**BILLS OF EXCHANGE ACT**

An Act to codify the law relating to bills of exchange, cheques and promissory notes.

[1917 No. 38.]

*19th August,*191745 & 46 *Vict.,*c. 61]  
[Commencement.]

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                                                BILLS OF EXCHANGE

**An act to codify the law relating to bills of exchange, cheques and promissory note**

[1917 No.38.]

[9th August , 1917 45 & 46  Vict…,c.61]

[Commencement]

PART I

Preliminary

General

**1. Short title**

This Act may be cited as the Bills of Exchange Act.

1. **Interpretation**  
   (1) In this Act-

**"acceptance"** means an acceptance completed by delivery or notification;

**"action"** includes a counterclaim and set-off;

**"banker"**includes a body of persons whether incorporated or not who carryon the  
business of banking;

**"bankrupt"** includes any person whose estate is vested in a trustee or assignee under  
the law for the time being in force relating to bankruptcy;

**"bearer"** means the person in possession of a bill or note which is payable to bearer;

**"bill"** means bill of exchange;

**"delivery"** means transfer of possession, actual or constructive, from one person 10  
another;

**"endorsement"** means an endorsement completed by delivery;

**"holder"** means the payee or endorsee of a bill or note who is in possession of it, or  
the bearer thereof;

**"issue"** means the first delivery of a bill or note, complete in form to a person who  
takes it as a holder;

**"note"** means promissory note;

[1964 No. 20.]

**"prescribed instrument"** means any of the following instruments-

*(a)*a cheque;

*(b)*a document issued by a customer of a bank which is not a bill but is intended  
to enable a person to obtain payment from the banker of the sum mentioned in  
the document;

*(c)*a draft drawn by a banker upon himself and payable on demand at an office of  
his bank;

**"value"** means valuable consideration.

PART II

*Bills of Exchange  
Form and Interpretation*

1. **Bill of exchange defined**

(1) A bill of exchange is an unconditional order in writing, addressed by one person  
to another, signed by the person giving it, requiring the person to whom it is addressed to  
pay on demand or at a fixed or determinable future time a sum certain in money to or to  
the order of a specified person, or to bearer.

(2) An instrument which does not comply with these conditions, or which orders any  
act to be done in addition to the payment of money, is not a bill of exchange.

(3) An order to payout of a particular fund is not unconditional within the meaning  
of this section; but an unqualified order to pay, coupled with-

*(a)*an indication of a particular fund out of which the drawee is to reimburse him-  
self, or a particular account to be debited with the amount; or

*(b)*a statement of the transaction which gives rise to the bill, is unconditional.

(4) A bill is not invalid by reason-

*(a)*that it is not dated;

*(b)*that it does not specify the value given, or that any value has been given there-  
for;

*(c)*that it does not specify the place where it is drawn or the place where it is pay-  
able.

**4. Inland and foreign bills**

(1) An inland bill is a bill which is or on the face of it purports to be-

*(a)*both drawn and payable within Nigeria; or

*(b)*drawn within Nigeria upon some person resident therein.

Any other bill is a foreign hill.

(2) Unless the contrary appear on the face of the bill the holder may treat it as an in-  
land bill.

1. **Effect where different parties to a bill are the same person**

(1) A bill may be drawn payable to, or to the order of, the drawer; or it may be drawn  
payable to, or to the order of, the drawee.

(2) Where in a bill the drawer and the drawee are the same person, or where the  
drawee is a fictitious person or a person not having capacity to contract, the holder may  
treat the instrument, at his option, either as a bill of exchange or as a promissory note.

**6. Address to drawee**

(1) The drawee must be named or otherwise indicated in a bill with reasonable certainty.

(2) A bill may be addressed to two or more drawees whether they are partners or not,  
but an order addressed to two drawees in the alternative or to two or more drawees in  
succession is not a bill of exchange.

**7. Certainty required as to payee**

(1) Where a bill is not payable to bearer the payee must be named or otherwise indicated therein with reasonable certainty.

(2) A bill may be made payable to two or more payees jointly, or it may be made  
payable in the alternative to one of two, or one or some of several payees; and may also  
be made payable to the holder of an office for the time being.

(3) Where the payee is a fictitious or non-existing person the bill may be treated as  
payable to bearer.

1. **What bills are negotiable**

(1) When a bill contains words prohibiting transfer or indicating an intention that it  
should not be transferable it is valid as between the parties thereto but is not negotiable.

(2) A negotiable bill may be payable either to order or to bearer.

(3) A bill is payable to bearer which is expressed to be so payable or on which the  
only or last endorsement is an endorsement in blank.

(4) A bill is payable to order which is expressed to be so payable or which is ex-  
pressed to be payable to a particular person and does not contain words prohibiting transfer or indicating an intention that it should not be transferable.

(5) Where a bill either originally or by endorsement is expressed to be payable to the  
order of a specified person and not to him or his order, it is nevertheless payable to him  
or his order at his option.

1. **Sum payable**

(1) The sum payable by a bill is a sum certain within the meaning of this Act, al-

though it is required to be paid-

*(a)*with interest;

*(b)*by stated instalments;

*(c)*by stated instalments, with a provision, that upon default in payment of any  
instalment, the whole shall become due;

*(d)*according to an indicated rate of exchange or according to a rate of exchange  
to be ascertained as directed by the bill.

    (2) Where the sum payable is expressed in words and also in figures and there is a  
discrepancy between the two, the sum denoted by the words is the amount payable.

(3) Where a bill is expressed to be payable with interest, unless the instrument other-  
wise provides, interest runs from the date of the bill, and if the bill is undated from the  
issue thereof.

**10. Bill payable on demand**

(1) A bill is payable on demand-

*(a)*which is expressed to be payable on demand or at sight or on presentation; or

*(b)*in which no time for payment is expressed.

(2) Where a bill is accepted or endorsed when it is overdue, it shall, as regards the  
acceptor who so accepts or any endorser who so endorses it, be deemed a bill payable on  
demand.

**11. Bill payable at a future time**

(1) A bill is payable at a determinable future time within the meaning of this Act  
which is expressed to be payable-

*(a)*at a fixed period after date or sight;

*(b)*on or at a fixed period after the occurrence of a specified event which is certain  
to happen, though the time of happening may be uncertain.

      (2) An instrument expressed to be payable on a contingency is not a bill, and the  
happening of the event does not cure the defect.

**12. Omission of date in bill payable after date**

Where a bill expressed to be payable at a fixed period after date is issued undated or  
where the acceptance of a bill payable at a fixed period after sight is undated, any holder  
may insert therein a true date of issue or acceptance and the bill shall be payable accordingly:

Provided that-

*(a)*where the holder in good faith and by mistake inserts a wrong date; and

*(b)*in every case where a wrong date is inserted if the bill subsequently comes into  
the hands of a holder in due course, the bill shall not be avoided thereby but shall operate and be payable as if the date so inserted had been the true date.

**13. Ante-dating and post-dating**

(1) Where a bill or an acceptance or any endorsement on a bill is dated, the date shall,  
unless the contrary be proved, be deemed to be the true date of the drawing, acceptance  
or endorsement as the case may be.

(2) A bill is not invalid by reason only that it is ante-dated or post-dated or that it  
bears date on a Sunday.

**14. Computation of time of payment**

Where a bill is not payable on demand, the day on which it falls due is determined as  
follows-

1. three days called days of grace are, in every case where the bill itself does not otherwise provide, added to the time of payment as fixed by the bill and the bill is due and payable    on the last day of grace

Provided that-

                        (i)       when the last day of grace falls on Sunday, Christmas Day or Good  
Friday, the bill is, except in the case hereinafter provided for, due and  
payable on the preceding business day;

                       (ii)       when the last day of grace is a public holiday (other than Christmas  
Day or Good Friday), or when the last day of grace is a Sunday and the  
second day of grace is a public holiday, the bill is due and payable on  
the succeeding business day;

*(b)*where a bill is payable at a fixed period after date, after sight, or after the happening of a specified event, the time of payment is determined by excluding the day from which the time is to begin to run and by including the day of payment;

*(c)*where a bill is payable at a fixed period after sight, the time begins to run from  
the date of the acceptance if the bill be accepted and from the date of noting or  
protest if the bill be noted or protested for non-acceptance or for non-delivery;

*(d)*the term **"month**" in a bill means calendar month.

**15. Case of need**

(1) The drawer of a bill and any endorser may insert therein the name of a person to  
whom the holder may resort in case of need, that is to say, in case the bill is dishonoured  
by non-acceptance or non-payment and such person is called the referee in case of need.

(2) It is in the option of the holder to resort to the referee in case of need or not as he  
may think fit.

**16. Optional stipulations by drawer or endorser**

The drawer of a bill and any endorser may insert therein an express stipulation-

*(a)*negativing or limiting his own liability to the holder;

*(b)*waiving as regards himself some or all of the holder's duties.

**17. Definition and requisites of acceptance**

(1) The acceptance of a bill is the signification by the drawee of his assent to the order of the drawer.

(2) An acceptance is invalid unless it complies with the following conditions-

*(a)*it must be written on the bill and be signed by the drawee; and the mere sig-  
nature of the drawee without additional words is sufficient;

*(b)*it must not express that the drawee will perform his promise by any other  
means than the payment of money.

**18. Time for acceptance**

(1) A bill may be accepted-

*(a)*before it has been signed by the drawer or while otherwise incomplete;

*(b)*when it is overdue or after it has been dishonoured by a previous refusal to  
accept or by non-payment.

(2) When a bill payable after sight is dishonoured by non-acceptance and the drawee  
subsequently accepts it, the holder in the absence of any different agreement is entitled to  
have the bill accepted as of the date of first presentment to the drawee for acceptance.

**19. General and qualified acceptance**  
(1) An acceptance is either-

*(a)*general; or

*(b)*qualified.

(2) A general acceptance assents without qualification to the order of the drawer; and  
a qualified acceptance in express terms varies the effect of the bill as drawn.

(3) In particular an acceptance is qualified which is-

*(a)*conditional, that it to say, which makes payment by the acceptor dependent on  
the fulfilment of a condition therein stated;

*(b)*partial, that is to say, an acceptance to pay part only of the amount for which  
the bill is drawn;

*(c)*local, that is to say, an acceptance to pay only at a particular specified place;  
and an acceptance to pay at a particular place is a general acceptance unless it  
expressly states that the bill is to be paid there only and not elsewhere;

*(d)*qualified as to time;

*(e)*the acceptance of some, one or more of the drawees, but not of all.

**20. Inchoate instruments**

(1) Where a simple signature on a blank stamped paper is delivered by the signer in  
order that it may be converted into a bill, it operates as a *prima facie*authority to fill it up  
as a complete bill for any amount the stamp will cover, using the signature for that of the  
drawer, or the acceptor, or an endorser; and, in like manner, when a bill is wanting in any  
material particular, the person in possession of it has a *prima facie*authority to fill up the  
omission in any way he thinks fit.

(2) In order that any such instrument when completed may be enforceable against  
any person who became a party thereto prior to its completion, it must be filled up within  
a reasonable time, and strictly in accordance with the authority given; and reasonable  
time for this purpose is a question of fact:

Provided that if any such instrument after completion is negotiated to a holder in  
due course it shall be valid and effectual for all purposes in his hands, and he may enforce  
it as if it had been filled up within a reasonable time and strictly in accordance with the  
authority given.

**21. Delivery**

(1) Every contract on a bill, whether it be the drawer's, the acceptor's, or an endorser's, is incomplete and revocable, until delivery of the instrument in order to give  
effect thereto:

Provided that where an acceptance is written on a bill, and the drawee gives notice  
to or according to the directions of the person entitled to the bill that he has accepted it,  
the acceptance then becomes complete and irrevocable.

(2) As between immediate parties, and as regards a remote party other than a holder  
in due course, the delivery-

*(a)*in order to be effectual must be made either by or under the authority of the  
party drawing, accepting, or endorsing, as the case may be;

*(b)*may be shown to have been conditional or for a special purpose only, and not  
for the purpose of transferring the property in the bill,

but if the bill be in the hands of a holder in due course a valid delivery of the bill by all  
parties prior to him so as to make them liable to him is conclusively presumed.

(3) Where a bill is no longer in the possession of a party who has signed it as drawer,  
acceptor or endorser, a valid and unconditional delivery by him is presumed until the  
contrary is proved.

*Capacity and Authority of Parties*

**22. Capacity of parties**

(1) Capacity to incur liability as a party to a bill is co-extensive with capacity to con-  
tract:

Provided that nothing in this section shall enable a corporation to make itself liable  
as drawer, acceptor or endorser of a bill unless it is competent to it so to do under the law  
for the time being in force relating to corporations.

(2) Where a bill drawn or endorsed by an infant, minor or corporation having no capacity or power to incur liability on a bill, the drawing or endorsement entitles the holder  
to receive payment of the bill, and to enforce it against any other party thereto.

**23. Signature essential to liability**

No person is liable as drawer, endorser or acceptor of a bill who has not signed it as  
such:

Provided that-

*(a)*where a person signs a bill in a trade or assumed name, he is liable thereon as  
if he had signed it in his own name;

*(b)*the signature of the name of a firm is equivalent to the signature by the person  
so signing of the names of all persons liable as partners in that firm.

**24. Forged or unauthorised signature**

Subject to the provisions of this Act, where a signature on a bill is forged or placed  
thereon without the authority of the person whose signature it purports to be, the forged  
or unauthorised signature is wholly inoperative, and no right to retain the bill or to give  
a discharge therefor or to enforce payment thereof against any party thereto can be  
acquired through or under that signature, unless the party against whom it is sought to  
retain or enforce payment of the bill is precluded from setting up the forgery or want of  
authority:

Provided that nothing in this section shall affect the ratification of an authorised  
signature not amounting to a forgery.

**25. Procuration signatures**

A signature by procuration operates as notice that the agent has but a limited authority  
to sign, and the principal is only bound by such signature if the agent in so signing was  
acting within the actual limits of his authority.

**26. Person signing as agent or in representative capacity**

(1) Where a person signs a bill as drawer, endorser or acceptor and adds words to his  
signature, indicating that he signs for or on behalf of a principal, or in a representative

character, he is not personally liable thereon; but the mere addition to his signature of

words  describing him as agent, or as filling a representative chararacter, does no t exempt

him from personal liability.

(2) In determining whether a signature on a bill is that of the principal or that of the  
agent by whose hands it is written, the construction most favourable to the validity of the  
instrument shall be adopted.

*The Consideration for a Bill*

**27. Value and holder for value**

(1) Valuable consideration for a bill may be constituted by-

*(a)*any consideration sufficient to support a simple contract;

*(b)*an antecedent debt or liability and such a debt or liability is deemed valuable  
consideration whether the bill is payable on demand or at a future time.

(2) Where value has at any time been given for a bill the holder is deemed to be a  
holder for value as regards the acceptor and all parties to the bill who became parties  
prior to such time.

(3) Where the holder of a bill has a lien on it arising either from contract or by implication of law, he is deemed to be a holder for value to the extent of the sum for which he  
has a lien.

**28. Accommodation bill or party**

(1) An accommodation party to a bill is a person who has signed a bill as drawer, acceptor or endorser, without receiving value therefor, and for the purpose of lending his  
name to some other person.

(2) An accommodation party is liable on the bill to a holder for value; and it is immaterial whether, when such holder took the bill, he knew such party to be an accommodation party or not.

**29. Holder in due course**

(1) A holder in due course is a holder who has taken a bill, complete and regular on  
the race of it, under the following conditions-

*(a)*that he became the holder of it before it was overdue, and without notice that it  
had been previously dishonoured, if such was the fact; or

*(b)*that he took the bill in good faith and for value, and that at the time the bill was  
negotiated to him he had no notice of any defect in the title of the person who  
negotiated it.

(2) In particular, the title of a person who negotiates a bill is defective within the  
meaning of this Act when he obtained the bill, or the acceptance thereof, by fraud, duress,  
or force and fear, or other unlawful means, or for an illegal consideration, or when he  
negotiates it in breach of faith, or under such circumstances as amount to a fraud.

(3) A holder (whether for value or not), who derives his title to a bill through a holder  
in due course, and who is not himself a party to any fraud or illegality affecting it, has all

the rights of that holder in due course as regards the acceptor, and all parties to the bill  
prior to that holder.

**30. Presumption of value and good faith**

(1) Every party whose signature appears on a bill is *prima facie*deemed to have be-  
come a party thereto for value.

(2) Every holder of a bill is *prima facie*deemed to be a holder in due course; but if in  
an action on a bill it is admitted or proved that the acceptance, issue or subsequent negotiation of the bill is affected with fraud, duress or force and fear, or illegality, the burden of proof is shifted unless and until the holder proves that, subsequent to the alleged fraud or illegality, value has in good faith been given for the bill.

*Negotiation of Bills*

**31. Negotiation of biII**

(1) A bill is negotiated when it is transferred from one person to another in such a  
manner as to constitute the transferee the holder of the bill.

(2) A bill payable to bearer is negotiated by delivery.

(3) A bill payable to order is negotiated by the endorsement of the holder completed  
by deli very.

(4) Where the holder of a bill payable to his order transfers it for value without endorsing it, the transfer gives the transferee such title as the transferor had in the bill, and the transferee in addition acquires the right to have the endorsement of the transferor.

(5) Where any person is under obligation to endorse a bill in a representative capacity, he may endorse the bill in such terms as to negative personal liability.

**32. Requisites of a valid endorsement**

An endorsement in order to operate as a negotiation must comply with the following  
conditions-

*(a)*it must be written on the bill itself and be signed by the endorser; and the simple signature of  the endorser on the bill, without any additional words, is sufficient;

*(b)*an endorsement written on an *allonge,*or on a "copy" of a bill issued or negotiated in a country where "copies" are recognised, is deemed to be written on  
the bill itself;

*(c)*it must be an endorsement of the entire bill. A partial endorsement, that is to  
say, an endorsement which purports to transfer to the endorsee a part only of  
the amount payable, or which purports to transfer the bill to two or more endorsees severally does not operate as a negotiation of the bill;

*(d)*where a bill is payable to the order of two or more payees or endorsees who  
are not partners, all must endorse, unless the one endorsing has authority to  
endorse for the others;

*(e)*where, in a bill payable to order, the payee or endorsee is wrongly designated  
or his name is misspelt, he may endorse the bill as therein described, adding, if  
he thinks fit, his proper signature;

        (f)                           where there are two or more endorsements on a bill, each endorsement is  
deemed to have been made in the order in which it appears on the bill, until the  
contrary is proved;

*(g)*an endorsement may be made in blank or special. It may also contain terms  
making it restrictive.

**33. Conditional endorsement**

Where a bill purports to be endorsed conditionally the condition may be disregarded  
by the payer, and payment to the endorsee is valid whether the condition has been ful-  
filled or not.

**34. Endorsement in blank and special endorsement**

(1) An endorsement in blank specifies no endorsee, and a bill so endorsed becomes  
payable to bearer.

(2) A special endorsement specifies the person to whom, or to whose order, the bill is  
to be payable.

(3) The provisions of this Act relating to a payee apply with the necessary modifications to an endorsee under a special endorsement.

(4) When a bill has been endorsed in blank, any holder may convert the blank endorsement into a special endorsement by writing above the endorser's signature a direction to pay the bill to or to the order of himself or some other person.

**35. Restrictive endorsement**

(1) An endorsement is restrictive which prohibits the further negotiation of the bill or  
which expresses that it is a mere authority to deal with the bill as thereby directed and not  
a transfer of the ownership thereof, as for example, if a bill be endorsed "Pay D  only", or  
"Pay D  for the account of X", or "Pay D or order for collection".

(2) A restrictive endorsement gives the endorsee the right to receive payment of the  
bill and to sue any party thereto that his endorser could have sued, but gives him no  
power to transfer his rights as endorsee unless it expressly authorises him to do so.

(3) Where a restrictive endorsement authorises further transfer, all subsequent  
endorsees take the bill with the same rights and subject to the same liabilities as the first  
endorsee under the restrictive endorsement.

**36. Negotiation of overdue or dishonoured bill**

(1) Where a bill is negotiable in its origin it continues to be negotiable until it has  
been-

*(a)*restrictively endorsed; or

*(b)*discharged by payment or otherwise.

(2) Where an overdue bill is negotiated, it can only be negotiated subject to any defect of title affecting it at its maturity, and thenceforward no person who takes it can acquire or give a better title than that which the person from whom he took it had.

(3) A bill payable on demand is deemed to be overdue within the meaning and for the  
purposes of this section, when it appears on the face of it to have been in circulation for  
an unreasonable length of time. What is an unreasonable length of time for this purpose is  
a question of fact.

(4) Except where an endorsement bears, date after the maturity of the bill, every  
negotiation is *prima facie*deemed to have been effected before the bill was overdue.

(5) Where a bill which is not overdue has been dishonoured, any person who takes it  
with notice of the dishonour takes it subject to any defect of title attaching thereto at the  
time of dishonour, but nothing in this subsection shall affect the rights of a holder in due  
course.

**37**. **Negotiation of bill to party already liable thereon**

Where a bill is negotiated back to the drawer, or to a prior endorser or to the acceptor,  
such party may, subject to the provisions of the Act, re-issue and further negotiate the  
bill, but he is not entitled to enforce payment of the bill against any intervening party to  
whom he was previously liable.

**38.** **Rights of the holder**

The rights and powers of the holder of a bill are as follows-

*(a)*he may sue on the bill in his own name;

*(b)*where he is a holder in due course, he holds the bill free from any defect of  
      title of prior parties, as well as from mere personal defences available to prior  
      parties among themselves, and may enforce payment against all parties liable  
      on the bill;

*(c)*where his title is defective-

                        (i)          if he negotiates the bill to a holder in due course, that holder obtains a  
good and complete title to the bill; and

                       (ii)              if he obtains payment of the bill, the person who pays him in due  
course gets a valid discharge for the bill.

*General Duties of the Holder*

**39**. **When presentment for acceptance**is necessary

(1) Where a bill is payable after sight, presentment for acceptance is necessary in order to fix the maturity of the instrument.

(2) Where a bill expressly stipulates that it shall be presented for acceptance, or  
where a bill is drawn payable elsewhere than at the residence or place of business of the  
drawee, it must be presented for acceptance before it can be presented for payment.

(3) In no other case is presentment for acceptance necessary in order to render liable  
any party to the bill.

(4) Where the holder of a bill, drawn payable elsewhere than at the place of business  
or residence of the drawee, has not time, with the exercise of reasonable diligence, to  
present the bill for acceptance before presenting it for payment on the day it falls due, the  
delay caused by presenting the bill for acceptance before presenting it for payment is  
excused, and does not discharge the drawer and endorsers.

**40. Time for presenting bill payable after sight**

(1) Subject to the provisions of this Act, when a bill payable after sight is negotiated,  
the holder must either present it for acceptance or negotiate it within a reasonable time.

(2) If he does not do so, the drawer and all endorsers prior to that holder are discharged.

(3) In determining what is a reasonable time within the meaning of this section,  
regard shall be had to the nature of the bill, the usage of trade with respect to similar bills,  
and the facts of the particular case.

**41. Rules as to presentment for acceptance and excuses for non-presentment**

(1) A bill is duly presented for acceptance which is presented in accordance with the  
following rules-

*(a)*the presentment must be made by or on behalf of the holder to the drawee or to  
some person authorised to accept or refuse acceptance on his behalf at a  
reasonable hour on a business day and before the bill is overdue;

*(b)*where a bill is addressed to two or more drawees who are not partners,  
presentment must be made to them all, unless one has authority to accept for all,  
then presentment may be made to him only;

*(c)*where the drawee is dead, presentment may be made to his personal represen-  
tative;

*(d)*where the drawee is bankrupt or insolvent, presentment may be made to him or  
to his trustee or to the official assignee;

*(e)*where authorsied by agreement or usage, a presentment through the post office  
is sufficient.

[1960 No. 46.]

(2) Notwithstanding anything contained in subsection (1) of this section, a bill may  
be presented for acceptance by means of an advice addressed to the person or persons to  
whom presentment must under subsection (1) of this section be made, and sent through  
the post office before the bill is overdue, stating that the bill is held for acceptance by the  
sender and giving the name of the drawer and particulars of the place at which it is so  
held, the amount for which and the date on which it was drawn and any usance applicable  
to the bill. Where presentment is made in pursuance of this subsection, the bill shall be  
deemed to be duly presented for acceptance at the time the advice is posted.

(3) Presentment in accordance with these rules is excused, and a bill may be treated  
as dishonoured by non-acceptance-

*(a)*where the drawee is dead, bankrupt or insolvent, or is a fictitious person or a  
person not having capacity to contract by bill;

*(b)*where, after the exercise of reasonable diligence, such presentment cannot be  
effected;

*(c)*where, although the presentment has been irregular, acceptance has been re-  
fused on some other ground.

(4) The fact that the holder has reason to believe that the bill, on presentment, will be  
dishonoured does not excuse presentment.

**42. Non-acceptance**

When a bill is duly presented for acceptance and is not accepted within the customary  
time, the person presenting it must treat it as dishonoured by non-acceptance. If he does  
not, the holder shall lose his right of recourse against the drawer and endorsers.

**43. Dishonour by non-acceptance and its consequences**

(1) A bill is dishonoured by non-acceptance-

                                   [1960 No. 46.]

*(a)*when it is duly presented for acceptance, and such an acceptance as is pre-  
scribed by this Act is refused or cannot be obtained; or where an advice is sent  
through the post office in pursuance of subsection (1) *(a)*of section 41 of this  
Act, and acceptance is not obtained within ten days from the time the advice is  
posted;

*(b)*when presentment for acceptance is excused and the bill is not accepted.

(2) Subject to the provisions of this Act when a bill is dishonoured by non-  
acceptance, an immediate right of recourse against the drawer and endorsers accrues to  
the holder, and no presentment for payment is necessary.

**44. Duties as to qualified acceptances**

(1) The holder of a bill may refuse to take a qualified acceptance, and if he does not  
obtain an unqualified acceptance, may treat the bill as dishonoured by non-acceptance.

(2) Where a qualified acceptance is taken, and the drawer or an endorser has not  
expressly or impliedly authorised the holder to take a qualified acceptance, or does not  
subsequently assent thereto, such drawer or endorser is discharged from his liability on the  
bill.

The provisions of this subsection do not apply to a partial acceptance whereof due  
notice has been given. Where a foreign bill has been accepted as to part, it must be pro-  
tested as to the balance.

(3) When the drawer or endorser of a bill receives notice of a qualified acceptance,  
and does not within a reasonable time express his dissent to the holder, he shall be  
deemed to have assented thereto.

**45. Rules as to presentment for payment**

(1) Subject to the provisions of this Act, a bill must be duly presented for payment;  
and if it be not so presented the drawer and endorsers shall be discharged.

(2) A bill is duly presented for payment if it is presented in accordance with the following rules-

*(a)*where the bill is not payable on demand, presentment must, subject to the pro-  
visions of subsection (3) of this section, be made on the day it falls due;

*(b)*where the bill is payable on demand, then, subject to the provisions of this Act,  
presentment must be made within a reasonable time after its issue, in order to  
render the drawer liable, and within a reasonable time after its endorsement, in  
order to render the endorser liable; and in determining what is a reasonable  
time, regard shall be had to the nature of the bill, the usage of trade with regard  
to similar bills, and the facts of the particular case;

*(c)*presentment must be made by the holder or by some person authorised to r  
receive payment on his behalf at a reasonable hour on a business day, at the  
proper place as hereinafter defined, either to the person designated by the bill  
as payer, or to some person authorised to pay or refuse payment on his behalf  
if with the exercise of reasonable diligence such person can there be found;

*(d)*a bill is presented at the proper place-

                                        (i)    where a place of payment is specified in the bill and the bill is there  
                               presented;

                       (ii)     where no place of payment is specified, but the address of the drawee  
or acceptor is given in the bill, and the bill is there presented;

                       (iii)                           where no place of payment is specified and no address given, and the  
bill is presented at the drawee's or acceptor's place of business if  
known, and if not, at his ordinary residence, if known;

                      (iv)                          in any other case, if presented to the drawee or acceptor wherever he  
can be found, or if presented at his last known place of business or  
residence;

*(e)*where a bill is presented at the proper place, and after the exercise of reason-  
able diligence, no person authorised to pay or refuse payment can be found  
there, no further presentment to the drawee or acceptor is required;

      (*f)*where a bill is drawn upon, or accepted by two or more persons who are not  
partners, and no place of payment is specified, presentment must be made to  
them all;

*(g)*where the drawee or acceptor of a bill is dead, and no place of payment is  
specified, presentment must be made to a personal representative, if such there  
be, and with the exercise of reasonable diligence he can be found;

*(h)*where authorised by agreement or usage, a presentment through the post office  
is sufficient.

(3) Notwithstanding anything contained in subsection (2) of this section, a bill may,  
subject to the provisions of this subsection, be presented for payment by means of an ad-  
vice addressed to the person or persons to whom presentment must under that subsection  
be made, at the proper place as defined in that subsection, and sent through the post  
office, stating that the bill is held for payment by the sender and giving the name of the  
drawer and particulars of the place at which it is so held, the amount for which and the  
date on which it was drawn and any usance applicable to the bill.

(4) Where presentment is made in pursuance of this subsection, the bill shall be  
deemed to be duly presented for payment at the time the advice is posted; but a bill shall  
not be deemed to be duly presented for payment by virtue of an advice sent in pursuance  
of this subsection unless the advice is posted-

*(a)*in the case of a bill not payable on demand, not more than ten days and not less  
than five days before the bill falls due; or

*(b)*in the case of a bill payable on demand, within such reasonable time as is  
mentioned in paragraph *(b)*of subsection (2) of this section.

**46. Excuses for delay or non-presentment for payment**

(1) Delay in making presentment for payment is excused when the delay is caused by  
circumstances beyond the control of the holder, and not imputable to his default, misconduct or negligence; and when the cause of the delay ceases to operate, presentment must  
be made with reasonable diligence.

(2) Presentment for payment is dispensed with-

*(a)*where, after the exercise of reasonable diligence, presentment, as required by  
this Act, cannot be effected; and the fact that the holder has reason to believe  
that the bill will, on presentment, be dishonoured, does not dispense with the  
necessity for presentment;

*(b)*where the drawee is a fictitious person;

*(c)*as regards the drawer, where the drawee or acceptor is not bound, as between  
himself and the drawer, to accept or pay the bill, and the drawer has no reason  
to believe that the bill would be paid if presented;

*(d)*as regards an endorser, where the bill was accepted or made for the accommodation of that endorser, and he has no reason to expect that the bill would be  
paid if presented;

*(e)*by waiver of presentment, express or implied.

**47. Dishonour by non-payment**

(1) A bill is dishonoured by non-payment-

*(a)*when it is duly presented for payment and payment is refused or cannot be  
obtained or, where an advice is sent through the post office in pursuance of  
subsection (3) of section 45 of this Act, payment is not obtained-

                        (i)                            in the case of a bill not payable on demand on or before the date the  
bill falls due; or

                       (ii)                            in the case of a bill payable on demand, within ten days from the time  
the advice is posted.

*(b)*when presentment is excused and the bill is overdue and unpaid.

(2) Subject to the provisions of this Act, when a bill is dishonoured by non-payment,  
an immediate right of recourse against the drawer and endorsers accrues to the holder.

**48. Notice of dishonour and effect of non-notice**

Subject to the provision of this Act, when a bill has been dishourned by non

acceptance or by non-payment, notice of dishonour must be given to the drawer and each  
endorser, and any drawer or endorser to whom such notice is not given is discharged:

Provided that-

*(a)*where a bill is dishonoured by non-acceptance, and notice of dishonour is not  
given, the rights of a holder in due course subsequent to the omission shall not  
be prejudiced by the omission;

*(b)*where a bill is dishonoured by non-acceptance, and due notice of dishonour is  
given, it shall not be necessary to give notice of a subsequent dishonour by  
non-payment unless the bill shall in the meantime have been accepted.

**49. Rules as to notice of dishonour**

Notice of dishonour, in order to be valid and effectual, must be given in accordance  
with the following rules, that is-

*(a)*the notice must be given by or on behalf of the holder, or by or on behalf of an  
endorser, who, at the time of giving it, is himself liable on the bill;

*(b)*notice of dishonour may be given by an agent either in his own name or in the  
name of any party entitled to give notice whether that party be his principal or  
not;

*(c)*where the notice is given by or on behalf of the holder, it enures for the benefit  
of all subsequent holders and all prior endorsers who have a right of recourse  
against the party to whom it is given;

*(d)*where notice is given by or on behalf of an endorser entitled to give notice as  
hereinbefore provided, it enures for the benefit of the holder and all endorsers  
subsequent to the party to whom notice is given;

*(e)*the notice may be given in writing or by personal communication, and may be  
given in any terms which sufficiently identify the bill, and intimate that the bill  
has been dishonoured by non-acceptance or non-payment;

*(f)*the return of a dishonoured bill to the drawer or an endorser is, in point of  
form, deemed a sufficient notice of dishonour;

*(g)*a written notice need not be signed and an insufficient written notice may be  
supplemented and validated by verbal communication; and a misdescription of  
the bill shall not vitiate the notice unless the party to whom the notice is given  
is in fact misled thereby;

*(h)*where notice of dishonour is required to be given to any person, it may be  
given either to the party himself, or to his agent in that behalf;

       (i)               where the drawer or endorser is dead, and the party giving notice knows it, the  
notice must be given to a personal representative, if such there be, and with the  
exercise of reasonable diligence he can be found;

*(j)*where the drawer or endorser is bankrupt or insolvent, notice may be given  
either to the party himself or to the trustee or official assignee;

*(k)*where there are two or more drawers or endorsers who are not partners, notice  
must be given to each of them, unless one of them has authority to receive  
such notice for the others;

*(I)*the notice may be given as soon as the bill is dishonoured and must be given  
within a reasonable time thereafter; and in the absence of special circum-  
stances, notice shall not be deemed to have been given within a reasonable  
time unless-

                        (i)                            where the person giving and the person to receive notice reside in the  
same place, the notice is given or sent off in time to reach the latter on  
the day after the dishonour of the bill;

                      (ii)                            where the person giving and the person to receive notice reside in  
different places, the notice is sent off on the day after the dishonour of the  
bill, if there be a post at a convenient hour on that day, and if there be  
no such post on that day then by the next post thereafter;

*(m)*where a bill when dishonoured is in the hands of an agent, he may either him-  
self give notice to the parties liable on the bill, or he may give notice to his  
principal; and if he gives notice to his principal, he must do so within the same  
time as if he were the holder, and the principal upon receipt of such notice has  
himself the same time for giving notice as if the agent had been an independent  
holder;

*(n)*where a party to a bill receives due notice of dishonour, he has, after the receipt of such notice, the same period of time for giving notice to antecedent  
parties that the holder has after the dishonour;

*(0)*where a notice of dishonour is duly addressed and posted, the sender is deemed  
to have given due notice of dishonour, notwithstanding any miscarriage by the  
post office.

**50.**Excuses **for non-notice and delay**

(1) Delay in giving notice of dishonour is excused where the delay is caused by    
circumstances beyond the control of the party giving notice, and not imputable to his de-  
fault, misconduct, or negligence. When the cause of delay ceases to operate, the notice  
must be given with reasonable diligence.

(2) Notice of dishonour is dispensed with-

*(a)*when, after the exercise of reasonable diligence, notice as required by this Act  
cannot be given to or does not reach the drawer or endorser sought to be  
charged;

*(b)*by waiver, express or implied; and notice of dishonour may be waived before  
the time of giving notice has arrived, or after the omission to give due notice;

*(c)*as regards the drawer, in the following cases-

                                (i)            where drawer and drawee are the same person;  
                               (ii)         where the drawee is a fictitious person or a person not having capacity  
                                           to contract;

                               (iii)        where the drawer is the person to whom the bill is presented for payment;

                               (iv)          where the drawee or acceptor is, as between himself and the drawer,  
                                                         under no obligation to accept or pay the bill;

                               (v)           where the drawer has countermanded payment;

*(d)*as regards the endorser, in the following cases-

                           (i)        where the drawee is a fictitious person or a person not having capacity to contract and the endorser was aware of the fact at the time he  
       
                                 endorsed the bill;

                           (ii)       where the endorser is the person to whom the bill is presented for payment;

    (iii)          where the bill was accepted or made for his accommodation.

**51. Noting of protest of bill**

(1) Where an inland bill has been dishonoured, it may, if the holder think fit, be noted  
for non-acceptance or non-payment, as the case may be; but it shall not be necessary to  
note or protest any such bill in order to preserve the recourse against the drawer or  
endorser.

(2) Where a foreign bill, appearing on the face of it to be such, has been dishonoured  
by non-acceptance, it must be duly protested for non-acceptance, and where such a bill,  
which has not been previously dishonoured by non-acceptance, is dishonoured by non-  
payment it must be duly protested for non-payment. If it be not so protested the drawer or  
endorsers are discharged. Where a bill does not appear on the face of it to be a foreign  
bill, protest thereof in case of dishonour is unnecessary.

(3) A bill which has been protested for non-acceptance may be subsequently pro-  
tested for non-payment.

(4) Subject to the provisions of this Act, when a bill is noted or protested, it must be  
noted on the day of its dishonour or on the next succeeding business day thereafter. When  
a bill has been duly noted, the protest may be subsequently extended as of the date of the  
noting.

(5) Where the acceptor of a bill becomes bankrupt or insolvent or suspends payment  
before it matures, the holder may cause the bill to be protested for better security against  
the drawer and endorsers.

(6) A bill must be protested at the place where it is dishonoured:

Provided that-

*(a)*when a bill is presented through the post office, and returned by post dishonoured,  
 it may be protested at the place to which it is returned and on the day of  
its return if received during business hours, and if not received during business  
hours, then not later than the next business day;

*(b)*when a bill drawn payable at the place of business or residence of some person  
other than the drawee has been dishonoured by non-acceptance, it must be  
protested for non-payment at the place where it is expressed to be payable, and  
no further presentment for payment to, or demand on, the drawee is necessary.

 (7) A protest must contain a copy of the bill, and must be signed by the notary making it, and must specify-

*(a)*the person at whose request the bill is protested;

*(b)*the place and date of protest, the cause or reason for protesting the bill, the  
demand made, and the answer given, if any, or the fact that the drawee or  
acceptor could not be found.

(8) Where a bill is lost or destroyed, or is wrongly detained from the person entitled  
to hold it, protest may be made on a copy or written particulars thereof.

(9) Protest is dispensed with by any circumstance which would dispense with notice  
of dishonour. Delay in noting or protesting is excused when the delay is caused by  
circumstances beyond the control of the holder, and not imputable to his default, misconduct, or negligence; when the cause of delay ceases to operate, the bill must be noted or  
protested with reasonable diligence.

**52. Duties of holder as regards acceptor**

(1) When a bill is accepted generally, presentment for payment is not necessary in  
order to render the acceptor liable.

(2) When by the terms of a qualified acceptance presentment for payment is required,  
the acceptor, in the absence of an express stipulation to that effect, is not discharged by  
the omission to present the bill for payment on the day that it matures.

(3) In order to render the acceptor of a bill liable it is not necessary to protest it, or  
that notice of dishonour should be given to him.

(4) Where the holder of a bill presents it for payment, he shall exhibit the bill to the  
person from whom he demands payment, and when a bill is paid, the holder shall forth-  
with deliver it up to the party paying it.

*Liabilities of Parties*

**53. Bill not assignment of funds in hands of drawee**

A bill, of itself, does not operate as an assignment of funds in the hands of the drawee  
available for the payment thereof, and the drawee of a bill who does not accept as  
required by this Act is not liable on the instrument.

**54. Liability of acceptor**

The acceptor of a bill by accepting it-

*(a)*engages that he will pay it according to the tenor of his acceptance;

*(b)*is precluded from denying to a holder in due course-

                        (i)                             the existence of the drawer, the genuineness of his signature, and his  
capacity and authority to draw the bill;

                       (ii)                            in the case of a bill payable to drawer's order, the then capacity of the  
drawer to endorse, but not the genuineness or validity of his endorsement;

                     (iii)                           in the case of a bill payable to the order of a third person, the existence  
of the payee and his then capacity to endorse, but not the genuineness  
or validity of endorsement.

**55. Liability of drawer or endorser**

(1) The drawer of a bill by drawing it-

*(a)*engages that on due presentment it shall be accepted and paid according to its  
tenor, and that if it be dishonoured, he will compensate the holder or any  
endorser who is compelled to pay it, provided that the requisite proceedings on  
dishonour be duly taken;

*(b)*is precluded from denying to a holder in due course the existence of the payee  
and his then capacity to endorse.

(2) The endorser of a bill by endorsing it-

*(a)*engages that on due presentment it shall be accepted and paid according to its  
tenor, and that if it be dishonoured he will compensate the holder or a subsequent endorser who is compelled to pay it, provided that the requisite  
proceedings on dishonour be duly taken;

*(b)*is precluded from denying to a holder in due course the genuineness and  
regularity in all respects of the drawer's signature and all previous endorsements;

*(c)*is precluded from denying to his immediate or a subsequent endorsee that the  
bill was at the time of his endorsement a valid and subsisting bill, and that he  
had then a good title thereto.

**56. Stranger signing bill liable as endorser**

Where a person signs a bill otherwise than as a drawer or acceptor, he thereby incurs  
the liabilities of an endorser to a holder in due course.

**57. Measure of damages against parties to dishonoured bill**

Where a bill is dishonoured, the measure of damages, which shall be deemed to be  
liquidated damages, shall be as follows-

*(a)*the holder may recover from any party liable on the bill, and the drawer who  
has been compelled to pay the bill may recover from the acceptor, and an en-  
endorser who has been compelled to pay the bill, may recover from the acceptor  
or from the drawer, or from a prior endorser-

        (i)            the amount of the bill;

        (ii)                  interest thereon from the time of presentment for payment if the bill is  
payable on demand, and from the maturity of the bill in any other case;

       (iii)                           the expenses of noting, or when protest is necessary, and the protest  
has been extended, the expenses of protest;

*(b)*in the case of a bill which has been dishonoured abroad, in lieu of the above  
damages, the holder may recover from the drawer or an endorser, and the  
drawer or an endorser who has been compelled to pay the bill may recover  
from any party liable to him, the amount of the re-exchange with interest  
thereon until the time of payment;

*(c)*where by this Act interest may be recovered as damages, such interest may, if  
justice requires it, be withheld wholly or in part, and where a bill is expressed  
to be payable with interest at a given rate, interest as damages mayor may not  
be given at the same rate as interest proper.

**58. Transferor by delivery and transferee**

(1) Where the holder of a bill payable to bearer negotiates it by delivery without  
endorsing it, he is called a transferor by delivery.

(2) A transferor by delivery is not liable on the instrument.

(3) A transferor by delivery who negotiates a bill thereby warrants to his immediate  
transferee being a holder for value that the bill is what it purports to be, that he has a right  
to transfer it, and that at the time of transfer he is not aware of any fact which renders it  
valueless.

*Discharge of Bill*

**59. Payment in due course**

(1) A bill is discharged by payment in due course by or on behalf of the drawee or  
acceptor.

(2) **"Payment in due course"** means payment made at or after the maturity of the  
bill to the holder thereof in good faith and without notice that his title to the bill is defective

(3) Subject to the provisions hereinafter contained, when a bill is paid by the drawee  
or an endorser it is not discharged; but-

*(a)*where a bill payable to, or to the order of, a third party is paid by the drawer,  
the drawer may enforce payment thereof against the acceptor, but may not re-  
issue the bi II;

*(b)*where a bill is paid by an endorser, or where a bill payable to drawer's order is  
paid by the drawer, the party paying it is remitted to his former rights as  
regards the acceptor or antecedent parties, and he may, if he thinks fit, strike out  
his own and subsequent endorsements, and again negotiate the bill.

(4) Where an accommodation bill is paid in due course by the party accommodated,  
the bill is discharged.

**60. Banker paying demand draft whereon endorsement is forged**

(1) When a bill payable to order on demand is drawn on a banker, and the banker on  
whom it is drawn pays the bill in good faith and in the ordinary course of business, it is  
not incumbent on the banker to show that the endorsement of the payee or any subsequent  
 endorsement was made by or under the authority of the person whose endorsement  
it purports to be, and the banker is deemed to have paid the bill in due course, although  
such endorsement has been forged or made without authority.

(2) A draft or order drawn by a banker on the head office or a branch of his bank in  
Nigeria for a sum of money payable to order on demand shall be deemed to be a bill for  
the purposes of this section.

**61. Acceptor the holder at maturity**

When the acceptor of a bill is or becomes the holder of it, at or after its maturity, in  
his own right, the bill is discharged.

**62. Express waiver**

(1) When the holder of a bill at or after its maturity absolutely and unconditionally  
renounces his rights against the acceptor, the bill is discharged and the renunciation must  
be in writing unless the bill is delivered up to the acceptor.

(2) The liabilities of any party to a bill may in like manner be renounced by the  
holder before, at, or after its maturity; but nothing in this section shall affect the rights of  
a holder in due course without notice of the renunciation.

**63. Cancellation**

(1) Where a bill is intentionally cancelled by the holder or his agent, and the cancellation is apparent thereon, the bill is discharged.

(2) In like manner any party liable on a bill may be discharged by the intentional  
cancellation of his signature by the holder or his agent. In such case any endorser who would  
have had a right of recourse against the party whose signature is cancelled, is also discharged.

(3) A cancellation made unintentionally, or under a mistake, or without the authority  
of the holder is inoperative; but where a bill or any signature thereon appears to have  
been cancelled the burden of proof lies on the party who alleges that the cancellation was  
made unintentionally, or under a mistake, or without authority.

**64. Alteration of bill**

(1) Where a bill or acceptance is materially altered without the assent of all parties liable  
able on the bill, the bill is avoided except as against a party who has himself made,  
authorised, or assented to the alteration, and subsequent endorsers:

Provided that, where a bill has been materially altered, but the alteration is not ap-  
parent, and the bill is in the hands of a holder in due course, such holder may avail him-  
self of the bill as if it had not been altered, and may enforce payment of it according to its  
original tenor.

(2) In particular the following alterations are material, namely, any alteration of the  
date, the sum payable, the time of payment, the place of payment, and where a bill has  
been accepted generally, the addition of a place of payment without the acceptor's assent.

*Acceptance and Payment for Honour*

**65. Acceptance for honour *supra*protest**

(1) Where a bill of exchange has been protested for dishonour by non-acceptance, or  
protested for better security, and is not overdue, any person, not being a party already  
liable thereon, may, with the consent of the holder, intervene and accept the bill *supra*  
protest, for the honour of any party liable thereon, or for the honour of the person for  
whose account the bill is drawn.

(2) A bill may be accepted for honour for part only of the sum for which it is drawn.  
(3) An acceptance for honour *supra*protest in order to be valid must-

*(a)*be written on the bill, and indicate that it is an acceptance for honour;

*(b)*be signed by the acceptor for honour.

(4) Where an acceptance for honour does not expressly state for whose honour it is  
made, it is deemed to be an acceptance for the honour of the drawer.

(5) Where a bill payable after sight is accepted for honour, its maturity is calculated  
from the date of the noting for non-acceptance, and not from the date of the acceptance  
for honour.

**66. Liability of acceptor for honour**

(1) The acceptor for honour of a bill by accepting it engages that he will, on due presentment, pay the bill according to the tenor of his acceptance, if it is not paid by the drawee, provided it has been duly presented for payment, and protested for non-payment, and that he receives notice of these facts.

(2) The acceptor for honour is liable to the holder and to all parties to the bill subsequent to the party for whose honour he has accepted.

**67. Presentment to acceptor for honour**

(1) Where a dishonoured bill has been accepted for honour *supra*protest, or contains  
a reference in case of need, it must be protested for non-payment before it is presented for  
payment to the acceptor for honour, or referee in case of need.

(2) Where the address of the acceptor for honour is in the same place where the bill is  
protested for non-payment, the bill must be presented to him not later than the day following its maturity; and where the address of the acceptor for honour is in some place  
other than the place where it was protested for non-payment, the bill must be forwarded  
not later than the day following its maturity for presentment to him.

(3) Delay in presentment or non-presentment is excused by any circumstance which  
would excuse delay in presentment for payment or non-presentment for payment.

(4) When a bill of exchange is dishonoured by the acceptor for honour it must be  
protested for non-payment by him.

**68. Payment for honour *supra*protest**

(1) Where a bill has been protested for non-payment, any person may intervene and  
pay it *supra*protest for the honour of any party liable thereon, or for the honour of the  
person for whose account the bill is drawn.

(2) Where two or more persons offer to pay a bill for the honour of different parties,  
the person whose payment will discharge most parties to the bill shall have the preference.

(3) Payment for honour *supra*protest in order to operate as such and not as a mere  
voluntary payment, must be attested by a notarial act of honour which may be appended  
to the protest or form an extension of it.

(4) The notarial act of honour must be founded on a declaration made by the payer  
for honour, or his agent in that behalf, declaring his intentions to pay the bill for honour,  
and for whose honour he pays.

5) Where a bill has been paid for honour, all parties subsequent to the party for  
whose honour it is paid are discharged, but the payer for honour is subrogated for, and  
succeeds to both the rights and duties of the holder, as regards the party for whose honour  
he pays, and all parties liable to that party.

(6) The payer for honour on paying to the holder the amount of the bill and the notarial expenses incidental to its dishonour, is entitled to receive both the bill itself and the protest. If the holder does not on demand deliver them up he shall be liable to the payer  
for honour in damages.

(7) Where the holder of a bill refuses payment *supra*protest he shall lose his right of  
recourse against any party who would have been discharged by such payment.

*Lost Instruments*

**69. Holder's right to duplicate of lost bill**

(1) Where a bill has been lost before it is overdue, the person who was the holder of  
it may apply for the drawer to give him another bill of the same tenor, giving security to  
the drawer if required to indemnify him against all persons whatever in case the bill alleged to have been lost shall be found again.

(2) If the drawer on request as aforesaid refuses to give such duplicate bill he may be  
compelled to do so.

**70. Action on lost bill**

In any action or proceeding upon a bill, the court may order that the loss of the  
instrument shall not be set up, provided that an indemnity be given to the satisfaction of the  
court against the claims of any other person upon the instrument in question.

*Bills in a Set*

**71. Rules as to sets**

(1) Where a bill is drawn in a set, each part of the set being numbered, and containing  
a reference to the other parts, the whole of the parts constitute one bill.

(2) Where the holder of a set endorses two or more parts to different persons, he is li-  
able on every such part, and every endorser subsequent to him is liable on the part he has  
himself endorsed as if the said parts were separate bills.

(3) Where two or more parts of a set are negotiated to different holders in due course,  
the holder whose title first accrues is as between such holders deemed the true owner of  
the bill; but nothing in this subsection shall affect the rights of a person who in due  
course accepts or pays the part first presented to him.

(4) The acceptance may be written on any part and it must be written on one part  
only.

(5) If the drawee accepts more than one part, and such accepted parts get into the  
hands of different holders in due course, he is liable on every such part as if it were a  
separate bill.

(6) When the acceptor of a bill drawn in a set pays it without requiring the part bearing his acceptance to be delivered up to him, and that part at maturity is outstanding in  
the hands of the holder in due course, he is liable to the holder thereof.

(7) Subject to the preceding rules, where anyone part of a bill drawn in a set is discharged by payment or otherwise, the whole bill is discharged.

*Conflict of Laws*

**72. Rules where conflict laws**

Where a bill drawn in one country is negotiated, accepted, or payable in another, the  
rights, duties, and liabilities of the parties thereto are determined as follows-

1. the validity of a bill as regards requisites in form is determined by the law of  
   the place of issue, and the validity as regards requisites in form of the supervening contracts, such as acceptance, or endorsement, or acceptance *supra*protest, is determined by the law of the place where such contract was made: Provided that-

                        (i)     where a bill is issued out of Nigeria it is not invalid by reason only that  
it is not stamped in accordance with the law of the place of issue;

                       (ii)       where a bill issued out of Nigeria conforms, as regards requisites in  
form, to the law of Nigeria, it may, for the purpose of enforcing payment thereof, be treated as valid as between all persons who negotiate,  
hold, or become parties to it in Nigeria;

*(b)*subject to the provisions of this Act; the interpretation of the drawing, endorsement, acceptance, or acceptance *supra*protest of a bill, is determined by the  
law of the place where such contract was made:

Provided that where an inland bill is endorsed in a foreign country, the  
endorsement shall as regards the payer be interpreted according to the law of Nigeria;

*(c)*the duties of the holder with respect to presentment for acceptance or payment  
and the necessity for or sufficiency of a protest or notice of dishonour, or otherwise, are determined by the law of the place where the act is done or the bill  
is dishonoured;

*(d)*where a bill is drawn out of but payable in Nigeria and the sum payable is not  
expressed in the currency of Nigeria, the amount shall, in the absence of some  
expressed stipulation, be calculated according to the rate of exchange for sight  
drafts at the place of payment on the day the bill is payable;

*(e)*where a bill is drawn in one country and is payable in another, the due date  
thereof is determined according to the law of the place where it is payable.

*Bills of Exchange Act*

PART III

*Cheques on a Banker*

**73. Cheque defined**

A cheque is a bill of exchange drawn on a banker payable on demand; and except as  
otherwise provided in this Part, the provisions of this Act applicable to a bill of exchange  
payable on demand apply to a cheque.

**74. Presentment of cheque for payment**  
Subject to the provisions of this Act-

*(a)*where a cheque is not presented for payment within a reasonable time of its  
issue, and the drawer or the person on whose account it is drawn had the right  
at the time of such presentment as between him and the banker to have the  
cheque paid, and suffers actual damage through the delay, he is discharged to  
the extent of such damage, that is to say, to the extent to which such drawer or  
person is a creditor of such banker to a larger amount than he would have been  
had such cheque been paid;

*(b)*in determining what is a reasonable time regard shall be had to the nature of  
the instrument, the usage of trade and of bankers, and the facts of the particular  
case;

*(c)*the holder of such cheque as to which such drawer or person is discharged  
shall be a creditor, in lieu of such drawer or person, of such banker to the ex-  
tent of such discharge, and entitled to recover the amount from him.

**75. Revocation of banker's authority**

The duty and authority of a banker to pay a cheque drawn on him by his customer are  
determined by-

*(a)*countermand of payment;

*(b)*notice of the customer's death.

**76. Payment by bankers of unendorsed cheques and other instruments**

(1) Where a banker, in good faith and in the ordinary course of business, pays a pre-  
scribed instrument drawn on him to a banker, he does not in doing so incur any liability  
by reason only of the absence of, or irregularity in, endorsement of the instrument and-

[1964 No. 20.]

*(a)*in the case of a cheque, he is deemed to have paid it in due course;

*(b)*in the case of any other prescribed instrument, the payment discharges the instrument.

(2) A prescribed instrument which is unendorsed but appears to have been paid by  
the banker on whom it is drawn is evidence of the receipt by the payee of the sum mentioned in the instrument.

(3) For the purposes of subsection (1) of section 60 of this Act (which provides that  
in certain circumstances a cheque shall be deemed to be paid in due course though its

endorsements are forged or unauthorised), a document payable to order which is a pre-  
scribed instrument by virtue of paragraph *(b)*of subsection (1) of section 4 of this Act  
shall be deemed to be a bill payable to order on demand.

[1964 No. 20.]

**77. Protection of collecting bankers**

(1) A banker who gives value for, or has a lien on, a cheque payable to order which  
the payee delivers to him for collection either without endorsing it or without endorsing it  
regularly, has such rights, if any, as he would have had if upon delivery the payee had  
endorsed it regularly in blank.

[1964 No. 20.]

(2) Where a banker, in good faith and without negligence-

*(a)*receives payment for a customer of a prescribed instrument to which the customer has no title or a defective title; or

*(b)*having credited the customer's account with the amount of such a prescribed

        instrument, receives payment of the instrument for himself,

the banker does not incur any liability to the true owner of the instrument by reason only  
of his having received payment of it; and a banker is not to be treated for the purpose of  
this subsection as having been negligent by reason only of his failure to concern himself  
with the absence of, or irregularity in, endorsement of a prescribed instrument of which  
the customer in question appears to be the payee.

(3) In this section and section 76 of this Act, references to a payee do not include references to an endorsee under a special endorsement.

(4) Nothing in this section and section 76 of this Act shall make negotiable an instrument which apart from these sections is not negotiable.

*Crossed Cheques*

**78. General and special crossings defined**

(1) Where a cheque bears across its face an addition of-----

*(a)*the words "and company" or any abbreviation thereof between two parallel  
transverse lines either with or without the words "not negotiable"; or

*(b)*two parallel transverse lines simply, either with or without the words "not negotiable",

that addition constitutes a crossing, and the cheque is crossed generally.

(2) Where a cheque bears across its face an addition of the name of a banker, either  
with or without the words "not negotiable", that addition constitutes a crossing, and the  
cheque is crossed specially, and to that banker.

**79. Crossing by drawer or after issue**

(1) A cheque may be crossed generally or specially by the drawer.

(2) Where a cheque is uncrossed, the holder may cross it generally or specially.

(3) Where a cheque is crossed generally the holder may cross it specially.

(4) Where a cheque is crossed generally or specially, the holder may add the words  
"not negotiable".

(5) Where a cheque is crossed specially the banker to whom it is crossed may again  
cross it specially to another banker for collection.

(6) Where an uncrossed cheque, or a cheque crossed generally, is sent to a banker for  
collection, he may cross it specially to himself.

**80. Crossing a material part of cheque**

A crossing authorised by this Act is a material part of the cheque; it shall not be lawful for any person to obliterate or, except as authorised by this Act, to add to or alter the  
crossing.

**81. Duties of banker as to crossed cheques**

(1) Where a cheque is crossed specially to more than one banker, except when  
crossed to an agent for collection being a banker, the banker on whom it is drawn shall  
refuse payment thereof.

(2) Where the banker on whom a cheque is drawn which is so crossed nevertheless  
pays the same, or pays a cheque crossed generally otherwise than to a banker or if  
crossed specially otherwise than to the banker to whom it is crossed, or his agent for collection being a banker, he is liable to the true owner of the cheque for any loss he may  
sustain owing to the cheque having been so paid:

Provided that where a cheque is presented for payment which does not at the time  
of presentment appear to be crossed, or to have had a crossing which has been obliterated  
or to have been added to or altered otherwise than as authorised by this Act, the banker  
paying the cheque in good faith and without negligence shall not be responsible or incur  
any liability, nor shall the payment be questioned by reason of the cheque having been  
crossed, or of the crossing having been obliterated or having been added to or altered  
otherwise than as authorised by this Act and of payment having been made otherwise  
than to a banker or to the banker to whom the cheque is or was crossed, or to his agent for  
collection being a banker, as the case may be.

**82. Protection to banker and drawer where cheque is crossed**

Where the banker, on whom a crossed cheque is drawn, in good faith and without  
negligence pays it, if crossed generally, to a banker, and if crossed specially, to the  
banker to whom it is crossed, or his agent for collection being a banker, the banker paying the cheque, and, if the cheque has come into the hands of the payee, the drawer, shall  
respectively be entitled to the same rights and be placed in the same position as if payment of the cheque had been made to the true owner thereof.

**83. Effect of crossing on holder**

Where a person takes a crossed cheque which bears on it the words "not negotiable",  
he shall not have and shall not be capable of giving a better title to the cheque than that  
which the person from whom he took it had.

**8**4**. Extension of enactments relating to crossed cheques**

The provisions of this Act relating to crossed cheques shall, so far as applicable, have  
effect in relation to a prescribed instrument other than a cheque as those provisions have  
effect in relation to a cheque.

[1964 No. 20.]

PART IV

*Promissory Notes*

**85. Promissory note defined**

(1) A promissory note is an unconditional promise in writing, made by one person to  
another, signed by the maker, engaging to pay, on demand or at a fixed or determinable  
future time, a sum certain in money to, or to the order of, a specified person or to bearer.

(2) An instrument in the form of a note payable to maker's order is not a note within  
the meaning of this section unless and until it is endorsed by the maker.

(3) A note is not invalid by reason only that it contains also a pledge or collateral security with authority to sell or dispose thereof.

(4) A note which is, or on the face of it purports to be, both made and payable within  
Nigeria is an inland note. Any other note is a foreign note.

**86. Delivery necessary**

A promissory note is inchoate and incomplete until delivery thereof to the payee or  
bearer.

**87. Joint and several notes**

(1) A promissory note may be made by two or more makers, and they may be liable  
thereon jointly, or jointly and severally, according to its tenor.

(2) Where a note runs "I promise to pay" and is signed by two or more persons it is  
deemed to be their joint and several note.

**88. Note payable on demand**

(1) Where a note payable on demand has been endorsed, it must be presented for  
payment within a reasonable time of the endorsement. If it be not so presented the  
endorser is discharged.

(2) In determining what is a reasonable time, regard shall be had to the nature of the  
instrument, the usage of trade, and the facts of the particular case.

(3) Where a note payable on demand is negotiated, it is not deemed to be overdue, for  
the purpose of affecting the holder with defects of title of which he had no notice, by  
reason that it appears that a reasonable time for presenting it for payment has elapsed since  
its issue.

**89. Presentment of note for payment**

(1)Where a promissory note IS in the body of it made payable at a particular place, it

must be presented for payment at that place in order to render the maker liable. In any  
other case, presentment for payment is not necessary in order to render the maker liable.

(2) Presentment for payment is necessary in order to render the endorser of a note liable.

(3) Where a note is in the body of it made payable at a particular place, presentment  
at that place is necessary in order to render an endorser liable; but when a place of payment is indicated by way of memorandum only, presentment at that place is sufficient to  
render the endorser liable, but a presentment to the maker elsewhere, if sufficient in other  
respects, shall also suffice.

**90. Liability of maker**

The maker of a promissory note by making it-

*(a)*engages that he will pay it according to its tenor;

*(b)*is precluded from denying to a holder in due course the existence of the payee  
and his then capacity to endorse.

**91. Application of Part II to notes**

(1) Subject to the provisions in this Part of this Act, and except as by this section  
provided, the provisions of this Act relating to bills of exchange apply, with the necessary  
modifications, to promissory notes.

(2) In applying those provisions, the maker of a note shall be deemed to correspond  
with the acceptor of a bill, and the first endorser of a note shall be deemed to correspond  
with the drawer of an accepted bill payable to drawer's order.

(3) The following provisions as to bills do not apply to notes; namely, provisions relating to-

*(a)*presentment for acceptance;

*(b)*acceptance;

*(c)*acceptance *supra*protest;

*(d)*bills in a set.

(4) Where a foreign note is dishonoured, protest thereof is unnecessary.

PARTY

*Supplementary*

**92. Good faith**

A thing is deemed to be done in good faith, within the meaning of this Act, where it is  
in fact done honestly, whether it is done negligently or not.

**93. Signature**

(1) Where, by this Act any instrument or writing is required to be signed by any per-  
son, it is not necessary that he should sign it with his own hand, but it is sufficient if his  
signature is written thereon by some other person by or under his authority.

(2) In the case of a corporation, where, by this Act, any instrument or writing is required to be signed, it is sufficient if the instrument or writing be sealed with the corporate seal.

(3) Nothing in this section shall be construed as requiring the bill or note of a corporation to be under seal.

**94. Computation of time**

(1) Where, by this Act, the time limited for doing any act or thing is less than three

days, in reckoning time, non-business days are excluded.

(2) "Non-business days" for the purposes of this Act means-

*(a)*Sunday, Good Friday, Christmas Day;

*(b)*a public holiday.

(3) Any other day is a business day.

**95. When noting equivalent to protest**

For the purposes of this Act, where a bill or note is required to be protested within a  
specified time or before some further proceeding is taken, it is sufficient that the bill has  
been noted for protest before the expiration of the specified time or the taking of the pro-  
ceeding; and the formal protest may be extended at any time thereafter as of the date of  
the noting.

**96. Protest when notary not accessible**

(1) When a dishonoured bill or note is authorised or required to be protested, and the  
services of a notary cannot be obtained at the place where the bill is dishonoured, any  
householder or substantial resident of the place may, in the presence of two witnesses,  
give a certificate, signed by them, attesting the dishonour of the bill, and the certificate  
shall in all respects operate as if it were a formal protest of the bill.

(2) The form given in the Schedule to this Act may be used with necessary modifications, and if used shall be sufficient.

[Schedule.]

**97. Dividend warrants may be crossed**

The provisions of this Act as to crossed cheques shall apply to a warrant for payment  
of dividend.

**98. Savings**

(1) The rules of common law, including the law merchant, save in so far as they are  
inconsistent with the express provisions of this Act, shall continue to apply to bills of  
exchange, promissory notes, and cheques.

(Signed) A. B.

(2) Nothing in this Act shall affect-

*(a)*the provisions of the Stamp Duties Act, or of any enactment, or orders amending it, or any enactment for the time being in force relating to the revenue;  
                                                                                                [Cap. 58.]

*(b)*the validity of any usage relating to dividend warrants, or the endorsements  
thereof.

SCHEDULE

*Form of protest which may be used when the services of a notary cannot be obtained*

    Know all men that I, A,B. (householder), of ......... ……………………………………………………………………………………..,

in Nigeria, at the request of C.D., there being no notary public available, did on the ………………………………..

day of ................................ , 20 …………………………….......... at………………………………………………………………….

demand payment (or acceptance) of the title of exchange hereunder written, from E.F., to which  
demand he made answer (state answer, if any), wherefore I now, in the presence of G.H and J.K.,  
do protest the said bill of exchange.

                                                ( Signed)  A.B.                                                                      A.B.} Witnesses  
*N.B.-The bill itself should be annexed or a copy of the bill and all that is written thereon  
should be underwritten.*

**SUBSIDIARY LEGISLATION**

*No Subsidiary Legislation*