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

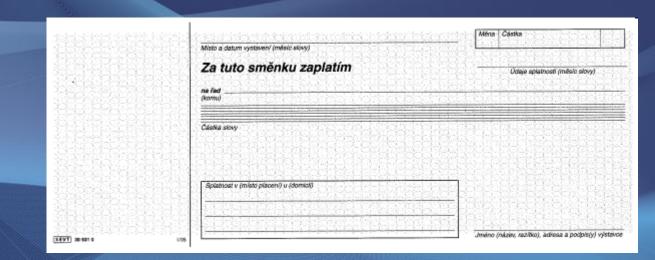
- payment instrument
 - payment by a bill of exchange (bill of exchange issued "pro soluto"),
 - payment by means of bill of exchange (bill of exchange issued "pro solvendo")
- security instrument
- instruments for foreign exchange transactions
 - bills of exchange payable at future dates, in other places, 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



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".



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 my 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