



Bills of Exchange Act 1882

1882 CHAPTER 61 45 and 46 Vict

PART II U.K.

BILLS OF EXCHANGE

Form and Interpretation

3 **Bill of exchange defined.** U.K.

- (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 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 re-imburse 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 therefor;
 - (c) That it does not specify the place where it is drawn or the place where it is payable.

Modifications etc. (not altering text)

C1 S. 3 amended by [Decimal Currency Act 1969 \(c. 19\)](#), s. 2

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4 Inland and foreign bills. U.K.

- (1) An inland bill is a bill which is or on the face of it purports to be (a) both drawn and payable within the British Islands, or (b) drawn within the British Islands upon some person resident therein. Any other bill is a foreign bill.

For the purposes of this Act “British Islands” mean any part of the United Kingdom of Great Britain and Ireland, the islands of Man, Guernsey, Jersey, Alderney, and Sark, and the islands adjacent to any of them being part of the dominions of Her Majesty.

- (2) Unless the contrary appear on the face of the bill the holder may treat it as an inland bill.

5 Effect where different parties to bill are the same person. U.K.

- (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.

6 Address to drawee. U.K.

- (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.

7 Certainty required as to payee. U.K.

- (1) Where a bill is not payable to bearer, the payee must be named or otherwise indicated therein 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. A bill may also be made payable to the holder of an office for the time being
- (3) Where the payee is a fictitious or non-existing person the bill may be treated as payable to bearer.

8 What bills are negotiable. U.K.

- (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 is expressed to be so payable, or which 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.

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- (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.

9 Sum payable. U.K.

- (1) The sum payable by a bill is a sum certain within the meaning of this Act, although it was 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 shall become due.
 - (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 thereof.

10 Bill payable on demand. U.K.

- (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 shall, as regards the acceptor who so accepts, or any indorser who so indorses it, be deemed a bill payable on demand.

11 Bill payable at a future time. U.K.

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

- (1) At a fixed period after date or sight.
- (2) 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.

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

12 Omission of date in bill payable after date. U.K.

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.

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Provided that (1) where the holder in good faith and by mistake inserts a wrong date, and (2) in every case where a wrong date is inserted, if the bill subsequently comes into the hands of a holder in due course the bill shall not be avoided thereby, but shall operate and be payable as if the date so inserted had been the true date.

13 Ante-dating and post-dating. **U.K.**

- (1) Where a bill or an acceptance or any indorsement on a bill is dated, the date shall, unless the contrary be proved, be 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

14 Computation of time of payment. **U.K.**

Where a bill is not payable on demand the day on which it falls due is determined as follows: ^{F1}

- (1) The bill is due and payable in all cases on the last day of the time of payment as fixed by the bill or, if that is a non-business day, 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 a 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 a calendar month.

Textual Amendments

- F1** S. 14(1) substituted except in relation to bills drawn and notes made before 16.1.1972 by [Banking and Financial Dealings Act 1971 \(c. 80\), s. 3\(2\)\(3\)](#)

15 Case of need. **U.K.**

The drawer of a bill and any indorser may insert therein the name of a person 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. Such person is called the referee in case of need. It is in the option of the holder to resort to the referee in case of need or not as he may think fit.

16 Optional stipulations by drawer or indorser. **U.K.**

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

- (1) Negating or limiting his own liability to the holder.
- (2) Waiving as regards himself some or all of the holder’s duties.

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17 Definition and requisites of acceptance. **U.K.**

- (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 unless it complies with the following conditions, namely:
 - (a) It must be written on the bill and be signed by the drawee. The mere signature of the drawee without additional words is sufficient.
 - (b) It must not express that the drawee will perform his promise by any other means than the payment of money.

18 Time for acceptance. **U.K.**

A bill may be accepted—

- (1) Before it has been signed by the drawer, or while otherwise incomplete:
- (2) When it is overdue, or after it has been dishonoured by a previous refusal to accept, or by non-payment:
- (3) 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.

19 General and qualified acceptances. **U.K.**

- (1) An acceptance is either (a) general or (b) qualified.
- (2) A general acceptance assents without qualification to the order of the drawer. A qualified acceptance in expressed terms varies the effect of the bill as drawn.

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 therein stated:
- (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:

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:

- (d) qualified as to time:
- (e) the acceptance of some one or more of the drawees, but not of all.

20 Inchoate instruments. **U.K.**

- (1) Where a simple signature on a blank . . . ^{F2} paper is delivered by the signer in order that it may be converted into a bill, it operates as a prima facie authority to fill it up as a complete bill for any amount . . . ^{F2}, using the signature for that of the drawer, or the acceptor, or an indorser; and, in like manner, when a bill is wanting in any material particular, the person in possession of it has a prima facie authority to fill up the omission in any way he thinks fit.

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- (2) In order that any such instrument when completed may be enforceable against any person who became a party thereto prior to its completion, it must be filled up within a reasonable time, and strictly in accordance with the authority given. Reasonable time for this purpose is a question of fact.

Provided that if any such instrument after completion is negotiated to a holder in due course it shall be 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.

Textual Amendments

- F2** Words repealed by [Finance Act 1970 \(c. 24\)](#), [Sch. 8 Pt. V](#) and [Finance Act \(Northern Ireland\) 1970 \(c. 21\)](#), [Sch. 3 Pt. III](#).

21 Delivery. **U.K.**

- (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.

Provided that 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 either by or under the authority of the party drawing, accepting, or indorsing, as the case may be:
 - (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.

But if the bill be 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.

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

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