

NORFOLK



ISLAND

BILLS OF EXCHANGE ACT 1961

[Consolidated as at 31 May 2007
on the authority of the Administrator
and in accordance with
the *Enactments Reprinting Act 1980*]

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NORFOLK



ISLAND

BILLS OF EXCHANGE ACT 1961

An Act relating to Bills of Exchange, Cheques and Promissory Notes.

PART 1 - PRELIMINARY

Short title

1. This Act may be cited as the *Bills of Exchange Act 1961*.

Commencement

2. This Act shall come into operation on a date to be fixed by the Administrator by notice published in the Norfolk Island Government Gazette.

Parts

3. This Act is divided into Parts, as follows —

| | | |
|--------|----------------------------|--|
| Part 1 | Preliminary (sections 1-5) | |
| Part 2 | Bills of Exchange | |
| | Divisions 1 | Form and Interpretation (sections 6-24) |
| | Division 2 | Capacity and Authority of Parties (sections 25-29) |
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| | Division 3 | Other Provisions relating to Cheques (Sections 87A-87D). |
| Part 4 | | Promissory Notes (sections 88-94) |
| Part 5 | | Miscellaneous (sections 95-100) |

Definitions

4. In this Act, unless the contrary intention appears —
- “acceptance” means an acceptance completed by delivery or notification;
 - “action” includes counter-claim and set-off;
 - “Australasia” means Australia, and any Territory of the Commonwealth, New Zealand and the Colony of Fiji;
 - “banker” includes a body of persons, whether incorporated or not, who carry on the business of banking;
 - “bearer” means the person in possession of a bill or note which is payable to bearer;
 - “bill” means bill of exchange;
 - “delivery” means transfer of possession, actual or constructive, from one person to another;
 - “holder” means the payee or indorsee of a bill or note who is in possession of it, or the bearer thereof;
 - “indorsement” means an indorsement completed by delivery;
 - “issue” means the first delivery of a bill or note, complete in form, to a person who takes it as a holder;
 - “note” means promissory note”
 - “person” includes a body of persons whether incorporated or not;
 - “value” means valuable consideration;
 - “written” includes printed, and “writing” includes print.

Application of Act

5. This Act does not apply to bills of exchange, cheques and promissory notes drawn, issued or made before the commencement of this Act.

PART 2 – BILLS OF EXCHANGE*Division 1 – Form and Interpretation***Bills of exchange defined**

6. (1) A bill of exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person, or to bearer.

(2) An instrument which does not comply with these conditions, or which orders any act to be done in addition to the payment of money, is not a bill of exchange.

(3) An order to pay out of a particular fund is not unconditional within the meaning of this section; but an unqualified order to pay, coupled with —

- (a) an indication of a particular fund out of which the drawee is to reimburse himself, or a particular account to be debited with the amount; or
- (b) a statement of the transaction which gives rise to the bill,

is unconditional.

(4) A bill is not invalid by reason —

- (a) that it is not dated;
- (b) that it does not specify the value given, or that any value has been given, for the bill; or
- (c) that it does not specify the place where it is drawn or the place where it is payable.

Inland and foreign bills

7. (1) An inland bill is a bill which is, or on the face of it purports to be —

- (a) both drawn and payable within Australasia; or
- (b) drawn within Australasia upon some person resident in Australasia.

(2) Any other bill is a foreign bill.

(3) Unless the contrary appears on the face of the bill, the holder may treat it as an inland bill.

Effect where different parties to bill are the same person

8. (1) A bill may be drawn payable to, or to the order of, the drawer; or it may be drawn payable to, or to the order of, the drawee.

(2) Where, in a bill, drawer and drawee are the same person, or where the drawee is a fictitious person or a person not having capacity to contract, the holder may treat the instrument, at his option, either as a bill of exchange or as a promissory note.

Address to drawee

9. (1) The drawee must be named or otherwise indicated in a bill with reasonable certainty.

(2) A bill may be addressed to two or more drawees, whether they are partners or not, but an order addressed to two drawees in the alternative, or to two or more drawees in succession, is not a bill of exchange.

Certainty required as to payee

10. (1) Where a bill is not payable to bearer, the payee must be named or otherwise indicated in the bill with reasonable certainty.

(2) A bill may be made payable to two or more payees jointly, or it may be made payable in the alternative to one of two, or one or some of several payees.

(3) A bill may be made payable to the holder of an office for the time being.

(4) Where the payee is a fictitious or non-existing person, the bill may be treated as payable to bearer.

What bills are negotiable

11. (1) When a bill contains words prohibiting transfer, or indicating an intention that it should not be transferable, it is valid as between the parties thereto, but is not negotiable.

(2) A negotiable bill may be payable either to order or to bearer.

(3) A bill is payable to bearer which is expressed to be so payable, or on which the only or last indorsement is an indorsement in blank.

(4) A bill is payable to order which —

(a) is expressed to be so payable; or

(b) is expressed to be payable to a particular person, and does not contain words prohibiting transfer or indicating an intention that it should not be transferable.

(5) Where a bill, either originally or by indorsement, is expressed to be payable to the order of a specified person, and not to him or his order, it is nevertheless payable to him or his order at his option.

Sum payable

12. (1) The sum payable by a bill is a sum certain within the meaning of this Act, although it is required to be paid —

(a) with interest;

(b) by stated instalments;

(c) by stated instalments, with a provision that upon default in payment of any instalment the whole becomes due; or

(d) according to an indicated rate of exchange, or according to a rate of exchange to be ascertained as directed by the bill.

(2) Where the sum payable is expressed in words and also in figures, and there is a discrepancy between the two, the sum denoted by the words is the amount payable.

(3) Where a bill is expressed to be payable with interest, unless the instrument otherwise provides, interest runs from the date of the bill, and if the bill is undated from the issue of the bill.

Bill payable on demand

13. (1) A bill is payable on demand —

(a) which is expressed to be payable on demand, or at sight, or on presentation; or

(b) in which no time for payment is expressed.

(2) Where a bill is accepted or indorsed when it is overdue, it is, as regards the acceptor who so accepts, or any indorser who so indorses it, deemed to be a bill payable on demand.

Bill payable at a future time

14. (1) A bill is payable at a determinable future time within the meaning of this Act which is expressed to be payable —

- (a) at a fixed period after date or sight; or
- (b) on or at a fixed period after the occurrence of a specified event which is certain to happen, though the time of happening may be uncertain.

(2) An instrument expressed to be payable on a contingency is not a bill, and the happening of the event does not cure the defect.

Omission of date in bill payable after date

15. (1) Where a bill expressed to be payable at a fixed period after date is issued undated, or where the acceptance of a bill payable at a fixed period after sight is undated, any holder may insert therein the true date of issue or acceptance, and the bill shall be payable accordingly.

(2) Where —

- (a) a wrong date is inserted in a bill by the holder, in good faith and by mistake; or
- (b) a wrong date is inserted in a bill and the bill subsequently comes into the hands of a holder in due course,

the bill is not voided, but operates and is payable as if the date so inserted had been the true date.

Ante-dating and post-dating

16. (1) Where a bill or an acceptance or any indorsement on a bill is dated, the date is, unless the contrary be proved, deemed to be the true date of the drawing, acceptance, or indorsement, as the case may be.

(2) A bill is not invalid by reason only that it is ante-dated or post-dated, or that it bears date on a Sunday.

Computation of time of payment

17. (1) Where a bill is not payable on demand, three days, called days of grace, are, in every case where the bill itself does not otherwise provide, added to the time of payment as fixed by the bill, and the bill is due and payable on the last day of grace; but when the last day of grace falls on a non-business day, the bill is due and payable on the succeeding business day.

(2) Where a bill is payable at a fixed period after date, after sight, or after the happening of a specified event, the time of payment is determined by excluding the day from which the time is to begin to run and by including the day of payment.

(3) Where the bill is payable at a fixed period after sight, the time begins to run from the date of the acceptance if the bill be accepted, and from the date of noting or protest if the bill be noted or protested for non-acceptance, or for non-delivery.

(4) The term “month” in a bill means calendar month.

Case of need

18. (1) The drawer of a bill, and an indorser, may insert therein the name of a person, called the referee in case of need, to whom the holder may resort in case of need, that is to say, in case the bill is dishonoured by non-acceptance or non-payment.

(2) It is in the option of the holder to resort to the referee in case of need or not as he may think fit.

Optional stipulations by drawer or indorser

19. The drawer of a bill, and any indorser, may insert therein an express stipulation —

- (a) negating or limiting his own liability to the holder; or
- (b) waiving as regards himself some or all of the holder's duties.

Definition and requisites of acceptance

20. (1) The acceptance of a bill is the signification by the drawee of his assent to the order of the drawer.

(2) An acceptance is invalid —

- (a) unless it is written on the bill;
- (b) unless it is signed by the drawee; and
- (c) if it expresses that the drawee will perform his promise by any other means than the payment of money.

(3) The mere signature of the drawee, without additional words, is a sufficient acceptance.

Time for acceptance

21. (1) A bill may be accepted —

- (a) before it has been signed by the drawer, or while otherwise incomplete;
- (b) when it is overdue; or
- (c) after it has been dishonoured by a previous refusal to accept, or by non-payment.

(2) When a bill payable after sight is dishonoured by non-acceptance and the drawee subsequently accepts it, the holder, in the absence of any different agreement, is entitled to have the bill accepted as of the date of first presentment to the drawee for acceptance.

General and qualified acceptances

22. (1) An acceptance is either —

- (a) general; or
- (b) qualified.

(2) A general acceptance assents without qualification to the order of the drawer.

(3) A qualified acceptance in express terms varies the effect of the bill as drawn.

- (4) In particular an acceptance is qualified which is —
- (a) conditional, that is to say, which makes payment by the acceptor dependent on the fulfilment of a condition stated in the acceptance;
 - (b) partial, that is to say, an acceptance to pay part only of the amount for which the bill is drawn;
 - (c) local, that is to say, an acceptance to pay only at a particular specified place;
 - (d) qualified as to time; or
 - (e) the acceptance of some one or more of the drawees, but not of all.

(5) An acceptance to pay at a particular place is a general acceptance, unless it expressly states that the bill is to be paid there only, and not elsewhere.

Inchoate instruments

23. (1) Where a simple signature on a blank paper is delivered by the signer in order that it may be converted into a bill, the delivery operates as a *prima facie* authority to fill the bill up as a complete bill for the amount authorised by the signer, using the signature for that of the drawer or the acceptor or an indorser.

(2) Where a bill is wanting in a material particular, the person in possession of it has a *prima facie* authority to fill up the omission in any way he thinks fit.

(3) In order that such an instrument when completed may be enforceable against a person who became a party prior to its completion, it must be filled up within a reasonable time, and strictly in accordance with the authority given.

(4) Where such an instrument after completion is negotiated to a holder in due course, it is valid and effectual for all purposes in his hands, and he may enforce it as if it had been filled up within a reasonable time and strictly in accordance with the authority given.

(5) In determining what is a reasonable time for the purposes of this section, regards shall be had to the facts of the particular case.

Delivery

24. (1) Every contract on a bill, whether it be the drawer's, the acceptor's, or an indorser's, is incomplete and revocable until delivery of the instrument in order to give effect thereto; but, where an acceptance is written on a bill, and the drawee gives notice to or according to the directions of the person entitled to the bill that he has accepted it, the acceptance then becomes complete and irrevocable.

(2) As between immediate parties, and as regards a remote party other than a holder in due course, the delivery —

- (a) in order to be effectual, must be made by, or under the authority, of the party drawing, accepting, or indorsing, as the case may be; or
- (b) may be shown to have been conditional or for a special purpose only, and not for the purpose of transferring the property in the bill.

(3) Where a bill is in the hands of a holder in due course, a valid delivery of the bill by all parties prior to him, so as to make them liable to him, is conclusively presumed.

(4) Where a bill is no longer in the possession of a party who has signed it as a drawer, acceptor, or indorser, a valid and unconditional delivery by him is presumed until the contrary is proved.

Division 2 — Capacity and Authority of Parties

Capacity of parties

25. (1) Capacity to incur liability as a party to a bill is co-extensive with capacity to contract.

(2) Nothing in the last preceding subsection enables a corporation to make itself liable as drawer, acceptor, or indorser of a bill, unless it is competent to it so to do under the law for the time being in force relating to corporations.

(3) Where a bill is drawn or indorsed by an infant, minor, or corporation having no capacity or power to incur liability on a bill, the drawing or indorsement entitles the holder to receive payment of the bill, and to enforce it against any other party.

Signature essential to liability

26. (1) Subject to this section, a person is not liable as drawer, indorser, or acceptor of a bill who has not signed it as such.

(2) Where a person signs a bill in a trade or assumed name, he is liable on the bill as if he had signed it in his own name.

(3) The signature of the name of a firm is equivalent to the signature, by the person so signing, of the names of all persons liable as partners in that firm.

Forged or unauthorised signature

27. (1) Subject to this Act, where a signature on a bill is forged or placed on it without the authority of the person whose signature it purports to be, the forged or unauthorised signature is wholly inoperative, and no right to retain the bill or to give a discharge for it or to enforce payment of it against any party can be acquired through that signature, unless the party against whom it is sought to retain or enforce payment of the bill is precluded from setting up the forgery or want of authority.

(2) Nothing in the last preceding subsection affects the ratification of an unauthorised signature not amounting to a forgery.

Procurator signatures

28. A signature by procurator operates as notice that the agent has but a limited authority to sign, and the principal is only bound by the signature if the agent in so signing was acting within the actual limits of his authority.

Person signing as agent or in representative capacity

29. (1) Where a person signs a bill as drawer, indorser, or acceptor, and adds words to his signature, indicating that he signs for or on behalf of a principal, or in a representative character, he is not personally liable on the bill; but the mere addition to his signature of words describing him as an agent, or as filling a representative character, does not exempt him from personal liability.

(2) In determining whether a signature on a bill is that of the principal or that of the agent by whose hand it is written, the construction most favourable to the validity of the instrument shall be adopted.

Division 3 – The Consideration for a Bill

Value and holder for value

30. (1) Valuable consideration for a bill may be constituted by —
- (a) any consideration sufficient to support a simple contract; or
 - (b) an antecedent debt or liability, whether the bill is payable on demand or at a future time.

(2) Where value has at any time been given for a bill, the holder is deemed to be holder for value as regards the acceptor and all parties to the bill who became parties prior to that time.

(3) Where the holder of a bill has a lien on it, arising either from contract or by implication of law, he is deemed to be a holder for value to the extent of the sum for which he has a lien.

Accommodation bill or party

31. (1) An accommodation party to a bill is a person who has signed a bill as drawer, acceptor, or indorser, without receiving value for the bill, and for the purpose of lending his name to some other person.

(2) An accommodation party is liable on the bill to a holder for value; and it is immaterial whether, when the holder took the bill, he knew the party to be an accommodation party or not.

Holder in due course

32. (1) A holder in due course is a holder who has taken a bill, complete and regular on the face of it, under the conditions —

- (a) that he become the holder of it before it was overdue, and without notice that it had been previously dishonoured, if such was the fact; and
- (b) that he took the bill in good faith and for value, and that at the time the bill was negotiated to him he had no notice of any defect in the title of the person who negotiated it.

(2) In particular, the title of a person who negotiates a bill is defective within the meaning of this Act when he obtained the bill, or the acceptance thereof, by fraud, duress, or force and fear, or other unlawful means, or for an illegal consideration, or when he negotiates it in breach of faith, or under such circumstances as amount to a fraud.

(3) A holder (whether for value or not) who derives his title to a bill through a holder in due course, and who is not himself a party to any fraud or illegality affecting it, has all the rights of that holder in due course as regards the acceptor and all parties to the bill prior to that holder.

Presumption of value and good faith

33. (1) Every party whose signature appears on a bill is *prima facie* deemed to have become a party to the bill for value.

(2) Every holder of a bill is *prima facie* deemed to be a holder in due course; but if, in an action on a bill, it is admitted or proved that the acceptance, issue, or subsequent negotiation of the bill is affected with fraud, duress, or force and fear, or illegality, the burden of proof is shifted, unless and until the holder proves that, subsequent to the alleged fraud or illegality, value has in good faith been given for the bill.

*Division 4 – Negotiation of Bills***Negotiation of bill**

34. (1) A bill is negotiated when it is transferred from one person to another in such a manner as to constitute the transferee the holder of the bill.

(2) A bill payable to bearer is negotiated by delivery.

(3) A bill payable to order is negotiated by the indorsement of the holder completed by delivery.

(4) Where the holder of a bill payable to his order transfers it for value without indorsing it, the transfer gives the transferee such title as the transferor had in the bill, and the transferee in addition acquires the right to have the indorsement of the transferor.

(5) Where any person is under obligation to indorse a bill in a representative capacity, he may indorse the bill in such terms as to negative personal liability.

Requisites of a valid indorsement

35. (1) An indorsement may —

- (a)** be made in blank;
- (b)** be a special indorsement; or
- (c)** contain terms making it restrictive.

(2) An indorsement, in order to operate as a negotiation, shall comply with the requirements set out in the succeeding provisions of this section.

(3) The indorsement shall be written on the bill itself and be signed by the indorser, the simple signature of the indorser on the bill, without additional words, being sufficient, and, for the purposes of this subsection, an indorsement written on an allonge, or on a “copy” of a bill issued or negotiated in a country where “copies” are recognised, shall be deemed to be written on the bill itself.

(4) The indorsement shall be an indorsement of the entire bill, and a partial indorsement, that is to say, an indorsement which purports to transfer to the indorsee a part only of the amount payable, or which purports to transfer the bill to two or more indorsees severally, does not operate as a negotiation of the bill.

(5) Where a bill is payable to the order of two or more payees or indorsees who are not partners, all shall indorse, unless the one indorsing has authority to indorse for the others.

(6) Where, in a bill payable to order, the payee or indorsee is wrongly designated, or his name is mis-spelt, he may indorse the bill as therein described, adding, if he thinks fit, his proper signature.

(7) Where there are two or more indorsements on a bill, each indorsement is deemed to have been made in the order in which it appears on the bill, until the contrary is proved.

Conditional indorsement

36. Where a bill purports to be indorsed conditionally, the condition may be disregarded by the payer, and payment to the indorsee is valid whether the condition has been fulfilled or not.

Indorsement in blank and special indorsement

37. (1) An indorsement in blank specifies no indorsee, and a bill so indorsed becomes payable to bearer.

(2) A special indorsement specifies the person to whom, or to whose order, the bill is to be payable.

(3) The provisions of this Act relating to a payee apply, with the necessary modifications, to an indorsee under a special indorsement.

(4) When a bill has been indorsed in blank, a holder may convert the blank indorsement into a special indorsement by writing, above the indorser's signature, a direction to pay the bill to or to the order of himself or some other person.

Restrictive indorsement

38. (1) An indorsement is restrictive which prohibits the further negotiation of the bill, or which expresses that it is a mere authority to deal with the bill as directed and not a transfer of the ownership of the bill, as, for example, if a bill be indorsed "Pay D. only", or "Pay D. for the account of X.", or "Pay D. or order for collection".

(2) A restrictive indorsement gives the indorsee the right to receive payment of the bill, and to sue any party that his indorser could have sued, but gives him no power to transfer his rights as indorsee unless it expressly authorises him to do so.

(3) Where a restrictive indorsement authorises further transfer, all subsequent indorsees take the bill with the same rights and subject to the same liabilities as the first indorsee under the restrictive indorsement.

Negotiation of overdue or dishonoured bill

39. (1) Where a bill is negotiable in its origin, it continues to be negotiable until it has been —

- (a) restrictively indorsed; or
- (b) discharged by payment or other wise.

(2) Where an overdue bill is negotiated, it can only be negotiated subject to any defect of title affecting it at its maturity, and henceforward no person who takes it can acquire or give a better title than that which the person from whom he took it had.

(3) A bill payable on demand is deemed to be overdue, within the meaning and for the purposes of this section, when it appears on the face of it to have been in circulation for an unreasonable length of time.

(4) In determining what is an unreasonable length of time for the purposes of the last preceding subsection, regard shall be had to the facts of the particular case.

(5) Except where an indorsement bears date after the maturity of the bill, every negotiation is *prima facie* deemed to have been effected before the bill was overdue.

(6) Where a bill which is not overdue has been dishonoured, any person who takes it with notice of the dishonour takes it subject to any defect of title attaching thereto at the time of dishonour, but nothing in this subsection affects the rights of a holder in due course.

Negotiation of bill to party already liable thereon

40. Where a bill is negotiated back to the drawer, or to a prior indorser, or to the acceptor, he may, subject to the provisions of this Act, re-issue and further negotiate the bill, but he is not entitled to enforce payment of the bill against any intervening party to whom he was previously liable.

Rights of holder

41. (1) The holder of a bill may sue on the bill in his own name.

(2) A holder in due course holds the bill free from any defect of title of prior parties, as well as from mere personal defences available to prior parties among themselves, and may enforce payment against all parties liable on the bill.

(3) Where a holder whose title is defective negotiates the bill to a holder in due course, the holder in due course obtains a good and complete title to the bill.

(4) Where a holder whose title is defective obtains payment of the bill, the person who pays him in due course gets a valid discharge for the bill.

Division 5 – General Duties of the Holder

When presentment for acceptance is necessary

42. (1) Where a bill is payable after sight, presentment for acceptance is necessary in order to fix the maturity of the instrument.

(2) Where a bill expressly stipulates that it shall be presented for acceptance, or where a bill is drawn payable elsewhere than at the residence or place of business of the drawee, it shall be presented for acceptance before it can be presented for payment.

(3) In no other case is presentment for acceptance necessary in order to render liable any party to the bill.

(4) Where the holder of a bill, drawn payable elsewhere than at the place of business or residence of the drawee, has not time, with the exercise of reasonable diligence, to present the bill for acceptance before presenting it for payment on the day that it falls due, the delay caused by presenting the bill for acceptance before presenting it for payment is excused, and does not discharge the drawer and indorsers.

Time for presenting bill payable after sight

43. (1) Subject to the provisions of this Act, when a bill payable after sight is negotiated, the holder shall either present it for acceptance or negotiate it within a reasonable time.

(2) If he does not do so, the drawer and all indorsers prior to that holder are discharged.

(3) In determining what is a reasonable time within the meaning of this section, regard shall be had to the nature of the bill, the usage of trade with respect to similar bills and the facts of the particular case.

Rules as to presentment for acceptance and excuses for not-presentment

44. (1) A bill is duly presented for acceptance which is presented in accordance with the succeeding provisions of this section.

(2) The presentment shall be made, by or on behalf of the holder, to the drawee or to some person authorised to accept or refuse acceptance on his behalf, at a reasonable hour on a business day and before the bill is overdue.

(3) Where a bill is addressed to two or more drawees, who are not partners, presentment shall be made to them all, unless one has authority to accept for all, then presentment may be made to him only.

(4) Where the drawee is dead, presentment may be made to his personal representative.

(5) Where authorised by agreement or usage, a presentment through the post office is sufficient.

(6) Presentment in accordance with the preceding provisions is excused, and a bill may be treated as dishonoured by non-acceptance —

(a) where the drawee is dead, or is a fictitious person or a person not having capacity to contract by bill;

(b) where, after the exercise of reasonable diligence, presentment cannot be effected; and

(c) where, although the presentment has been irregular, acceptance has been refused on some other ground.

(7) The fact that the holder has reason to believe that the bill, on presentment, will be dishonoured does not excuse presentment.

Non-acceptance

45. When a bill is duly presented for acceptance and is not accepted within the customary time, the holder presenting it shall treat it as dishonoured by non-acceptance, otherwise he loses his right of recourse against the drawer and indorsers.

Dishonour by non-acceptance and its consequences

- 46. (1)** A bill is dishonoured by non-acceptance —
- (a) when it is duly presented for acceptance, and such an acceptance as is prescribed by this Act is refused or cannot be obtained; or
 - (b) when presentment for acceptance is excused, and the bill is not accepted.
- (2)** Subject to the provisions of this Act, when a bill is dishonoured by non-acceptance, an immediate right of recourse against the drawer and indorsers accrues to the holder, and no presentment for payment is necessary.

Duties as to qualified acceptances

47. (1) The holder of a bill may refuse to take a qualified acceptance, and, if he does not obtain an unqualified acceptance, may treat the bill as dishonoured by non-acceptance.

(2) Where a qualified acceptance is taken, and the drawer or an indorser has not expressly or impliedly authorised the holder to take a qualified acceptance, or does not subsequently assent thereto, the drawer or indorser is discharged from his liability of the bill.

(3) The provisions of the last preceding subsection do not apply to a partial acceptance, whereof due notice has been given.

(4) Where a foreign bill has been accepted as to part, it shall be protested as to the balance.

(5) When the drawer or indorser of a bill receives notice of a qualified acceptance, and does not within a reasonable time express his dissent to the holder, he is deemed to have assented to the bill.

Rules as to presentment for payment

48. (1) Subject to the provisions of this Act, a bill shall be duly presented for payment, otherwise the drawer and indorsers are discharged.

(2) A bill is duly presented for payment which is presented in accordance with the succeeding provisions of this section.

(3) Where the bill is not payable on demand, presentment shall be made on the day it falls due.

(4) Where the bill is payable on demand, then, subject to the provisions of this Act, presentment shall be made within a reasonable time after its issue, in order to render the drawer liable, and within a reasonable time after its endorsement, in order to render the indorser liable.

(5) For the purposes of the last preceding subsection, in determining what is a reasonable time, regard shall be had to the nature of the bill, the usage of trade with regard to similar bills, and the facts of the particular case.

(6) Presentment shall be made by the holder or by some person authorised to receive payment on his behalf, at a reasonable hour on a business day, at the proper place, either to the person designated by the bill as payer, or to some person authorised to pay or refuse payment on his behalf, if with the exercise of reasonable diligence that person can there be found.

(7) For the purposes of the last preceding subsection, a bill is presented at the proper place —

- (a) where a place of payment is specified in the bill and the bill is there presented;
- (b) where no place of payment is specified, but the address of the drawee or acceptor is given in the bill, and the bill is there presented;
- (c) where no place of payment is specified and no address given, and the bill is presented at the drawee's or acceptor's place of business if known, and if not at his ordinary residence if known; and
- (d) in any other case, if presented to the drawee or acceptor wherever he can be found, or if presented at his lost known place of business or residence.

(8) Where a bill is presented at the proper place, and after the exercise of reasonable diligence no person authorised to pay or refuse payment can be found there, no further presentment to the drawee or acceptor is required.

(9) Where a bill is drawn upon or accepted by two or more persons who are not partners, and no place of payment is specified, presentment shall be made to them all.

(10) Where the drawee or acceptor of a bill is dead, and no place of payment is specified, presentment shall be made to a personal representative, if there be one, and with the exercise or reasonable diligence he can be found.

(11) Where authorised by agreement or usage, a presentment through the post office is sufficient.

Excuses for delay or non-presentment for payment

49. (1) Delay in making presentment for payment is excused when the delay is caused by circumstances beyond the control of the holder, and not imputable to his default, misconduct, or negligence.

(2) When the cause of delay ceases to operate, presentment shall be made with reasonable diligence.

(3) Presentment for payment is dispensed with —

- (a) where, after the exercise of reasonable diligence, presentment, as required by this Act, cannot be effected;
- (b) where the drawee is a fictitious person;
- (c) as regards the drawer, where the drawee or acceptor is not bound, as between himself and the drawer, to accept or pay the bill, and the drawer has no reason to believe that the bill would be paid if presented;
- (d) as regards an indorser, where the bill was accepted or made for the accommodation of that indorser, and he has no reason to expect that the bill would be paid if presented; and
- (e) by waiver of presentment, express or implied.

(4) The fact that the holder has reason to believe that the bill will, on presentment, be dishonoured, does not dispense with the necessity for presentment.

Dishonour by non-payment

- 50.** (1) A bill is dishonoured by non-payment —
- (a) when it is duly presented for payment and payment is refused or cannot be obtained; or
 - (b) when presentment is excused and the bill is overdue and unpaid.
- (2) Subject to this Act, when a bill is dishonoured by non-payment, an immediate right or recourse against the drawer and indorsers accrues to the holder.

Notice of dishonour and effect of non-notice

- 51.** (1) Subject to this Act, when a bill has been dishonoured by non-acceptance or by non-payment, notice of dishonour shall be given to the drawer and each indorser, and any drawer or indorser to whom notice is not given is discharged.
- (2) Where a bill is dishonoured by non-acceptance, and notice of dishonour is not given, the rights of a holder in due course, subsequent to the omission, are not prejudiced by the omission.
- (3) Where a bill is dishonoured by non-acceptance, and due notice of dishonour is given, it is not necessary to give notice of a subsequent dishonour by non-payment, unless the bill has in the meantime been accepted.

Rules as to notice of dishonour

- 52.** (1) Notice of dishonour shall be given by or on behalf of the holder, or by and on behalf of an indorser who, at the time of giving it, is himself liable on the bill.
- (2) Notice of dishonour may be given by an agent, either in his own name, or in the name of any party entitled to give notice, whether that party is his principal or not.
- (3) Where notice of dishonour is given by or on behalf of the holder, it enures for the benefit of all subsequent holders and all prior indorsers who have a right of recourse against the party to whom it is given.
- (4) Where notice of dishonour is given by or on behalf of an indorser entitled to give notice, it enures for the benefit of the holder and all indorsers subsequent to the party to whom notice is given.
- (5) Notice of dishonour may be given in writing or by personal communication, and may be given in any terms which sufficiently identify the bill, and intimate that the bill has been dishonoured by non-acceptance or non-payment.
- (6) The return of a dishonoured bill to the drawer or an indorser is, in point of form, deemed a sufficient notice of dishonour.
- (7) A written notice of dishonour need not be signed, and an insufficient written notice may be supplemented and validated by verbal communication.
- (8) A misdescription of the bill in a notice of dishonour does not vitiate the notice unless the party to whom the notice is given is in fact misled by the description.
- (9) Where notice of dishonour is required to be given to any person, it may be given either to the party himself or to his agent in that behalf.

(10) Where the drawer or indorser is dead, and the party giving notice of dishonour knows it, the notice shall be given to a personal representative, if there be one, and with the exercise of reasonable diligence he can be found.

(11) Where there are two or more drawers or indorsers who are not partners, notice of dishonour shall be given to each of them, unless one of them has authority to receive the notice for the others.

(12) Notice of dishonour may be given as soon as the bill is dishonoured, and shall be given within a reasonable time thereafter.

(13) For the purposes of the last preceding subsection, in the absence of special circumstances, notice of dishonour is not deemed to have been given within a reasonable time, unless —

- (a) where the person giving and the person to receive notice reside in the same place, the notice is given or sent off in time to reach the latter on the day after the dishonour of the bill; or
- (b) where the person giving and the person to receive notice reside in different places, the notice is sent off on the day after the dishonour of the bill, if there is a post at a convenient hour on that day, and if there is no such post on that day then by the next post thereafter.

(14) Where a bill when dishonoured is in the hands of an agent, he may either himself give notice of dishonour to the parties liable on the bill or he may give notice to his principal.

(15) If an agent gives notice of dishonour to his principal, he shall do so within the same time as if he were the holder, and the principal upon receipt of such notice has himself the same time for giving notice as if the agent had been an independent holder.

(16) Where a party to a bill receives due notice of dishonour he has, after the receipt of such notice, the same period of time for giving notice to antecedent parties that the holder has after the dishonour.

(17) Where a notice of dishonour is duly addressed and posted the sender is deemed to have given due notice of dishonour notwithstanding any miscarriage by the post office.

Excuses for non-notice and delay

53. (1) Delay in giving notice of dishonour is excused where the delay is caused by circumstances beyond the control of the party giving notice, and not imputable to his default, misconduct, or negligence.

(2) When the cause of delay ceases to operate, the notice shall be given with reasonable diligence.

(3) Notice of dishonour is dispensed with —

- (a) when, after the exercise of reasonable diligence, notice as required by this Act cannot be given to or does not reach the drawer or indorser sought to be charged;
- (b) by waiver express or implied;

- (c) as regards the drawer —
 - (i) where drawer and drawee are the same person;
 - (ii) where the drawee is a fictitious person or a person not having capacity to contract;
 - (iii) where the drawer is the person to whom the bill is presented for payment;
 - (iv) where the drawee or acceptor is, as between himself and the drawer, under no obligation to accept or pay the bill; or
 - (v) where the drawer has countermanded payment; and
- (d) as regards the indorser —
 - (i) where the drawee is a fictitious person or a person not having capacity to contract, and the indorser was aware of the fact at the time he indorsed the bill;
 - (ii) where the indorser is the person to whom the bill is presented for payment; or
 - (iii) where the bill was accepted or made for his accommodation.

(4) Notice of dishonour may be waived before the time of giving notice has arrived, or after the omission to give due notice.

Noting or protest of bills

54. (1) Where an inland bill has been dishonoured, it may, if the holder thinks fit, be noted for non-acceptance or non-payment, as the case may be; but it is not necessary to note or protest an inland bill in order to preserve the recourse against the drawer or indorser.

(2) Where a bill, appearing on the face of it to be a foreign bill, has been dishonoured by non-acceptance, it shall be duly protested for non-acceptance, and where such a bill, which has not been previously dishonoured by non-acceptance, is dishonoured by non-payment, it shall be duly protested for non-payment, otherwise the drawer and indorsers are discharged.

(3) Where a bill does not appear on the face of it to be a foreign bill, protest in case of dishonour is unnecessary.

(4) A bill which has been protested for non-acceptance may be subsequently protested for non-payment.

(5) Subject to the provisions of this Act, when a bill is noted or protested, it shall be noted within twenty four hours after its dishonour.

(6) When a bill has been duly noted, the protest may be subsequently extended as of the date of the noting.

(7) A bill shall, subject to the next two succeeding subsections, be protested at the place where it is dishonoured.

(8) When a bill is presented through the post office and returned by post dishonoured, it may be protested at the place to which it is returned and on the day of its return if received during business hours, and if not received during business hours, then not later than the next business day.

(9) When a bill, drawn payable at the place of business or residence of some person other than the drawee, has been dishonoured by non-acceptance, it shall be protested for non-payment at the place where it is expressed to be payable, and no further presentment for payment to, or demand on, the drawee is necessary.

(10) A protest shall contain a copy of the bill, and shall be signed by the notary or person making it, and shall specify —

- (a) the person at whose request the bill is protested; and
- (b) the place and date of protest, the cause or reason for protesting the bill, the demand made, and the answer given, if any, or the fact that the drawee or acceptor could not be found.

(11) Where a bill is lost or destroyed, or is wrongly detained from the person entitled to hold it, protest may be made on a copy or written particulars thereof.

(12) Protest is dispensed with by any circumstances which would dispense with notice of dishonour.

(13) Delay in noting or protesting is excused when the delay is caused by circumstances beyond the control of the holder, and not imputable to his default, misconduct, or negligence.

(14) When the cause of delay ceases to operate, the bill shall be noted or protested with reasonable diligence.

Duties of holder as regards drawee or acceptor

55. (1) When a bill is accepted generally, presentment for payment is not necessary in order to render the acceptor liable.

(2) When, by the terms of a qualified acceptance, presentment for payment is required, the acceptor, in the absence of an express stipulation to that effect, is not discharged by the omission to present the bill for payment on the day that it matures.

(3) In order to render the acceptor of a bill liable, it is not necessary to protest it, or that notice of dishonour should be given to him.

(4) Where the holder of a bill presents it for payment, he shall exhibit the bill to the person from whom he demands payment, and when a bill is paid, the holder shall forthwith deliver it up to the party paying it.

Division 6 – Liabilities of Parties

Funds in hands of drawee

56. A bill, of itself, does not operate as an assignment of funds in the hands of the drawee available for the payment thereof, and the drawee of a bill who does not accept as required by this Act is not liable on the instrument.

Liability of acceptor

57. The acceptor of a bill, by accepting it —
- (a) engages that he will pay it according to the tenor of his acceptance; and
 - (b) is precluded from denying to a holder in due course —
 - (i) the existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the bill;
 - (ii) in the case of a bill payable to the drawer's order, the then capacity of the drawer to indorse, but not the genuineness or validity of his indorsement; and
 - (iii) in the case of a bill payable to the order of a third person, the existence of the payee and his then capacity to indorse, but not the genuineness or validity of his indorsement.

Liability of drawer or indorser

58. (1) The drawer of a bill, by drawing it —
- (a) engages that on due presentment it will be accepted and paid according to its tenor, and that if it is dishonoured he will compensate the holder or any indorser who is compelled to pay it, if the requisite proceedings on dishonour are duly taken; and
 - (b) be precluded from denying to a holder in due course the existence of the payee and his then capacity to indorse.
- (2) The indorser of a bill, by indorsing it —
- (a) engages that on due presentment it will be accepted and paid according to its tenor, and that if it is dishonoured he will compensate the holder or a subsequent indorser who is compelled to pay it, if the requisite proceedings on dishonour are duly taken;
 - (b) is precluded from denying to a holder in due course the genuineness and regularity in all respects of the drawer's signature and all previous indorsements; and
 - (c) is precluded from denying to his immediate or a subsequent indorsee that the bill was at the time of his indorsement a valid and subsisting bill, and that he had then a good title to the bill.

Stranger signing bill liable as indorser

59. Where a person signs a bill otherwise than as drawer or acceptor, he thereby incurs the liabilities of an indorser to a holder in due course.

Measure of damages against parties to dishonoured bill

60. (1) Where a bill is dishonoured —
- (a) the holder may recover liquidated damages from any party liable on the bill;
 - (b) the drawer who has been compelled to pay the bill may recover liquidated damages from the acceptor; and

- (c) an indorser who has been compelled to pay the bill may recover liquidated damages from the acceptor, the drawer or a prior indorser.
- (2) The amount that may be recovered as liquidated damages is the total of—
 - (a) the amount of the bill;
 - (b) interest thereon from the time of presentment for payment if the bill is payable on demand, and from the maturity of the bill in any other case; and
 - (c) the expenses of noting, or, when protest is necessary, and the protest has been extended, the expenses of protest.
- (3) In the case of a bill which has been dishonoured abroad, in lieu of the damages referred to in subsection (2) of this section, the holder may recover from the drawer or an indorser, and the drawer or an indorser who has been compelled to pay the bill may recover from any party liable to him, the amount of the re-exchange with interest thereon until the time of payment.

(4) Where by this Act interest may be recovered as damages, such interest may, if justice require it, be withheld wholly or in part, and, where a bill is expressed to be payable with interest at a given rate, interest as damages may or may not be given at the same rate as interest proper.

Transfer by delivery and transferee

61. (1) Where the holder of a bill payable to bearer negotiates it by delivery without indorsing it, he is called a “transferor by delivery”.

(2) A transferor by delivery is not liable on the instrument.

(3) A transferor by delivery who negotiates a bill thereby warrants to his immediate transferee being a holder for value that the bill is what it purports to be, that he has a right to transfer it, and that at the time of transfer he is not aware of any fact which renders it valueless.

Division 7 – Discharge of Bill

Payment in due course

62. (1) A bill is discharged by payment in due course by or on behalf of the drawee or acceptor.

(2) For the purposes of the last preceding subsection, “payment in due course” means payment made at or after the maturity of the bill to the holder in good faith and without notice that his title to the bill is defective.

(3) Subject to this Act, when a bill is paid by the drawer or an indorser it is not discharged.

(4) Where a bill payable to, or to the order of, a third party is paid by the drawer, the drawer may enforce payment against the acceptor, but may not re-issue the bill.

(5) Where a bill is paid by an indorser or where a bill payable to drawer's order is paid by the drawer, the party paying it is remitted to his former rights as regards the acceptor or antecedent parties, and he may, if he thinks fit, strike out his own and subsequent indorsements, and again negotiate the bill.

(6) Where an accommodation bill is paid in due course by the party accommodated, the bill is discharged.

Banker paying demand draft whereon indorsement is forged

63. (1) When a bill payable to order on demand is drawn on a banker, and the banker on whom it is drawn pays the bill in good faith and in the ordinary course of business, it is not incumbent on the banker to show that the indorsement of the payee or any subsequent indorsement was made by or under the authority of the person whose indorsement it purports to be, and the banker is deemed to have paid the bill in due course, although the indorsement has been forged or made without authority.

(2) An order on demand, drawn by or on behalf of a banker at one place of business on and payable by the banker either at the same or at some other place of business, is, for the purpose of the protection of the banker under this section, deemed to be a bill payable to order on demand.

Acceptor the holder at maturity

64. When the acceptor of a bill is or becomes the holder of it at or after its maturity, in his own right, the bill is discharged.

Express waiver

65. (1) When the holder of a bill at or after its maturity absolutely and unconditionally renounces his rights against the acceptor, the bill is discharged.

(2) The renunciation shall be in writing, unless the bill is delivered up to the acceptor.

(3) The liabilities of any party to a bill may in like manner be renounced by the holder before, at, or after its maturity.

(4) Nothing in this section affects the rights of a holder in due course without notice of the renunciation.

Cancellation

66. (1) Where a bill is intentionally cancelled by the holder or his agent, and the cancellation is apparent on the bill, it is discharged.

(2) A party liable on a bill may be discharged by the intentional cancellation of his signature by the holder or his agent, and an indorser, who would have had a right of recourse against the party whose signature is cancelled, is also discharged.

(3) A cancellation made unintentionally, or under a mistake, or without the authority of the holder, is inoperative.

(4) Where a bill or any signature on it appears to have been cancelled, and a party alleges that the cancellation was made unintentionally, or under a mistake, or without authority, the burden of proof that it was so made lies on the party making the allegation.

Alteration of bill

67. (1) Where a bill or acceptance is materially altered without the assent of all parties liable on the bill, the bill is avoided except as against a party who has himself made, authorised, or assented to the alteration, and subsequent indorsers.

(2) Where a bill has been materially altered, but the alteration is not apparent, and the bill is in the hands of a holder in due course, the holder may avail himself of the bill as if it had not been altered, and may enforce payment of it according to its original tenor.

(3) In particular, any alteration of the date, the sum payable, the time of payment, the place of payment, and, where a bill has been accepted generally, the addition of a place of payment without the acceptor's assent, are material alterations.

*Division 8 – Acceptance and Payment for Honour***Acceptance for honour supra protest**

68. (1) Where a bill of exchange has been protested for dishonour by non-acceptance, or protested for better security, and is not overdue, any person, not being a party already liable on the bill may, with the consent of the holder, intervene and accept the bill supra protest, for the honour of any party liable on the bill or for the honour of the person for whose account the bill is drawn.

(2) A bill may be accepted for honour for part only of the sum for which it is drawn.

(3) An acceptance for honour supra protest in order to be valid shall —

- (a)** be written on the bill;
- (b)** indicate that it is an acceptance for honour; and
- (c)** be signed by the acceptor for honour.

(4) Where an acceptance for honour does not expressly state for whose honour it is made, it is deemed to be an acceptance for the honour of the drawer.

(5) Where a bill payable after sight is accepted for honour, its maturity is calculated from the date of the noting for non-acceptance, and not from the date of the acceptance for honour.

Liability of acceptor for honour

69. (1) The acceptor for honour of a bill by accepting it engages that he will, on due presentment, pay the bill according to the tenor of his acceptance, if —

- (a)** it is not paid by the drawee;
- (b)** it has been duly presented for payment;
- (c)** it has been protested for non-payment; and
- (d)** he receives notice of these facts.

(2) The acceptor for honour is liable to the holder, and to all parties to the bill subsequent to the party for whose honour he has accepted.

Presentment to acceptor for honour

70. (1) Where a dishonoured bill has been accepted for honour supra protest, or contains a reference in case of need, it shall be protested for non-payment before it is presented for payment to the acceptor for honour, or referee in case of need.

(2) Where the address of the acceptor for honour is in the same place where the bill is protested for non-payment, the bill shall be presented to him not later than the day following its maturity.

(3) Where the address of the acceptor for honour is in some place other than the place where it was protested for non-payment, the bill must be forwarded not later than the day following its maturity for presentment to him.

(4) Delay in presentment or non-presentment is excused by any circumstances which would excuse delay in presentment for payment or non-presentment for payment.

(5) When a bill of exchange is dishonoured by the acceptor for honour, it must be protested for non-payment by him.

Payment for honour supra protest

71. (1) Where a bill has been protested for non-payment, a person may intervene and pay it supra protest for the honour of a party liable on the bill, or for the honour of the person for whose account the bill is drawn.

(2) Where two or more persons offer to pay a bill for the honour of different parties, the person whose payment will discharge most parties to the bill has the preference.

(3) Payment for honour supra protest, in order to operate as such and not as a mere voluntary payment, shall be attested by a notarial act of honour, which may be appended to the protest or form an extension of it.

(4) The notarial act of honour shall be founded on a declaration made by the payer for honour, or his agent in that behalf, declaring his intention to pay the bill for honour, and for whose honour he pays.

(5) Where a bill has been paid for honour, all parties subsequent to the party for whose honour it is paid are discharged, but the payer for honour is subrogated for, and succeeds to both the rights and the duties of, the holder as regards the party for whose honour he pays, and all parties liable to that party.

(6) The payer for honour, on paying to the holder the amount of the bill and the notarial expenses incidental to its dishonour, is entitled to receive both the bill itself and the protest.

(7) If the holder does not, on demand, deliver them up, he is liable to the payer for honour in damages.

(8) Where the holder of a bill refuses to receive payment supra protest, he loses his right of recourse against any party who would have been discharged by such payment.

*Division 9 – Lost Instruments***Holder's right to duplicate of last bill**

72. (1) Where a bill has been lost before it is overdue, the person who was the holder of it may apply to the drawer to give him another bill of the same tenor, giving security to the drawer if required to indemnify him against all persons whatever in case the bill alleged to have been lost is found again.

(2) If the drawer on request as aforesaid refuses to give such duplicate bill, he may be compelled to do so.

Action on lost bill

73. In any action or proceeding upon a bill, the court may order that the loss of the instrument shall not be set up, if an indemnity against the claims of any other person upon the instrument in question is given to the satisfaction of the court.

*Division 10 – Bill in a Set***Rules as to sets**

74. (1) Where a bill is drawn in a set, each part of the set being numbered, and containing a reference to the other parts, the whole of the parts constitute one bill.

(2) Where the holder of a set indorses two or more parts to different persons, he is liable on every part, and every indorser subsequent to him is liable on the part he has himself indorsed, as if the said parts were separate bills.

(3) Where two or more parts of a set are negotiated to different holders in due course, the holder whose title first accrues is, as between those holders, deemed the true owner of the bill.

(4) Nothing in the last preceding subsection affects the rights of a person who in due course accepts or pays the part first presented to him.

(5) The acceptance may be written on any part.

(6) If the drawee accepts more than one part, and the accepted parts get into the hands of different holders in due course, he is liable on every part that he has accepted as if it were a separate bill.

(7) When the acceptor of a bill drawn in a set pays it without requiring the part bearing his acceptance to be delivered up to him and that part at maturity is outstanding in the hands of a holder in due course, he is liable to the holder of that part.

(8) Where any one part of a bill in a set is discharged by payment or otherwise, the whole bill is, subject to this section, discharged.

*Division 11 – Conflict of Laws***Rules where laws conflict**

75. (1) Where a bill drawn in one country is negotiated, accepted, or payable in another, the rights, duties, and liabilities of the parties are determined as set out in this section.

(2) The validity of a bill as regards requisites in form is determined by the law of the place of issue.

(3) The validity as regards requisites in form of the supervening contracts, such as acceptance, or indorsement, or acceptance supra protest, is determined by the law of the place where such contract was made.

(4) Where a bill is issued out of the Territory, it is not invalid by reason only that it is not stamped in accordance with the law of the place of issue.

(5) Where a bill, issued out of the Territory, conforms, as regards requisites in form, to the law of the Territory it may, for the purpose of enforcing payment, be treated as valid as between all persons who negotiate, hold, or become parties to it in the Territory.

(6) Subject to this Act, the interpretation of the drawing, indorsement, acceptance, or acceptance supra protest of a bill, is determined by the law of the place where such contract is made, but where an inland bill is indorsed in a foreign country, the indorsement shall as regards the payer be interpreted according to the law of the Territory.

(7) The duties of the holder with respect to presentment for acceptance or payment, and the necessity for or sufficiency of a protest or notice of dishonour, or otherwise, are determined by the law of the place where the act is done or the bill is dishonoured.

(8) Where a bill is drawn out of but payable in the Territory or a part of the Territory and the sum payable is not expressed in the currency of the Territory or that part of the Territory, the amount shall, in the absence of some express stipulation, be calculated according to the rate of exchange for sight drafts at the place of payment on the day the bill is payable.

(9) Where a bill is drawn in one country and is payable in another, the due date is determined according to the law of the place where it is payable.

PART 3 — CHEQUES ON A BANKER

Division 1 — Cheques Generally

Cheque defined

76. (1) A cheque is a bill of exchange drawn on a banker payable on demand.

(2) Except as otherwise provided in this Part, the provisions of this Act applicable to a bill of exchange payable on demand apply to a cheque.

Presentment of cheque for payment

77. (1) Subject to the provisions of this Act, where —
- (a) a cheque is not presented for payment within a reasonable time of its issue;
 - (b) the drawer or the person on whose account the cheque is drawn had the right, at the time at which the presentment ought to have been made, as between him and the banker, to have the cheque paid; and,
 - (c) the drawer or the person on whose account the cheque is drawn suffers actual damage through the delay,

the drawer or the person on whose account the cheque is drawn is discharged to the extent of the actual damage, that is to say, to the extent to which the drawer or that person is a creditor of the banker to a larger amount than he would have been had the cheque been paid.

(2) In determining what is a reasonable time, regard shall be had to the nature of the instrument, the usage of trade and of bankers, and the facts of the particular case.

(3) The holder of the cheque as to which the drawer or person on whose account the cheque is drawn is discharged is a creditor, in lieu of that drawer or that person, of the banker to the extent of the discharge, and entitled to recover the amount from him.

Rights of banker as regards stale cheques

78. (1) In the absence of any agreement between the banker and the drawer of the cheque or of any direction of the drawer of the cheque to the contrary, a banker may refuse payment of a stale cheque.

(2) A stale cheque is a cheque which appears on the face of it to have been in circulation for more than twelve months.

Revocation of banker's authority

79. The duty and authority of a banker to pay a cheque drawn on him by his customer are determined by —

- (a) countermand of payment; and
- (b) notice of the customer's death.

Division 2 – Crossed Cheques

General and special crossings defined

80. (1) Where a cheque bears across its face an addition of —
- (a) the word “bank” or the words “and company” or any abbreviation of that word or of those words respectively, between two parallel transverse lines, either with or without the words “not negotiable”; or
 - (b) two parallel transverse lines simply, either with or without the words “not negotiable”,

that addition constitutes a crossing, and the cheque is crossed generally.

(2) Where a cheque bears across its face an addition of the name of a banker, either with or without the words “not negotiable”, that addition constitutes a crossing, and the cheque is crossed specially and to that banker.

Crossing by drawer or after issue

81. (1) A cheque may be crossed generally or specially by the drawer.
- (2) Where a cheque is uncrossed, the holder may cross it generally or specially.
- (3) Where a cheque is crossed generally, the holder may cross it specially.

(4) Where a cheque is crossed generally or specially, the holder may add the words “not negotiable”.

(5) Where a cheque is crossed specially, the banker to whom it is crossed may again cross it specially to another banker for collection.

(6) Where an uncrossed cheque, or a cheque crossed generally, is sent to a banker for collection, he may cross it specially to himself.

Crossing a material part of cheque

82. A crossing authorised by this Act is a material part of the cheque, and a person shall not obliterate, or, except as authorised by this Act, add to or alter the crossing.

Duties of banker as to crossed cheques

83. (1) Where a cheque is crossed specially to more than one banker (except when crossed to an agent for collection, being a banker) the banker on whom it is drawn shall refuse payment of it.

- (2) Where a banker on whom a cheque is drawn —
- (a) pays a cheque crossed specially to more than one banker (except when crossed to another agent for collection, being a banker);
 - (b) pays a cheque crossed generally otherwise than to a banker; or
 - (c) pays a cheque crossed specially otherwise than to the banker to whom it is crossed or his agent for collection, being a banker,

the banker on whom the cheque is drawn is liable to the true owner of the cheque for any loss he may sustain owing to the cheque having been so paid.

(3) Where a cheque is presented for payment which does not at the time of presentment appear —

- (a) to be crossed;
- (b) to have had a crossing which has been obliterated; or
- (c) to have a crossing which has been added to or altered otherwise than as authorised by this Act,

the banker paying or receiving payment of the cheque in good faith and without negligence is not responsible and does not incur any liability and the payment shall not be questioned by reason of —

- (d) the cheque having been crossed;
- (e) the crossing having been obliterated or having been added to or altered otherwise than as authorised by this Act; or
- (f) payment having been made otherwise than to a banker or to the banker to whom the cheque is or was crossed, or to his agent for collection, being a banker, as the case may be.

Protection to banker and drawer where cheque is crossed

84. Where the banker, on whom a crossed cheque is drawn, in good faith and without negligence —

- (a) if it is crossed generally, pays it to a banker, and
- (b) if it is crossed specially, pays it to the banker to whom it is crossed, or his agent for collection, being a banker,

the banker paying the cheque, and, if the cheque has come into the hands of the payee, the drawer, are respectively entitled to the same rights and are placed in the same position as if payment of the cheque had been made to the true owner,

Effect of crossing on holder

85. Where a person takes a crossed cheque which bears on it the words “not negotiable” he does not have and is not capable of giving a better title to the cheque than that which the person from whom he took it had.

.....

Cheques drawn by a bank on itself

87. For the purposes of this Division, “cheque” includes a banker’s draft payable on demand drawn by or on behalf of a bank upon itself, whether payable at the head office or at some other office of the bank.

Division 3 – Other Provisions relating to Cheques

Protection of bankers paying unindorsed or irregularly indorsed cheques or drafts

87A. (1) Where a banker in good faith and in the ordinary course of business pays to another banker a cheque drawn on the first-mentioned banker that is not indorsed, is irregularly indorsed or has been indorsed without authority —

- (a) the first-mentioned banker does not, in paying the cheque, incur any liability by reason only of the absence of, or irregularity in, indorsement or his failure to concern himself with the existence of authority for indorsement; and
- (b) he shall be deemed to have paid the cheque in due course.

(2) Where a banker in good faith and in the ordinary course of business pays to another banker a draft drawn by the first-mentioned banker upon himself and payable on demand, whether the draft is payable at the head office or at some other office of the banker —

- (a) the first-mentioned banker does not, in paying the draft, incur any liability by reason only of the absence of, or irregularity in, indorsement or his failure to concern himself with the existence of authority for indorsement; and
- (b) the payment discharges the draft.

(3) For the purposes of the last two preceding subsections, a banker who —

- (a) has paid a cheque drawn on him or a draft drawn by him upon himself; and
- (b) has credited the account of a customer with the amount of the

cheque or draft,

shall be deemed to have paid the cheque or draft to another banker.

Payment of unindorsed cheque or draft as evidence of receipt by payee

87B. (1) An unindorsed cheque payable to order that appears to have been paid by the banker on whom it is drawn is evidence of the receipt by the payee of the sum payable by the cheque.

(2) The last preceding sub-section applies in relation to a draft drawn by a banker upon himself and payable on demand, whether the draft is payable at the head office or at some other office of the banker, as it applies in relation to a cheque.

Protection of bankers collecting payment of cheques, etc

87C. (1) Where —

- (a) a banker in good faith and without negligence —
 - (i) receives payment for a customer of a cheque; or
 - (ii) having credited a customer's account with the amount of a cheque, receives payment of the cheque for himself; and
- (b) the customer has no title, or has a defective title, to the cheque,

the banker does not incur any liability to the true owner of the cheque by reason only of having received payment of the cheque.

(2) Subject to the next succeeding sub-section, a banker shall not be treated for the purposes of this section as having been negligent by reason only of his failure to concern himself with the absence of, or irregularity in, indorsement of a cheque.

(3) The last preceding subsection does not apply in relation to a cheque unless the name appearing on the cheque as the name of the payee —

- (a) is the same as the name of the customer; or
- (b) is so similar to the name of the customer that it was reasonable, in all the circumstances, for the banker to assume that the customer was the person intended by the drawer to be the payee.

(4) This section applies in relation to a draft drawn by a banker upon himself and payable on demand, whether the draft is payable at the head office or at some other office of the banker, as it applies in relation to a cheque.

Rights of banker collecting cheque not indorsed by payee

87D. A banker who gives value for, or has a lien on, a cheque payable to order that the payee, without indorsing the cheque, delivers to the banker for collection for the payee has such rights (if any) as he would have had if, upon delivery of the cheque to him, the payee had indorsed it in blank.

PART 4 – PROMISSORY NOTES

Promissory note defined

88. (1) A promissory note is an unconditional promise in writing made by one person to another, signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money, to or to the order of a specified person, or to bearer.

(2) An instrument in the form of a note payable to maker's order is not

a note within the meaning of this section unless and until it is indorsed by the maker.

(3) A note is not invalid by reason only that it contains also a pledge of collateral security with authority to sell or dispose of that security.

(4) A note which is, or on the face of it purports to be, both made and payable within Australasia is an inland note, and any other note is a foreign note.

Delivery necessary

89. A promissory note is inchoate and incomplete until delivery to the payee or bearer.

Joint and several notes

90. (1) A promissory note may be made by two or more makers, and they may be liable on the note jointly, or jointly and severally, according to its tenor.

(2) Where a note runs "I promise to pay" and is signed by two or more persons it is deemed to be their joint and several note.

Note payable on demand

91. (1) Where a note payable on demand has been indorsed, it shall be presented for payment within a reasonable time of the indorsement, otherwise the indorser is discharged.

(2) In determining what is a reasonable time, regards shall be had to the nature of the instrument, the usage of trade, and the facts of the particular case.

(3) Where a note payable on demand is negotiated, it is not deemed to be overdue, for the purpose of affecting the holder with defects of title of which he had no notice, by reason that it appears that a reasonable time for presenting it for payment has elapsed since its issue.

Presentment of note for payment

92. (1) Where a promissory note is in the body of it made payable at a particular place, it shall be presented for payment at that place in order to render the maker liable.

(2) In any other case, presentment for payment is not necessary in order to render the maker liable.

(3) Presentment for payment is necessary in order to render the indorser of a note liable.

(4) Where a note is in the body of it made payable at a particular place, presentment at that place is necessary in order to render an indorser liable; but, when a place of payment is indicated by way of memorandum only, presentment at that place is sufficient to render the indorser liable, but a presentment to the maker elsewhere, if sufficient in other respects, also suffices.

Liability of maker

93. The maker of a promissory note, by making it —

- (a) engages that he will pay it according to its tenor; and
- (b) is precluded from denying to a holder in due course the existence of the payee and his then capacity to indorse.

Application of Part 2

94. (1) Subject to this Part and except as provided by this section, the provisions of this Act relating to bills of exchange apply, with the necessary modifications, to promissory notes.

(2) In applying those provisions, the maker of a note is deemed to correspond with the acceptor of a bill, and the first indorser of a note is deemed to correspond with the drawer of an accepted bill payable to drawer's order.

(3) The provisions of this Act relating to —

- (a) presentment for acceptance of bills;
- (b) acceptance of bills;
- (c) acceptance supra protest of bills; and
- (d) bills in a set,

do not apply to notes.

(4) Where a foreign note is dishonoured, protest of the note is unnecessary.

PART 5 - MISCELLANEOUS

Good faith

95. A thing is deemed to be done in good faith, within the meaning of this Act, where it is in fact done honestly, whether it is done negligently or not.

Signature

96. (1) Where, by this Act, any instrument or writing is required to be signed by any person, it is not necessary that he should sign it with his own hand, but it is sufficient if his signature is written on the instrument by some other person by or under his authority.

(2) In the case of a corporation, where, by this Act, any instrument or writing is required to be signed, it is sufficient if the instrument or writing is sealed with the corporate seal.

(3) Nothing in this section shall be construed as requiring a bill or note of a corporation to be under seal.

Computation of time

97. (1) Where, by this Act, the time limited for doing any act or thing is less than three days, in reckoning time, non-business days are excluded.

(2) When the day on which any payment, presentment, notice, noting, protest, acceptance, act or thing should be made, given, or done in connexion with a bill, cheque, or note falls on a non-business day, it may be made, given, or done on the business day next following.

(3) For the purposes of this Act non-business days are —

- (a) Sunday, Good Friday, Christmas Day; and
- (b) a bank holiday, that is to say, a day which is, in pursuance of the law of the Territory, declared to be a bank holiday in the Territory.

(4) A day other than those referred to in the last preceding subsection is a business day.

(5) Where, in pursuance of the law of the Territory, a portion of a day is declared to be a bank half-holiday in the Territory, that day is deemed to be a bank holiday so far as regards bills of exchange and promissory notes payable on that day and not presented for payment during the portion of the day not included in the bank half-holiday.

When noting equivalent to protest

98. For the purposes of this Act, where a bill or note is required to be protested within a specified time or before some further proceeding is taken, it is sufficient that the bill has been noted for protest before the expiration of the specified time or the taking of the proceeding, and the formal protest may be extended at any time thereafter as of the date of the noting.

Protest when notary not accessible

99. (1) Where a dishonoured bill or note is authorised or required to be protested, any householder or substantial resident of the place where the bill is dishonoured may, in the presence of two witnesses, give a certificate, signed by them, attesting the dishonour of the bill, and the certificate shall in all respects operate as if it were a formal protest of the bill.

(2) The form given in the Schedule may be used with necessary modifications, and, if used, is sufficient.

Dividend warrants

100. (1) The provisions of this Act as to crossed cheques apply to dividend warrants.

(2) Nothing in this Act affects the validity of any usage relating to dividend warrants or their indorsement.

THE SCHEDULE

Section 99

Form of Protest

Know all men, that I, A.B. [householder], of _____ in Norfolk Island, at the request of C.D., did on the _____ day of _____, 20____, at _____, demand payment [or acceptance] of the bill of exchange hereunder written, from E.F., to which demand he made answer [*state answer, if any*], wherefore I now, in the presence of G.H. and J.K., do protest the said bill of exchange.

(Signed) A.B.

G.H.)

J.K.) *Witnesses*

NB — The bill itself should be annexed, or a copy of the bill and all that is written thereon should be underwritten.

NOTES

The *Bills of Exchange Act 1961* as shown in this consolidation comprises Act No. 3 of 1961 and amendments as indicated in the Tables below.

| Enactment | Number and year | Date of commencement | Application saving or transitional provision |
|-----------------------------------|-----------------|----------------------|--|
| <i>Bills of Exchange Act 1961</i> | 3, 1961 | 14.9.61 | |
| <i>Bills of Exchange Act 1971</i> | 7, 1971 | notified 25.11.71 | |

Table of Amendments

ad = added or inserted or am = amended rep = repealed rs = repealed and substituted

| Provisions affected | How affected |
|---------------------|--------------|
| 3 | am 7, 1971 |
| 4 | am 7, 1971 |
| 86 | rep 7, 1971 |
| 87A – 87D | ad 7, 1971 |

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