

# Bill of Exchange Law Introduction

JUDr. Josef Kotásek, Ph.D.

# History of Legal Regulation of Bill of Exchange

- Local particular sources, *lex mercatoria*
- Bill of Exchange Patent from 22 December 1763
- Imperial Patent No. 51/1850
- Bill of Exchange and Cheque Act No. 1/1928
- Government Regulation No. 111/1941 from 19 December 1940
- Bill of Exchange and Cheque Act No. 191/1950  
"BECA"

# Geneva Bill of Exchange System (1930)

- 3 Conventions

- Convention on unified bill of exchange act with the first appendix - **Uniform Law on Bills of Exchange and Promissory Notes** (78 articles).
- Convention for the settlement of certain conflicts of laws in connection with bills of exchange and promissory notes.
- Fees

# Economic Importance of Commercial Papers

- **payment instrument**
  - **payment by a bill of exchange** (bill of exchange issued "pro soluto"),
  - **payment by means of bill of exchange** (bill of exchange issued "pro solvendo")
- **security instrument**
- **instruments for foreign exchange transactions**
  - bills of exchange payable at future dates, in other places, and different currencies
- **short term credit transactions (consumer credits)**

# Types of Bill of Exchange

- Bill of Exchange
- Promissory Note

# Promissory Note

- Special variant of a credit paper
- Promise of a drawer (maker) to pay to a creditor (payee) certain financial sum
- Characteristic expression „*I will pay*“
- Two basic participants - maker and creditor (payee).
- Maker of a promissory note is a direct debtor obliged by his sign to pay at the maturity

Místo a datum vystavení (měsíc slovy)

Měna	Číslo

**Za tuto směňku zaplatím**

Údaje splatnosti (měsíc slovy)

na řád  
(komu)

Číslo slovy

Splátnost v (místo placení) u (domoči)

Uměno (jméno, razítko), adresa a podpis(y) výstavce

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# Bill of Exchange

- higher number of participants
- drawer, payee and drawee
- payment order of a drawer to a drawee to pay certain financial sum to a payee
- characteristic expression „Pay to“.

Podpis příjemce	dne	20			
	<small>Místo a datum vystavení (měsíc slovy)</small>		Kč	hal	
	<b>Za tuto směnkou zaplatíte dne</b>		20		
	<small>na řád:</small>		<small>Měsíc slovy</small>		
	<small>komu</small>				
	<b>Kč</b>			<b>hal</b>	
			<small>Číslo slovy</small>		
	<b>Směnečník:</b>				
	<b>Splatno v:</b>				
	<b>u:</b>	<small>Místo placení</small>			
		<small>Domácí</small>			
<small>Jméno, adresa a podpis výstavce</small>					

# Participants of the Bill of Exchange and Promissory Note

- **Drawer (maker)**
  - maker of a promissory note obliges himself to pay at the maturity, direct debtor
  - drawer of a bill of exchange (trasant) is in a position of indirect, regress debtor (Article 9)
- **Payee**
  - person, in whose favour the bill is issued,
  - "remitent,
  - person named on the face of the bill of exchange or a promissory note to receive payment
- **Drawee**
  - addressee of payment promise of the drawer
  - a real debtor only by the acceptance (till this moment he is obliged only potentially; under certain circumstances he even does not have to know that he became a drawee)

# Participants of the Bill of Exchange and Promissory Note II

- Persons giving an **aval** guarantee
  - Section 30-32
  - special guarantee for payment of a bill ("aval,,).
  - guarantee may be given by a person who has signed the bill as well
  - the giver of an aval is bound in the same manner as the person for whom he has become a guarantor
- Parties of endorsement
  - Indorser
  - Indorsee