

Negotiable Instruments Act

Chapter I General Provisions

Article 1

The term "negotiable instrument" as used in this Act means a bill of exchange, promissory note, or check.

Article 2

A bill of exchange is a negotiable instrument signed and issued by the drawer authorizing the drawee to pay unconditionally at a fixed future date a sum certain in money to the payee or holder.

Article 3

A promissory note is a negotiable instrument signed and issued by the maker engaging himself to pay unconditionally at a fixed future date a sum certain in money to the payee or holder.

Article 4

A check is a negotiable instrument signed and issued by the drawer authorizing a financial institution to pay unconditionally on demand a sum certain in money to the order payee or holder.

The term "financial institution" in the preceding paragraph means a bank, credit cooperative, farmers' association, or fishermen's association handling checking deposit business upon approval by the Ministry of Finance.

Article 5

A person who signs his name to a negotiable instrument is liable on the instrument according to its tenor.

If a negotiable instrument is signed by two or more persons together, they shall be jointly and severally liable on the instrument.

Article 6

A seal may be used on a negotiable instrument in lieu of signature.

Article 7

If the sum payable by a negotiable instrument 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.

Article 8

The appearance on a negotiable instrument of the signature of a person having no legal capacity to act or limited legal capacity to act does not in any way affect the effect of any other signature.

Article 9

An agent who signs a negotiable instrument without expressly indicating that he signs on behalf of the principal shall be personally liable on the instrument.

Article 10

A person who signs a negotiable instrument as agent without authorization from the person on whose behalf he purports to act shall be personally liable on the instrument.

If an agent acts beyond the scope of his authority with respect to a negotiable instrument, he shall be personally liable on the instrument to the extent to which he exceeds his authority.

Article 11

Unless otherwise provided by this Act, a negotiable instrument that is wanting in any of the particulars required by this Act to be stated on a negotiable instrument is void.

A holder that in good faith acquires a negotiable instrument bearing the particulars required by this Act may exercise his rights according to its tenor. A person liable on the negotiable instrument may not allege against the holder that the negotiable instrument is void because it originally was wanting in any of the required particulars.

Any particular except the sum of money stated on a negotiable instrument may be altered by the entry maker before delivery, but he shall sign at the place of the alteration.

Article 12

Any particular stated on a negotiable instrument that is not provided for in this Act shall not give rise to any legal force and effect insofar as concerns the instrument.

Article 13

A person liable on a negotiable instrument may not raise against a holder the defenses that are available as between the person and the drawer or maker, or between the person and any party prior to the holder. But this provision shall not apply if the holder acquired the negotiable instrument in bad faith.

Article 14

A person who acquires a negotiable instrument in bad faith or through gross negligence may not enjoy any rights in the instrument.

A person who acquires a negotiable instrument without consideration or with disproportionate consideration may not enjoy any rights superior to any party prior to him.

Article 15

The legal force and effect of a genuine signature on a negotiable instrument shall not

be affected even if the instrument itself or one of the signatures thereon is forged.

Article 16

If a negotiable instrument is altered, the persons who signed it before the alteration are liable on the instrument according to the original tenor; those who signed it after the alteration are liable on the instrument according to the altered tenor. If the time of signing of any person cannot be ascertained, the person's signature is presumed to have been affixed to the instrument before the alteration.

A person who participates in or agrees to the alteration of a negotiable instrument shall be liable on the instrument according to the altered tenor regardless whether the person's signature is affixed before or after the alteration.

Article 17

If a signature or an insertion on a negotiable instrument is cancelled or struck out except by the intentional act of the obligee, the legal force and effect of the signature or insertion on the instrument shall not be affected.

Article 18

In the event of loss of a negotiable instrument, the obligee may give notice to stop payment of the instrument, but shall, within 5 days after giving of the stop payment notice, present the drawee with evidence that a petition has been filed for public summons.

The stop payment notice shall become void if it is not given in accordance with the proviso of the preceding paragraph.

Article 19

In the event of loss of a negotiable instrument, the obligee may file a petition for public summons.

After initiation of the public summons procedure, the petitioner may, upon providing the required security, demand payment of the sum payable by the lost instrument if it is overdue. If the petitioner is not in a position to provide the required security, he may request that the sum payable by the lost instrument be deposited in accordance with law. If the lost instrument is not yet due, the petitioner may, upon providing the required security, request the issuance of a substitute instrument.

Article 20

Any acts required to be done by a party to a negotiable instrument for the exercise and preservation of rights in the instrument shall be performed at the place designated on the instrument. In the absence of a designated place, the acts shall be performed at the party's place of business, or, in the absence of a place of business, at the party's domicile or residence.

If the place of business, domicile, or residence of the party against whom a protest is contemplated to be made is unknown, a request may be made to the notary public office of a court, or a chamber of commerce, or other public office for investigations

into the party's whereabouts. If, after investigations, the whereabouts of the party still cannot be ascertained, the protest may be made at the notary public office of the court, the chamber of commerce, or other public office.

Article 21

Any acts required to be done vis-à-vis a party to a negotiable instrument for the exercise and preservation of rights in the instrument shall be performed during the business hours of a business day of the party. If the party does not have determinate business days or specified business hours, the acts shall be performed during the customary business hours of a customary business day.

Article 22

Rights in a negotiable instrument are extinguished by prescription if not exercised within 3 years from the date of maturity of the instrument against the acceptor of a bill of exchange or the maker of a promissory note, or from the date of issuance for promissory note payable at sight. Rights on a check are extinguished by prescription if not exercised within 1 year from the date of drawing against the drawer of the check.

The right of recourse of the holder of a bill of exchange or promissory note against any party prior to him is extinguished by prescription if not exercised within 1 year from the date when the protest is made. The right of recourse of the holder of a check against any party prior to him is extinguished by prescription if not exercised within 4 months from the date when the protest is made. If there is a waiver of protest, the period of prescription applicable to a bill of exchange or promissory note begins to run from the date of maturity, while that applicable to a check begins to run from the date of presentment for payment.

The right of recourse of an endorser of a bill of exchange or promissory note against any party prior to him is extinguished by prescription if not exercised within 6 months from the date of payment or from the date suit was brought against him, as the case may be. The right of recourse of an endorser of a check against any party prior to him is extinguished by prescription if not exercised within 2 months.

Despite extinction of rights in a negotiable instrument by reason of prescription or of non-compliance with any of the procedural formalities under the provisions of this Act, the holder of the instrument may still claim against the drawer or maker, or the acceptor, repayment to the extent to which the latter may have been benefited.

Article 23

If more room than the blank space left on a negotiable instrument is needed for making entries, the instrument may be extended by having an allonge annexed to it.

The first entry maker after the annexing of an allonge shall sign on the abutting edges.

Chapter II Bills of Exchange

Section 1 Issuance and Form

Article 24

A bill of exchange shall specify the following particulars and be signed by the drawer:

1. Words expressing it to be a bill of exchange.
2. A sum certain in money.
3. Personal or business name of the drawee.
4. Personal or business name of the payee.
5. An unconditional order to pay.
6. Place where it is drawn.
7. Date of drawing.
8. Place of payment.
9. Date of maturity.

If a bill does not specify the date of maturity, it is deemed to be payable at sight.

If a bill does not specify the drawee, the drawer shall be drawee.

If a bill does not specify the payee, the holder shall be the payee.

If a bill does not specify the place where it is drawn, the place of business, domicile or residence of the drawer shall be that place.

If a bill does not specify the place of payment, the drawee's place of business, domicile or residence shall be that place.

Article 25

The drawer may make himself or the drawee the payee, and may also make himself the drawee.

The holder of a bill that does not specify the payee may specify himself or any other person as the payee in the margin of the bill payable to bearer, thereby altering it to a bill payable to order.

Article 26

The drawer may designate and specify in the bill, in addition to the drawee, a person as the drawee's paying agent.

The drawer may also designate and specify in the bill, in addition to the drawee, a person at the place of payment as referee in case of need.

Article 27

The drawer may specify in the bill the detailed address where the payment is to be made at the place of payment.

Article 28

The drawer may make a statement in the bill to the effect that interest will be paid on the amount of the bill at a specified rate.

If an interest rate is not specified, it shall be fixed at 6 percent per annum.

Except as otherwise agreed upon between the parties, interest shall accrue from the date of drawing.

Article 29

The drawer shall guarantee the acceptance and payment of the bill according to its tenor. The drawer may, however, by special agreement be exempted from the liability for guaranteeing the acceptance of the bill.

The special agreement referred to in the preceding paragraph shall be expressly specified in the bill.

If a bill contains a statement exempting the drawer from the liability for guaranteeing the payment, the statement shall be void.

Section 2 Endorsement

Article 30

A bill is negotiated by endorsement and delivery. A bill payable to bearer may be negotiated merely by delivery.

A bill payable to order is non-negotiable if the drawer makes on the bill an express statement to that effect.

If an endorser inserts a statement on a bill making it non-negotiable, the bill may still be negotiated by endorsement. However, the person imposing the restriction on negotiation is not liable to those who acquire the bill through endorsement after the restriction is placed.

Article 31

An endorsement shall be made by the endorser on the back of the bill or on an allonge annexed to the bill.

A special endorsement is an endorsement in which the endorser specifies the name of the endorsee and signs on the bill.

A blank endorsement is an endorsement in which the endorser does not specify the name of the endorsee but only signs on the bill.

The endorser may specify the year, month, and date of endorsement for either of the endorsements referred to in the preceding two paragraphs.

Article 32

A bill endorsed in blank may be negotiated by delivery.

The bill referred to in the preceding paragraph may also be negotiated by blank endorsement or special endorsement.

Article 33

A holder of a bill of which the last endorsement is a blank endorsement may alter the blank endorsement into a special endorsement by specifying himself or another person as endorsee in the appropriate blank space before negotiating the bill.

Article 34

A bill may be negotiated to the drawer, the acceptor, the drawee, or any other person liable on the bill.

A transferee referred to in the preceding paragraph may further negotiate the bill before its date of maturity.

Article 35

An endorser may specify on the bill the name of a person other than himself at the place of payment as referee in case of need.

Article 36

An endorsement that purports to transfer to the endorsee only a part of the amount payable by the bill, or that purports to transfer the amount payable by the bill to two or more endorsees severally, does not operate as a negotiation of the bill. If an endorsement is made subject to a certain condition or conditions, the conditions are deemed not to exist.

Article 37

The holder shall prove his rights on the bill by evidence of consecutive endorsements. If, however, there exists, among the endorsements, a blank endorsement, the endorser next in sequence is deemed to be the endorsee of the immediate preceding blank endorsement.

An endorsement struck out that does not affect the sequence of the endorsements is deemed not to exist insofar as concerns the sequence of the endorsements.

An endorsement struck out that affects the sequence of the endorsements is deemed to be not struck out insofar as concerns the sequence of the endorsements.

Article 38

If the holder intentionally strikes out an endorsement, the endorser whose endorsement is struck out and those endorsers whose names appear next in sequence after the endorser but who made their endorsements before the intentional striking out are all exempted from their liabilities thereon.

Article 39

The provisions of Article 29 shall apply mutatis mutandis to an endorser.

Article 40

If the holder makes an endorsement for the purpose of authorizing the endorsee to receive payment by mandate, he shall note the fact on the bill.

The endorsee referred to in the preceding paragraph may exercise all rights in the bill, and may further endorse it for the same purpose.

The rights exercisable by a subsequent endorsee are the same as the first endorsee.

A person liable on a bill may raise against a mandatary only the defenses as would be available to the person against the principal.

Article 41

An endorsement made after the maturity of a bill has only the effect of normal credit transfer.

An endorsement without a date specified is presumed to have been made before maturity.

Section 3 Acceptance

Article 42

The holder of a bill may, before the date of maturity, present it to the drawee for acceptance.

Article 43

An acceptance shall be signified by inserting on the face of the bill the word "Accepted" and signed by the drawee. If the drawee merely signs his name on the bill, it is deemed to be an acceptance.

Article 44

Except for a bill payable at sight, the drawer or an endorser may specify on a bill that the bill is required to be presented for acceptance, and may additionally set a time limit for the presentment.

The drawer may make a statement on the bill to preclude making presentment for acceptance before a certain date.

The time limit set by an endorser for presentment for acceptance may not fall within, or run parallel with, the period specified by the drawer precluding presentment for acceptance.

Article 45

A bill payable at a fixed period after sight shall be presented for acceptance within 6 months from the date of drawing.

The time limit referred to in the preceding paragraph may be shortened or extended by the drawer, as he sees fit, by a special agreement. But the extension in any case may not be longer than 6 months.

Article 46

If a bill is drawn payable at a fixed period after sight or if it specifies a time limit for presentment for acceptance, the drawee, on accepting the bill, shall insert the date of acceptance.

The acceptance remains effective if the date of acceptance is not specified on the bill, but the holder may request for issuance of a protest to certify the date of acceptance. In the absence of protest, the last day of the period set forth in the preceding article or of the time limit specified by the drawer for acceptance shall be the date of acceptance.

Article 47

When a bill is presented for acceptance, the drawee may, with the consent of the holder, accept to pay a part of the amount payable by the bill. The holder, however, shall give notice of this fact to any party prior to him.

A conditional acceptance is deemed to be a dishonor by non-acceptance, but the acceptor shall remain liable on the bill pursuant to the terms and conditions of his acceptance.

Article 48

When a bill is presented for acceptance, the drawee may, if necessary, request the holder to agree to a deferment of the presentment, but the deferment shall not be more than 3 days.

Article 49

The drawee may designate a paying agent at the time of acceptance.

The drawee may, at the time of acceptance, strike out or alter the paying agent designated by the drawer.

Article 50

The drawee may, at the time of acceptance, specify on the bill the detailed address where the payment is to be made at the place of payment.

Article 51

Before delivery of a bill to the holder, the drawee may revoke his acceptance, even if the drawee has already accepted the bill and placed his signature on it. But this provision shall not apply if the acceptance has been communicated in writing to the holder or any other signatory to the bill.

Article 52

The drawee, after accepting a bill, shall be liable to make payment of the bill accordingly.

If an acceptor defaults at the maturity of the bill, the holder, even when he is concurrently the drawer of the bill, may claim directly against the acceptor payment of the sums of money set out in Articles 97 and 98.

Section 4 Acceptance for Honor

Article 53

When a referee in case of need is designated on a bill, if the holder is entitled to exercise his right of recourse before the date of maturity, he may request the referee in case of need to intervene and accept the bill for honor.

Any person, except for a referee in case of need or a person already liable on the bill, may, with the consent of the holder, intervene and accept it for the honor of any of the persons liable on the bill.

Article 54

An acceptance for honor shall be entered on the face of the bill, stating the following items, and shall be signed by the acceptor for honor:

1. An expression of intent to intervene and accept.
2. Name of the party for whose honor the acceptance is made.
3. Year, month, and date.

If it is not expressly stated for whose honor the acceptance is made, it is deemed to be for the honor of the drawer.

When a referee in case of need intervenes and accepts a bill, the acceptance shall be for the honor of the person who designated the referee in case of need.

Article 55

If an acceptor for honor intervenes without a prior procuration from the party for whose honor the acceptance is made, he shall notify the person of the fact within 4 days after the intervention.

In case the acceptor for honor fails to give the notice referred to in the preceding paragraph, he shall be liable for damages.

Article 56

After having assented to an acceptance for honor, the holder may not exercise his right of recourse before the maturity of the bill.

After an acceptance for honor, the party for whose honor the acceptance is made and any party prior to him may still make payment to the holder of the sums of money set out in Article 97 and request the holder to surrender the bill and the protest.

Article 57

If the drawee or his paying agent fails to make payment within the time limit set forth in Articles 69 and 70, the liability to pay the sums of money set out in Article 97 shall then fall upon the acceptor for honor.

Section 5 Guaranty

Article 58

A guarantor or guarantors may be provided to guarantee the liabilities on a bill.

Any person or persons, except for a person already liable on the bill, may become the guarantor or guarantors referred to in the preceding paragraph.

Article 59

A guaranty shall be made in writing on the bill, or on a duplicate of the bill, stating the following items, and shall be signed by the guarantor or guarantors:

1. An expression of intent by the guarantor or guarantors to act as such.
2. Name of the person guaranteed.
3. Year, month, and date.

If a guaranty is undated, the date of drawing of the bill shall be the date of guaranty.

Article 60

If a guaranty does not specify the person guaranteed, it is deemed to be made for the acceptor, or, if the bill is not yet accepted, for the drawer. But this provision shall not apply if the identity of the person guaranteed may reasonably be presumed or ascertained.

Article 61

A guarantor shall assume the same liabilities as the person guaranteed.

Even if the liabilities contracted by the person guaranteed are void, the guarantor shall remain liable for the obligations arising from the guaranty. But this provision shall not apply if the liabilities of the person guaranteed are void by reason of a certain defect or defects in form.

Article 62

When two or more persons act as guarantors together, they are jointly and severally liable.

Article 63

A guaranty may be made to guarantee only a part of the amount payable by the bill.

Article 64

After discharge of the liabilities on the bill by payment, the guarantor is subrogated for and succeeds to the right of recourse of the holder against the acceptor, the person guaranteed, and any party prior thereto.

Section 6 Date of Maturity

Article 65

The date of maturity of a bill shall be specified in one of the following forms:

1. Payable at a fixed date.
2. Payable at a fixed period after the date of drawing.
3. Payable at sight.
4. Payable at a fixed period after sight.

The entire outstanding portion of a bill payable in installments is deemed to be due and payable forthwith in the event that any of the installments is not paid when due.

The interest undue but included in the bill that is deemed to be due and payable in the preceding paragraph shall be deducted at the time of payment.

The entire outstanding portion of a bill bearing interest payable in installments before the date of maturity of the bill is deemed to be due and payable forthwith if any of the installments for payment of interest is not paid when due.

Article 66

If a bill is payable at sight, the day on which it is presented for payment shall be the date of maturity.

The provisions of Article 45 shall apply *mutatis mutandis* to the presentment referred to in the preceding paragraph.

Article 67

If a bill is payable at a fixed period after sight, the date of maturity shall be determined by the date of acceptance or the date of protest made, as the case may be.

If acceptance of a bill is refused and a protest is not made, the date of maturity shall be the last day of the time limit for presentment for acceptance under Article 45.

Article 68

If a bill is payable 1 month or several months after the date of drawing or after sight, the date of maturity shall be the day corresponding to the date of drawing or after sight in the month in which payment of the bill is due. If there is no corresponding day in that particular month, the last calendar day of the month shall be the date of maturity.

If a bill is payable 1 month and a half or on the 15th of any of the succeeding few months after the date of drawing or after sight, the date of maturity shall be the last day of a 15-day period added to a full calendar month worked out pursuant to the preceding paragraph.

If a bill merely states the beginning, the middle, or the end of the month, it shall mean the first day, the 15th day, or the last day of the month respectively.

Section 7 Payment

Article 69

The holder of a bill shall present it for payment on the date of maturity or within 2 days after the maturity.

If a bill contains a paying agent for the drawee, it shall be presented to the agent for payment.

A presentment of a bill to a clearing house for exchange shall be as effectual and valid as a presentment for payment.

Article 70

Payment of a bill may be deferred with the consent of the holder, but the deferment shall not exceed 3 days after the presentment.

Article 71

A drawee that makes payment against a bill not consecutively endorsed does so at his own peril.

Unless there is bad faith or gross negligence on his part, the drawee assumes no responsibility for verifying the authenticity of the signature accompanying an endorsement and the capacity of the holder as an obligee of the bill.

Article 72

The holder may refuse to receive payment of the bill before the date of maturity.

The drawee that makes payment before the date of maturity does so at his own peril.

Article 73

The holder may not refuse to receive a partial payment of the bill.

Article 74

When making payment, the drawee may request the holder to write the word "Received" on the bill, to be evidenced by the holder's signature, and to surrender the bill.

If the drawee makes only a partial payment, he may request the holder to write on the bill the amount received and issue a separate receipt.

Article 75

If the amount of a bill is expressed in a currency not in general circulation at the place of payment, the payment may be made in the currency in general circulation there at the exchange rate on the day of payment. But this provision shall not apply if there is a special agreement to the contrary.

If the amount of a bill is expressed in a currency that is in circulation at both the place where the bill is drawn and the place of payment in identical name but with different values, the currency at the place of payment is presumed to be the one adopted.

Article 76

If the holder fails to present the bill for payment within the time limit set forth in Article 69, the person liable on the bill may deposit the amount of the bill in accordance with law, and any expense thereby incurred shall be borne by the holder.

Section 8 Payment for Honor

Article 77

Payment for honor shall be made during the time when the holder is entitled to exercise his right of recourse, but it shall not be made later than the last day of the time limit for making of a protest.

Article 78

Any person may intervene and make payment for honor.

If the holder refuses to receive payment for honor, he loses his right of recourse against the party for whose honor the payment is made and all parties subsequent to the person.

Article 79

When the drawee or his paying agent fails to make payment within the time limits set forth in Articles 69 and 70, the holder shall present the bill to the acceptor for honor for payment if one is available. If there is no acceptor for honor but a referee in case of need is specified on the bill, the holder shall present the bill to the referee in case of need for payment.

If the acceptor for honor or the referee in case of need fails to discharge the bill by payment upon presentment, the holder shall request the agency making the protest to note this fact on the protest.

If the holder fails to comply with any of the provisions of the preceding two paragraphs, he loses his right of recourse against the party for whose honor the payment is made, the person who designated the referee in case of need, and all parties subsequent to them.

Article 80

If two or more persons offer to intervene and pay a bill for the honor of different parties, the person whose payment will discharge most parties to the bill has the preference.

If a person offering to intervene and pay a bill for honor intentionally violates the provision of the preceding paragraph, he loses his right of recourse against any party or parties to the bill whose liabilities would have been discharged but for his intervention.

If there are two or more persons whose payment will discharge most parties to the bill, the person authorized by the party for whose honor the payment is to be made or the referee in case of need shall be accepted as the payer for honor.

Article 81

Payment for honor shall be made of the entire amount payable by the party for whose honor the payment is made.

Article 82

When a payment for honor is made, it shall be duly recorded in the protest.

If payment is made by the acceptor for honor, the payment is for the honor of the party for whose honor he has accepted the bill. If payment is made by the referee in case of need, the payment is for the honor of the party who designated him.

If there is neither an acceptor for honor nor referee in case of need and the bill does not indicate the party for whose honor the payment is made, the drawer shall be the party for whose honor the payment is made.

The provisions of Article 55 shall apply mutatis mutandis to payment for honor.

Article 83

Upon payment for honor, the holder shall surrender the bill, together with a voucher for the payment received, to the payer for honor. If a protest has been made, the protest shall be surrendered at the same time.

If the holder fails to comply with the provision of the preceding paragraph, he shall be liable for damages to the payer for honor.

Article 84

The payer for honor is subrogated for and succeeds to all the rights of the holder against the acceptor, the party for whose honor the payment is made, and any party prior to them. But the payer for honor may not further negotiate the bill by endorsement.

Any party subsequent to the party for whose honor the payment is made is discharged from his liabilities on the bill by virtue of the payment for honor.

Section 9 Right of Recourse

Article 85

If a bill is dishonored by non-payment at its maturity, the holder, after performing all acts necessary to the exercise and preservation of his rights on the bill, is entitled to exercise his right of recourse against the endorser, the drawer, and any other person liable on the bill.

In any of the following situations the holder may exercise his right of recourse even before the maturity of the bill:

1. The bill is dishonored by non-acceptance.
2. Presentment for acceptance or payment is rendered impossible by death or absconding of the drawee or the acceptor, or by some other cause.
3. The drawee or the acceptor has been adjudicated bankrupt.

Article 86

If the whole or a part of a bill is dishonored by non-acceptance or non-payment, or if presentment for acceptance or payment of the bill is rendered impossible, the holder shall apply for and cause a protest to be made to attest the fact.

If the drawee or the acceptor specifies on the bill of the date of presentment and his non-acceptance or non-payment of the whole or a part of the bill, as the case may be, the note, accompanied by his signature, has the same force and effect as a protest.

Bankruptcy of the drawee or the acceptor shall be proved by an authenticated or excerpted copy of the bankruptcy adjudication.

Article 87

A protest for non-acceptance shall be made within the time limit allowed for presentment for acceptance.

A protest for non-payment shall be made on the day payment is refused or within 5 days after the refusal of payment. However, if the holder assents to a request for deferment of payment, the protest shall be made on the last day of the deferment or within 5 days thereafter.

Article 88

After a protest for non-acceptance is made, neither presentment for payment nor protest for non-payment is necessary.

Article 89

The holder shall notify the endorser or endorsers, the drawer, and all other persons liable on the bill of the dishonor within 4 days after the making of the protest.

If there is a waiver of protest by special agreement, the holder shall give the notice referred to in the preceding paragraph within 4 days after dishonor by non-acceptance or non-payment.

An endorser shall in turn notify the party prior to him within 4 days after receiving the notice referred to in the preceding paragraph.

If the address of an endorser's domicile is not indicated on the bill, or if, albeit indicated, it is not clearly written and therefore indiscernible, the notice intended for the endorser shall be addressed to the party prior to him.

Article 90

The drawer, any endorser, or any other person liable on the bill may exempt the holder from his obligation of giving notice of dishonor before the expiration of the time limit for notice set forth in Article 89.

Article 91

Notice of dishonor may be given by any means of communication, but the person who

asserts that he has given notice within the time limit set forth in Article 89 shall bear the burden of proof.

When notice is sent by post, if the address of the domicile of the person to be notified is correctly specified on the envelope, notice is deemed to have been given.

Article 92

If a person is prevented from sending notice within the time limit set forth in Article 89 by circumstances beyond his control, he shall send it within 4 days after the extraordinary circumstance causing the delay ceases to exist.

If the person proves that he has sent notice within the time limit set forth in Article 89, he is considered to have complied with the time limit for notice.

Article 93

If a person fails to give notice within the time limit set forth in Article 89, he may still exercise his right of recourse except that he shall be liable for damages in case any damage arises from his failure to give notice. The amount of damages, however, may not in any case exceed the amount payable by the bill.

Article 94

The drawer or an endorser of a bill may insert in the bill a waiver of protest.

If the drawer makes the insertion referred to in the preceding paragraph, the holder may, in case of dishonor, exercise his right of recourse without first applying for a protest. If, however, the holder still applies for a protest, he shall himself bear any expense thereby incurred.

If an endorser makes the insertion referred to in paragraph 1, the insertion is operative insofar as concerns that endorser only. If the holder chooses to have a protest made, he may claim against other signatories to the bill reimbursement of the expense thereby incurred.

Article 95

In spite of the waiver of protest inserted in a bill, the holder shall still present the bill for acceptance or payment within the prescribed time limit. If, however, it is contended that the holder has not presented the bill for acceptance or payment, the person making the contention shall bear the burden of proof.

Article 96

The drawer, the acceptor, the endorser or endorsers, and all other persons liable on a bill are jointly and severally liable to the holder.

The holder may exercise his right of recourse against any or several or all of the persons liable on the bill, as referred to in the preceding paragraph, irrespective of order of liability.

If the holder has exercised his right of recourse against one or several of the persons

liable on the bill, he may still exercise his right of recourse against any remaining person or persons liable on the bill.

If a person against whom the holder exercised his right of recourse has discharged his liabilities by payment, he then acquires the same rights as the holder.

Article 97

When exercising his right of recourse against any person liable on a bill, the holder is entitled to claim the following sums of money:

1. The amount payable by the bill dishonored by non-acceptance or non-payment and the interest thereon, if any has been agreed upon.
2. Interest computed at the rate of 6 percent per annum from the date of maturity, if no interest rate has been agreed upon.
3. Expenses incurred in making protest and giving notice of dishonor and other necessary expenses.

If payment is made before the date of maturity, interest from the date of payment to the date of maturity shall be deducted from the amount payable by the bill. In the absence of an agreed rate, interest shall be computed at the rate of 6 percent per annum.

Article 98

A person who discharges his liabilities on a bill by payment in accordance with Article 97 is entitled to claim against the acceptor or any party prior to him the following sums of money:

1. The total amount paid under the bill.
2. Interest on the amount referred to in the preceding subparagraph.
3. Necessary expenses incurred in connection with the discharge.

If the drawer discharges his liabilities by payment in accordance with Article 97, he is entitled to claim against the acceptor the sums of money as specified in the preceding paragraph.

Article 99

If the holder is concurrently the drawer, he has no right of recourse against any party prior to him.

If the holder is concurrently the endorser, he has no right of recourse against any party subsequent to his endorsement.

Article 100

When a person liable on a bill discharges his liabilities by payment, the holder shall surrender the bill and the protest, if any.

When a person liable on the bill discharges his liabilities by payment as set forth in the preceding paragraph, the holder shall issue and deliver a receipt and a statement of interest and expenses paid, if any.

When an endorser discharges his liabilities on a bill by payment, he may strike out his

own endorsement and those of parties subsequent to him.

Article 101

If a part of the amount of a bill is accepted, the person who discharges the unaccepted part of the bill by payment may require the holder to note the fact on the bill, and to issue and deliver a receipt for his payment separately together with a duplicate of the bill and the protest.

Article 102

A party to a bill who has the right of recourse may issue and draw on the drawer, one of the prior endorsers, or any other person liable on the bill, a demand bill payable at the place where such person is domiciled. But this provision shall not apply if there exists an agreement to the contrary.

The amount of the bill drawn pursuant to the preceding paragraph may, in addition to the sums specified in Articles 97 and 98, include a commission charge and stamp duty.

Article 103

When the holder draws a bill pursuant to Article 102, the amount of the bill shall be determined in accordance with the market value of a demand bill drawn at the place of payment of the original bill and payable by remittance at the place where the party prior to him is located.

When an endorser draws a bill pursuant to Article 102, the amount of the bill shall be determined in accordance with the market value of a demand bill drawn at the place where the endorser is located and payable by remittance at the place where the party prior to him is located.

The market value referred to in the preceding two paragraphs shall be the market value prevailing on the day of drawing.

Article 104

If the holder fails to perform the acts necessary to the exercise and preservation of his rights in the bill within the time limits set forth in this Act, he shall lose his right of recourse against all parties prior to him.

If the holder fails to perform the acts referred to in the preceding paragraph within an agreed time limit, he shall lose his right of recourse against the party prior with whom he made the agreement.

Article 105

If the holder is prevented from making presentment for acceptance or payment within the prescribed time limit by circumstances beyond his control, he shall give immediate notice of the fact to the drawer, the endorser or endorsers, and all other persons liable on the bill.

The provisions of Articles 89 to 93 shall apply mutatis mutandis to the notice referred to in the preceding paragraph.

The holder shall present the bill to the drawee as soon as the extraordinary circumstance causing the delay ceases to exist.

If the extraordinary circumstance extends over 30 days after the date of maturity, the holder may exercise his right of recourse forthwith without being required to make presentment or protest.

If a bill is payable at sight or at a fixed period after sight, the 30-day time limit referred to in the preceding paragraph shall begin to run from the day the holder gives notice to the party prior to him.

Section 10 Protest

Article 106

A protest shall be made, on the application of the holder, by the notary public office of the district court, the chamber of commerce, or the bankers association of the place where the bill was dishonored by non-acceptance or non-payment.

Article 107

A protest shall contain the following particulars and shall be signed by the person making it and affixed with the official seal of the agency where it is made:

1. Personal or business names of both the person protested against and the person protesting.
2. A statement to the effect that the bill, upon presentment, was dishonored by the person protested against, or that he could not be met, or that his place of business, domicile, or residence is unknown.
3. The place and the year, month, date of the presentment referred to in the preceding subparagraph was made or could not be effected.
4. A declaration of mutual assent between the parties if the protest is made at a place other than that sanctioned by law.
5. If there is acceptance or payment for honor, its nature and the personal or business names of the acceptor for honor or the payer for honor, and of the person or parties for whose honor the acceptance or payment is made.
6. Place and date of the protest.

Article 108

A protest shall be made on the bill or on an allonge annexed to it.

If the bill is drawn in a set or in duplicates, the protest has only to be made, upon presentment of the bill, on one part of the set, or on the original bill, or on the allonge annexed to the bill, if any. However, whenever possible, the fact of protest shall be noted on every other part of the set, or on each of the duplicates.

Article 109

A protest, except for non-payment, shall be made on a transcript of the original bill or one of its duplicates, or on the allonge annexed thereto, if any.

Article 110

If the holder presents the original bill for acceptance or payment and it is not returned after dishonor, the protest shall be made on one of the duplicates or on the allonge annexed thereto, if any.

Article 111

A protest shall be made in such a way as to follow immediately the last entry already on the bill, or on a part of it if it be drawn in a set, or on one of its duplicates.

If the protest is made on the allonge, the person making it shall sign across the abutting edges.

Article 112

When the right of recourse is exercised against several persons jointly liable on a bill, only one protest is required to be made against them all.

Article 113

The maker of a protest shall deliver up the original copy of the protest to the holder, and shall also make a transcript of the full text of the protest to be kept at his place of business for use in case the original copy is destroyed or lost.

A transcript of a protest has the same force and effect as the original.

Section 11 Bills in a Set

Article 114

The payee of a bill may at his own expense request the drawer to issue and draw the bill in a set. However, if the request is made by a holder other than the payee, the holder shall do so through all parties prior to him individually in reverse order who are required to add their endorsements identically to each part of the set.

The bill drawn in a set referred to in the preceding paragraph shall be limited to three parts per set.

Article 115

If a bill is drawn in a set, each part of the set shall be marked distinctly with the words "Bill in a set" and serially numbered. If any part of the set is not so marked and numbered, it is deemed to be a separate bill.

Article 116

If one part of a bill drawn in a set is discharged by payment, the other parts shall cease to be operative. However, an acceptor who accepts one part of the bill drawn in a set without requiring the other parts to be delivered up to him shall remain personally liable on the other parts.

If an endorser negotiates two or more parts of a bill drawn in a set to two or more different persons, the endorser shall be liable on any of the parts that has been

endorsed by him but not surrendered to him.

If a bill drawn in a set is negotiated by endorsement to one person in its entirety, the endorser may, at the time of discharge by payment, request the holder to surrender all parts of the bill. But this provision shall not apply if the holder has furnished a guarantee bond or provided security for the bill.

Article 117

If one part of a bill drawn in a set is presented for acceptance, the personal or business name and address of the acceptor shall be specified in every other parts of the bill.

If a bill contains the particulars referred to in the preceding paragraph, the holder may require the acceptor to surrender the part accepted by the acceptor.

If the acceptor refuses to surrender, the holder may not exercise his right of recourse unless a protest is made in attestation to the following facts:

1. That the acceptor has failed to surrender the part accepted by him in spite of the holder's request.
2. That presentment for acceptance or payment made with another part of the bill has been dishonored.

Section 12 Duplicates of Bills

Article 118

The holder of a bill is entitled to make a duplicate or duplicates of the bill.

A duplicate shall be marked distinctly with the word "Duplicate," and shall transcribe exactly all the particulars contained in the original bill, with a note as to where the transcription ends.

If a duplicate is made of a bill, the holder shall make a declaration of the fact in the original bill.

Endorsement and guaranty may also be made on a duplicate with the same force and effect as those made on the original.

Article 119

If an original bill is presented for acceptance, the personal or business name and address of the acceptor shall be specified on the duplicate or duplicates of the bill.

If a bill contains the particulars referred to in the preceding paragraph, the holder may require the acceptor to surrender the original.

If the acceptor refuses to surrender, the holder may not exercise his right of recourse unless a protest is made to attest the fact that the acceptor failed to surrender the original in spite of the holder's request.

Article 120

A promissory note shall specify the following particulars and be signed by the maker:

1. Words expressing it to be a promissory note.
2. A sum certain in money.
3. Personal or business name of the payee.
4. An unconditional promise to pay.
5. Place where it is drawn.
6. Date of drawing.
7. Place of payment.
8. Date of maturity.

If a promissory note does not specify the date of maturity, it is deemed payable at sight.

If a promissory note does not specify the payee, it is payable to the holder.

If a promissory note does not specify the place where it is drawn, the place of business, domicile or residence of the maker shall be the place where it is drawn.

If a promissory note does not specify the place of payment, the place where it is drawn shall be the place of payment.

The sum of a promissory note payable at sight without specifying the payee shall be NT\$500 or more.

Article 121

The maker of a promissory note shall assume the same liabilities as the acceptor of a bill of exchange.

Article 122

The holder of a note payable at a fixed period after sight shall present it to the maker for sight, and shall request the maker to sign and insert in the note the word "Sighted" and the date of sight. The provisions of Article 45 shall apply mutatis mutandis to the time limit for presentment of a promissory note.

If the date of sight is not indicated on a note, the last day of the prescribed time limit for presentment for sight shall be the date of sight.

If the maker refuses to sign on the note when it is presented to him, the holder shall apply for and cause a protest to be made within the time limit for presentment for sight.

After causing a protest for sight made pursuant to the preceding paragraph, the holder is not required to further present the note for payment or cause a protest for non-payment to be made.

If the holder fails to present the bill for sight within the time limit set forth in Article 45, he shall lose his right of recourse against all parties prior to him except the maker.

Article 123

In exercising his right of recourse against the maker of a promissory note, the holder may petition a competent court for a ruling granting compulsory execution.

Article 124

The provisions pertinent to the drawer in Chapter II, Section 1, Article 25, paragraph 2, Article 26, paragraph 1, and Article 28; those pertinent to endorsement in Chapter II, Section 2, except Article 35; those pertinent to guaranty in Chapter II, Section 5; those pertinent to date of maturity in Chapter II, Section 6; those pertinent to payment in Chapter II, Section 7; those pertinent to payment for honor in Chapter II, Section 8, except Article 79 and Article 82, paragraph 2; those pertinent to right of recourse in Chapter II, Section 9, except Article 87, paragraph 1, Article 88, and Article 101; those pertinent to protest in Chapter II, Section 10; and those pertinent to duplicates in Chapter II, Section 12, except Article 119, shall apply mutatis mutandis to a promissory note.

Chapter IV Checks

Article 125

A check shall specify the following particulars and be signed by the drawer:

1. Words expressing it to be a check.
2. A sum certain in money.
3. Business name of the drawee.
4. Personal or business name of the payee.
5. An unconditional order to pay.
6. Place where it is drawn.
7. Date of drawing.
8. Place of payment.

If a check does not specify the payee, it is payable to the holder.

If a check does not specify the place where it is drawn, the place of business, domicile, or residence of the drawer shall be the place where it is drawn.

A check may be drawn payable to the drawer himself or the drawee, and may also be drawn payable by the drawer himself.

Article 126

The drawer of a check shall guarantee the payment of the check according to its tenor.

Article 127

The drawee of a check shall be limited to the financial institutions specified in Article 4.

Article 128

A check shall be payable on demand only. If a check contains any statement to the contrary, the statement shall be void.

The holder shall not present for payment before the date of drawing indicated on the

check.

Article 129

If a check is used to effect a transfer of, or to offset, an account, the transfer or offset is deemed to be a discharge of the check by payment.

Article 130

The holder of a check shall present it for payment within the following time limits, as the case may be:

1. Within 7 days after the date of drawing if the check is payable at the province (city) where it is drawn.
2. Within 15 days after the date of drawing if the check is payable at any province (city) other than where it is drawn.
3. Within 2 months after the date of drawing if the check is drawn abroad and payable in this country.

Article 131

If a check presented by the holder for payment within one of the time limits set forth in Article 130 is dishonored, the holder may exercise his right of recourse against any parties prior to him, but he shall apply for and cause a protest to be made on the day of dishonor or within 5 days after the dishonor.

If the drawee inserts on the check or on an allonge a statement of the fact of dishonor and the date of dishonor, accompanied by his signature, the statement has the same force and effect as a protest.

Article 132

If the holder fails to make presentment for payment within one of the time limits set forth in Article 130, or fails to apply for and cause a protest to be made on the day of dishonor or within 5 days thereafter, he loses his right of recourse against all parties prior to him except the drawer.

Article 133

In exercising his right of recourse against a person liable on the check, the holder is entitled to claim interest on the amount of the check from the day it is presented for payment. If no rate has been agreed upon, interest shall be computed at 6 percent per annum.

Article 134

The drawer shall remain liable to the holder in spite of the expiration of the time limit for presentment. But if the drawer suffers any loss as a result of the holder's failure to make presentment, the holder shall be liable for damages. The amount of the damages may not exceed the face amount of the check.

Article 135

The drawer may not countermand his order of payment within any of the time limits

set forth in Article 130.

Article 136

The drawee may still make payment after the expiration of the prescribed time limit for presentment, but this provision does not apply if any of the following circumstances exists:

1. The drawer has countermanded his order of payment.
2. One year has passed since the date of drawing.

Article 137

If the drawer's funds on deposit or the sum of money agreed to be advanced to the drawer under a credit agreement are insufficient to cover the amount of the check drawn, the drawee may pay a part of the amount.

When a situation like the one referred to in the preceding paragraph occurs, the holder shall indicate on the check the actual amount he receives.

Article 138

A drawee who writes on a check the wording "certified" or "payment guaranteed" or any other wording of equivalent meaning shall assume the same liability for payment as the acceptor of a bill of exchange.

If the drawee has written on a check wording referred to in the preceding paragraph, the drawer and all endorsers are discharged from their liabilities.

The drawee may not guarantee payment beyond the funds available on deposit or the sum of money agreed under a credit agreement, and shall be punished by an administrative fine for any violation of this provision. But the amount of the fine may not exceed the amount of the check.

If the payment of a check has been guaranteed by the drawee in accordance with paragraph 1, the provisions of Articles 18, 130, and 136 shall not apply.

Article 139

A check with two parallel lines across its face is payable only to or through a financial institution for the sum of money represented.

A check is payable to or through a particular financial institution for the sum of money represented if the particular financial institution is specifically designated between the parallel lines across the check. But if the particular financial institution itself is the holder of the check, it may endorse the check to, and authorize another financial institution, as endorsee, to collect payment.

If the holder of a crossed check is not a financial institution, he shall deposit the check in his account with a financial institution and authorize the financial institution to collect payment.

A crossed check with a designation of a particular financial institution shall be deposited in the account with the particular financial institution and authorize the

financial institution to collect payment.

The drawer of a crossed check may write between the parallel lines the wording "pay in cash" or any other wording of equivalent meaning, and sign or affix his seal beside it. If a crossed check contains such wording, the parallel lines across the check are deemed to be cancelled unless the check has been negotiated by endorsement.

Article 140

The payer shall be liable for any damage arising from a payment in violation of the provisions of Article 139, but the amount of damages may not exceed the amount of the check.

Article 141

(Deleted)

Article 142

(Deleted)

Article 143

The drawee shall be liable to pay the amount of the check if the drawer's funds on deposit or the sum of money agreed under a credit agreement are sufficient to meet the amount of the check drawn. But this provision shall not apply if the drawee receives prior notice that the drawer has been adjudicated bankrupt.

Article 144

The provisions pertinent to the drawer in Chapter II, Section 1, Article 25, paragraph 2; those pertinent to endorsement in Chapter II, Section 2, except Article 35; those pertinent to payment in Chapter II, Section 7, except Article 69, paragraphs 1 and 2 and Articles 70, 72, and 76; those pertinent to right of recourse in Chapter II, Section 9, except Article 85, paragraph 2, subparagraphs 1 and 2, Articles 87 and 88, Article 97, paragraph 1, subparagraph 2 and paragraph 2, and Article 101; those pertinent to protest in Chapter II, Section 10, except Article 108, paragraph 2 and Articles 109 and 110, shall apply mutatis mutandis to a check.

Chapter V Supplementary Provisions

Article 144-1

(Deleted)

Article 145

The Enforcement Rules of this Act shall be prescribed by the Executive Yuan.

Article 146

This Act shall come into force from the date of promulgation.