

Law n°2014/6 of 23 April 2014 governing factoring in Cameroon

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CHAPTER 1

SECTION 1

(1) This law governs factoring in Cameroon.

(2) Factoring shall be practised by credit establishments approved by the monetary authority with the assent of the Central African Banking Commission.

SECTION 2 — The following definitions

shall apply in this law and its instruments of implementation:

- adherent: enterprise which assigns its short term trade receivables to a factor for payment at an agreed date;
- factoring: a transaction whereby an adherent, through a fixed term written subrogation agreement, assigns its receivables to a factor who, against a consideration, advances all or part of the amount of the receivables assigned, whether or not bearing the risk of insolvency of the receivables assigned, depending on the agreement between the parties;

- factoring with recourse: factoring agreement whereby the factor is entitled to reimbursement by the adherent

in the event of debtor insolvency; REPUBLIC OF CAMEROON 15th May 2014

Law No. 2014/6 du 23 April 2014

governing factoring in Cameroon

The Parliament deliberated and adopted,

the President of the Republic

hereby enacts the law set out below:

CHAPTER 1 — General Provisions ring in Cameroon. (2) Factoring shall be practised by credit establishments approved by the monetary authority with the assent of the Central African Banking Commission. shall apply in this law and its instruments of implementation: - adherent: enterprise which assigns its short term trade receivables to a factor for payment at an agreed date; - factoring: a transaction whereby an adherent,

through a fixed term written subrogation agreement, assigns its receivables to a factor who, against a consideration, advances all or part of the amount of the receivables assigned, whether or not bearing the risk of insolvency of the receivables assigned, depending on the agreement between the parties; - factoring with recourse: factoring agreement whereby the factor is entitled to reimbursement by the adherent in the event of debtor insolvency; UBLIQUE DU CAMEROUN 15 mai 2014 - factoring without recourse: factoring agreement whereby the adherent provides the factor no guarantee against debtor insolvency; - factor: credit establishment which habitually engages in factoring transactions; - debtor: customer of the adherent whose commercial debt is the subject of a factoring transaction; - subrogation receipt: document or deed which constitutes material evidence of the factor's subrogation of the rights of the adherent in a factoring contract.

SECTION 3

(1) A factoring contract shall concern safe, liquid and due trade receivables. However, receivables from individuals may be the subject of a factoring contract under conditions laid down in a separate instrument.

(2) One or several invoices issued to a customer amounting individually or collectively to at least CFAF 200 000 (two hundred thousand) May be accepted in a factoring contract.

(3) Receivables from companies related to the factor such as subsidiaries and holding companies shall be accepted in a factoring contract only subject to compliance with the regulations in force.

SECTION 4

(1) Receivables arising from a factoring contract may be pledged or assigned by the factor.

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(2) In the event of debt assignment, the factoring contract may stipulate that the adherent stand surety for the assigned debtor(s).

CHAPTER 2 — Conclusion and Effects of a Factoring Contract

SECTION 5

(1) A factoring contract shall be a private agreement or an instrument drawn up by a solicitor.

(2) It shall take effect from the date of its signature by the parties for private agreements and from the date of registration for instruments drawn up by a

solicitor.

(3) To be enforceable against third parties, it must be published in the Trade and Personal Property Credit Register of the adherent's registered office.

SECTION 6

(1) Once the factoring contract takes effect, the adherent shall assign to the factor all or part of his eligible and available receivables which are not under a factoring contract with another factor, or mortgaged to a third party. He shall subrogate the factor to all his rights, actions or guarantees attached to the assigned receivables.

(2) The assignment referred to in

CHAPTER 2 — Conclusion and Effects of a Factoring Contract shall be a private agreement or an instrument drawn up by a solicitor. (2) It shall take effect from the date of its signature by the parties for private agreements and from the date of registration for instruments drawn up by a solicitor. (3) To be enforceable against third parties, it must be published in the Trade and Personal Property Credit Register of the adherent's registered office. contract takes effect, the adherent shall assign to the factor all or part of his eligible and available receivables which are not under a factoring contract with another factor, or mortgaged to a third party. He shall subrogate the factor to all his rights, actions or guarantees attached to the assigned receivables. (2) The assignment referred to in summary statement of the invoices issued to the same customer and validated by mutual agreement. (3) The adherent shall issue to the factor, a subrogation receipt indicating the amount of the receivables under
REPUBLIC OF CAMEROON 15th May 2014 (2) In the event of debt assignment, the factoring contract may stipulate that the adherent stand surety for the assigned debtor(s).

CHAPTER 2 — Conclusion and Effects of a Factoring Contract shall be a private agreement or an instrument drawn up by a solicitor. (2) It shall take effect from the date of its signature by the parties for private agreements and from the date of registration for instruments drawn up by a solicitor. (3) To be enforceable against third parties, it must be published in the Trade and Personal Property Credit Register of the adherent's registered office. contract takes effect, the adherent shall assign to the factor all or part of his eligible and available receivables which are not under a factoring contract with another factor, or mortgaged to a third party. He shall subrogate the factor to all his rights, actions or guarantees attached to the assigned receivables. (2) The assignment referred to in summary statement of the invoices issued to the same customer and validated by mutual agreement. (3) The adherent shall issue to the factor, a subrogation receipt indicating the amount of the receivables under
UBLIQUE DU CAMEROUN 15 mai 2014 the factoring contract, together with supporting

documents. (4) The receipt referred to in Section 6(3) above shall be notified to the assigned debtor within 10(ten) days of its signature to inform him of the existence of a factoring contract between the creditor and the factor. (5) The adherent shall provide the factor with guarantee against any professional or technical disputes concerning the receivables under a factoring contract.

SECTION 7

(1) The factor shall not be liable where the dispute between the adherent and the debtor concerns fraud or the nature of the goods or services.

(2) An adherent who presents forged invoices or invoices for receivables already assigned shall be liable to criminal prosecution provided for by the laws in force.

SECTION 8 — The factoring contract shall

contain the following on pain of nullity:

- the factor's business or company name;
- the debtor's name or corporate name;
- the adherent's name or corporate name;
- the indication "factoring contract";
- the description of the invoice and the number of the summary statement of invoices or any other element that may help to identify the receivable;
- the maximum outstanding amount of the factoring contract;
- the indication "with recourse or without recourse", as appropriate;

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- la durée du contrat ;
- la date de prise d'effet du contrat ;
- les signatures de l'adhérent et de l'affactureur ;
- la mention de la subrogation ;
- le mode de règlement laissant trace écrite.

SECTION 9 — Le bordereau récapitulatif

est signé par l'adhérent. La signature est apposée soit à la main, soit par tout procédé non manuscrit prévu par la législation en vigueur.

SECTION 10

(1) La mention subrogative du contrat d'affacturage indique notamment la dénomination, le siège social et l'adresse de l'affactureur qui doit recevoir le paiement du client.

(2) La mention prévue à l'alinéa 1 ci-dessus est inscrite sur un tampon sécurisé qui est remis à l'adhérent au moment du démarrage du contrat. Elle peut également être transcrite sur la facture informatisée ou par tous autres moyens laissant trace écrite.

SECTION 11

(1) L'adhérent joint à la facture faisant l'objet de l'affacturage, les pièces attestant que la marchandise a été livrée ou que la prestation de service a été effectuée.

(2) Les pièces mentionnées à l'alinéa I ci-dessus sont fixées par voie réglementaire.

SECTION 12 — L'adhérent ne peut ni reti

rer, ni révoquer son engagement après le paiement effectué par l'affactureur.

- the term of the contract;
- the contract effective date;
- the signatures of the adherent and the factor;
- the subrogation notice;
- the payment method leaving a paper trail.

CHAPTER 3 — Termination of Factoring Contract

SECTION 13

(1) The factoring contract shall end upon expiry of its term. It may also end upon termination by one of the parties to the contract on grounds of duly established non fulfilment of the obligations of the other party.

(2) Where the factoring contract is with recourse, the factor shall be entitled to reimbursement by the adherent in the event of the debtor's insolvency.

(3) Where the factoring contract is without recourse, the adherent shall not provide guarantee against the debtor's insolvency.

SECTION 14

(1) The causes of extinguishment of the receivables under the factoring contract may affect the contractual obligations only if the party that invokes them can provide proof thereof.

(2) Payment as cause of extinguishment shall be tantamount to discharge only if such payment is made between the assigned debtor and the factor and with effect from the date of signature of the subrogation receipt.

(3) Offsetting as cause of extinguishment of the obligations of the factoring contract may apply only where the receivable whose offsetting is disputed predates the registration of the factoring contract in the Trade and Personal Property Credit Register.

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Commission.

SECTION 18 — Payments made by the

factor of the adherent as well as payments made by the debtor to the factor shall be through any means leaving a paper trail.

SECTION 19 — The factor shall be entit

led to default interest as an accessory of the receivable which is the subject of factoring, with effect from the invoice payment date.

CHAPTER 5 — Miscellaneous and Final Provisions

SECTION 20 — Any dispute arising from

the execution of factoring contract shall be submitted to arbitration, except the parties otherwise expressly stipulate recourse to the competent State court in contract.

SECTION 21 — (1) Credit establishments

engaged in factoring prior to the enactment of this law shall be allowed a period of 2 (two) years to comply with its provisions.

(2) However, the provisions of this law shall not apply to contracts that are ongoing on the date of its entry into force.

SECTION 22 — This law shall be registe

red, published according to the procedure of urgency and inserted in the Official Gazette in English and French.
Yaounde, 23 April 2014.

Paul Biya,
President of the Republic.

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