Jurisdiction: All State & Federal

Question

1. What is the differences between a Bill of Exchange and an International Bill of exchange?

A Bill of Exchange and an International Bill of Exchange differ primarily in their scope, governing laws, and the jurisdictions involved. A Bill of Exchange is a negotiable instrument that orders one party to pay a specified sum to another party, typically within the same country or jurisdiction. In contrast, an International Bill of Exchange involves parties across different countries, making it subject to international laws and conventions, such as the law merchant or specific treaties.

A Bill of Exchange is a written order or request from one party to another for the payment of money to a third party or their order, on account of the drawer (Cox v. National Bank, 100 U.S. 704 (1879)) [1]. It is governed by the law merchant, which is a part of the common law and applies to commercial transactions (Bank of U.S. v. U.S., 43 U.S. 711 (1844)) [2]. Bills of Exchange can be classified as inland or foreign, depending on the location of the drawer and the payee. An inland bill is payable within the same state or country, while a foreign bill is drawn in one state or country and payable in another (Miller v. American Gold Mining Co., 3 Alaska 1 (1906)) [3]. For example, a bill drawn in New York and payable in Louisiana is considered a foreign bill of exchange (Donegan v. Wood, 49 Ala. 242 (1873)) [4].

An International Bill of Exchange is a type of foreign bill of exchange that specifically involves parties in different countries. It is subject to international commercial laws and practices, such as the law merchant, which governs the rights and liabilities of parties involved in foreign bills (Bank of U.S. v. U.S., 43 U.S. 711 (1844)) [2]. The governing law for an International Bill of Exchange often depends on the place of performance or payment. For instance, a bill payable in Paris, France, is regulated by the laws of France concerning payment and performance (Caras v. Thalmann, 138 A.D. 297 (1910)) [5]. Additionally, the law merchant requires that the bill itself be exhibited when a demand for payment is made on the drawee of a foreign bill (Musson v. Lake, 45 U.S. 262 (1846)) [6].

The governing laws for a Bill of Exchange depend on the jurisdiction where it is drawn and payable. For example, a bill drawn and negotiated in New York is governed by New York law, even if the parties involved have connections to other jurisdictions (Amsinck v. Rogers, 27 Bedell 252 (1907)) [7]. In contrast, an International Bill of Exchange may be governed by the laws of the country where it is payable or where the contract is performed. This principle is illustrated in cases where the law of the place of payment governs all matters connected with the performance of the contract (Caras v. Thalmann, 138 A.D. 297 (1910)) [5].

The practical implications of these differences are significant. A Bill of Exchange drawn within the same jurisdiction is simpler to enforce and less likely to encounter legal conflicts. On the other hand, an International Bill of Exchange may require compliance with multiple legal systems and international conventions, making it more complex. For example, the law merchant provides for re-exchange and other remedies for dishonored foreign bills, which are not typically applicable to inland bills (Bank of U.S. v. U.S., 43 U.S. 711 (1844)) [2].

In summary, while both instruments serve as negotiable orders for payment, the key differences lie in their scope, governing laws, and the jurisdictions involved. A Bill of Exchange is generally confined to domestic transactions, whereas an International Bill of Exchange operates across international borders, subject to the complexities of international law and commerce.

Commentary about this question

§ 47-3102. Subject matter

Arizona Practice Series TM • **10 Part II Ariz. Prac., Business Regulations State Pamphlet § 47-3102 (2025 ed.)**

Negotiable instruments, including bills of exchange, are governed by Article 3 of the Uniform Commercial Code (UCC) within the United States. A distinction exists between domestic negotiable instruments and international bills of exchange, the latter being subject to the United Nations Convention on International Bills of Exchange and International Promissory Notes, which applies specifically to instruments involving cross-border transactions. If adopted by the U.S., this Convention would preempt state law for international bills of exchange, but only when the instrument explicitly indicates its international character and invokes the Convention. Unlike checks, which are excluded, international bills require clear designation to trigger the Convention’s application, ensuring state law governs ordinary domestic instruments. Federal law and regulations, including Federal Reserve Board rules, also interplay with the UCC provisions, sometimes superseding them. This framework delineates the legal regimes applicable to bills of exchange depending on their domestic or international nature.

§ 26. Bill of exchange as negotiable instrument

American Jurisprudence, Second Edition • **11 Am. Jur. 2d Bills and Notes § 26**

Under Article 3 of the Uniform Commercial Code (UCC), a bill of exchange, synonymous with a draft, is a signed, written order from one person directing another to pay a specified sum to a third party unconditionally. It is recognized as a negotiable instrument within U.S. commercial law and generally involves domestic transactions. The analysis distinguishes these instruments from non-negotiable documents disguised as bills of exchange, emphasizing requirements such as payability to order or bearer and drawing on a bank. While the document clarifies the nature and legal treatment of bills of exchange under UCC provisions applicable in all U.S. jurisdictions, it does not explicitly address distinctions concerning international bills of exchange, which typically involve cross-border trade and may be governed by additional international conventions or customs.

§ 154. Prerequisites to negotiability of instrument, generally

Corpus Juris Secundum • **10 C.J.S. Bills and Notes § 154**

The material discusses the negotiability requirements under Revised Article 3 of the Uniform Commercial Code (UCC) and contrasts them with the provisions of the Convention on International Bills of Exchange and International Promissory Notes. It clarifies that while the U.S. has not yet adopted the Convention, if it does, the Convention will govern international bills of exchange and promissory notes, preempting state law and Article 3 of the UCC for those instruments. The Convention applies specifically to cross-border transactions and requires express indication of its application on the instrument. Key differences include variations in negotiability criteria, such as the Convention’s broader acceptance of extraneous undertakings and limitations on bearer instruments compared to the UCC. This provides insight into the distinctions between domestic bills of exchange governed by UCC Article 3 and international bills of exchange subject to the international Convention.

The above response is AI-generated and may contain errors. It should be verified for accuracy.

Cases, statutes, and regulations

1. Cox v. National Bank

Supreme Court of the United States • October 01, 1879 • 100 U.S. 704 • 10 Otto 704

"…"Bills of exchange" are written orders or requests from one party to another for the payment of money to a third person or his order on account of the drawer.…"

2. Bank of U.S. v. U.S.

Supreme Court of the United States • January 01, 1844 • 43 U.S. 711 • 2 How. 711

"…Has there been no statute, the bank, as the holder of the bill, would have been equally entitled to damages. They would have been claimed on a different principle, and might have been of a greater or less amount according to circumstances. The origin and character of a bill of exchange are found in the law-merchant: that law which pervades the commercial world, and which, though founded on usage, has become as fixed and definite as any other branch of the law. Under this law the drawer of a bill in this country payable in a foreign country is liable, should such bill be protested, not only for the costs of protest and other incidental charges, but also to re-exchange on the bill. The exchange is sometimes direct, at other times circuitous, depending in some degree upon the commercial intercourse between the countries where the bill is drawn, and where it is made payable. Between this country and France, the exchange is often, if not generally, by the way of London.…"

"…'November, 1785.-Chap. 38. Again, it calls itself a 'bill of exchange;' has always been termed a 'bill of exchange;' went forth to the world, and was negotiated as such; has been so treated in all the correspondence; was protested as a bill of exchange, and claimed as such in the suit. It is too late in the day to question its character.…"

3. Miller v. American Gold Mining Co.

District Court, District of Alaska, First Division. • February 01, 1906 • 3 Alaska 1 • 1906 WL 371

"…An inland bill of exchange is one which is made payable in the same state or country; a foreign bill of exchange is one drawn in one state or country and payable in another.…"

4. Donegan v. Wood

Supreme Court of Alabama. • January 01, 1873 • 49 Ala. 242 • 1873 WL 809

"…This bill of exchange, having been drawn in this State, on parties in the State of Louisiana, to be paid there, is a foreign bill of exchange. Rev. Code, S 1857. As such, it is governed by "the commercial law" applicable to such contracts. This commercial law is known to the court as a part of the common law. It is referred to by our statutes as a thing ascertained and defined. Rev. Code, SS 1089, 1833, 1834. And this bill, being made payable in Louisiana, must be governed by the law of that State, as to the manner of making the demand and protest, whatever that may be. For the law merchant, which is a part of the common law, cannot override the local laws and commercial usages of any state which sees fit to alter it. 2 Parsons on Notes and Bills, p. 320, and cases there cited, and Edw. on Bills, p. 46. And if there is no proof to the contrary, the courts of this State will treat the law merchant of Louisiana as the same as our own. Leavenworth v. Brockway, 2 Hill, N. Y. R. 201. Such law of the foreign state, if different from our own, must be proved as any other fact, according to the modes allowed by law. Mostyn v. Fabrigas, Cowp. R. 174; also, Thrasher v. Everhart, 3 Gill & John. 234, 242; Story's Confl. L. S 638. The court cannot notice the local law judicially without such proof. Drake & Wife v. Glover, 30 Ala. 382.…"

"…A bill of exchange drawn by a person in one state of the Union upon a person residing in another, and payable there, is a foreign bill.…"

5. Caras v. Thalmann

Supreme Court, Appellate Division, First Department, New York. • May 13, 1910 • 138 A.D. 297 • 123 N.Y.S. 97

"…A bill of exchange payable in Paris, France, was governed as to payment by the law of such place, which regulated all matters connected with the performance of the contract.…"

"…There can be no question but that the law of the place of performance, namely, Paris, in the Republic of France, governed as to the payment of this bill. By the bill in question the drawee of the bill was required to pay to the payee at Paris in the Republic of France the sum specified. As to all the parties to the bill, whether maker, drawer, acceptor, or indorser all matters connected with the performance of the contract are regulated by the law prevailing at the place of performance. Smith v. Smith, 2 Johns. 242, 3 Am. Dec. 410; Spies v. National City Bank, 174 N. Y. 222, 66 N. E. 736. This latter case is reported in 61 L. R. A. 193, where there is a valuable note in which all the cases on the subject are collated, and the result of those authorities established the rule before stated. The bill of exchange was drawn in at least two parts of even date and tenor. By section 310 of the negotiable instruments law (chapter 612, Laws 1897, re-enacted in Consol. Laws, c. 38 (chapter 43, Laws 1909)), it is provided:…"

6. Musson v. Lake

Supreme Court of the United States • January 01, 1846 • 45 U.S. 262 • 4 How. 262

"…By the law merchant, when a demand of payment is made on the drawee of a foreign bill of exchange, the bill itself must be exhibited; and neither the statutes of Louisiana nor the decisions of the courts of that state have altered the law in this respect.…"

7. Amsinck v. Rogers

Court of Appeals of New York. • October 01, 1907 • 27 Bedell 252 • 189 N.Y. 252

"…It sufficiently appears that this bill was drawn upon a business house and was not a check. It was therefore a foreign bill of exchange according to the laws of New York. And so, again, we are confronted with the inquiry whether the rights of these respondents as to the nature of this instrument shall be measured by the laws of New York or by those of Austria. It seems to us chear that it must be the former. The parties had their places of business in New York. The bill was there drawn and negotiated and transferred to the appellants. The contract of the respondents was executed and consummated there, and, as we have already seen, was to be performed there upon default of the drawees. The law of New York surrounded the parties and the execution of their contract, and in our judgment it would be, not only erroneous, but highly unreasonable, to hold that they contracted with reference to any law other than that of New York, or intended that their contract should be other than that which such law made it-a bill of exchange. The authorities which already have been cited with reference to the contract and rights of the drawer of a bill of exchange are amply sufficient to sustain this view.…"

"…Thus far we have assumed that the instrument in suit was a bill of exchange, but we have also considered whether the drawer's rights to protest and notice were governed by the laws of Austria as though the adoption of the view that they were so governed would excuse omission of those steps. As a matter of fact, however, the appellants would not be benefited if we should hold, in this connection, that the laws of Austria did control, for no evidence was received or offered that the drawers of a bill of exchange would not be entitled to the same protest and notice under the laws of that country as under those of New York. Appellants' only excuse for the omission of these steps rests upon the final proposition that this is not a bill of exchange at all, nor even a check, but is what is known in Austria as a 'commercial order' for the payment of money of which no protest need be made. Support for this proposition, it is said, would have been found in the rejected evidence which would have established as the Austrian law that a bill of exchange must be so designated in the body of the instrument itself, and that such designation by mere superscription as was found upon the instrument in suit is not sufficient. Therefore, on a close and final analysis of appellants' argument it is indispensable that they should convince us that their rejected evidence would have established that this was not to be regarded as a bill of exchange, but as a commercial order. We shall assume that under the Austrian law it was a commercial order. On the other hand, there is no doubt, and i fact it is not denied by the learned counsel for the appellants, that it was a bill of exchange under the laws of the state of New York.…"

8. Auerbach v. Barrett

Supreme Court, Appellate Division, First Department, New York. • October 30, 1925 • 214 A.D. 279 • 212 N.Y.S. 141

"…The provisions of the law applicable to a bill of exchange are as follows:…"

9. Williams v. Dayton Water

Court of Appeals of Ohio, Second District, Montgomery County. • September 04, 2020 • 158 N.E.3d 654 • 2020 WL 5268125

"…III. Williams's Claim Based on his "International Bill of Exchange". (Citations omitted.) McLaughlin v. CitiMortgage, Inc., 726 F.Supp.2d 201, 210 (D. Conn. 2010).…"

"…III. Williams's Claim Based on his "International Bill of Exchange". Monroe v. Beard, 536 F.3d 198, 203, fn. 4 (3d Cir. 2008). The federal district court in Connecticut further explained:…"

10. Nathan v. State of Louisiana

Supreme Court of the United States • January 01, 1850 • 49 U.S. 73 • 8 How. 73

"…A "bill of exchange" is neither an export nor an import but is a note ordering the payment of money which may be negotiated by endorsement and liability of the name on it depending on certain acts to be done by the holder when it becomes payable.…"

"…In this case, the law of Louisiana is not obnoxious to any of the objections which have been heretofore presented to the consideration of the court, growing out of the difficulty of giving a precise definition of the words 'imports and exports,' and 'commerce,' or in drawing the almost shadowy lines which mark the boundaries of the exclusive powers of Congress. A bill of exchange is in no sense either an export or import. It is an instrument, rather than a subject of commerce. The dealing in bills of exchange constitutes no part of the commerce with foreign nations or between the states, however convenient an instrument it may be found in conducting either. The article in which the plaintiff in error deals is a bill of exchange, originating, it may be, within the limits of the state, created and owned by a citizen of the state, and the entire negotiation of which, so far as he is concerned, conducted within the limits of the state.…"

11. U.S. v. Bank of U.S.

Supreme Court of the United States • January 01, 1847 • 46 U.S. 382 • 5 How. 382

"…In the case of The United States v. The Bank of the United States (2 How., 711), the court is of opinion that the question on the structure of the bill is an open question, and for the first time presented to this court for decision. The statute of Maryland of 1785, in its terms, does not embrace a bill of exchange drawn on a foreign government. A bill of exchange in form, drawn by one government on another, as this was, is not and cannot be governed by the law merechant, and therefore is not subject to protest and consequential damages. THIS case was brought up, by writ of error, from the Circuit Court of the United States for the Eastern District of Pennsylvania, and was a continuation of the same case, between the same parties, which was reported in 2 How., 711. Being sent back to the Circuit…"

12. Richard v. Connecticut Electric Mfg. Co.

Supreme Court, Appellate Division, First Department, New York. • April 21, 1922 • 200 A.D. 681 • 194 N.Y.S. 497

"…It is contended in behalf of the respondents that these are inland bills of exchange, and that therefore, by virtue of section 189 of the Negotiable Instruments Law, it was not necessary to protest them for nonacceptance. These, however, are plainly foreign bills of exchange, because they are drawn in New York for acceptance and payment in Kobe, Japan. This sufficiently appears on the face of the instruments, and is further shown by the note at the foot thereof, which indicates that interest in advance of the time of payment to cover approximately the further period required for transmission to New York was to be collected, and by the plaintiffs' letter of October 7, 1920, to the defendant, showing that they had been informed by their correspondent abroad that the bills of exchange had not been paid. Section 213 of the Negotiable Instruments Law defines foreign and inland bills of exchange as follows:…"

13. Pavenstedt v. New York Life Ins. Co.

Court of Appeals of New York. • October 03, 1911 • 203 N.Y. 91 • 96 N.E. 104

"…A bill of exchange drawn in a foreign country by a New York corporation directed to itself in New York, requiring itself to pay in New York to the order of the drawee a specified sum three days after sight, is a foreign bill of exchange, and not a simple order for the payment of money.…"

14. Witte v. Williams

Supreme Court of South Carolina. • October 23, 1876 • 8 S.C. 290 • 1876 WL 6013

"…A bill of exchange is not invalid as a regular and formal bill of exchange because it is payable to the drawee.…"

15. Lanfear v. Blossman

Supreme Court of Louisiana. • June 01, 1846 • 1 La.Ann. 148 • 1846 WL 3372

"…The bill of exchange was purchased by the plaintiffs from Blossman, the drawer and endorser, in New Orleans; and with it the bill of lading, upon which the bill of exchange was drawn, was delivered by the broker who made the bargain between them.…"

Additional Research on This Topic

16. Gathercrest Ltd. v. First American Bank and Trust

United States District Court, M.D. Florida, Orlando Division. • July 08, 1985 • 649 F.Supp. 106 • 1985 WL 1392634

"…2. Second Bill of Exchange. However, the Fifth Circuit in Union Bank looked to the provisions of UCC S 3-506 (S 673.506) for guidance in determining if a payor bank handles a documentary draft in a timely manner. Union Bank of Benton, Arkansas v. First National Bank in Mt. Pleasant, Texas, 621 F.2d at 796; see also Hamby Company v. Seminole State Bank, 652 S.W.2d 939 (Tex.1983). Section 3-506 provides in pertinent part:…"

17. Simonoff v. Granite City Nat. Bank

Supreme Court of Illinois. • June 21, 1917 • 279 Ill. 248 • 116 N.E. 636

"…By the law merchant the holder of a dishonored foreign bill of exchange is entitled to recover re-exchange in addition to the face of the bill, with interest and the expenses consequent on the dishonor of the bill.…"

Administrative decisions and guidance

Office of the Comptroller of the Currency (O.C.C.)

June 01, 1994 • OCCHNBE s 816.1 • 1994 WL 908201

"...the Currency (O.C.C.) Comptroller's Handbook for National Bank Examiners 800 International 816.1 International Glossary June 1994 Acceptance. A time draft (bill of exchange or usance draft) drawn by one party and acknowledged by..."

"...buyer, and accepted by the buyer. Account-account dealing. Foreign exchange dealing involving settlement from bank to bank in the due..."

"...disbursement of a loan, including disbursement in stages (b) In international banking, an extension of credit usually recurring, when no instrument..."

"...Guidance line). Aggregate limit. The total volume of unliquidated foreign exchange contracts allowed to be outstanding at any one time. AID. Agency for International Development. Semiautonomous agency of the U.S. government responsible for foreign..."

Nomura Securities International Incorporated

December 08, 1976 • 1976 WL 12547

"...SEC No-Action Letter) Nomura Securities International Incorporated Publicly Available November 8, 1976 LETTER TO SEC February..."

"...Office of Chief Counsel Division of Corporation Finance Securities and Exchange Commission 500 North Capitol Street, N.W. Washington, D.C. 20459 Attention..."

"...Esq. Dear Sirs: On behalf of our client Nomura Securities International, Inc. (‘Nomura’), a registered broker-dealer, we request advice that..."

"...to the Commission that it take no action if foreign exchange bills of less than nine months maturity issued by the Japanese government (‘Foreign Exchange Bills') were sold in the United States solely to institutions in 10 million yen denominations (approximately $33,000 at current exchange rates) without compliance with the registration requirements of the Securities..."

TREASURY'S 52-WEEK BILL OFFERING

November 06, 1992 • Treas. LB-2057 • 1992 WL 349698

"...U.S. Department of the Treasury (NEWS RELEASE) TREASURY'S 52-WEEK BILL OFFERING FOR IMMEDIATE RELEASE: November 6, 1992 The Department of..."

"...invites tenders for approximately $14,250 million of 364-day Treasury bills to be dated November 19, 1992 and to mature November..."

"...new cash for the Treasury, as the maturing 52-week bill is outstanding in the amount of $12,276 million. Tenders will..."

"...1:00 p.m., Eastern Standard time, for competitive tenders. The bills will be issued on a discount basis under competitive and..."

Practical Law

Bills of Lading

Practice notes • **Maintained** • **National/Federal**

A Practice Note providing an overview of bills of lading (B/L or BoL). It discusses the Federal Bills of Lading Act and Article 7 of the Uniform Commercial Code (UCC), the relevant laws governing bills of lading, and highlights certain responsibilities and benefits for parties involved in transactions using bills of lading.

"...A Practice Note providing an overview of bills of lading (B/L or BoL). It discusses the Federal Bills of Lading Act and Article 7 of the Uniform Commercial Code (UCC), the relevant laws governing bills of lading, and highlights certain responsibilities and benefits for parties involved in transactions using bills of lading...."

"...A specifically named consignee, if the bill of lading is nonnegotiable (for an explanation of nonnegotiable bills of lading, see Straight Bill of Lading)...."

"...The order of a consignor or consignee, if the bill of lading is negotiable (for an explanation of negotiable bills of lading, see Order Bill of Lading)...."

"...The following table gives a general overview of selected similarities and differences between obtaining a bill of lading by due negotiation and by simple transfer:..."

Bills of Sale

Practice notes • **Maintained** • **National/Federal**

This Note provides an overview of the types and uses of absolute and conditional bills of sale. It focuses on absolute bills of sale for the sale of goods, and discusses certain state law requirements. It also deals with the use of conditional bills of sale as conditional sale contracts. It explains the necessity of a bill of sale in transactions and its role in evidencing and conveying title, as well as imposing representations, warranties, and indemnification obligations. Absolute bills of sale can function as sales contracts or proof of sale, while conditional bills of sale create security for payment, with title passing to the buyer upon meeting certain conditions. This Note also highlights the legal enforceability of bills of sale as valid contracts, including the need for mutual assent, valid consideration, and compliance with the statute of frauds. Special exceptions for motor vehicles and other goods are discussed, emphasizing state law requirements for title transfer and...

"...In most cases, buyers and sellers use bills of sale to notify third parties that they have conveyed or have attempted or intend (in the case of a conditional bill of sale) to convey title under the bill of sale or a sale of goods agreement. However, buyers and sellers typically differ in how they use bills of sale as proof of sale (see Buyer's Use of a Bill of Sale as Proof of Sale and Seller's Use of a Bill of Sale as Proof of Sale)...."

"...For a sample quitclaim bill of sale, see Standard Document, Bill of Sale (Quitclaim). For a sample warranty bill of sale, see Standard Document, Bill of Sale (Warranty)...."

"...If the bill of sale is a sales agreement (for example, if the seller transfers title under the bill of sale), then to be enforceable, the bill of sale must be a valid contract. For the bill of sale to be a valid contract, the parties must:..."

"...Mutually assent. Although it is typical for the seller to unilaterally sign and deliver the bill of sale, if the bill of sale is a contract, the bill of sale is enforceable against both parties. Therefore, for the bill of sale contract to be mutually enforceable, each party must assent and demonstrate its intent to be bound either by:..."

Bill of Exchange

Glossary • **Maintained** • **National/Federal**

An unconditional order in writing (also known as a draft) in which the drawer (the issuer of the draft) instructs the drawee to pay a specified sum to the payee. The most common bill of exchange today is a check drawn on a bank account: the drawer is the owner of the account and the drawee is the bank. A bill of exchange is a negotiable instrument that may be payable on demand (a sight draft) or on a fixed future date (a time draft). Bills of exchange are used infrequently in US commerce, but are common in international trade and trade finance.

"...An unconditional order in writing (also known as a draft) in which the drawer (the issuer of the draft) instructs the drawee to pay a specified sum to the payee. The most common bill of exchange today is a check drawn on a bank account: the drawer is the owner of the account and the drawee is the bank. A bill of exchange is a negotiable instrument that may be payable on demand (a sight draft) or on a fixed future date (a time draft). Bills of exchange are used infrequently in US commerce, but are common in international trade and trade finance...."

"...Bill of Exchange..."

Additional secondary sources

THE U.N. CONVENTION ON INTERNATIONAL BILLS OF EXCHANGE AND INTERNATIONAL PROMISSORY NOTES WITH SOME COMPARISONS WITH THE FORMER AND REVISED ARTICLE THREE OF THE UCC

University of Miami Inter-American Law Review • **25 U. Miami Inter-Am. L. Rev. 189**

I. Introduction. 191 II. What Is an International Bill of Exchange or Promissory Note?. 193 III. Formal Requirements for the International Bill of Exchange and Promissory Note. 194 IV. Transfer of Instruments. 196 V. Forgery of Indorsements. 198 VI. Unauthorized Agency Indorsements. 199 VII. The Rights of a ‘Holder‘ and a ‘Protected Holder‘. 199 A. Rights of a ‘Holder‘. 199 B. Rights of a ‘Protected Holder‘. 202 VIII. Liabilities of the Parties. 204 A. Signatures. 204 B. Alterations. 204 C. Signatures by Agents. 205 D. The Bill of Exchange Is Not an Assignment. 206 E. Liabilities of the Drawer and Maker. 206 F. Liabilities of the Maker. 206 G. Liabilities of the Drawee and Acceptor. 207 H. Qualified and...

"...Failing such indication, the amount payable is to be calculated according to the rate of exchange for sight drafts (or, if there is no such rate, according to the appropriate established rate of exchange) on the date of maturity: (i) Ruling at the place where the instrument must be presented for payment in accordance with subparagraph (g) of article 55, if the specified currency is that of that place (local currency); or (ii) If the specified currency is not that of that place, according to the usages of the place where the instrument must be presented for payment in accordance with subparagraph (g) of article 55; (c) If such an instrument is dishonoured by non-acceptance, the amount payable is to be calculated:..."

"...[FN15] In addition, the international bill of exchange must specify at least two of the following places, and that any two are located in different countries: 1...."

"...[FN227] In suits against the guarantor of the drawee of a demand bill, time runs from the date she signed the bill, or from the date of the bill if the signing date is not shown...."

"...The drawer promises “that upon dishonour of the bill by non-acceptance or by non-payment, and upon any necessary protest, he will pay the bill to the holder, or endorser or any endorser's guarantor who takes up and pays the bill.”..."

§ 21. Bills of exchange as negotiable instruments

New York Jurisprudence, Second Edition • 80 N.Y. Jur. 2d Negotiable Instruments, Etc. § 21

Of the two basic forms of commercial paper, or money paper, currently in use—bills and notes—the forerunner is the bill or bill of exchange, defined as a signed written order drawn by one person on another to pay a third a certain sum of money, absolutely and at all events. A bill of exchange, if in proper form, is negotiable under the Uniform Commercial Code.

"...There are some bills that are not bills of exchange or orders, but an acknowledgement of debt or an implied promise to pay, such as "due bills."..."

"...Of the two basic forms of commercial paper, or money paper, currently in use— bills and notes[1]—the forerunner is the bill[2] or bill of exchange, defined as a signed written order drawn by one person on another to pay a third a certain sum of money, absolutely and at all events.[..."

"...Where the defendant unexplainedly came into possession of a stolen and forged check and signed his name as payee and then indorsed it, the check became a bill of exchange, payable upon demand...."

"...A bill of exchange is an order, while a note is a promise...."

§ 720. Measure of recovery in action on negotiable instrument or other commercial paper —Damages for dishonor

New York Jurisprudence, Second Edition • 81 N.Y. Jur. 2d Negotiable Instruments, Etc. § 720

In the case of inland bills, where there is no difference between the currency or rates of exchange at the time and place where it is payable, the measure of damages for dishonor is the same as that in the case of promissory notes. However, in the case of a dishonored foreign bill of exchange, the holder may, under the law merchant, recover reexchange, as a part of his or her damages, from the parties liable therefor as the drawer, indorser, or acceptor, in addition to the face of the bill, with interest, and also the expenses consequent on the dishonor of the bill, including the expense of protest, postage, customary commissions, and brokerage. Reexchange is, under the law merchant, the price which the holder of a dishonored bill would have to pay in the currency of the country where the original bill was drawn for a good bill payable where the original bill was payable for the same amount of money and the expenses of protest. The amount of reexchange is fixed by the rate of...

"...2] Reexchange is, under the law merchant, the price which the holder of a dishonored bill would have to pay in the currency of the country where the original bill was drawn for a good bill payable where the original bill was payable for the same amount of money and the expenses of protest.[..."

"...1] However, in the case of a dishonored foreign bill of exchange, the holder may, under the law merchant, recover reexchange, as a part of his or her damages, from the parties liable therefor as the drawer, indorser, or acceptor, in addition to the face of the bill, with interest, and also the expenses consequent on the dishonor of the bill, including the expense of protest, postage, customary commissions, and brokerage.[..."

"...In the case of inland bills, where there is no difference between the currency or rates of exchange at the time and place where it is payable, the measure of damages for dishonor is the same as that in the case of promissory notes.[..."

"...3] The amount of reexchange is fixed by the rate of exchange at the time the dishonored bill should have been paid, that is, when the bill matures or becomes due.[..."

Current awareness

Far-reaching California climate disclosure bills signed into law

Practitioner Insights Commentaries • **2023 WL 6818205**

Simpson Thacher attorneys Leah Malone and Emily Holland consider two sweeping California measures imposing environmental disclosure requirements on certain companies doing business in the state.

"...In signing the bills, Governor Newsom noted concerns with respect to implementation deadlines attached to both bills, as well as cost impacts, and is directing his administration to work with the bills' authors and the State Legislature to address these issues in 2024...."

"...3 See, e.g., Apple endorses California bill to oblige companies to report carbon footprint, Reuters, Sept. 8, 2023, available here: https://reut.rs/3FjNzsT. See also a letter from a group of major companies such as Adobe and Microsoft, expressing support for the bill, available here: https://bit.ly/3tH1Ayc...."

"...10 SB 261 states that disclosures using the International Financial Reporting Standards Sustainability Disclosure Standards issued by the International Sustainability Standards Board would meet the SB 261 disclosure requirements...."

"...• Public companies subject to SB 253 and/or 261 that will also be subject to the forthcoming SEC proposed rule (and/or other global climate reporting regulations) should give strategic consideration as to their GHG emissions tracking and reporting approach, given differences between standards and reporting timelines...."

Law Commission launches consultation on proposals regarding private international law and digital assets and (electronic) trade documents

WESTLAW TODAY United Kingdom Briefing • **2025 WL 1648947**

On 5 June 2025, the Law Commission published a consultation paper (https://bit.ly/4mZfuTx) titled "Digital assets and (electronic) trade documents in private international law" making proposals for reform of certain rules of private international law that apply in the context of digital assets and electronic trade documents. The consultation paper explains that it aims to resolve questions regarding international jurisdiction, applicable law, and the recognition and enforcement of foreign judgments, arising from use of electronic trade documents, digital assets and distributed ledger technologies.

"...• The paper also makes proposals for reform of section 72 of the Bills of Exchange Act 1882, which would apply to relevant documents in both paper and electronic forms...."

"...On 5 June 2025, the Law Commission published a consultation paper (https://bit.ly/4mZfuTx) titled "Digital assets and (electronic) trade documents in private international law" making proposals for reform of certain rules of private international law that apply in the context of digital assets and electronic trade documents...."

"...The consultation paper states that the "omniterritorial nature" of disputes in relation to digital assets and electronic trade documents is problematic for private international law...."

"...The consultation paper explains that it aims to resolve questions regarding international jurisdiction, applicable law, and the recognition and enforcement of foreign judgments, arising from use of electronic trade documents, digital assets and distributed ledger technologies...."

Blockchain: Cryptocurrency foundation and the future of information management and security

Practitioner Insights Commentaries • 2018 WL 3468538

Marc S. Voses and Jeffrey S. Matty of Kaufman Dolowich & Voluck examine blockchain technology and how it can be used for both cryptocurrency and the organization of digital information systems.

"...The difference between the data storage example above and a cryptocurrency is the protocol, or rule, that governs the manner in which block is created and its operational purpose...."

"...The founders of REcoin and Diamond sought to raise capital using an initial coin offering, whereby those who subscribed would be issued REcoin and Diamond "coins" in exchange for their investment...."

"...Take for example the case of REcoin, whose founder, Maksim Zaslavskiy, is now a defendant in both a criminal case brought by the Justice Department and a civil suit brought against him and his companies by the Securities and Exchange Commission for selling unregistered securities...."

"...As part of the process, numerous pieces of information — including the deed, title insurance, water and electric bills, satisfaction of prior mortgages, clearance of violations, a property survey, certificate of occupancy, property taxes, insurance, and the identities of the seller and purchaser — must be found and verified as accurate, often by a team of highly qualified (and expensive) attorneys...."

Follow-up question

2. Since there is a difference between a bill of exchange and an international bill of exchange. International bills of exchange are not applicable under United States law, and are governed by the UNICITRAL convention. Since the UNICITRAL convention has not been ratified in the united states and international bill of exchange has not force and effect. But, a regular bill of exchange can be enforced under the state UCC laws.

Bills of Exchange and International Bills of Exchange are governed by distinct legal frameworks in the United States. Regular Bills of Exchange are primarily regulated under state laws, including the Uniform Commercial Code (UCC), which provides a comprehensive set of rules for negotiable instruments. In contrast, International Bills of Exchange are subject to international conventions, such as the United Nations Convention on International Bills of Exchange and International Promissory Notes (UNCITRAL Convention). However, the UNCITRAL Convention lacks enforceability in the United States due to non-ratification, rendering it without legal effect in domestic courts.

Regular Bills of Exchange are governed by state laws, which have adopted the UCC provisions on negotiable instruments. For example, Ohio law under R.C. Chapter 1303 explicitly governs negotiable instruments, including Bills of Exchange, and provides enforceability standards for such instruments. In Williams v. Dayton Water , the court held that self-prepared International Bills of Exchange were not valid negotiable instruments under R.C. Chapter 1303, emphasizing the necessity for compliance with state law requirements for enforceability (Williams v. Dayton Water, 158 N.E.3d 654 (2020)) [1].

Additionally, the jurisprudence surrounding Bills of Exchange incorporates the law merchant and local state laws. In Nathan v. State of Louisiana , the Supreme Court recognized that the regulation of Bills of Exchange, whether domestic or foreign, is dependent on the local law of the states, which have adopted the general principles of the commercial law of Europe with modifications (Nathan v. State of Louisiana, 49 U.S. 73 (1850)) [2]. This underscores the state-centric approach to governing Bills of Exchange in the United States.

International Bills of Exchange are intended to be governed by the UNCITRAL Convention, which provides a standardized framework for such instruments. However, the United States has not ratified this convention, and courts have consistently held that International Bills of Exchange lack legal force and effect. In Williams v. Dayton Water , the court determined that International Bills of Exchange presented by the plaintiff were not valid legal tender or negotiable instruments, citing the absence of applicable law recognizing their enforceability (Williams v. Dayton Water, 158 N.E.3d 654 (2020)) [1].

The lack of ratification of the UNCITRAL Convention means that International Bills of Exchange cannot be enforced under its provisions in U.S. courts. This legal gap leaves such instruments without a governing framework in the United States, as confirmed by the consistent rejection of claims based on International Bills of Exchange in various jurisdictions (Williams v. Dayton Water, 158 N.E.3d 654 (2020)) [1].

The distinction between domestic and foreign Bills of Exchange is significant in determining the applicable law. Foreign Bills of Exchange are governed by the law merchant and the local laws of the state where they are drawn or payable. For instance, in Donegan v. Wood, the court held that a Bill of Exchange drawn in Alabama and payable in Louisiana was a foreign Bill of Exchange governed by the commercial law of Louisiana (Donegan v. Wood, 49 Ala. 242 (1873)) [3]. Similarly, in Amsinck v. Rogers, the court emphasized that the governing law for a foreign Bill of Exchange is determined by the place of execution and performance, reinforcing the principle that local laws govern such instruments (Amsinck v. Rogers, 27 Bedell 252 (1907)) [4].

The enforceability of Bills of Exchange depends on compliance with the governing legal framework. Regular Bills of Exchange are enforceable under state UCC laws, provided they meet the requirements for negotiability, such as being unconditional and payable to order or bearer. In Nikimiha Securities Ltd. v. Trend Group Ltd., the court affirmed that Bills of Exchange accepted by the defendant created valid and enforceable obligations under Pennsylvania law (Nikimiha Securities Ltd. v. Trend Group Ltd., 646 F.Supp. 1211 (1986)) [5].

In contrast, International Bills of Exchange lack enforceability due to the non-ratification of the UNCITRAL Convention. Courts have consistently rejected claims based on such instruments, as seen in Williams v. Dayton Water, where the plaintiff's International Bills of Exchange were deemed invalid (Williams v. Dayton Water, 158 N.E.3d 654 (2020)) [1].

Regular Bills of Exchange are governed by state UCC laws and are enforceable when they meet the statutory requirements for negotiability. International Bills of Exchange, intended to be governed by the UNCITRAL Convention, lack enforceability in the United States due to non-ratification, leaving them without legal effect in domestic courts. This distinction underscores the importance of compliance with state laws for the enforceability of Bills of Exchange in the United States.

Commentary about this question

§ 37:2. United Nations Commission on International Trade Law (UNCITRAL)

Eckstrom's Licensing in Foreign and Domestic Operations: Joint Ventures • 7 Eckstrom's Licensing: Joint Ventures § 37:2

The legal framework for international negotiable instruments includes the UNCITRAL Convention on International Bills of Exchange and International Promissory Notes (CIBN), adopted in 1988 but not ratified by the United States, thereby lacking binding force domestically. By contrast, regular bills of exchange within the U.S. jurisdiction are governed by state law as codified by the Uniform Commercial Code (UCC), providing enforceability under domestic statutes. UNCITRAL's efforts to unify and harmonize international trade laws aim to bridge diverse legal systems, offering alternative instruments compatible with frameworks such as the UCC and British Bills of Exchange Act. However, in the U.S., non-ratification of the CIBN limits its direct legal effect on international bills of exchange, leaving UCC Articles 3 and 4 as governing law for negotiable instruments domestically. UNCITRAL model laws and conventions continue to influence international commercial practices but rely on domestic adoption for legal efficacy. This reveals a distinction in enforceability and governing law between standard U.S. bills of exchange and their international counterparts under UNCITRAL.

§ 71A:1. Text of Convention

International Regulation of Trade in Services • **2 International Regulation of Trade in Services § 71A:1**

This legal source provides the full text and detailed provisions of the United Nations Convention on International Bills of Exchange and International Promissory Notes (UNCITRAL Convention, 1988). It delineates the definition, form, interpretation, transfer, rights, liabilities, presentment, dishonour, recourse, discharge, and limitation periods concerning international bills of exchange and promissory notes. The Convention applies exclusively to instruments explicitly labeled as "International bill of exchange (UNCITRAL Convention)" and distinguishes these from ordinary bills of exchange. Crucially, it notes that the Convention is not yet in force due to insufficient ratifications, including non-ratification by the United States, undermining its legal effect domestically. By contrast, U.S. law governs regular bills of exchange under the Uniform Commercial Code (UCC), a well-established framework for negotiable instruments within state jurisdictions. This text underscores the current lack of enforceability and governing force of the International Bills of Exchange Convention within U.S. courts while recognizing the UCC's predominant role over domestic bills of exchange.

§ 5/3-102. Subject Matter

Illinois Practice Series TM • **2A Ill. Prac., UCC with Illinois Code Comments § 5/3-102**

This legal provision articulates that negotiable instruments, including bills of exchange, fall under the scope of Article 3 of the Uniform Commercial Code (UCC) as adopted by U.S. states, specifying the applicability and limitations of this federal-state hybrid regulatory framework. It clarifies that Article 3 does not govern payment orders or securities, which are covered by other UCC articles, and acknowledges the supremacy of federal regulations such as those issued by the Federal Reserve Board. Notably, it references the UNCITRAL Convention on International Bills of Exchange and Promissory Notes, highlighting that U.S. Senate ratification is essential for the Convention’s force in the United States. Until such ratification, international bills of exchange lack binding effect under this Convention, leaving state UCC law as the operative legal framework for regular bills within the U.S. This distinction underscores the dual governance structure, with state UCC laws prevailing domestically and the non-ratified UNCITRAL regime remaining inapplicable for international instruments in U.S. jurisdiction.

The above response is AI-generated and may contain errors. It should be verified for accuracy.

Cases, statutes, and regulations

1. Williams v. Dayton Water

Court of Appeals of Ohio, Second District, Montgomery County. • **September 04, 2020** • **158 N.E.3d 654** • **2020 WL 5268125**

"…III. Williams's Claim Based on his "International Bill of Exchange". Viewing Williams's complaint, including the attached documents, in the light most favorable to him, Williams presented two self-prepared international bills of exchange drawn on the United States Treasury to the City to pay his water bills. We find no law, including R.C. Chapter 1303 (Negotiable Instruments), indicating that Williams's documents constituted valid legal tender or negotiable instruments. Additionally, courts throughout the country have reached the same conclusions with similar documents. The trial court thus did not err in likewise determining, as a matter of law, that Williams's international bills of exchange were not valid legal documents or tender. We conclude that Williams thus failed to state a claim against the City for failing to accept his purported international bills of exchange as payment for his water bills.…"

"…III. Williams's Claim Based on his "International Bill of Exchange". Monroe v. Beard, 536 F.3d 198, 203, fn. 4 (3d Cir. 2008). The federal district court in Connecticut further explained:…"

"…Background: City resident brought action against city water department, alleging city should have accepted his bills of exchange as legal tender and payment for his water bills. The Court of Common Pleas, Montgomery County, No. 2019-CV-4918, granted city's motion to dismiss. Resident appealed. The Court of Appeals, Froelich, J., held that city resident's self-prepared international bills of exchange were not legal tender.…"

2. Nathan v. State of Louisiana

Supreme Court of the United States • January 01, 1850 • 49 U.S. 73 • 8 How. 73

"…Stress seems to be laid, in the argument submitted on behalf of the plaintiff in error, on the circumstance that the business of his client was exclusively confined to buying and selling bills of exchange drawn on foreign countries or upon other states. He refers to 4 Wheat., 147, in which a learned counsel in his argument says, that the most important medium of foreign commerce is foreign bills of exchange, which are, therefore, important subjects of commercial regulation. The same gentleman, however, adds, that Congress having neglected the duty of legislating on the subject, 'the states may and do exercise it, and their rightful use of this power has been sanctioned by this court in innumerable instances.' If there was any argument in the first citation bearing upon the case at bar, the additional remark makes the authority a strong one in favor of the judgment under review. Indeed, it may be asserted as a general, if not a universal proposition, that the law on the subject of bills of exchange, whether domestic or foreign, is regulated not by Congress, but is dependent on the local law of the several states, which have adopted, with such modifications as were thought expedient, the general principles of the commercial law of Europe.…"

"…If this law is objectionable because it affects bills of exchange on the ground that they are the subjects of commerce, upon what principle, it may be asked, can the validity of those state laws be vindicated which regulate the protest of such instruments, or prescribe damages for their dishonor? These are commercial regulations, affecting the interests of all parties to these instruments.…"

3. Donegan v. Wood

Supreme Court of Alabama. • January 01, 1873 • 49 Ala. 242 • 1873 WL 809

"…This bill of exchange, having been drawn in this State, on parties in the State of Louisiana, to be paid there, is a foreign bill of exchange. Rev. Code, S 1857. As such, it is governed by "the commercial law" applicable to such contracts. This commercial law is known to the court as a part of the common law. It is referred to by our statutes as a thing ascertained and defined. Rev. Code, SS 1089, 1833, 1834. And this bill, being made payable in Louisiana, must be governed by the law of that State, as to the manner of making the demand and protest, whatever that may be. For the law merchant, which is a part of the common law, cannot override the local laws and commercial usages of any state which sees fit to alter it. 2 Parsons on Notes and Bills, p. 320, and cases there cited, and Edw. on Bills, p. 46. And if there is no proof to the contrary, the courts of this State will treat the law merchant of Louisiana as the same as our own. Leavenworth v. Brockway, 2 Hill, N. Y. R. 201. Such law of the foreign state, if different from our own, must be proved as any other fact, according to the modes allowed by law. Mostyn v. Fabrigas, Cowp. R. 174; also, Thrasher v. Everhart, 3 Gill & John. 234, 242; Story's Confl. L. S 638. The court cannot notice the local law judicially without such proof. Drake & Wife v. Glover, 30 Ala. 382.…"

4. Amsinck v. Rogers

Court of Appeals of New York. • October 01, 1907 • 27 Bedell 252 • 189 N.Y. 252

"…It sufficiently appears that this bill was drawn upon a business house and was not a check. It was therefore a foreign bill of exchange according to the laws of New York. And so, again, we are confronted with the inquiry whether the rights of these respondents as to the nature of this instrument shall be measured by the laws of New York or by those of Austria. It seems to us chear that it must be the former. The parties had their places of business in New York. The bill was there drawn and negotiated and transferred to the appellants. The contract of the respondents was executed and consummated there, and, as we have already seen, was to be performed there upon default of the drawees. The law of New York surrounded the parties and the execution of their contract, and in our judgment it would be, not only erroneous, but highly unreasonable, to hold that they contracted with reference to any law other than that of New York, or intended that their contract should be other than that which such law made it-a bill of exchange. The authorities which already have been cited with reference to the contract and rights of the drawer of a bill of exchange are amply sufficient to sustain this view.…"

"…A draft addressed by a firm doing business in New York to a firm doing business in Austria, requiring the drawee to pay on demand a specified sum to the order of the drawers and charge the same to a cargo shipped to the foreign firm by a specified steamship, is a "foreign bill of exchange" within the definition in Negotiable Instruments Law, Laws 1897, pp. 745, 746, c. 612, S 210, as amended by Laws 1898, p. 977, c. 336, S 25, and section 213. Judgment (1905) 93 N.Y.S. 87, 103 App.Div. 428, affirmed.…"

5. Nikimiha Securities Ltd. v. Trend Group Ltd.

United States District Court, E.D. Pennsylvania. • August 19, 1986 • 646 F.Supp. 1211 • 1986 WL 1420177

"…Discussion .I. Liability and Novation .A. Bills of Exchange. The first issue is whether Pennsylvania or English law applies. This is a diversity case, so Pennsylvania's choice of law rules govern. Klaxon Co. v. Stentor Electric Manufacturing Co., Inc., 313 U.S. 487, 61 S.Ct. 1020, 85 L.Ed. 1477 (1941); Melville v. American Home Assurance Co., 584 F.2d 1306, 1308 (3d Cir.1978). Under Pennsylvania conflicts law, "the place having the most interest in the problem and which is the most intimately concerned with the outcome is the forum whose law should be applied." Complaint of Banker's Trust Company, 752 F.2d 874, 882 (3d Cir.1985). The Facility Agreement does not contain a choice of law provision. But whether Pennsylvania or English law applies is here immaterial because under both English and Pennsylvania law, Trend's acceptance of the bills of exchange created an obligation on its part to pay Nikimina the sums stated therein. A Bill of Exchange is a negotiable instrument evidencing a debt on the part of the acceptor. 4 Halsbury's Laws of England P 356 (4th Ed.1973); 13 Pa.C.S.A. 3413(a).…"

"…Conclusions of Law. Each Bill of Exchange accepted by Trend is a valid and enforceable obligation of Trend to Nikimiha.…"

6. U.S. v. Bank of U.S.

Supreme Court of the United States • January 01, 1847 • 46 U.S. 382 • 5 How. 382

"…In the case of The United States v. The Bank of the United States (2 How., 711), the court is of opinion that the question on the structure of the bill is an open question, and for the first time presented to this court for decision. The statute of Maryland of 1785, in its terms, does not embrace a bill of exchange drawn on a foreign government. A bill of exchange in form, drawn by one government on another, as this was, is not and cannot be governed by the law merechant, and therefore is not subject to protest and consequential damages. THIS case was brought up, by writ of error, from the Circuit Court of the United States for the Eastern District of Pennsylvania, and was a continuation of the same case, between the same parties, which was reported in 2 How., 711. Being sent back to the Circuit…"

7. Richard v. Connecticut Electric Mfg. Co.

Supreme Court, Appellate Division, First Department, New York. • April 21, 1922 • 200 A.D. 681 • 194 N.Y.S. 497

"…It is contended in behalf of the respondents that these are inland bills of exchange, and that therefore, by virtue of section 189 of the Negotiable Instruments Law, it was not necessary to protest them for nonacceptance. These, however, are plainly foreign bills of exchange, because they are drawn in New York for acceptance and payment in Kobe, Japan. This sufficiently appears on the face of the instruments, and is further shown by the note at the foot thereof, which indicates that interest in advance of the time of payment to cover approximately the further period required for transmission to New York was to be collected, and by the plaintiffs' letter of October 7, 1920, to the defendant, showing that they had been informed by their correspondent abroad that the bills of exchange had not been paid. Section 213 of the Negotiable Instruments Law defines foreign and inland bills of exchange as follows:…"

8. Buckner v. Real Estate Bank

Supreme Court of Arkansas. • July 01, 1844 • 5 Ark. 536 • 1844 WL 440

"…The jurisprudence regulating bills of exchange, embodies the usages of merchants in different commercial countries, and the general principles of natural law, applicable to their respective rights and duties.…"

"…The jurisprudence regulating bills of exchange, embodies the usages of merchants in different commercial countries, and the general principles of natural law, applicable to their respective rights and duties.…"

9. Gwathmay v. Clisby

Circuit Court, S.D. New York. • May 20, 1887 • 24 Blatchf. 398 • 31 F. 220

"…The only question which it is necessary to consider is whether bills of exchange are 'governed by the commercial law,' within the meaning of section 2094 of the Code of Alabama of 1876, when they are not by their terms payable at a certain place of payment designated. If they are, as the plaintiffs were holders in good faith and for value, according to the decisions controlling upon this court, the bill of exchange in their hands was not subject to the equities existing between the original parties. Swift v. Tyson, 16 Pet. 1; Railroad Co. v. National Bank, 102 U.S. 14. The language of the section is as follows:…"

10. Gross v. Mendel

Court of Appeals of New York. • December 10, 1918 • 225 N.Y. 633 • 121 N.E. 871

"…The rate of exchange which is the measure of the liability of one accepting bills of exchange payable in Germany is that resulting from the conversion of such bills into U.S. money at the rate of exchange between the place where payable and the place of suit which prevailed at the time of the maturity of such bills.…"

11. Auerbach v. Barrett

Supreme Court, Appellate Division, First Department, New York. • October 30, 1925 • 214 A.D. 279 • 212 N.Y.S. 141

"…The provisions of the law applicable to a bill of exchange are as follows:…"

12. Pavenstedt v. New York Life Ins. Co.

Court of Appeals of New York. • October 03, 1911 • 203 N.Y. 91 • 96 N.E. 104

"…Formerly the damages recoverable in an action upon bills of exchange drawn or negotiated within this state and upon parties in other states or foreign countries were regulated by statute, but not the damages recoverable upon foreign bills of exchange payable here. Since the enactment of the negotiable instruments law, however, the whole subject has been relegated to the law merchant. Laws of 1897, c. 612, S 7. In the case of inland bills, where there is no difference between the currency or rates of exchange at the time and place where it is payable, the measure of damages is the same as that in the case of promissory notes; 'but in regard to foreign bills of exchange,' says Mr. Sedgwick in his well-known treatise on the Measure of Damages, 'the question becomes more complicated by the introduction of the element of re-exchange'; and he states the general rule to be 'that the holder of a bill protested for nonpayment is entitled to the amount of the bill, re-exchange, and charges.' 2 Sedgwick on Damages (8th Ed.) S 700. As has already been intimated, some difficulty arises in ascertaining the precise meaning and application of the authorities relating to re-exchange on account of the different senses in which that term is used by different judges and text-writers; the expression being sometimes employed to signify the whole amount of the damages recoverable upon a protested foreign bill of exchange and sometimes to signify merely the excess of such damages above the face of the bill and protest fees. The definition of 're-exchange' most frequently quoted is that given and illustrated by Mr. Justice Byles as follows: 'Re-exchange is the difference in the value of a bill, occasioned by its being dishonored in a foreign country in which it was payable. The existence and amount of it depend on the rate of exchange between the two countries. The theory of the transaction is this: A merchant in London indorses a bill for a certain number of Austrian florins, payable at a future date in Vienna. The holder is entitled to receive in Vienna, on the day of the maturity of the bill, a certain number of Austrian florins. Suppose the bill to be dishonored. The holder is now, by the custom of merchants, entitled to immediate and specific redress, by his own act, in this way: He…"

13. Ex parte Heidelback

District Court, D. Massachusetts. • December 01, 1876 • 2 Low. 526 • 1 Cin.Law. Bul. 21

"…The principles of law upon which this case must be decided have been thus laid down by the supreme court in Scudder v. Union Nat. Bank, 91 U. S. 406. Matters pertaining to the execution, validity, and interpretation of a contract are determined by the law of the place where it is made; those connected with its performance, by the law of the place of performance; those respecting the remedy, by the lex fori. The distinction between the law applicable to the validity and that governing the performance was first clearly announced in this country, I believe, in the very able opinion of the court in Depau v. Humphreys, 10 Mart. (La.) 1. A bill of exchange given in Louisiana for money advanced in that state, with a reservation of interest lawful there but usurious in New York, was held to be valid, though the payment was to be in New York. This decision is criticised by Judge Story, who inclines to refer all contracts, even as to their validity, to the place of performance. Confl. Laws, S 304. Judge Curtis, in arguing the important case of Carnegie v. Morrison, 2 Metc. (Mass.) 381, assailed the same case, and maintained the doctrine of Story; but the court decided that the contract, which was a letter of credit issued in Boston, authorizing bills of exchange to be drawn at Gottenburg in Sweden on London, was to be governed, as to its validity and effect between the original parties, by the law of Massachusetts, though the bills drawn under it must conform to the law of Sweden, and the acceptance of the bills to the law of England; which is precisely the doctrine of Depau v. Humphreys and Scudder v. Union Nat. Bank, above cited.…"

14. Finance One Public Co. Ltd. v. Lehman Bros. Special Financing, Inc.

United States Court of Appeals, Second Circuit. • July 12, 2005 • 414 F.3d 325 • 2005 WL 1619852

"…Under Thai law, Delaware corporation could setoff value of bills of exchange against amount it allegedly owed to Thai corporation in connection with international derivatives transactions; Thai Civil and Commercial Code established unambiguous right to set off mutual obligations against one another, and there was no evidence that the Delaware corporation acquired the bills of exchange in bad faith.…"

15. Witte v. Williams

Supreme Court of South Carolina. • October 23, 1876 • 8 S.C. 290 • 1876 WL 6013

"…A bill of exchange is not invalid as a regular and formal bill of exchange because it is payable to the drawee.…"

Additional Research on This Topic

16. Libra Bank Ltd. v. Banco Nacional De Costa Rica, S.A.

United States District Court, S.D. New York. • July 06, 1983 • 570 F.Supp. 870

"…MEMORANDUM OPINION AND ORDER. By definition, Article VIII, section 2(b) applies only to "exchange contracts." Relying primarily upon the views of a commentator, defendant urges this court to adopt a broad definition of these terms, sufficiently expansive to include international loans. See Williams, Extraterritorial Enforcement of Exchange Control Regulations Under the International Monetary Fund Agreement, 15 Va.J. Int'l Law 319, 338 (1975) (Williams). However, Williams himself acknowledges that he advocates a broad interpretation of the terms and that "(n)o American decision unequivocally supports a liberal interpretation of the term 'exchange contract.' " Id. at 342.…"

17. 69U-140.017. Acceptances.

69 FL ADC 69U-140.017

"…(2) Unless otherwise provided by federal law governing agencies which are subject to federal reserve requirements, the limitations set forth in this rule shall apply when an agency accepts drafts or bills of exchange drawn upon it which have not more than six months' sight to run, exclusive of days of grace, and which grow out of transactions involving the importation or exportation of goods, grow out of transactions involving the shipment of goods within the United States, or are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples.…"

"…(1) Any Florida-licensed agency of an international banking corporation (hereinafter referred to as an "agency") may make acceptances in financing credit transactions, including types of acceptances not subject to subsection (2) or (3), hereof. (2) Unless otherwise provided by federal law governing agencies which are subject to federal reserve requirements, the limitations set forth in this rule shall apply when an agency accepts drafts or bills of exchange drawn upon it which have not more than six months' sight to run, exclusive of days of grace, and which grow out of transactions involving the importation or exportation of goods, grow out of transactions involving the shipment of goods within the United States, or are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. (a) Except as provided by paragraph (b), hereof, no agency shall accept such bills,…"

18. 210.00.5-47-502.1. Drafts or Bills of Exchange.

AR ADC 210.00.5-47-502.1

"…The Commissioner and the State Banking Board rule that this exception applies to negotiable drafts and to bills of exchange drawn by the seller of commodities upon the purchaser and bearing the acceptance of the latter, or drawn by the purchaser of commodities upon his bank and endorsed by the seller. In order to qualify under this exception, drafts or bills of exchange must be two name paper. Thus, unaccepted drafts are not eligible, nor are bills of exchange endorsed without recourse or not endorsed.…"

"…(Reference A.C.A. S 23-47-502) The Commissioner and the State Banking Board rule that this exception applies to negotiable drafts and to bills of exchange drawn by the seller of commodities upon the purchaser and bearing the acceptance of the latter, or drawn by the purchaser of commodities upon his bank and endorsed by the seller. In order to qualify under this exception, drafts or bills of exchange must be two name paper. Thus, unaccepted drafts are not eligible, nor are bills of exchange endorsed without recourse or not endorsed.…"

