AUTHORITY

3. Establishment of the Authority
4. Functions of the Authority
5. Powers of the Authority
6. Performance of functions of the Authority

PART III—THE BOARD

7. Board of Directors
8. Tenure of office of members of the Board
9. Remuneration of members of the Board
10. Functions of the Board
11. Meetings of the Board

PART IV—STAFF OF THE AUTHORITY

12. Managing Director
13. Secretary
14. Other staff
15. Experts and consultants

PART V—FINANCIAL PROVISIONS

16. Funds of the Authority
17. Duty of the Authority to operate on sound financial principles
18. Bank accounts
19. Borrowing powers
20. Investment of surplus funds
21. Estimates

Section

22. Accounts
23. Audit
24. Financial year

PART VI—LICENSING

25. Licence to warehouse keepers generally
26. Procedure for granting of licences
27. Term and renewal of licence
28. Applicant to execute bond
29. Action on bond by person injured
30. Designation as a licenced and bonded warehouse
31. Causalty insurance and recovery for loss.
32. Cancellation of insurance and suspension of licence
33. Deposit of goods deemed to be made subject to the Act
34. Suspension and revocation of warehouse keeper's licence
35. Licence to inspect, weigh, grade, classify and certify stored goods
36. Suspension of licence to inspect, weigh, grade, classify and certify stored goods
37. Inspection and grading of stored goods.
38. Publication of licencees, investigations and revoked licences

PART VII—ISSUE OF WAREHOUSE RECEIPTS

39. Who may issue a warehouse receipt
40. Form of warehouse receipt
41. Lost or missing receipt
42. Establishment of Central Registry

PART VIII—OBLIGATIONS OF WAREHOUSE KEEPERS

43. Obligation of warehouse keeper to deliver
44. Liability for non receipt or misdescription
45. Duty of care and contractual limitation
46. Irregularities in the issue of receipts or conduct of the warehouse keeper
47. Duplicate receipt and over-issue
48. Separation of goods and fungible goods
49. Termination of storage at warehouse keeper's option
50. Warehouse keeper's lien
51. Enforcement and loss of warehouse keeper's lien

Section

PART IX—NEGOTIATION AND TRANSFER OF WAREHOUSE RECEIPTS

52. Form of negotiation and requirements for due negotiation
53. Rights acquired by due negotiation
54. Rights defeated in certain cases
55. Rights acquired in the absence of due negotiation
56. Rights and obligations of transferors and transferees
57. Conflicting claims and interpleader

PART X—OFFENCES

58. Issue of receipt for goods not received
59. Issue of receipt containing false statement
60. Issue of duplicate receipts not duly marked
61. Issue of receipts not stating fact of warehouse keeper's ownership of goods
62. Delivery of goods without obtaining negotiable warehouse receipt
63. Negotiation of receipt for mortgaged goods

64. Issue of warehouse receipt without a valid licence.

PART XI—MISCELLANEOUS

65. Revocation or termination of licence not to affect receipts
66. Insurance of goods
67. Inspection of warehouses by Authority
68. Classification of warehouses
69. Fees
70. Seal of the Authority
71. Protection of members of the Board and staff of the Authority
72. Annual report
73. Minister to report to Parliament
74. Regulations
75. Minister's power to amend Schedules

SCHEDULES

FIRST SCHEDULE—CURRENCY POINT

SECOND SCHEDULE—MEETINGS OF THE BOARD

THIRD SCHEDULE—FORM OF WAREHOUSE RECEIPT

THE WAREHOUSE RECEIPT SYSTEM ACT, 2006.

An Act to provide for the licensing of warehouses and warehouse keepers, to provide for a national system of warehouse bonding for the protection of depositors, to provide for the issue of warehouse receipts and to provide for other related matters.

DATE OF ASSENT: 24th May, 2006.

Date of commencement: 8th June, 2006.

BE IT ENACTED by Parliament as follows:

PART I—PRELIMINARY

1. Short title

This Act may be cited as the Warehouse Receipt System Act, 2006.

2. Interpretation

(1) In this Act, unless the context otherwise requires—

“Authority” means the Uganda Warehouse Receipt System Authority established by section 3;

“bailor” means the owner of the goods who directly or through his or her nominee delivers goods to a warehouse keeper for the purpose of storage in the name of the bailor or nominee of the bailor;

“bond” has the meaning given to it in section 28 of this Act;

“broker” means a person who sells on behalf of the depositor on the Uganda Agricultural Commodity Exchange;

“buyer in the ordinary course of business” means a person who, in good faith and without knowledge that the sale to him or her is in violation of the ownership rights or security interest of a third party in the goods, buys in ordinary course from a person in the business of selling goods of that kind;

“buying” may be for cash or by exchange of other property or on secured or other secured credit but does not include as security for or in total or partial satisfaction of a money debt;

“Central Registry” means the Central Registry established by section 42;

“conspicuous” in relation to a term, clause or sign, means it is so written and located such that a reasonable person against whom it is to operate ought to have noticed it;

“court” means any court of judicature not lower than the Chief Magistrate’s court;

“currency point” has the value specified in relation to a currency point in the First Schedule to this Act;

“delivery” with respect to goods or documents, means voluntary transfer of possession of the goods or documents;

“depositor” means a person who places the goods in a warehouse and is issued a receipt by the Authority to that effect;

“field warehouse” means a building or other protected enclosure which has been leased or licenced by a person for the purpose of operating a warehouse and issuing warehouse receipts in respect of goods owned by the owner of the premises or third persons;

“fungible” means goods which are identical with others of the same nature which by usage or trade, can replace another unit and goods that are not fungible shall be deemed fungible for the purposes of this Act to the extent that under a particular agreement or document, unlike units are treated as equivalents;

- “good faith” means honesty in fact in the conduct or transaction involved;
- “goods” means all things which are treated as movable for the purposes of a contract of storage or bailment, including, in the case of goods to be packed, processed, substituted or otherwise transformed in the warehouse, their products, and includes documents, securities and instruments;
- “holder” means a person who is in possession of a warehouse receipt issued or endorsed to that person or to his or her order or to bearer or in blank;
- “Managing Director” means the Managing Director of the Authority appointed under section 12, or a person authorised to act on his or her behalf;
- “Minister” means the Minister responsible for trade;
- “negotiable receipt” means a warehouse receipt in which it is stated that the goods received will be delivered to the bearer or to the order of a named person;
- “non-negotiable receipt” means a warehouse receipt issued to the bearer or to the order of a specified person and marked non-negotiable on the face of it;
- “notice” in relation to any fact means where a person—
- (a) has actual notice of the fact;
 - (b) has received notice of the fact; or
 - (c) has received all the facts and circumstances known to that person at the time in question.
- “purchase” includes taking by sale, discount, negotiation, mortgage, pledge, lien, gift or other voluntary transaction creating an interest in property;
- “security interest” means an interest in goods, which secures payment or performance of an obligation by means of a charge, mortgage, lien, hypothecation, pledge, or other voluntary encumbrance, or retention or reservation of title to goods;
- “warehouse” means a building or other protected enclosure in which goods are stored; owned, leased, licenced or otherwise in the legal possession and exclusive control of the warehouse keeper and includes field warehouse and a plant or other facility where the goods are packed, processed or otherwise transformed;
- “warehouse keeper” means a person licenced under this Act to engage in the business of storing goods for hire, no matter whether such goods undergo packaging, processing, substitution or other transformation while in the warehouse; and includes a person who operates a field warehouse;

“warehouse receipt,” means a receipt for goods issued by a warehouse keeper duly licenced and bonded under this Act and includes a negotiable and non-negotiable warehouse receipt.

(2) In this Act, a person is taken to know or to have knowledge of a fact if that person has actual knowledge of that fact.

(3) For the purposes of the definition of ‘negotiable receipt’ under subsection (1) no provision shall be inserted in the negotiable receipt that the receipt is not negotiable; and any such provision if inserted, is void.

(4) In this Act, a person shall be taken to give “value” for any right if he or she acquires it—

- (a) in return for a binding commitment to extend credit or for the extension of immediately available credit whether or not drawn; or
- (b) as security for or in total or partial satisfaction of a pre-existing claim; or
- (c) by accepting delivery under a pre-existing contract for purchase; or
- (d) generally, in return for any consideration sufficient to support a simple contract.

PART II—ESTABLISHMENT AND FUNCTIONS OF THE AUTHORITY.

3. Establishment of the Authority

(1) There is established an Authority to be known as the Uganda Warehouse Receipt System Authority.

(2) The Authority shall be a body corporate, with perpetual succession and a common seal and may sue or be sued in its corporate name; and subject to this Act, may borrow money, acquire and dispose of property and do all such things as a body corporate may lawfully do.

4. Functions of the Authority

The functions of the Authority are—

- (a) to license warehouses;
- (b) to license warehouse keepers;
- (c) to license warehouse inspectors;
- (d) to issue negotiable warehouse receipts books; and
- (e) to carry out and perform such other functions as are conferred or imposed on it by this Act or regulations made under this Act.

5. Powers of the Authority

For the carrying out of its functions under section 4 of this Act, the Authority shall have power—

- (a) to investigate the storage, warehousing, classifying according to grade and otherwise, weighing, and certification of goods in Uganda;
- (b) upon application by any person applying for a licence to operate a warehouse under this Act, to inspect the warehouse or cause it to be inspected;
- (c) at any time, with or without application, to inspect or cause to be inspected all warehouses licenced under this Act;
- (d) to determine whether warehouses for which licences are applied for or have been issued under this Act are suitable for the proper storage of any goods;
- (e) to classify warehouses licenced or applying for a licence in accordance with their ownership, location, surroundings, capacity, conditions, and other qualities, and according to the kinds of licences issued or to be issued for them under this Act;
- (f) upon application, to issue to any warehouse keeper a licence for the conduct of a warehouse in accordance with this Act and regulations made under this Act;
- (g) to prescribe, within the limitations of this Act, the duties of the warehouse keepers conducting warehouses licenced under this Act with respect to their care of and responsibility for the goods stored;
- (h) to provide guidelines and standards for the suitability for the proper storage of the goods;
- (i) to suspend or revoke a licence issued to a warehouse keeper, for any contravention of or failure to comply with any provision of this Act or regulations made under this Act;
- (j) to charge, assess and collect fees for every examination or inspection of a warehouse and for the issue of licences;
- (k) to examine all books, records, papers, and accounts of warehouses and of warehouse keepers;
- (l) to borrow for the purposes of carrying out its functions under this Act;
- (m) to issue negotiable warehouse receipt books;
- (n) to close the premises of a warehouse keeper who operates without a valid licence; and
- (o) to carry out any other activity incidental or conducive to the carrying out of its functions under section 4.

6. Performance of functions of the Authority

Notwithstanding anything in this Act, for such period from the commencement of this Act as shall be prescribed by statutory instrument, the functions of the Authority under this Act shall be carried out by the Uganda Commodity Exchange or any other legal entity that the Minister may, by statutory instrument, prescribe.

PART III—THE BOARD

7. Board of Directors

- (1) The governing body of the Authority shall be the Board of Directors.
- (2) The Board shall consist of—
 - (a) The Managing Director;
 - (b) one person representing the Ministry responsible for trade;
 - (c) a representative of the co-operatives nominated by the apex body of co-operatives;
 - (d) a representative of the Uganda Clearing and Forwarding Agents Association, nominated by the Association;
 - (e) a representative of the Uganda Bankers Association, nominated by the Association;
 - (f) a representative of the Uganda Insurers Association, nominated by the Association;
 - (g) one person representing the Uganda National Chamber of Commerce and Industry, nominated by the Chamber;
 - (h) a representative of the private sector, nominated by the Private Sector Foundation; and
 - (i) a representative of the farmers, nominated by the farmers' apex body.

(3) The members of the Board in subsection (2) paragraphs (b) to (i) shall be appointed by the minister and shall be persons of high moral character and proven integrity.

(4) The members appointed under subsection (2) shall be persons who qualify for appointment by virtue of their experience in commerce, finance, and public administration, the profession represented or in matters relating to economic planning and development.

(5) The Board shall have a chairperson who shall be appointed by the Minister from among the members of the Board.

8. Tenure of office of members of the Board

(1) A member of the Board shall hold office for a term of three years and is eligible for re-appointment but he or she shall not hold office for more than two consecutive terms.

(2) A member of the Board may vacate office—

(a) by resignation by letter addressed to the Minister;

(b) on the written recommendation of the body which he or she represents revoking the nomination of the member;

(3) The Minister may, at any time remove a member of the Board from office for—

(i) misconduct, misbehaviour or abuse of office;

(ii) failure to attend three consecutive meetings of the Board without reasonable excuse, certified by the Board;

(iii) inability to perform the functions of office of member arising from infirmity of body or mind;

(iv) bankruptcy or insolvency; or

(v) conviction for an offence involving fraud or dishonesty.

(4) The Chairperson shall hold office for one year but is eligible for reappointment for another three years.

(5) The Managing Director shall cease to be a member of the Board upon ceasing to hold the office of Managing Director.

(6) Where a vacancy occurs in the office of member of the Board, the Minister shall consult the body which nominated the member ceasing to hold office for the purpose of appointing another person in place of the member ceasing to hold office.

9. Remuneration of members of the Board

Members of the Board shall be paid such sitting and other allowances as the Board may, with the approval of the Minister, determine.

10. Functions of the Board

Subject to the provisions of this Act, the Board shall, in the name of the Authority—

(a) carry out and exercise the functions and powers of the Authority under this Act;

(b) manage the property, funds and income of the Authority and other concerns and affairs of the Authority;

- (c) discharge the business of the Authority under this Act;
- (d) appoint and remove the staff of the Authority; and
- (e) perform such other functions as may be conferred or imposed on the Board by this Act or by regulations made under this Act.

11. Meetings of the Board

The Second Schedule to this Act shall apply in relation to meetings of the Board and other matters specified in that Schedule.

PART IV—STAFF OF THE AUTHORITY

12. Managing Director

(1) There shall be a Managing Director of the Authority who shall be appointed by the Board on terms and conditions that the Board may determine.

(2) The Managing Director shall be the Chief Executive of the Authority and shall be responsible for the day to day operations of the Authority.

(3) Subject to the provisions of this Act and the general supervision and control of the Board, the Managing Director shall be responsible for the management of the funds, property and business of the Authority and for the administration, organisation and control of the staff of the Authority.

(4) The Managing Director shall be a member of the Board.

(5) The Managing Director shall, from time to time, in writing, keep the Board informed of the progress of the business of the Authority.

(6) Where the Managing Director is, for any reason, incapacitated from the performance of the functions of that office, the Board shall designate an officer of the Authority to perform those functions until the end of the incapacity of the Managing Director.

13. Secretary

(1) The Authority shall have a Secretary who shall be appointed by the Board on such terms and conditions as the Board may determine.

(2) The Secretary shall—

- (a) take minutes of the meetings of the Board;
- (b) keep a record of all the activities of the Authority; and
- (c) act as registrar of the Central Registry.

(3) In the performance of his or her functions under this Act, the Secretary shall, except where the Board otherwise directs in writing be responsible to the Managing Director.

14. Other Staff

(1) The Authority shall have such other officers as the Board may determine to be necessary for the efficient operation of the Authority.

(2) The Board may, on terms and conditions it deems fit, fix remuneration, grant pension, gratuities or other benefits on retirement or termination of services of the officers and employees of the Authority and may require them to contribute to any pension, provident fund or superannuation scheme.

(3) The Board may delegate any of its powers of appointment under this section to the Managing Director, subject to such conditions as the Board may determine.

15. Experts and consultants

(1) The Board may, on the advice of the Managing Director, engage the services of experts and consultants in respect of any functions of the Authority with which they are considered to have special competence.

(2) Experts or consultants engaged under this section may be paid such fees and allowances, and may be afforded such facilities as the Board may determine.

PART V—FINANCIAL PROVISIONS.

16. Funds of the Authority

The funds of the Authority shall consist of—

- (a) money from time to time appropriated by Parliament;
- (b) all moneys received by the Authority from issuing licences under this Act;
- (c) all moneys received by the Authority from inspecting and supervising warehouses;
- (d) all moneys borrowed by the Authority;
- (e) all moneys derived from the sale of warehouse receipt books;
- (f) any other moneys received by or made available to the Authority for the purpose of performing its functions under this Act.

17. Duty of the Authority to operate on sound financial principles

The Authority shall perform its functions in accordance with sound and internationally accepted financial principles.

18. Bank accounts

(1) The Authority shall open and maintain such bank accounts as are necessary for the performance of its functions.

(2) The Authority shall ensure that all money received by or on behalf of the Authority is banked as soon as practicable after being received.

(3) The Authority shall ensure that no money is withdrawn from or paid out of any of the bank accounts of the Authority without the authority of the Board.

19. Borrowing powers

The Authority may, with the approval of the Minister given in consultation with the Minister responsible for finance, borrow money from any source as may be required for meeting its obligation or for the discharge of the functions of the Authority under this Act.

20. Investment of surplus funds

Any funds of the Authority not immediately required for a purpose under this Act may be invested in a manner, which the Board may, after consultation with the Minister and the Minister responsible for finance determine.

21. Estimates

(1) The Managing Director shall, within three months before the end of each financial year, prepare and submit to the Board for its approval, estimates of income and expenditure of the Authority for the next following financial year and may, at any time before the end of each financial year, prepare and submit to the Board for approval any estimates supplementary to the estimates of the current year.

(2) No expenditure shall be made out of the funds of the Authority unless that expenditure is part of the expenditure approved by the Board under the estimates for the financial year in which that expenditure is to be made or in estimates supplementary to that year's estimates.

22. Accounts

(1) The Board shall ensure that the Authority keeps proper accounts and records of its transactions and affairs and shall ensure that all moneys received are properly accounted for, all payments of its moneys are correctly made and properly authorised and that adequate control is maintained over its property and over the incurring of liabilities by the Authority.

(2) The accounts of the Authority shall be kept in such form as the Auditor General shall direct.

(3) The Board shall cause to be prepared in respect of each financial year, and not later than three months after the close of the financial year, a statement of accounts which shall include a report on the performance of the Authority during that financial year; and the statement shall comprise—

- (a) a balance sheet, a profit and loss account and application of funds statement; and
- (b) any other information in respect of the financial affairs of the Authority as the Minister may, in writing, require.

23. Audit

(1) The accounts of the Authority shall, in respect of each financial year, be audited by the Auditor-General or by an auditor appointed by the Auditor-General.

(2) The Board shall ensure that within four months after the close of each financial year, the statement of accounts described in section 19 of this Act is submitted for auditing under this section.

(3) The Auditor General and any auditor appointed by the Auditor General shall have access to all books of accounts, vouchers and other financial records of the Authority and is entitled to any information and explanations required.

(4) The Auditor-General shall, within two months after receipt of the statement of accounts under subsection (2) of this section, audit the accounts and deliver to the Board a copy of the audited accounts together with his or her report on them stating any matter which in his or her opinion should be brought to the attention of the Minister.

(5) The Board, shall as soon as possible upon receiving it, deliver to the Minister a copy of the audited accounts together with the auditor's report under subsection (4) of this section.

24. Financial year

The financial year of the Authority shall be the period of twelve months beginning on the 1st day of July and ending on the 30th day of June in the next calendar year; except that the first financial year of Authority shall be the period commencing with the commencement of this Act and ending with the 30th day of June next following.

PART VI—LICENSING

25. Licence to warehouse keepers generally

(1) No person shall operate a warehouse without a valid license issued by the Authority under this Act.

(2) The Authority may, upon application in the prescribed form, issue to a warehouse keeper a licence for the conduct of a warehouse in accordance with this Act.

(3) In issuing a licence under subsection (2) the Authority shall satisfy itself that—

- (a) the warehouse is suitable for the proper storage of the particular goods for which a licence is applied;
- (b) the warehouse keeper meets the conditions for eligibility to operate a licenced warehouse prescribed by regulations made under this Act; and
- (c) the warehouse keeper agrees, as a condition to the granting of the license, to comply with and abide by all the terms of this Act and regulations made under this Act.

26. Procedure for granting of licences

(1) Any person who wishes to acquire a licence may apply to the Authority in the manner prescribed by regulations made under this Act.

(2) The Authority shall, before granting a warehouse licence under this Act, authorise the inspection of the warehouse in respect of which a licence is applied for, to determine whether the warehouse is suitable for the storage of the particular goods for which the licence is required.

(3) The Authority shall, upon being satisfied that the warehouse is suitable for the storage of the goods in question, grant a warehouse licence to the applicant.

(4) The applicant shall, upon being granted a licence under this Act, pay a fee prescribed by the Authority and the holder of the licence shall thereafter pay a prescribed fee on or before each anniversary of the granting of the licence.

(5) Every warehouse keeper shall display his or her licence in a conspicuous place in his or her premises during working hours.

27. Term and renewal of licence

A licence issued under section 25, shall expire on the date provided for in the licence, or in accordance with the provisions of this Act, and regulations made under this Act and may, from time to time, be modified or extended by written notice issued by the Board.

28. Applicant to execute bond

(1) A warehouse keeper applying for a licence to operate a warehouse in accordance with this Act shall, as a condition to the granting of the licence, execute and file with the Authority a good and sufficient bond to secure the faithful performance of his or her obligations as a warehouse keeper under this Act.

(2) Where the Authority determines that a previously approved bond is, or for any cause has become, insufficient, it may require an additional bond or bonds to be given by the warehouse keeper concerned, conforming with the requirements of this section, and, unless the additional bond is given within the time fixed by a written demand for it by the Authority, the licence of the warehouse keeper may be suspended or revoked by the Authority.

29. Action on bond by person injured

Any person injured by the breach of any obligation to secure for which a bond is given, under section 28 of this Act, is entitled to sue on the bond in his or her own name in court, to recover the damages he or she has sustained by the breach, provided that no such action shall be commenced unless the dispute has first been referred to arbitration in accordance with the Arbitration and Conciliation Act.

30. Designation as a licenced and bonded warehouse

(1) Upon the filing with and approval by the Authority, of a bond, in compliance with this Act, for the conduct of a licenced warehouse, the warehouse may be designated as licenced and bonded and the warehouse keeper shall display in a conspicuous place, the Authority emblem.

(2) Notwithstanding anything in this Act, no warehouse shall be designated as licenced and bonded under this Act and no name or description conveying the impression that it is so licenced and bonded, shall be used—

(a) until a licence has been issued and a bond, as provided for in section 28 of this Act, has been filed with and approved by the Authority; or

(b) unless the licence issued under this Act for the conduct of that warehouse remains unsuspended and unrevoked.

(3) Any person who contravenes subsection (2) commits an offence and is liable, on conviction, to a fine not exceeding twenty four currency points or imprisonment for a term not exceeding five years.

31. Casualty insurance and recovery for loss

(1) An applicant for a licence to operate a warehouse under this Act shall, as a condition to the granting of the licence, file with the Authority a certificate of insurance evidencing an effective policy of insurance issued by an insurance company authorised to do business in Uganda insuring in the name of the applicant, all goods which are or may be in the warehouse for their full market value against loss by fire, internal explosion, lightening, windstorm and any other disaster, which the Authority may direct to be included under this category.

(2) Where a fire, internal explosion, lightening, windstorm or any other disaster under subsection (1) destroys or damages any goods in licenced warehouse, the warehouse keeper shall, upon demand by the depositor, and upon being presented with the receipt or other evidence of ownership and after deducting the warehouse keepers charges and advances, at the market value of the goods based on the value at the average price paid for the goods of the same grade and quality on the date of the loss at the location of the warehouse, make settlement.

(3) The warehouse keeper shall make complete settlement to all depositors having goods stored in his or her warehouse, damaged or destroyed, within ten days after settlement with the insurance company.

(4) Failure of the warehouse keeper to make such settlement shall be ground for the revocation or suspension of the warehouse licence.

(5) Where the Authority determines that the previously approved insurance is insufficient, it shall require additional insurance to be given by the warehouse keeper conforming to the requirements of this Act.

32. Cancellation of insurance and suspension of licence

(1) A licenced warehouse keeper shall not cancel insurance, approved under section 31, without the prior written approval of the Authority and its approval of substitute insurance.

(2) Subject to section 33 of the Insurance Act, an insurance company may cancel insurance required by this Act only after the expiration of a thirty day period

from the mailing, by registered or certified mail, of notice of intent to cancel, to the Authority.

(3) The insurance company shall, at the time of giving notice to the Authority under subsection (2) send a copy of the notice to the warehouse keeper concerned.

(4) Notwithstanding any other provision of this Act, failure of the warehouse keeper to provide new evidence of insurance within fifteen days after the Authority receives notice of cancellation shall cause the warehouse license to be suspended.

(5) If new evidence has not been filed by the warehouse keeper by the thirtieth day following receipt of notice, the warehouse licence shall be revoked.

33. Deposit of goods deemed to be made subject to the Act

A person who deposits goods for storage in a warehouse shall be taken to have deposited the goods subject to the terms of this Act.

34. Suspension and revocation of warehouse keeper's licence

The Authority may, after an opportunity to be heard has been afforded to the licensee concerned, suspend or revoke any licence issued to any warehouse keeper conducting a licenced warehouse under this Act for any contravention of this Act.

35. Licence to inspect, weigh, grade, classify and certify stored goods.

The Authority may, upon presentation of satisfactory proof of competence, issue to any person a licence to inspect and sample any goods stored or to be stored in a warehouse licenced under this Act, and to certify the condition, grade, or other class of those goods or to weigh the goods and certify their weight on condition that the person agrees to comply with and abide by the terms of this Act.

36. Suspension of licence to inspect, weigh, grade, classify and certify stored goods

The Authority may suspend or revoke any licence issued to any person under section 35 if the Authority is satisfied, and an opportunity is afforded to the licensee concerned to be heard—

- (a) that the licensee has failed to inspect, sample, or weigh any goods properly;
- (b) that the licensee has contravened any of the provisions of this Act or of any regulations made under this Act;
- (c) that the licensee has used his or her licence or allowed it to be used for an improper purpose.

37. Inspection and grading of stored goods

Any fungible goods stored in a warehouse licenced under this Act shall be inspected and graded by a person duly licenced to grade them under this Act prior to commingling of those goods deposited by other depositors.

38. Publication of licensees, investigations and revoked licences

The Authority shall, from time to time, publish—

- (a) the names and addresses of persons licenced under this Act;
- (b) the results of any investigations made under section 5 (a) of this Act;
- (c) a list of all licences revoked under this Act and the causes for the revocation.

PART VII—ISSUE OF WAREHOUSE RECEIPTS

39. Who may issue a warehouse receipt

For the purposes of this Act, a warehouse receipt may only be issued by a warehouse keeper duly authorised and licenced to do so under section 25 of this Act.

40. Form of warehouse receipt

(1) A negotiable warehouse receipt may only be printed by a person designated by the Authority and shall be in the form prescribed in the Third Schedule to this Act and supplied exclusively by the Authority.

(2) A warehouse receipt shall bear such security features as shall be prescribed by the Authority by regulations.

(3) A non-negotiable warehouse receipt need not be in any particular form but each such receipt shall embody within its written or printed terms, the following—

- (a) the name of the warehouse keeper;
- (b) the location of the warehouse where the goods are stored;
- (c) the date of issue of the receipt;
- (d) the consecutive number of the receipt;
- (e) a statement whether the goods received will be delivered to the bearer, to a specified person or to order;
- (f) the rate of storage charges;
- (g) a description of the goods and the packages containing the goods;
- (h) the signature of the warehouse keeper;
- (i) if the receipt is issued for goods of which the warehouse keeper is owner, either solely or jointly or in common with others, the fact of such ownership;
- (j) a statement of the amount of advances made and of liabilities incurred for which the warehouse keeper claims a lien, and if the precise amount of those advances made or of those liabilities incurred is, at the time of the issue of the receipt, unknown to the warehouse keeper or to his or her agent, a statement of the fact that advances have been made or liabilities are incurred and that the purpose of the advances and liabilities is sufficient; and

(k) if the goods are authorised by the bailor to be packed, processed, substituted or otherwise transformed while in the warehouse, a statement to that effect and a description of the type and quantity of goods to be produced upon the completion of the authorised transformational activities.

(4) For the purposes of subsection (3) (f) the rates of storage charges may be referred to by reference to the terms of business of the warehouse.

(5) For the purposes of subsection (3) (g) the description of the goods or packages containing the goods may be qualified as “said to be or to contain” or goods containing an expiry date in the case of goods held in bags or other sealed containers.

(6) A warehouse keeper shall be liable to any person who claims to be injured for all damage caused by the omission of the statement referred to in paragraph (k) of subsection (3).

(7) A warehouse keeper may insert in a receipt any other terms and conditions which are not contrary to this Act and which do not impair his or her obligation of delivery or his or her duty of care and any contrary provision is void.

41. Lost or missing receipt

(1) Where a warehouse receipt is lost, stolen or destroyed, a court may order delivery of the goods or issue of a substitute receipt and the warehouse keeper may, without liability to any person, comply with that order, except that—

(a) if the warehouse receipt was negotiable, the claimant must post security approved by the court to indemnify any person who may suffer loss as a result of the non-surrender of the document;

(b) if the warehouse receipt was not negotiable, the security may be required at the discretion of the court;

(c) the court may, order payment of the warehouse keeper’s reasonable costs and legal fees.

(2) A warehouse keeper who, without a court order, delivers goods to a person claiming under a missing negotiable warehouse receipt is liable to any person injured by the delivery, and if the delivery is not made in good faith, is liable for conversion.

(3) Delivery in good faith is not conversion if the claimant posts security with the warehouse keeper in an amount at least double the value of the goods at the time of posting, to indemnify any person injured by the delivery who files a notice of claim within one year after the delivery.

(4) Where a warehouse receipt is lost, stolen or destroyed, the registrar must be informed accordingly.

42. Establishment of Central Registry

(1) There is established a Central Registry which shall be operated by the Authority.

(2) The Secretary to the Authority shall be the Registrar and shall be the registering officer for the purpose of registering any transaction relating to a warehouse receipt issued under the Act or any transaction as shall be provided for in this Act except that the Authority may, with the consent of the Minister, appoint any person to act as a Deputy Registrar.

(3) A warehouse receipt issued in accordance with this Act including any negotiation in respect of it shall be delivered up to the Registrar for registration within fourteen days of any such issue or negotiation.

(4) It shall be sufficient for the purposes of this section if an original copy of the receipt is delivered by a warehouse keeper to the Registrar for registration.

(5) The Registrar shall receive and register any receipts or negotiations, cancel any receipts or negotiations and do all such other acts as the Minister may by regulations prescribe.

(6) There shall be maintained a Register Book that shall contain in chronological order, all transactions carried on at the Central Registry.

(7) A certificate of registration signed by the Registrar shall be conclusive evidence of the issue or negotiation of a warehouse receipt.

(8) The Minister shall make such regulations and rules as are necessary to govern the day to day operations of the Central Registry.

PART VIII—OBLIGATIONS OF WAREHOUSE KEEPER:

WAREHOUSE KEEPER

43. Obligation of warehouse keeper to deliver

(1) A warehouse keeper shall deliver the goods to a person entitled under the warehouse receipt who complies with subsections (2) and (3) of this section, except where the warehouse keeper establishes any of the following—

- (a) delivery of the goods to a person whose receipt was rightful as against the claimant;
- (b) damage to or delay, loss or destruction of the goods for which the warehouse keeper is not liable;
- (c) previous sale or other disposition of the goods in lawful enforcement of a lien or on the warehouse keeper's lawful termination of storage;
- (d) release, satisfaction or other fact affording a personal defence against the claimant; or
- (e) any other lawful defence.

(2) A person claiming goods covered by a warehouse receipt must satisfy the warehouse keeper's lien if the lien exists and if the warehouse keeper so requests.

(3) A warehouse keeper who, in good faith including observance of reasonable commercial standards, receives goods and delivers or otherwise disposes of them according to the terms of the warehouse receipt or in accordance with this Act is not liable for any such act.

(4) Subsection (3) shall apply even though the person from whom the warehouse keeper has received the goods had no authority to procure the warehouse receipt or to dispose of the goods and even though the person to whom he or she delivered the goods had no authority to receive them.

44. Liability for non receipt or misdescription

A party to, or purchaser for value in good faith of a warehouse receipt relying upon the description in the receipt of the goods may recover from the warehouse keeper, damages caused by the non-receipt or misdescription of the goods, except to the extent that the document conspicuously indicates that—

- (a) the warehouse keeper is authorised to pack, process, substitute or otherwise transform the goods while in storage;
- (b) in the case of paragraph (a) the warehouse keeper is liable for the non-receipt or misdescription of the goods as transformed in accordance with the terms of the agreement with the bailor providing for such transformation;
- (c) the warehouse keeper does not know whether any part or all of the goods in fact were received or conform to the description, as where the description is in terms of marks or labels or the receipt or description is qualified by "contents, condition and quality unknown," "said to be or contain" or similar terms, if the indication is true, or the party or purchaser otherwise has notice.

45. Duty of care and contractual limitation

(1) A warehouse keeper is liable for damages for loss of or injury to the goods caused by the warehouse keeper's failure to exercise such care in regard to them as a reasonably careful person would exercise under similar circumstances; but, unless otherwise agreed, the warehouse keeper is not liable for damages that could not have been avoided by the exercise of such care.

(2) Notwithstanding the general effect of subsection (1), it is the duty of the owner of the goods to disclose to the warehouse keeper any peculiarities in the nature of the goods to be stored.

46. Irregularities in the issue of receipts or conduct of the warehouse keeper

The obligations imposed by this Act on a warehouse keeper apply to a warehouse receipt regardless of the fact that—

- (a) the document may not comply with the requirements of this Act or of any other law regarding its issue, form or content;
- (b) the warehouse keeper may have contravened any law regulating the conduct of his or her business;
- (c) the goods covered by the document were owned by the warehouse keeper at the time the warehouse receipt was issued; or
- (d) the person issuing the document does not fall within the definition of a warehouse keeper if the document purports to be a warehouse receipt.

47. Duplicate receipt and over-issue

(1) Neither a duplicate warehouse receipt nor any other document of title purporting to cover goods already covered by an outstanding warehouse receipt confers any right in the goods, except in the case of over-issue of documents for fungible goods and substitutes for lost, stolen or destroyed documents.

(2) The warehouse keeper is liable for damages caused by his or her overissue or failure to identify a duplicate document as such by conspicuous notation on its face.

48. Separation of goods and fungible goods

(1) Unless the warehouse receipt otherwise provides, a warehouse keeper must keep separate the goods covered by each receipt so as to permit, at all times, identification and delivery of those goods or, where packing, processing, substitution or other transformation is authorised by the bailor, the transformed products of those goods; except that different lots of fungible goods may be commingled.

(2) Fungible goods commingled under subsection (1) are owned in common by the persons entitled to them and the warehouse keeper is severally liable to each owner for that owner's share.

(3) Where, because of over-issue a mass of fungible goods is insufficient to meet all the receipts that the warehouse keeper has issued against it, the persons entitled include all holders to whom overissued receipts have been issued, duly negotiated or otherwise transferred.

49. Termination of storage at warehouse keeper's option

(1) A warehouse keeper may, on notifying the person on whose account the goods are held and any other person known to claim an interest in the goods, require payment of any charges and removal of goods from the warehouse—

- (a) at the termination of the period of storage fixed by the warehouse receipt or storage agreement; or
- (b) if no period is fixed, within a stated period not less than thirty days after notification.

(2) If the goods are not removed before the date specified in the notification, the warehouse keeper may sell them in accordance with section 50 of this Act.

(3) If a warehouse keeper in good faith believes that the goods are about to deteriorate or decline in value to less than the amount of his or her lien within the time prescribed in subsection (1) for notification, advertisement and sale, the warehouse keeper may specify in the notification any reasonable shorter time for removal of the goods; and if the goods are not removed, may sell them at the Uganda Agricultural Commodity Exchange (UACE) or at public sale (auction) held not less than one week after a single advertisement or posting.

(4) If, as a result of a quality or condition of the goods of which the warehouse keeper had no notice at the time of deposit, the goods are a hazard to other property or to the warehouse or to persons, the warehouse keeper may sell the goods at the Uganda Agricultural commodity exchange; or public (auction) or private sale without advertisement on reasonable notification to all persons known to claim an interest in the goods.

(5) If the warehouse keeper, after a reasonable effort and after notifying the Authority, is unable to sell the goods, he or she may dispose of them in any lawful manner and shall incur no liability by reason of that disposition.

(6) A sale under section 49 is only possible if the warehouse keeper has informed the Uganda Warehouse Authority within fourteen days for purposes of registering the sale, cancellation of the receipt and notification of the cancellation.

(7) A warehouse keeper must deliver the goods to any person entitled to them under this Act upon due demand made at any time before sale or other disposition under this section.

(8) A warehouse keeper may satisfy his or her lien from the proceeds of any sale or disposition under this section but must hold the balance for delivery on the demand of any person to whom he or she would have been bound to deliver the goods.

50. Warehouse keeper's lien

(1) A warehouse keeper has a lien against the bailor on the goods covered by a warehouse receipt or on the proceeds of those goods in his or her possession for charges for storage, packing, processing or transportation, insurance, labour, or other charges present or future in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale according to law.

(2) If the person on whose account the goods are held is liable for similar charges or expenses in relation to other goods whenever deposited and it is stated in the receipt that a lien is claimed for charges and expenses in relation to other goods, the warehouse keeper also has a lien against him or her for those charges and expenses whether or not the other goods have been delivered by the warehouse keeper.

(3) Where a negotiable warehouse receipt is duly negotiated to any person, a warehouse keeper's lien is limited to charges in an amount or at a rate specified on the receipt or if no charges are so specified then to a reasonable charge for storage of the goods covered by the receipt subsequent to the date of the receipt.

(4) A warehouse keeper may also reserve a security interest against the bailor for a maximum amount specified on the receipt for charges other than those specified in subsection (1), such as for money advanced and interest, except that the creation of the security interest shall be governed by the laws relating to that security interest.

(5) A warehouse keeper's lien for charges and expenses under subsection (1) or a security interest under subsection (4) shall be effective against any person who so entrusted the bailor with possession of the goods that a pledge of them by him or her to a *bona fide* purchaser for value would have been valid but is not effective against a person as to whom the document confers no right in the goods covered by it under section 50 of this Act.

(6) A warehouse keeper shall lose his or her lien on any goods which he or she voluntarily delivers or which he or she unjustifiably refuses to deliver.

51. Enforcement and loss of warehouse keeper's lien

(1) Except as provided in subsection (6), a warehouse keeper's lien may be enforced by sale conducted through the Uganda Agricultural Commodities Exchange, public auction or private sale of the goods in bloc or in parcels, at any time or place and on any terms which are commercially reasonable, after notifying all persons known to claim an interest in the goods in accordance with subsection (4) of this section.

(2) If the warehouse keeper either sells the goods in the usual manner in any recognised market for the goods, or if he or she sells at the price current in such market at the time of the sale, or if he or she otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold, he or she is taken to have sold in a commercially reasonable manner.

(3) The fact that a better price could have been obtained by a sale at a different time or in a different method from that selected by the warehouse keeper is not itself sufficient to establish that the sale was not made in a commercially reasonable manner.

(4) A warehouse keeper's lien on goods other than goods stored by a depositor in the course of his or her business may be enforced only as follows—

- (a) all persons known to claim an interest in the goods must be notified;
- (b) the notice must be delivered in person or sent by registered letter to the last known address of any person to be notified;
- (c) the notice must include an itemised statement of the claim, a description of the goods subject to the lien, a demand for payment within a specified time not less than ten days after receipt of the notification and a

conspicuous statement that unless the claim is paid within that time, the goods will be advertised for sale and sold by auction at a specified time and place;

- (d) the sale must conform to the terms of the notice;
- (e) the sale must be held at the nearest suitable place to that where the goods are held or stored; and
- (f) after the expiration of the time given in the notice, an advertisement of the sale shall be published in the *Gazette* and once a week for two weeks in a newspaper of general circulation in Uganda.

(5) Before any sale under this section any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred under this section.

(6) Where subsection (5) is complied with, the goods must not be sold, but must be retained by the warehouse keeper, subject to the terms of the receipt and this Act.

(7) A warehouse keeper may buy at any public sale (auction) under this section.

(8) A purchaser in good faith of goods sold to enforce a warehouse keeper's lien takes the goods free of any rights of persons against whom the lien was valid, despite non-compliance by the warehouse keeper with the requirements of this section.

(9) A warehouse keeper may satisfy his or her lien from the proceeds of any sale under this section but must hold the balance, if any, for delivery on demand to any person to whom he or she would have been bound to deliver the goods.

(10) The rights provided under this section shall be in addition to all other rights allowed by law to a creditor against his or her debtor.

(11) Where there is a lien is on goods stored by a depositor in the course of his or her business the lien may be enforced in accordance with subsection (5).

(12) A warehouse keeper is liable for damages caused by failure to comply with the requirements for sale under this section and in case of wilful contravention, is liable for conversion.

(13) A warehouse keeper shall lose his or her lien on the goods by—

- (a) surrendering possession of the goods;
- (b) refusing to deliver the goods when a demand is made with which he or she is bound to comply under this Act.

PART IX—NEGOTIATION AND TRANSFER OF WAREHOUSE RECEIPTS

52. Form of negotiation and requirements for due negotiation

(1) A negotiable warehouse receipt to the order of a named person is negotiated by his or her endorsement on its delivery and registration of the negotiation by the Authority.

(2) Negotiation of a negotiable warehouse receipt after it has been endorsed to a specified person requires endorsement by the endorsee as well as delivery and registration with the Authority.

(3) A negotiable warehouse receipt is treated as duly negotiated when it is negotiated in the manner stated under this section to a person who purchases it in good faith without notice of any defect in it or claim to it on the part of any person, and for value.

(4) Endorsement of a non-negotiable warehouse receipt does not make it negotiable and does not add to the transferee's rights.

53. Rights acquired by due negotiation

(1) Subject to this section, a holder to whom a negotiable warehouse receipt has been duly negotiated acquires by that act—

- (a) title to the warehouse receipt;
- (b) title to the goods, including, to the extent that such activities are authorised by the bailor and noted on the warehouse receipt, the packed, processed, substituted or otherwise transformed goods of the bailor;
- (c) all rights accruing under the law of agency or estoppel, including rights to goods delivered to the warehouse keeper after the warehouse receipt was issued; and
- (d) the obligation of the warehouse keeper to hold or deliver the goods according to the terms of the warehouse receipt and any related storage agreement free of any defence or claim by the warehouse keeper, except those arising under the terms of the warehouse receipt or storage agreement or under this Act.

(2) Subject to this section, title and rights acquired under subsection (1) are not defeated by the surrender of the goods by the warehouse keeper, and are not prejudiced by any of the following—

- (a) that the negotiation or any prior negotiation constituted a breach of duty; or
- (b) that any person has been deprived of possession of the warehouse receipt by misrepresentation, fraud, mistake duress, loss, theft or conversion, or even though a previous sale or other transfer of the goods or warehouse receipt has been made to a third person.

(3) Except where a warehouse receipt was originally issued upon delivery of the goods by a person who had no power to dispose of them, a lien shall not attach

by virtue of any judicial process to goods in the possession of a warehouse keeper for which a negotiable warehouse receipt is outstanding, unless the document is first surrendered to the warehouse keeper or its negotiation enjoined by court order, and the warehouse keeper shall not be compelled to deliver the goods in accordance with any judicial process until the document is surrendered to him or her or impounded by the court.

(4) Any person who purchases a warehouse receipt for value without notice of the process or injunction takes the goods free of the lien imposed by judicial process.

54. Rights defeated in certain cases

(1) A warehouse receipt creates a charge on the goods deposited at the warehouse, once it is issued.

(2) A warehouse receipt confers no rights in goods against a person who before the issue of the receipt had a legal interest or perfected security interest in such goods and who neither—

- (a) delivered or entrusted those goods or any bill of lading, warehouse receipt, delivery order or other document of title covering them to the bailor with actual or apparent authority to ship, store, pack, process, transform or sell the goods; nor
- (b) acquiesced in the procurement by the bailor or his or her nominee of any warehouse receipt or other document of title covering the goods.

(3) A buyer in the ordinary course of business of fungible goods sold and delivered by a warehouse keeper who is also in the business of buying and selling such goods, takes free of any claim under a warehouse receipt even though it has been duly negotiated.

55. Rights acquired in the absence of due negotiation

(1) A transferee of a warehouse receipt, whether negotiable or non-negotiable, who has taken the warehouse receipt by purchase, delivery and registration but where the warehouse receipt is not duly negotiated, acquires the title and rights which his or her transferor had or had actual authority to convey.

(2) In the case of a non-negotiable warehouse receipt, until but not after the warehouse keeper receives notification of the registration by the Authority of the transfer, the rights of the transferee may be defeated—

- (a) by a buyer from the transferor in the ordinary course of business if the warehouse keeper has delivered the goods to the buyer or has received notification of his or her rights; or
- (b) as against the warehouse keeper by dealings in good faith of the warehouse keeper with the transferor.

56. Rights and obligations of transferors and transferees

(1) The endorsement of a warehouse receipt does not make the endorser liable for any default by the warehouse keeper or by previous endorsers.

(2) The transferee of a negotiable warehouse receipt has a specifically enforceable right to have his or her transferor supply any necessary endorsement but the transfer becomes a negotiation only when the endorsement is supplied and the negotiation registered by the Authority.

(3) Where a person negotiates or otherwise transfers a warehouse receipt for value otherwise than as a mere intermediary under subsection (4), then unless otherwise agreed, he or she warrants to his or her immediate purchaser—

(a) that the warehouse receipt is genuine; and

(b) that he or she has no knowledge of any fact which would impair the validity or worth of the warehouse receipt; and

(c) that his or her negotiation or transfer is rightful and fully effective with respect to the title of the warehouse receipt and the goods it represents.

(4) A collecting bank or other intermediary known to be entrusted with a warehouse receipt on behalf of another or with collection of a draft or other claim against delivery of a warehouse receipt warrants by the delivery of the warehouse receipt, only its own good faith and authority.

(5) Subsection (4) shall apply even though the intermediary has purchased or made advances against the claim or draft to be collected.

57. Conflicting claims and interpleader

If more than one person claims title to goods covered or purported to be covered by a warehouse receipt, the warehouse keeper is excused from delivery until he or she has had a reasonable time to ascertain the validity of the adverse claims or to bring an action to compel all claimants to interplead and may compel the interpleader, either in defending an action for non-delivery of the goods, or by original action, whichever is appropriate.

PART X—OFFENCES

58. Issue of receipt for goods not received

A warehouse keeper, or any officer, agent, or servant of a warehouse keeper, who issues or aids in issuing a warehouse receipt knowing that the goods for which the receipt is issued have not been actually received by the warehouse keeper, or are not under his or her actual control at the time of issuing the receipt, commits an offence and is liable on conviction to fine not exceeding three times the value of the goods in question or imprisonment not exceeding five years or both.

59. Issue of receipt containing false statement

A warehouse keeper, or any officer, agent or servant of a warehouse keeper, who fraudulently issues or aids in fraudulently issuing a warehouse receipt for goods knowing that it contains any false statement, commits an offence and is liable, on

conviction to a fine not exceeding one hundred and twenty currency points or to imprisonment not exceeding five years or both.

60. Issue of duplicate receipt not duly marked

A warehouse keeper, or any officer, agent or servant of a warehouse keeper, who fraudulently issues or aids in issuing a duplicate or additional negotiable receipt for goods knowing that a former negotiable receipt for the same goods or any part of them is outstanding and uncanceled, without plainly placing upon its face the word "Duplicate" except in the case of a lost or destroyed receipt after proceedings under section 33 of this Act, commits an offence, and is liable on conviction, to a fine not exceeding one hundred and twenty currency points or to imprisonment not exceeding five years or both.

61. Issue of receipts not stating fact of warehouse keeper's ownership of goods

Where there are deposited with or held by a warehouse keeper goods of which the warehouse keeper is owner, either solely or jointly or in common with others, the warehouse keeper, or any of his or her officers, agents, or servants who, knowing the ownership, issues or aids in issuing a negotiable receipt for those goods which does not state that ownership, commits an offence and is liable on conviction, to a fine not exceeding twenty four currency points or to imprisonment not exceeding one year or both.

62. Delivery of goods without obtaining negotiable warehouse receipt

A warehouse keeper, or any officer, agent or servant of a warehouse keeper, who delivers goods out of the possession of the warehouse keeper, knowing that a negotiable receipt necessary to transfer the right of possession of those goods is outstanding and uncanceled, without obtaining the possession of that receipt at or before the time of the delivery, except in the cases referred to in sections 39 and 48 of this Act, commits an offence and is liable on conviction, to a fine not exceeding twenty four currency points or to imprisonment not exceeding one year or both.

63. Negotiation of receipt for mortgaged goods

Any person who deposits goods to which he or she has no title, or upon which there is a security interest, and who takes for those goods a negotiable receipt which he or she afterwards negotiates for value with intent to deceive and without disclosing his or her lack of title or the existence of the security interest, commits an offence and is liable on conviction to a fine not exceeding one hundred and twenty currency points or to imprisonment not exceeding five years or both.

64. Issue of warehouse receipt without a valid licence

(1) Any person who purports to issue a warehouse receipt without a valid licence commits an offence and is liable on conviction to a fine not exceeding one hundred and twenty currency points or to imprisonment not exceeding five years or both.

(2) Any person who contravenes the provisions of this Act and the Regulations commits an offence and is liable on conviction to a fine not exceeding one hundred and twenty currency points or to imprisonment not exceeding five years or both.

PART XI—MISCELLANEOUS.

65. Revocation or termination of licence not to affect receipts

The revocation or termination of a licence under this Act shall not affect the validity of receipts issued under the licence, and the warehouse keeper will continue to comply with this Act with regard to valid receipts so far issued.

66. Insurance of goods

(1) A warehouse keeper shall ensure that goods stored in his or her custody are at all times insured against all common perils such as loss by fraud, theft, fire, employee infidelity, disasters such as drought, flooding, sabotage, internal explosion, wind storm and any other disaster or perils and such other perils as the Authority may determine by regulations made under this Act.

(2) A warehouse keeper shall keep exposed in a conspicuous place in the warehouse, a notice in bold letters stating briefly the conditions under which goods are insured under this Act.

(3) A warehouse keeper shall take prompt steps as may be necessary and proper to collect any money which becomes due under a contract or insurance entered into by him or her for the purposes of this Act and shall, as soon as the money is collected, promptly pay any person entitled to receive the money.

(4) A warehouse keeper shall, in accordance with the terms of his or her contract with insurance and bonding companies for the purpose of fulfilling the insurance and bonding requirements under this Act, pay such premiums, permit such reasonable inspections and make such reasonable reports as may be provided for in those contracts.

67. Inspection of warehouses by Authority

The Authority or its appointed agent may inspect any licenced warehouse with a view to investigating—

- (a) storage facilities in the warehouse;
- (b) how goods are classified;
- (c) how goods are weighed;
- (d) certification of goods; and
- (e) whether the provisions of this Act are being complied with.

68. Classification of warehouses

(1) The Board may, by notice published in the *Gazette* classify a licenced warehouse in accordance with its—

- (a) ownership;
- (b) location;

- (c) surroundings;
- (d) capacity;
- (e) conditions or other qualities.

(2) The Board may prescribe different types of licences that may be issued in respect to a classified warehouse.

69. Fees

The Board shall, in consultation with the Minister, by notice published in the *Gazette*, prescribe the fees to be charged in respect of—

- (a) examination and inspection of warehouses;
- (b) licences issued under this Act;
- (c) renewal of licences;
- (d) issue of negotiable warehouse receipt books; and
- (e) carrying out and performing such other functions conferred on it under this Act by regulations made under this Act.

70. Seal of the Authority

(1) The common seal of the Authority shall be such device and in such form as the Board may determine and shall be authenticated by the signatures of the Chairperson and the Managing Director.

(2) In the absence of the Chairperson two other members of the Board shall sign in place of the Chairperson; and in the absence of the Managing Director the person performing the functions of the Managing Director shall sign.

(3) The signature of the Chairperson or of the Managing Director shall be independent of the signing by any other person as witness.

(4) Every document purporting to be an instrument issued by the Authority and to be sealed with the seal of the Authority authenticated in the manner prescribed in subsections (2) and (3) shall be received in evidence and be deemed to be such an instrument without further proof unless the contrary is shown.

(5) The Seal of the Authority shall be kept in the custody of the Secretary.

71. Protection of members of the Board and staff of the Authority

A member of the Board or any employee or other person performing any function of the Authority under the direction of the Board shall not be personally liable for any civil proceedings for any act or omission on his or her part in good faith in the performance of those functions.

72. Annual report

The Board shall cause to be prepared and shall submit to the Minister within three months after the end of each financial year, an annual report on the activities and operations of the Authority for that financial year.

73. Minister to report to Parliament

The Minister shall, in each year, submit to Parliament the auditor's report not later than sixty days after receiving them from the Board under section 22 and the annual report of the Authority submitted to the Minister under section 72 of this Act.

74. Regulations

(1) The Minister may, on the recommendation of the Board, by Statutory Instrument make regulations, as may be necessary for the better carrying into effect of this Act.

(2) Without prejudice to the general effect of subsection (1), regulations made under that subsection may—

(a) prescribe forms to be used for any process under this Act and the forms of licences and other documents under this Act;

(b) prescribe in connection with any contravention of the regulations—

(i) a penalty of a fine not exceeding one hundred currency points or to imprisonment not exceeding two years or both; and

(ii) in the case of a continuing offence, an additional penalty not exceeding one currency point for each day on which the offence continues.

75. Minister's power to amend Schedules

(1) The Minister may, with the approval of Cabinet, by statutory instrument amend the First Schedule to this Act.

(2) The Minister may, on the recommendation of the Board, by statutory instrument amend the Second and Third Schedule to this Act.

SCHEDULES.

FIRST SCHEDULE

CURRENCY POINT

A currency point is equivalent to twenty thousand shillings.

SECOND SCHEDULE

SECTIONS 11 AND 75

MEETINGS OF THE BOARD

1. Convening meetings

(1) The Chairperson shall convene the first meeting of the Board as soon as is practicable after the appointment of the Board and thereafter the Board shall meet for the transaction of business at times and places that may be decided upon by the Board but the Board shall meet at least once in every two months.

(2) The Chairperson or, in the absence of the Chairperson, a member appointed by the Board to act as Chairperson may, at any time, call a special meeting of the Board, or shall call a special meeting upon a written request by a majority of the members of the Board.

(3) The Chairperson shall preside at all meetings of the Board and in his or her absence, the members present may appoint a member from among themselves to preside at that meeting.

2. Quorum

The quorum at a meeting of the Board shall be four members.

3. Taking decisions

Questions proposed at a meeting of the Board shall be decided by a majority of the votes, of the members present and if there is an equality of votes, the person presiding shall have a casting vote in addition to his or her deliberative vote.

4. Disclosure of interest

(1) A member of the Board who has any pecuniary interest in a matter being considered or about to be considered by the Board shall, as soon as possible after the relevant facts have come to his or her knowledge, disclose the nature of his or her interest to the Board.

(2) A disclosure of interest under subparagraph (1) shall be recorded in the minutes of the meeting of the Board and the member making the disclosure shall not, unless the Board otherwise determines in respect of that matter—

- (a) be present during any deliberation on the matter by the Board;
- (b) take part in the decision-making of the Board on the matter.

(3) For the purpose of the making of a decision by the Board under sub-paragraph (2) the member who has made the disclosure shall not—

- (a) be present during the deliberations of the Board for the making of that determination;
- (b) influence any other member or take part in the making of the determination by the Board.

5. Co-option of persons to meetings of Board

(1) The Board may co-opt any person to any meeting of the Board to assist it on any matter if the Board is satisfied that that person's qualifications and experience are likely to benefit the Board.

(2) A person co-opted to assist the Board under subparagraph (1) is entitled to take part in the proceedings of the Board at the meeting concerning the matter in connection with which he or she is co-opted, but is not entitled to vote or take part in any other proceedings of the Board.

6. Minutes of meetings

(1) The Board shall cause the minutes of its meetings to be recorded and kept and the minutes of each meeting shall be confirmed by the Board at the next meeting and signed by the Chairperson of the meeting.

(2) The Chairperson of the Board shall submit to the Minister a copy of the minutes of each meeting as soon as the minutes have been confirmed.

7. Board to regulate its own procedure

Subject to the provisions of this Schedule, the Board may regulate its own proceedings.

THIRD SCHEDULE

SECTION 40(1)

FORM OF WAREHOUSE RECEIPT

WAREHOUSE RECEIPT SYSTEM ACT 2006

WAREHOUSE RECEIPTNo. _____ **Serial No.** _____

ISSUED TO: *(Depositor's full name, address, and registration No. (VAT or equivalent))* _____
(the "Depositor")

This is to certify that Warehouse keeper (Full name) has received the following goods (the "goods") for storage in good order and condition (except as noted) subject to the provisions of the Warehouse Receipt Act 2006 (the "Act") dated, which the depositor listed above confirms having full knowledge of and accepts irrevocably.

DESCRIPTION OF GOODS REMARKS/NOTES/QUALITY ANALYSIS/MARKINGS

GROSS WEIGHT

NET WEIGHT

NO. OF PACKAGES: **DECLARED ORIGIN** (As per depositor's declaration):

LOCATION OF STORAGE **DATE RECEIVED**

INSURANCE: Covered through:

For (risks):

As per the depositor's declaration. Whilst Warehouse keeper will take all reasonable steps to verify the insurance cover at the date mentioned above, Warehouse keeper., by signing this Warehouse Receipt, makes no representation and extends no warranty whatsoever as to the existence, validity, or conformity to the above of any insurance cover, or as to the payment of any premium, or as to compliance to any provision related thereto.

Delivery or partial delivery of the goods listed above will only be made upon surrender to Warehouse keeper of this Warehouse receipt AND written instructions by the depositor or the last Transferee of this Warehouse Receipt, as per the Act.

The goods are subject to the following charges, and will only be released upon full settlement thereof.

Collateral Management charges:

Warehousing charges _____

Other charges: _____

A priority lien on the goods exists with regards to any unpaid charges as per the Act

By appending his or her signature here below, the depositor represents and warrants that:

- (1) He/She is the owner or the duly authorised agent of the owner of the goods or holds a valid pledge on the goods;
- (2) The goods are free of any pledge, claim or demand by third parties;
- (3) He/She has full knowledge of and irrevocably accepts the provisions.

These representations and warranties shall be binding upon the depositor and any subsequent transferee of this Warehouse Receipt as evidenced by such transferee appending his or her signature on each transfer overleaf.

WAREHOUSE RECEIPT NO. _____ Serial No. _____ Dated _____

Cross References

Arbitration and Conciliation Act Cap 4.

Insurance Act Cap 213.

