



Law of the People's Republic of China on Neg Instruments

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Chapter I

General Provisions

Article 1 This Law is enacted to regulate acts involving negotiable instruments, protect the lawful rights and parties engaged in activities involving negotiable instruments, maintain public and economic order and promote development of the socialist market economy.

Article 2 This Law shall be applicable to activities, involving negotiable instruments, that are carried on within the People's Republic of China.

The term "negotiable instrument" as used in this Law means bill of exchange, promissory note and cheque.

Article 3 In activities involving negotiable instruments, people shall comply with laws and administrative regulations and shall not jeopardize public interests.

Article 4 When making a negotiable instrument, the drawer shall sign it pursuant to the requirements prescribed; he shall be liable according to its tenor.

When exercising the rights on a negotiable instrument, the holder shall sign it according to legal procedure.

Other debtors signing the instrument shall be liable according to its tenor.

The right on a negotiable instrument as used in this Law means the right of a holder to demand from the party on the negotiable instrument payment of the sum payable by the instrument, including the right of claim for payment and of recourse.

Liability on a negotiable instrument as used in this Law means the obligation of a debtor to pay the sum payable on the instrument to the holder.

Article 5 A party to a negotiable instrument may authorize his agent to sign the instrument and the agent shall be indicated thereon.

A person who without authorization signs a negotiable instrument in the name of an agent shall be liable for the instrument; if an agent goes beyond the authorization, he shall be liable for the instrument to the extent where he exceeds his authority.

Article 6 If a person having no capacity or limited capacity for civil acts signs a negotiable instrument, the instrument shall be null and void, but this shall not affect the effect of others' signatures.

Article 7 The signature on a negotiable instrument means an autograph, a seal or an autograph accompanied by a seal.

The signature put by a legal person or another entity issuing the negotiable instrument means the seal of the entity accompanied by the signature of its legal representative or authorized agent.

The signature on a negotiable instrument shall be the true name of the party thereto.

Article 8 The sum on a negotiable instrument shall be specified in both capital Chinese characters and numbers; the two must be exactly the same. Otherwise, the instrument shall be null and void.

Article 9 The particulars specified on a negotiable instrument shall be in conformity with the provisions of the Law.

The sum, date and the name of the payee of a negotiable instrument shall not be altered. An instrument with alterations shall be null and void.

Other particulars on a negotiable instrument may be altered by the person who recorded them, but he shall be liable for the alterations by putting his signature thereto.

Article 10 The issue, acquisition and negotiation of an instrument shall follow the principle of good faith and the relationship of transaction and between the creditor and the debtor.

A negotiable instrument shall be acquired by payment of consideration, that is, the price corresponding to the value of the instrument upon by the two parties to the instrument.

Article 11 Acquisition of a negotiable instrument through taxation, inheritance or donation which, according to law, is realized without payment shall be exempted from payment of consideration. However, the holder's rights thereon shall not exceed those of his prior parties thereto.

The term "prior parties" means other persons liable for a negotiable instrument who put their signatures thereon before the current signer or holder.

Article 12 A person who acquires a negotiable instrument by means of fraud, theft, or coercion, or, with knowledge of the aforementioned situations, acquires the instrument out of ill intention shall have no right thereon.

A holder who, by gross negligence, acquires a negotiable instrument that is not in conformity with the provisions of the law shall have no right thereon, either.

Article 13 A person liable for a negotiable instrument may not set up against the holder such defenses that arise from transactions between himself and the drawer or between himself and the holder's prior party or parties, unless the current holder acquires the instrument with knowledge of the defenses.

A person liable for a negotiable instrument may set up defenses against the holder who has a direct credit relationship with him and does not perform the obligations agreed upon.

"Defense" as used in this Law means refusal by a person liable for a negotiable instrument to perform his obligation to the creditor in accordance with the provisions of this Law.

Article 14 Particulars recorded on a negotiable instrument shall be truthful and shall not be forged or altered. A person who forges or alters the signature or other particulars recorded on an instrument shall bear legal responsibility.

A forged or altered signature on a negotiable instrument shall not affect the effect of other true signatures thereon.

Where other particulars recorded on a negotiable instrument have been altered, a signer thereto before the alteration shall be liable for the particulars originally recorded, a signer thereto after the alteration is made shall be liable for the altered particulars. Where it is hard to tell whether a signature is put before or after the alteration, it shall be deemed to have been put before the alteration.

Article 15 In the event a negotiable instrument is lost, the person losing it may promptly notify the drawee or the issuer to stop payment thereof, unless no drawee is recorded on the instrument or it is hard to identify the drawee.

The drawee who receives notice to stop payment of the lost instrument shall suspend its payment.

The person who loses the instrument shall, within three days after serving the stop-payment notice or after the instrument is cashed, apply to a People's Court according to law for making this exigency known to the public or bring an action to the People's Court.

Article 16 To exercise or preserve his rights on a negotiable instrument against the person who is liable for the instrument, the holder shall do it on the business premises of the party concerned and within the business hours, or at his residence in the absence of business premises.

Article 17 The rights on a negotiable instrument lapse, unless exercised within the following time limits:

- (1) two years from the date of maturity of the negotiable instrument for the holder against the drawer or account from the date of issue of a bill or a promissory note payable at sight for the holder against the drawer or account;
- (2) six months from the date of issue of a cheque for the holder against the drawer;
- (3) six months from the date of non-acceptance or non-payment for the holder's right of recourse against the acceptor;
- (4) three months from the date of settlement or filing a lawsuit for the holder's right of re-recourse against the acceptor.

The date of issue and the date of maturity of a negotiable instrument shall be determined by the parties the law.

Article 18 The holder of a negotiable instrument who forfeits his rights thereon by reason of limitation of time specified particulars on the instrument still has civil rights and he is entitled to demand the drawer or acceptor refund equivalent to the sum in the instrument not yet paid.

Chapter II

Bills of Exchange

Section 1

Issue

Article 19 A bill of exchange is a negotiable instrument, signed and issued by the drawer, who authorizes the drawee to pay unconditionally a sum certain in money to the payee or the holder at sight or on a specified date.

Bills of exchange include banker's bills and commercial bills.

Article 20 "Issue" means a drawer's signing of a bill of exchange and delivering of it to the payee.

Article 21 The drawer of a bill of exchange must maintain a bona fide relationship of entrusted payment with the drawee and have a reliable source of funds to pay the amount of sum on the bill.

No one may sign and issue bills of exchange without consideration to defraud funds from a bank or other party.

Article 22 The following particulars shall be specified on a bill of exchange:

- (1) words expressing it to be a bill of exchange;
- (2) an unconditional order to pay;
- (3) a sum certain in money;
- (4) name of the drawee;
- (5) name of the payee;
- (6) date of issue; and
- (7) signature of the drawer.

A bill of exchange is void if any of the above-mentioned particulars is not specified thereon.

Article 23 The date of payment, place of payment and place of issue, if specified on a bill of exchange, shall unambiguous.

If the date of payment is not specified on a bill of exchange, the bill is payable at sight.

If the place of payment is not specified on a bill of exchange, the business premises, domicile or habitual residence of the drawee is the place of payment.

If the place of issue is not specified on a bill of exchange, the business premises, domicile or habitual residence of the issuer is the place of issue.

Article 24 Particulars relating to the issue of a bill of exchange other than those stipulated by this Law may be specified, however, such particulars shall have no effect on the bill.

Article 25 The date of payment may be specified in one of the following manners:

- (1) payable at sight;
- (2) payable at a fixed date;
- (3) payable at a fixed period after the date of issue; or
- (4) payable at a fixed period after sight.

The date of payment stipulated in the preceding paragraph is the date of maturity of a bill of exchange.

Article 26 A drawer who signs and issues a bill shall bear the liability for guaranteeing the acceptance and payment of the bill. In the event the bill is not accepted or paid, the drawer shall pay off the sum and expenses, as stipulated in this Law, to the holder of the bill.

Section 2

Endorsement

Article 27 A holder may transfer his rights on the bill of exchange to another person or authorize another to exercise all or part of the rights on the bill.

Where a drawer writes “non-negotiable” on a bill of exchange, the bill shall not be negotiated.

A holder shall endorse and deliver the bill of exchange when exercising the rights stipulated in the first paragraph of this Article.

“Endorsement” means the writing down of relevant particulars and signing on the back of a negotiable instrument or an allonge.

Article 28 Where more space on a negotiable instrument is needed by the endorser for making entries, the instrument may be extended by an allonge annexed to it.

The first entry maker of the allonge shall sign on the abutting edge.

Article 29 An endorsement shall be signed and the date of endorsement specified by the endorser.

An endorsement without a specified date is deemed to be made prior to the date of maturity.

Article 30 The name of endorsee shall be specified when a bill of exchange is endorsed to negotiate or when certain part of the rights thereon is endorsed to another.

Article 31 Where a bill of exchange is negotiated by endorsement, the endorsements shall be in succession. To prove his rights on the bill by an uninterrupted series of endorsements. A person who acquires a bill of exchange by means other than endorsement shall provide evidence according to law to prove his rights thereon.

The term “uninterrupted series of endorsements” as used in the preceding paragraph means that, in the case of an instrument, the signature of each endorser negotiating the bill and that of the immediate prior endorser on the bill shall be the same person’s.

Article 32 Where a bill of exchange is negotiated by endorsement, the subsequent party shall be liable for the bill to the endorsement of his immediate prior party.

A subsequent party means a person liable for an instrument who puts his signature thereto after it is signed by the endorser.

Article 33 No condition may be attached to the endorsement. Any conditions attached to the endorsement of a bill.

An endorsement which transfers a part of the sum payable by the bill of exchange or separately transfers the bill to two or more endorsees shall be void.

Article 34 Where an endorser writes “non-negotiable” on a bill of exchange and his subsequent party negotiates the bill by endorsement, the endorser shall not bear responsibility for guaranteeing the bill to the endorsee of the said subsequent party.

Article 35 Where in an endorsement “by procuration” is written, the endorsee is entitled to exercise the rights on the bill of exchange on the endorser’s behalf. However, the endorsee may not negotiate the rights on the bill of exchange.

A bill of exchange may be laid in pledge, provided that “value in pledge” is written in the endorsement when the bill is laid in pledge. The endorsee may exercise the rights on the bill when exercising his right of pledge according to law.

Article 36 A bill of exchange may not be negotiated by endorsement, if it is not accepted or paid or if the time for presentment for payment expires. The endorser shall bear liability on the bill if it is negotiated in spite of the above.

Article 37 An endorser is liable for guaranteeing the acceptance and payment of the bill of exchange held by the subsequent party after he negotiates the bill by endorsement. The endorser shall pay off the sum and expenses, as stipulated in Article 71 of this Law, to the holder in case of non-acceptance or non-payment of the bill.

Section 3

Acceptance

Article 38 “Acceptance” is the act of a drawee of a bill of exchange who promises to pay the sum on the bill when the bill is presented to him.

Article 39 Where a bill of exchange is drawn payable at a fixed date or at a fixed period after the date of issue, the holder shall present the bill to the drawee for acceptance before the date of maturity.

“Presentment for acceptance” is the act of a holder who presents the bill of exchange to the drawee and demands payment from the drawee.

Article 40 Where a bill of exchange is drawn payable at a fixed period after sight, the holder thereof shall present it to the drawee for acceptance within one month after the date of issue.

Where a bill of exchange is not presented for acceptance within the prescribed period, the holder thereof shall not have recourse against his prior parties.

No presentment for acceptance is needed for a bill of exchange payable at sight.

Article 41 In respect of a bill of exchange presented for acceptance, the drawee shall accept or refuse to accept it within three days after receipt of the bill.

On receiving a bill of exchange presented for acceptance by the holder, the drawee shall write out a receipt. The receipt shall specify the date of presentment for acceptance and shall be signed.

Article 42 When accepting a bill of exchange, the drawee shall write “accepted” and the date of acceptance on the bill and sign it. In the case of a bill of exchange payable at a fixed period after sight, the date of payment shall be the time of acceptance.

Where the date of acceptance is not specified on a bill of exchange, the last day of the period specified in the preceding Article is the date of acceptance.

Article 43 When accepting a bill of exchange, the drawee may not attach any conditions thereto. An acceptance with a condition attached is deemed non-acceptance.

Article 44 After accepting a bill of exchange, the drawee shall bear the liability for paying the bill at its maturity.

Section 4

Guaranty

Article 45 The liability on a bill of exchange may be guaranteed by a guarantor.

The guarantor shall be any person other than the one already liable for the bill.

Article 46 A guarantor must specify the following particulars on the bill of exchange or on an allonge:

- (1) the word “guaranteed”;
- (2) the name and domicile of the guarantor;
- (3) the name of the guaranteee;
- (4) date of guaranty; and
- (5) signature of the guarantor.

Article 47 Where the guarantor fails to specify Subparagraph (3) of the preceding Article on the bill of exchange or on an allonge, the acceptor is the guaranteee for an accepted bill, and the drawer is the guaranteee for a bill not yet accepted.

Where the guarantor fails to specify Subparagraph (4) of the preceding Article on the bill of exchange or on an allonge, the date of issue is the date of guaranty.

Article 48 No condition may be attached to a guaranty. A guaranty with conditions attached shall not affect guaranty on the bill of exchange.

Article 49 The guarantor shall be liable for guaranteeing the holder's rights on the bill of exchange which the holder lawfully, except for where the guarantee's debt is invalid because the particulars specified on the bill are incorrect.

Article 50 Where a bill of exchange is guaranteed, the guarantor shall, together with the guarantee, undertake several liability to the holder thereof. Where payment is not made at the maturity of such bill, the holder is entitled to payment from the guarantor and the latter shall pay the bill in full.

Article 51 Where there are two or more guarantors, they shall undertake joint and several liability.

Article 52 After the guarantor pays off the debt of the bill of exchange, the guarantor may exercise the right enjoyed by the holder against the guarantee and his prior parties.

Section 5

Payment

Article 53 The holder shall present the bill of exchange for payment within the following time limits:

- (1) one month after the date of issue for a bill payable at sight to be presented to the drawee; and
- (2) ten days after the date of maturity for a bill payable at fixed date, at a fixed period after the date of issue after sight to be presented to the acceptor.

Where the holder fails to present the bill for payment within the prescribed period, the acceptor or drawee is not liable for the payment of the bill after the holder explains the situation.

Presentment for payment made to the drawee through an authorized collecting bank or at a clearing system is equivalent to presentment made by the holder.

Article 54 The drawee shall pay the bill in full on the day when the holder presents the bill for payment in accordance with the provisions of the preceding article.

Article 55 The holder shall receipt the bill and surrender it to the drawee when he receives payment. Where the holder authorizes a bank to receive payment on his behalf, the bill is deemed as receipted when the authorized bank has collected the sum to the holder's account.

Article 56 The liability of the bank authorized by the holder to receive payment shall be limited to crediting the sum to the holder's account according to the particulars specified on the bill.

The liability of the bank authorized by the drawee to make payment shall be limited to paying the sum on the drawee's account according to the particulars specified on the bill.

Article 57 When paying a bill, the drawee or his agent shall examine the uninterruptedness of the series of bills and the lawful identity certificate or the valid certificate of the person presenting the bill.

The drawee or his agent who makes payment out of ill intention or with gross negligence shall bear liability for the payment.

Article 58 Where the drawee makes payment before the date of maturity for a bill of exchange payable at a fixed period after the date of issue, or at a fixed period after sight, the drawee shall bear the liability deriving therefrom on his own.

Article 59 When the sum on a bill of exchange is expressed in a foreign currency, the sum shall be paid in R to the market exchange rate on the day of payment.

Where the parties to a bill of exchange have agreed otherwise regarding the type of currency in payment, such shall be complied with.

Article 60 After the drawee pays the bill in full according to law, all persons liable for the bill of exchange are released from their liabilities.

Section 6

Right of Recourse

Article 61 Where the payment of a bill of exchange is refused at the date of maturity, the holder may exercise the right of recourse against the endorsers, the drawer and other persons liable for the bill.

Prior to the date of maturity, the holder may also exercise the right of recourse under any of the following circumstances:

(1) the bill is dishonoured by non-acceptance;

(2) the acceptor or the drawee has died or escaped; or

(3) the acceptor or the drawee is declared bankrupt according to law or is ordered to stop business activities according to law.

Article 62 When exercising the right of recourse, the holder shall provide relevant evidence of non-acceptance or non-payment.

Where the presentment for acceptance or the presentment for payment by the holder is rejected, the acceptor or the drawee must provide proof of dishonour or a statement on reasons for dishonour. The acceptor or the drawee, who provides such proof of dishonour or a statement on reasons for dishonour, shall bear civil liabilities deriving therefrom.

Article 63 Where the holder is unable to obtain proof of dishonour on account of the death or escape of the drawee or for other reasons, the holder may obtain other relevant evidence according to law.

Article 64 Where an acceptor or a drawee is declared bankrupt by a People's Court in accordance with law, the judicial documents of the People's Court shall have the effect as proof of dishonour.

Where an acceptor or a drawee is ordered to stop business activities for violation of law, the decision on punishment by a competent administrative department shall have the effect as proof of dishonour.

Article 65 A holder who is unable to present proof of dishonour, a statement on reasons for dishonour or other relevant evidence within the prescribed period of time loses the right of recourse against his prior parties. However, the acceptor or the drawee shall remain liable to the holder.

Article 66 The holder shall, within three days after receiving the relevant evidence of non-acceptance or non-payment, notify his prior parties in writing of the fact of dishonour; the said prior parties shall, within three days after receiving the notification, notify his prior parties about the matter. Or, the holder may simultaneously notify in writing all persons liable for the bill of exchange.

In case of failure to do what is stipulated in the preceding paragraph, the holder may still exercise the right of recourse. If losses are caused to the prior parties or the drawee by delayed notice, the party to the bill of exchange failing to give notice shall be liable for such losses.

relevant parties within the prescribed time limit shall be liable for compensation of the losses, but the damage shall be limited to the sum payable by the bill.

If a notice is mailed to a legal address or to an address agreed upon within the prescribed period of time, it shall be deemed to have been dispatched.

Article 67 In the written notice made according to the first paragraph of the preceding article the main part of the bill of exchange shall be recorded and the fact that the said bill has been returned shall clearly be stated.

Article 68 The drawer, endorser, acceptor and guarantor of a bill of exchange are jointly and severally liable.

The holder may exercise the right of recourse against any or several or all of the persons liable for the bill of exchange in disregard of the order of precedence.

The holder, who has exercised the right of recourse against one or several of the persons liable for the bill of exchange, may still exercise the right of recourse against other persons liable for the bill. After clearing off the liabilities, the person to whom the right of recourse is exercised has the same right as the holder thereof.

Article 69 Where the holder is the drawer, he has no right of recourse against the prior parties. Where the holder is the endorser, he has no right of recourse against the subsequent parties.

Article 70 When exercising the right of recourse, the holder may demand the person against whom the right of recourse is exercised to pay the following sum and expenses:

- (1) the sum payable by the bill of exchange dishonoured;
- (2) interest, calculated at the rate prescribed by the People's Bank of China, on the sum payable by the bill of exchange from the date of maturity or from the date of presentment for payment to the date of payment; and
- (3) the expenses for obtaining relevant evidence of dishonour and for dispatching notices.

When the person against whom the right of recourse is exercised settles the liabilities, the holder shall surrender the bill of exchange together with the relevant evidence of dishonour and issue a receipt of interest and expenses paid.

Article 71 When the person against whom the right of recourse is exercised has settled the debt in accordance with the provisions of the preceding article, he may exercise the right of re-recourse against other persons liable for the bill of exchange and request them to pay the following sum and expenses:

- (1) the entire sum he has paid;
- (2) interest, calculated at the rate prescribed by the People's Bank of China, on the said sum from the day when he made payment to the day when the said sum is reimbursed after seeking re-recourse; and
- (3) the expenses for the dispatch of notices.

When the person who exercises the right of re-recourse is reimbursed, he shall surrender the bill of exchange together with the evidence of dishonor and issue a receipt of interest and expenses paid.

Article 72 When the person against whom the right of recourse is exercised has settled the debt according to the preceding two articles, he shall be discharged from liabilities.

Chapter III

Promissory Notes

Article 73 A promissory note is a negotiable instrument signed and issued by the maker promising to pay u payee or bearer a sum certain in money at sight.

A promissory note as used in this Law means a banker's note.

Article 74 The maker of a promissory note shall possess a reliable source of funds to pay the sum of the not payment.

Article 75 The following particulars shall be specified on a promissory note:

- (1) words expressing it to be a promissory note;
- (2) a promise of unconditional payment;
- (3) a sum certain in money;
- (4) the business or personal name of the payee;
- (5) the date of issue; and
- (6) the signature of the maker.

A promissory note is invalid if any of the particulars mentioned in the preceding paragraph is not specified

Article 76 Particulars such as the place of payment and the place of issue specified on a promissory note sh unambiguous.

Where the place of payment is not specified on a promissory note, the business premises of the maker is th

Where the place of issue is not specified on a promissory note, the business premises of the maker is the pl

Article 77 The maker of a promissory note shall bear the liability for payment when the bearer presents the

Article 78 The time limit for the payment of a promissory note shall not exceed two months from the date c

Article 79 The bearer of a promissory note loses the right of recourse against his prior parties other than th to present the note for visa within the prescribed period of time.

Article 80 In addition to the provisions of this Chapter, the provisions of Chapter II of this Law regarding b shall be applicable to endorsement, guaranty, payment and the exercise of the right of recourse in respect c

In addition to the provisions of this Chapter, the provisions of Article 24 of this Law regarding bills of exch applicable to issue of promissory notes.

Chapter IV

Cheques

Article 81 A cheque is a negotiable instrument that is signed and issued by the drawer, who authorizes the l financial institution handling check deposit to pay unconditionally a sum certain in money to the payee or t

Article 82 When opening a cheque account, the applicant must use the true personal or business name and document to prove the identity.

When opening a cheque account and asking for cheque books, the applicant shall have reliable financial credit and deposit a certain amount of money.

When opening a cheque account, the applicant shall reserve a specimen of the signature of his true name and address.

Article 83 A cheque may be cashed or transferred into another's account. If a cheque is transferred to another account, it should be clearly indicated on the face of the cheque.

A form of cash cheque may be specially designed and made to be paid only in cash and a cash cheque can only be cashed.

A form of transfer cheque may be designed and made for cheques used to transfer account. A transfer cheque cannot be cashed, transferred to another's account, and shall not be paid in cash.

Article 84 The following particulars shall be specified on a cheque:

- (1) the word expressing it to be a cheque;
- (2) an order of unconditional payment;
- (3) a sum certain in money;
- (4) name of the drawee;
- (5) the date of issue; and
- (6) the signature of the drawer.

A cheque is null and void if any one of the particulars mentioned in the preceding paragraph is not specified.

Article 85 A cheque in which the sum is missing may be completed by the drawer's mandate. Such a cheque is valid from the date of completion before its completion.

Article 86 A cheque in which the name of the payee is missing may be completed by the drawer's mandate.

In case the place of payment is missing in a cheque, the business premises of the drawee is the place of payment.

In case the place of issue is missing in a cheque, the business premises, domicile or habitual residence of the drawer is the place of issue.

A drawer may specify himself on a cheque as the payee.

Article 87 The sum specified on a cheque signed and issued by the drawer shall not exceed the actual balance of the drawer's deposit in the paying bank at the time of payment.

Where the sum specified on a cheque signed and issued by the drawer exceeds the actual balance of the drawer's deposit in the paying bank at the time of payment, the cheque is a rubber cheque. The issue of a rubber cheque is prohibited.

Article 88 A drawer may not sign and issue a cheque for which the signature or seal is not in consistency with the specimen of signature or seal.

Article 89 A drawer shall bear the liability for guaranteeing payment to a bearer the sum specified on the cheque issued.

Where the balance of the drawer's deposit in the paying bank is sufficient to pay the sum of the cheque, the bank shall pay the cheque in full on the day of presentment.

Article 90 A cheque is payable at sight and the date of payment may not be specified. A date of payment prescribed on a cheque is invalid.

Article 91 A bearer shall present the cheque for payment within 10 days from the date of issue. The time limit for payment of a cheque used in a place other than the place of issue shall be prescribed separately by the People's Bank of China.

After the expiration of the time limit prescribed for presentment for payment of a cheque, the drawee may still pay the cheque. Where the cheque is dishonored, the drawer shall still bear the liability for the instrument to the holder.

Article 92 The drawee who has paid the sum of the cheque according to law shall no longer bear the liability to the payer or the liability for payment to the holder, except that the drawee made the payment out of negligence or with gross negligence.

Article 93 In addition to the provisions of this Chapter, the provisions of Chapter II of this Law regarding bills of exchange shall be applicable to endorsement, payment and the exercise of the right of recourse with regard to cheques.

In addition to the provisions of this Chapter, the provisions of Articles 24 and 26 of this Law shall be applicable to cheques.

Chapter V Application of Law to Negotiable Instruments Involving Foreign Elements

Article 94 The application of law to negotiable instruments involving foreign elements is determined according to the provisions of this Chapter.

Negotiable instruments involving foreign elements as mentioned in the preceding paragraph refer to the instruments issued, or endorsed, or accepted, or guaranteed, or paid either within or outside, the territory of the People's Republic of China.

Article 95 If any international treaty concluded or acceded to by the People's Republic of China contains provisions different from those of this Law, the provisions of the international treaty shall apply; however, provisions on which the People's Republic of China has announced reservations shall be excepted.

International practices may be applied to matters for which no provisions are contained in this Law or in an international treaty concluded or acceded to by the People's Republic of China.

Article 96 As regards the capacity for civil conduct of a person liable for a negotiable instrument, the law of his domicile shall apply.

Where a person liable for a negotiable instrument is regarded as one having civil disability or limited civil capacity according to the law of his own country, but as one having full civil ability according to the law of the place of his conduct, the law of the place of his conduct shall apply.

Article 97 As regards the particular concerning the date for the issue of bills of exchange or promissory notes, the law of the place of issue shall apply.

As regards the particular concerning the date for the issue of cheques, the law of the place of issue shall apply. The law of the place of payment may apply with the agreement of the parties to a cheque.

Article 98 As regards the endorsement, acceptance, payment or guaranty in relation to negotiable instrument, the law of the place where it takes place shall apply.

Article 99 As regards the limitation of time for the exercise of the right of recourse, the law of the place of issue shall apply.

Article 100 As regards the limitation of time for the presentment of instrument, manner of proof of dishonour, limitation of time for issue of proof of dishonour, the law of the place of payment shall apply.

Article 101 In the case of loss of a negotiable instrument, the law of the place of payment shall apply to the application by the person who lost the instrument for preservation of rights on the instrument.

Chapter VI

Legal Responsibility

Article 102 Whoever commits any of the following acts of fraud in relation to negotiable instruments shall be held criminally responsible according to law:

- (1) forgery or alteration of instruments;
- (2) intentional use of forged or altered instruments;
- (3) in order to defraud money or property, signing and issuing rubber cheques or intentionally signing and whereon the signature or seal is not in consistency with the reserved specimen of signature or seal;
- (4) signing and issuing bills of exchange or promissory notes without a reliable source of funds to defraud money or property;
- (5) in the capacity of a drawer, falsely specifying the particulars on a bill of exchange or promissory note to defraud money or property;
- (6) fraudulently using another's instrument or intentionally using an overdue or canceled instrument to defraud money or property; or
- (7) in the capacity of a drawee, committing any of the acts mentioned in the preceding six sub-paragraphs to defraud money or property in collusion with the drawer and/or holder.

Article 103 Whoever commits an act mentioned in the preceding paragraph, if the case is minor and does not constitute a crime, shall be given administrative punishment in accordance with relevant State regulations.

Article 104 Any staff member of a financial institution who, through neglect of his duty, accepts, pays or guarantees a negotiable instrument which is at variance with the provisions of this Law, shall be given administrative sanction. If he causes heavy losses and thus constitutes a crime, he shall be investigated for criminal responsibility according to law.

If losses are caused to the parties to the instrument as a result of the above-mentioned act committed by a staff member of a financial institution, the said institution and the person who is directly responsible shall be liable for the losses according to law.

Article 105 If a drawee intentionally delays paying an instrument payable at sight or a matured instrument, the administrative department shall mete out a fine to the drawee and give administrative sanction to the person responsible.

If losses are caused to the holder due to the intentionally delayed payment, the drawee shall be liable for th to law.

Article 106 Whoever commits an act in violation of the provisions of this Law, except acts for which the doe losses under this Law, and causes losses to others shall bear civil liability according to law.

Chapter VII

Supplementary Provisions

Article 107 As regards the calculation of all the time limits stipulated by this Law, the relevant provisions of Principles of the Civil Law on limitation of time shall apply.

When limitation of time is prescribed in months, it expires on the corresponding day of the month when th matures. If there is no corresponding day, the time limit expires on the last day of the said month.

Article 108 The forms of bills of exchange, promissory notes and cheques shall be unified.

The forms and measures for the administration of printing of negotiable instruments and relevant docume prescribed by the People’s Bank of China.

Article 109 The People’s Bank of China shall, in accordance with this Law, formulate specific measures for i of negotiable instruments, which shall go into effect after being approved by the State Council.

Article 110 This Law shall go into effect as of January 1, 1996.