

N° 4441.

**ESTONIE,
LETTONIE ET LITHUANIE**

Convention portant loi uniforme sur
les lettres de change et billets
à ordre, avec annexe. Signée à
Kaunas, le 9 avril 1938.

**ESTONIA,
LATVIA AND LITHUANIA**

Convention providing a Uniform
Law for Bills of Exchange and
Promissory Notes, with Annex.
Signed at Kaunas, April 9th, 1938.

¹ TRADUCTION. — TRANSLATION.

No. 4441. — CONVENTION ² BETWEEN ESTONIA, LATVIA AND LITHUANIA PROVIDING A UNIFORM LAW FOR BILLS OF EXCHANGE AND PROMISSORY NOTES. SIGNED AT KAUNAS, APRIL 9TH, 1938.

*French official text communicated by the Permanent Delegate of Lithuania to the League of Nations.
The registration of this Convention took place October 1st, 1938.*

THE PRESIDENT OF THE REPUBLIC OF LITHUANIA,
THE PRESIDENT-REGENT OF THE REPUBLIC OF ESTONIA and
THE PRESIDENT OF THE REPUBLIC OF LATVIA,
Being each desirous of contributing towards the unification of the legislation concerning bills of exchange and promissory notes, have agreed to conclude a Convention for this purpose and have appointed as their Plenipotentiaries :

THE PRESIDENT OF THE REPUBLIC OF LITHUANIA :

His Excellency Monsieur Stasys LOZORAITIS, Minister for Foreign Affairs ;

THE PRESIDENT-REGENT OF THE REPUBLIC OF ESTONIA :

His Excellency Monsieur Aleksander WARMA, Estonian Envoy Extraordinary and Minister Plenipotentiary in Lithuania ;

THE PRESIDENT OF THE REPUBLIC OF LATVIA :

His Excellency Monsieur Ludvigs SEJA, Latvian Envoy Extraordinary and Minister Plenipotentiary in Lithuania ;

Who, having communicated their full powers, found in good and due form, have agreed upon the following provisions :

Article 1.

The Governments of Lithuania, Estonia and Latvia undertake to introduce, on October 1st, 1938, in their respective territories and in their national languages, a uniform law for bills of exchange and promissory notes, forming the text of the Annex to the present Convention and drawn up on the basis of the international conventions on Bills of Exchange and Promissory Notes signed at Geneva on June 7th, 1930, namely :

(1) Convention ³ providing a Uniform Law for Bills of Exchange and Promissory Notes (with Protocol and Annexes) ;

¹ Traduit par le Secrétariat de la Société des Nations, à titre d'information.

¹ Translated by the Secretariat of the League of Nations, for information.

² The ratifications were deposited in Kaunas, June 30th, 1938.

Came into force October 1st, 1938.

³ Vol. CXLIII, page 257 ; Vol. CLVI, page 292 ; Vol. CLX, page 428 ; Vol. CLXIV, page 412 ; Vol. CLXVIII, page 236 ; Vol. CLXXVII, page 437 ; and Vol. CLXXXI, page 402, of this Series.

(2) Convention¹ for the Settlement of Certain Conflicts of Laws in connection with Bills of Exchange and Promissory Notes (with Protocol) ;

(3) Convention² on the Stamp Laws in connection with Bills of Exchange and Promissory Notes (with Protocol).

Article 2.

The Governments of the three Contracting Parties undertake to accede simultaneously to the international Conventions specified in Article 1.

Article 3.

The three Governments will agree upon a uniform text notifying the Secretary-General of the League of Nations of the accession specified in Article 2 and upon the exact date when such notification shall be made.

At the same time, the Secretary-General of the League of Nations shall be notified of any reservations, authorised in virtue of the Conventions mentioned in Article 1, that may be made when drafting the text of the uniform law on bills of exchange and promissory notes.

Article 4.

The Contracting Parties undertake to modify only by mutual agreement the uniform law on bills of exchange and promissory notes forming the Annex to Article 1 of the present Convention.

Similarly, the Contracting Parties undertake to denounce only by mutual agreement any one or all of the Conventions specified in Article 1 and, if necessary, to introduce such modifications as may result into the uniform law on bills of exchange and promissory notes forming the Annex to Article 1 of the present Convention.

Article 5.

The present Convention shall be ratified.

The instruments of ratification shall be deposited at the Ministry of Foreign Affairs of Lithuania on June 30th, 1938.

The present Convention shall come into force three months after the day on which the instruments of ratification of the three Contracting Parties shall have been deposited at the Ministry of Foreign Affairs of Lithuania.

The validity of the present Convention shall be of unlimited duration. Nevertheless, each Contracting Party reserves the right to denounce it by giving three months' notice. The denunciation of the present Convention by one of the Contracting Parties shall not affect its validity as regards the other two Contracting Parties.

In faith whereof the Plenipotentiaries of the Contracting Parties have signed the present Convention and have thereto affixed their respective seals.

Done at Kaunas, this 9th day of April, 1938.

LOZORAITIS.

A. WARMA.

L. SEJA.

¹ Vol. CXLIII, page 317 ; Vol. CLVI, page 292 ; Vol. CLX, page 428 ; Vol. CLXIV, page 412 ; Vol. CLXVIII, page 237 ; and Vol. CLXXVII, page 438, of this Series.

² Vol. CXLIII, page 337 ; Vol. CLVI, page 293 ; Vol. CLX, page 429 ; Vol. CLXIV, page 413 ; Vol. CLXVIII, page 237 ; Vol. CLXXVII, page 439 ; and Vol. CLXXXIX, page 485, of this Series.

ANNEX.

UNIFORM LAW ON BILLS OF EXCHANGE AND PROMISSORY NOTES.

TITLE I.

BILLS OF EXCHANGE.

CHAPTER I. — ISSUE AND FORM OF A BILL OF EXCHANGE.

Article 1.

A bill of exchange contains :

- (1) The term " bill of exchange " inserted in the body of the instrument and expressed in the language employed in drawing up the instrument ;
- (2) An unconditional order to pay a determinate sum of money ;
- (3) The name of the person who is to pay (drawee) ;
- (4) A statement of the time of payment ;
- (5) A statement of the place where payment is to be made ;
- (6) The name of the person to whom or to whose order payment is to be made ;
- (7) A statement of the date and of the place where the bill is issued ;
- (8) The signature of the person who issues the bill (drawer).

If the drawer is unable for any reason himself to place his signature on the bill of exchange, the latter may be signed, at the drawer's request, by another person. In this case, the bill of exchange shall bear a statement by a notary certifying that it has been signed at the request of the drawer.

Article 2.

An instrument in which any of the requirements mentioned in the preceding Article is wanting is invalid as a bill of exchange, except in the cases specified in the following paragraphs :

A bill of exchange in which the time of payment is not specified is deemed to be payable at sight.

In default of special mention, the place specified beside the name of the drawee is deemed to be the place of payment, and at the same time the place of the domicile of the drawee.

A bill of exchange which does not mention the place of its issue is deemed to have been drawn in the place mentioned beside the name of the drawer.

Article 3.

A bill of exchange may be drawn payable to drawer's order.

It may be drawn on the drawer himself.

It may be drawn for account of a third person.

Article 4.

A bill of exchange may be payable at the domicile of a third person either in the locality where the drawee has his domicile or in another locality.

Article 5.

When a bill of exchange is payable at sight, or at a fixed period after sight, the drawer may stipulate that the sum payable shall bear interest. In the case of any other bill of exchange, this stipulation is deemed not to be written (*non écrite*).

The rate of interest must be specified in the bill ; in default of such specification, the stipulation shall be deemed not to be written (*non écrite*).

Interest runs from the date of the bill of exchange, unless some other date is specified.

Article 6.

When the sum payable by a bill of exchange 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.

Where the sum payable by a bill of exchange is expressed more than once in words or more than once in figures and there is a discrepancy, the smaller sum is the sum payable.

Article 7.

If a bill of exchange bears signatures of persons incapable of binding themselves by a bill of exchange, or forged signatures, or signatures of fictitious persons, or signatures which for any other reason cannot bind the persons who signed the bill of exchange or on whose behalf it was signed, the obligations of the other persons who signed it are none the less valid.

Article 8.

Whosoever puts his signature on a bill of exchange as representing a person for whom he had no power to act is bound himself as a party to the bill and, if he pays, has the same rights as the person for whom he purported to act. The same rule applies to a representative who has exceeded his powers.

Article 9.

The drawer guarantees both acceptance and payment.

He may release himself from guaranteeing acceptance ; every stipulation by which he releases himself from the guarantee of payment is deemed not to be written (*non écrite*).

Article 10.

If a bill of exchange, which was incomplete when issued, has been completed otherwise than in accordance with the agreements entered into, the non-observance of such agreements may not be set up against the holder unless he has acquired the bill of exchange in bad faith or, in acquiring it, has been guilty of gross negligence.

CHAPTER II. — ENDORSEMENT.

Article 11.

Every bill of exchange, even if not expressly drawn to order, may be transferred by means of endorsement.

When the drawer has inserted in a bill of exchange the words " not to order " or an equivalent expression, the instrument can only be transferred according to the form and with the effects of an ordinary assignment.

The bill may be endorsed even in favour of the drawee, whether he has accepted or not, or of the drawer, or of any other party to the bill. These persons may re-endorse the bill.

Article 12.

An endorsement must be unconditional. Any condition to which it is made subject is deemed not to be written (*non écrite*).

A partial endorsement is null and void.

An endorsement "to bearer" is equivalent to an endorsement in blank.

Article 13.

An endorsement must be written on the bill of exchange or on a slip affixed thereto (*allonge*). It must be signed by the endorser.

The endorsement may leave the beneficiary unspecified or may consist simply of the signature of the endorser (endorsement in blank). In the latter case, the endorsement, to be valid, must be written on the back of the bill of exchange or on the slip attached thereto (*allonge*).

Article 14.

An endorsement transfers all the rights arising out of a bill of exchange.

If the endorsement is in blank, the holder may :

(1) Fill up the blank either with his own name or with the name of some other person ;

(2) Re-endorse the bill in blank or to some other person ;

(3) Transfer the bill to a third person without filling up the blank and without endorsing it.

Article 15.

In the absence of any contrary stipulation, the endorser guarantees acceptance and payment.

He may prohibit any further endorsement ; in this case, he gives no guarantee to the persons to whom the bill is subsequently endorsed.

Article 16.

The possessor of a bill of exchange is deemed to be the lawful holder if he establishes his title to the bill through an uninterrupted series of endorsements, even if the last endorsement is in blank. In this connection, cancelled endorsements are deemed not to be written (*non écrits*). When an endorsement in blank is followed by another endorsement, the person who signed this last endorsement is deemed to have acquired the bill by the endorsement in blank.

Where a person has been dispossessed of a bill of exchange, in any manner whatsoever, the holder who establishes his right thereto in the manner mentioned in the preceding paragraph is not bound to give up the bill unless he has acquired it in bad faith or unless in acquiring it he has been guilty of gross negligence.

Article 17.

Persons sued on a bill of exchange cannot set up against the holder defences founded on their personal relations with the drawer or with previous holders, unless the holder, in acquiring the bill, has knowingly acted to the detriment of the debtor.

Article 18.

When an endorsement contains the statements "value in collection" ("*valeur en recouvrement*"), "for collection" ("*pour encaissement*"), "by procuration" ("*par procuration*") or any other phrase implying a simple mandate, the holder may exercise all rights arising out of the bill of exchange, but he can only endorse it in his capacity as agent.

In this case, the parties liable can only set up against the holder defences which could be set up against the endorser.

The mandate contained in an endorsement by procuration does not terminate by reason of the death of the party giving the mandate or by reason of his becoming legally incapable.

Article 19.

When an endorsement contains the statements "value in security" ("*valeur en garantie*"), "value in pledge" ("*valeur en gage*"), or any other statement implying a pledge, the holder may exercise all the rights arising out of the bill of exchange, but an endorsement by him has the effects only of an endorsement by an agent.

The parties liable cannot set up against the holder defences founded on their personal relations with the endorser, unless the holder, in receiving the bill, has knowingly acted to the detriment of the debtor.

Article 20.

An endorsement after maturity has the same effects as an endorsement before maturity. Nevertheless, an endorsement after protest for non-payment, or after the expiration of the limit of time fixed for drawing up the protest, operates only as an ordinary assignment.

Failing proof to the contrary, an endorsement without date is deemed to have been placed on the bill before the expiration of the limit of time fixed for drawing up the protest.

CHAPTER III. — ACCEPTANCE.

Article 21.

Until maturity, a bill of exchange may be presented to the drawee for acceptance at his domicile, either by the holder or by a person who is merely in possession of the bill.

Article 22.

In any bill of exchange, the drawer may stipulate that it shall be presented for acceptance with or without fixing a limit of time for presentment.

Except in the case of a bill payable at the address of a third party or in a locality other than that of the domicile of the drawee, or, except in the case of a bill drawn payable at a fixed period after sight, the drawer may prohibit presentment for acceptance.

He may also stipulate that presentment for acceptance shall not take place before a named date.

Unless the drawer has prohibited acceptance, every endorser may stipulate that the bill shall be presented for acceptance, with or without fixing a limit of time for presentment.

Article 23.

Bills of exchange payable at a fixed period after sight must be presented for acceptance within one year of their date.

The drawer may abridge or extend this period.

These periods may be abridged by the endorsers.

Article 24.

The drawee may demand that a bill shall be presented to him a second time on the day after the first presentment. Parties interested are not allowed to set up that this demand has not been complied with unless this request is mentioned in the protest.

The holder is not obliged to surrender to the drawee a bill presented for acceptance.

Article 25.

An acceptance is written on the bill of exchange. It is expressed by the word "accepted" or any other equivalent term. It is signed by the drawee. The simple signature of the drawee on the face of the bill constitutes an acceptance.

When the bill is payable at a certain time after sight, or when it must be presented for acceptance within a certain limit of time in accordance with a special stipulation, the acceptance must be dated as of the day when the acceptance is given, unless the holder requires that it shall be dated as of the day of presentment. If it is undated, the holder, in order to preserve his right of recourse against the endorsers and the drawer, must authenticate the omission by a protest drawn up within the proper time.

Article 26.

An acceptance is unconditional, but the drawee may restrict it to part of the sum payable. Every other modification introduced by an acceptance into the tenor of the bill of exchange operates as a refusal to accept. Nevertheless, the acceptor is bound according to the terms of his acceptance.

Article 27.

When the drawer of a bill has indicated a place of payment other than the domicile of the drawee without specifying a third party at whose address payment must be made, the drawee may name such third party at the time of acceptance. In default of this indication, the acceptor is deemed to have undertaken to pay the bill himself at the place of payment.

If a bill is payable at the domicile of the drawee, the latter may in his acceptance indicate an address in the same place where payment is to be made.

Article 28.

By accepting, the drawee undertakes to pay the bill of exchange at its maturity.

In default of payment, the holder, even if he is the drawer, has a direct action on the bill of exchange against the acceptor for all that can be demanded in accordance with Articles 48 and 49.

Article 29.

Where the drawee who has put his acceptance on a bill has cancelled it before restoring the bill, acceptance is deemed to be refused. Failing proof to the contrary, the cancellation is deemed to have taken place before the bill was restored.

Nevertheless, if the drawee has notified his acceptance in writing to the holder or to any party who has signed the bill, he is liable to such parties according to the terms of his acceptance.

CHAPTER IV. — "AVALS".

Article 30.

Payment of a bill of exchange may be guaranteed by an *aval* as to the whole or part of its amount.

This guarantee may be given by a third person or even by a person who has signed as a party to the bill.

Article 31.

The *aval* is given either on the bill itself or on an *allonge*.

It is expressed by the words "good as *aval*" ("*bon pour aval*") or by any other equivalent formula. It is signed by the giver of the *aval*.

It is deemed to be constituted by the mere signature of the giver of the *aval* placed on the face of the bill, except in the case of the signature of the drawee or of the drawer.

An *aval* must specify for whose account it is given. In default of this, it is deemed to be given for the drawer.

Article 32.

The giver of an *aval* is bound in the same manner as the person for whom he has become guarantor.

His undertaking is valid even when the liability which he has guaranteed is inoperative for any reason other than defect of form.

He has, when he pays a bill of exchange, the rights arising out of the bill of exchange against the person guaranteed and against those who are liable to the latter on the bill of exchange.

CHAPTER V. — MATURITY.

Article 33.

A bill of exchange may be drawn payable :

- At sight ;
- At a fixed period after sight ;
- At a fixed period after date ;
- At a fixed date.

Bills of exchange at other maturities or payable by instalments are null and void.

Article 34.

A bill of exchange at sight is payable on presentment. It must be presented for payment within a year of its date. The drawer may abridge or extend this period. These periods may be abridged by the endorsers.

The drawer may prescribe that a bill of exchange payable at sight must not be presented for payment before a named date. In this case, the period for presentment begins from the said date.

Article 35.

The maturity of a bill of exchange payable at a fixed period after sight is determined either by the date of the acceptance or by the date of the protest.

In the absence of the protest, an undated acceptance is deemed, so far as regards the acceptor, to have been given on the last day of the limit of time for presentment for acceptance.

Article 36.

Where a bill of exchange is drawn at one or more months after date or after sight, the bill matures on the corresponding date of the month when payment must be made. If there be no corresponding date, the bill matures on the last day of this month.

When a bill of exchange is drawn at one or more months and a-half after date or sight, entire months must first be calculated.

If the maturity is fixed at the commencement, in the middle (mid-January or mid-February, etc.) or at the end of the month, the first, fifteenth or last day of the month is to be understood.

The expressions " eight days " or " fifteen days " indicate not one or two weeks, but a period of eight or fifteen actual days.

The expression " half-month " means a period of fifteen days.

Article 37.

When a bill of exchange is payable on a fixed day in a place where the calendar is different from the calendar in the place of issue, the day of maturity is deemed to be fixed according to the calendar of the place of payment.

When a bill of exchange drawn between two places having different calendars is payable at a fixed period after date, the day of issue is referred to the corresponding day of the calendar in the place of payment, and the maturity is fixed accordingly.

The time for presenting bills of exchange is calculated in accordance with the rules of the preceding paragraph.

These rules do not apply if a stipulation in the bill or even the simple terms of the instrument indicate an intention to adopt some different rule.

CHAPTER VI. — PAYMENT.

Article 38.

The holder of a bill of exchange payable on a fixed day or at a fixed period after date or after sight must present the bill for payment either on the day on which it is payable or on one of the two business days which follow.

The presentment of a bill of exchange at a clearing-house is equivalent to a presentment for payment.

It shall be for the Government to decide which institutions are to be regarded as clearing-houses and under what conditions presentment may be effected.

Article 39.

The drawee who pays a bill of exchange may require that it shall be given up to him receipted by the holder.

The holder may not refuse partial payment.

In case of partial payment, the drawee may require that mention of this payment shall be made on the bill and that a receipt therefor shall be given to him.

Article 40.

The holder of a bill of exchange cannot be compelled to receive payment thereof before maturity.

The drawee who pays before maturity does so at his own risk and peril.

He who pays at maturity is validly discharged, unless he has been guilty of fraud or gross negligence. He is bound to verify the regularity of the series of endorsements, but not the signature of the endorsers.

Article 41.

When a bill of exchange is drawn payable in a currency which is not that of the place of payment, the sum payable may be paid in the currency of the country, according to its value on the date of maturity. If the debtor is in default, the holder may at his option demand that the amount of the bill be paid in the currency of the country according to the rate on the day of maturity or the day of payment.

The usages of the place of payment determine the value of foreign currency. Nevertheless, the drawer may stipulate that the sum payable shall be calculated according to a rate expressed in the bill.

The foregoing rules shall not apply to the case in which the drawer has stipulated that payment must be made in a certain specified currency (stipulation for effective payment in foreign currency).

The stipulation regarding effective payment in foreign currency shall not apply in the event of exceptional circumstances in Lithuania affecting the rate of exchange of the currency. The indices significant of such circumstances shall be determined by the Government, which shall decide also when they are deemed to have appeared and to have ceased to exist.

If the amount of the bill of exchange is specified in a currency having the same denomination, but a different value in the country of issue and the country of payment, reference is deemed to be made to the currency of the place of payment.

Article 42.

When a bill of exchange is not presented for payment within the limit of time fixed by Article 38, every debtor is authorised to deposit the amount with the competent authority at the charge, risk and peril of the holder.

CHAPTER VII. — RECOURSE FOR NON-ACCEPTANCE OR NON-PAYMENT.

Article 43.

The holder may exercise his right of recourse against the endorsers, the drawer and the other parties liable :

At maturity :

If payment has not been made ;

Even before maturity :

(1) If there has been total or partial refusal to accept ;

(2) If proceedings for bankruptcy, legal settlement or the administration of property have been instituted in connection with the property of the drawee, whether he has accepted or not, or in the event of a stoppage of payment on his part, even when not declared by a judgment, or where execution has been levied against his goods without result ;

(3) If proceedings for bankruptcy, legal settlement or the administration of property have been instituted in connection with the property of the drawer of a non-acceptable bill of exchange.

Article 44.

Default of acceptance or of payment must be evidenced by an authentic act (protest for non-acceptance or non-payment).

Protest for non-acceptance must be made within the limit of time fixed for presentment for acceptance. If, in the case contemplated by Article 24, paragraph 1, the first presentment takes place on the last day of that time, the protest may nevertheless be drawn up on the next day.

Protest for non-payment of a bill of exchange payable on a fixed day or at a fixed period after date or sight must be made on one of the two business days following the day on which the bill is payable. In the case of a bill payable at sight, the protest must be drawn up under the conditions specified in the foregoing paragraph for the drawing up of a protest for non-acceptance.

Protest for non-acceptance dispenses with presentment for payment and protest for non-payment.

If there is a stoppage of payment on the part of the drawee, whether he has accepted or not, or if execution has been levied against his goods without result, the holder cannot exercise his right of recourse until after presentment of the bill to the drawee for payment and after the protest has been drawn up.

If proceedings for bankruptcy, legal settlement or the administration of property have been instituted in connection with the property of the drawee, whether he has accepted or not, or in

connection with that of the drawer of a non-acceptable bill, the production of the relevant judgment suffices to enable the holder to exercise his right of recourse. Proof of publication of the relevant judgment in the official gazette or in a newspaper approved for the publication of communications from the judicial authorities shall be deemed equivalent to production of the judgment.

Article 45.

On the day on which the protest for non-acceptance or non-payment is drawn up, the notary or official authorised by law to draw up the protest shall be required to give written notification of it to all persons liable in respect of the bill of exchange whose addresses are indicated on the bill or known to the public official drawing up the protest or indicated by the person at whose instance the protest was drawn up. The costs of the said notification shall be added to the costs of the protest.

A holder who is exempted under a special stipulation from the obligation to draw up a protest for non-acceptance or non-payment in order to exercise his right of recourse must give notice of non-acceptance or non-payment to his immediate endorser and to the drawer within the four business days which follow the day for presentment. Every endorser must, within the two business days following the day on which he receives notice, notify his endorser of the notice he has received, mentioning the names and addresses of those who have given the previous notices, and so on through the series until the drawer is reached. The periods mentioned above run from the receipt of the preceding notice.

When, in conformity with the preceding paragraph, notice is given to a person who has signed a bill of exchange, the same notice must be given within the same limit of time to his *avaliseur*.

Where an endorser either has not specified his address or has specified it in an illegible manner, it is sufficient that notice should be given to the preceding endorser.

A person who must give notice may give it in any form whatever, even by simply returning the bill of exchange.

He must prove that he has given notice within the time allowed. This time-limit shall be regarded as having been observed if a letter giving the notice has been posted within the prescribed time.

A person who does not give notice within the limit of time mentioned above does not forfeit his rights. He is responsible for the injury, if any, caused by his negligence, but the damages shall not exceed the amount of the bill of exchange.

Article 46.

The drawer, an endorser, or a person guaranteeing payment by *aval (avaliseur)* may, by the stipulation "*retour sans frais*", "*sans protêt*", or any other equivalent expression written on the instrument and signed, release the holder from having a protest of non-acceptance or non-payment drawn up in order to exercise his right of recourse.

This stipulation does not release the holder from presenting the bill within the prescribed time or from the notices he has to give. The burden of proving the non-observance of the limits of time lies on the person who seeks to set it up against the holder.

If the stipulation is written by the drawer, it is operative in respect of all persons who have signed the bill; if it is written by an endorser or an *avaliseur*, it is operative only in respect of such endorser or *avaliseur*. If, in spite of the stipulation written by the drawer, the holder has the protest drawn up, he must bear the expenses thereof. When the stipulation emanates from an endorser or *avaliseur*, the costs of the protest, if one is drawn up, may be recovered from all the persons who have signed the bill.

Article 47.

All drawers, acceptors, endorsers or guarantors by *aval* of a bill of exchange are jointly and severally liable to the holder.

The holder has the right of proceeding against all these persons individually or collectively without being required to observe the order in which they have become bound.

The same right is possessed by any person signing the bill who has taken it up and paid it.

Proceedings against one of the parties liable do not prevent proceedings against the others, even though they may be subsequent to the party first proceeded against.

Article 48.

The holder may recover from the person against whom he exercises his right of recourse :

- (1) The amount of the unaccepted or unpaid bill of exchange with interest, if interest has been stipulated for ;
- (2) Interest at the rate of 6 per cent from the date of maturity ;
- (3) The expenses of protest and of the notices given as well as other expenses ;
- (4) Commission at the rate of one-third per cent of the amount of the bill of exchange.

If the right of recourse is exercised before maturity, the amount of the bill shall be subject to a discount. This discount shall be calculated according to the official rate of discount (bank rate) ruling on the date when recourse is exercised at the place of domicile of the holder.

Article 49.

A party who takes up and pays a bill of exchange can recover from the parties liable to him :

- (1) The entire sum which he has paid ;
- (2) Interest on the said sum calculated at the rate of 6 per cent, starting from the day when he made payment ;
- (3) Any expenses which he has incurred ;
- (4) Commission calculated in accordance with the provisions of Article 48, paragraph 1, No. 4.

Article 50.

Every party liable against whom a right of recourse is or may be exercised can require, against payment, that the bill shall be given up to him with the protest and a receipted account.

Every endorser who has taken up and paid a bill of exchange may cancel his own endorsement and those of subsequent endorsers.

Article 51.

In the case of the exercise of the right of recourse after a partial acceptance, the party who pays the sum in respect of which the bill has not been accepted can require that this payment shall be specified on the bill and that he shall be given a receipt therefor. The holder must also give him a certified copy of the bill, together with the protest, in order to enable subsequent recourse to be exercised.

Article 52.

Every person having the right of recourse may, in the absence of agreement to the contrary, reimburse himself by means of a fresh bill (redraft) to be drawn at sight on one of the parties liable to him and payable at the domicile of that party.

The redraft includes, in addition to the sums mentioned in Articles 48 and 49, brokerage and the cost of stamping the redraft.

If the redraft is drawn by the holder, the sum payable is fixed according to the rate for a sight bill drawn at the place where the original bill was payable upon the party liable at the place of his domicile. If the redraft is drawn by an endorser, the sum payable is fixed according to the rate for a sight bill drawn at the place where the drawer of the redraft is domiciled upon the place of domicile of the party liable.

Article 53.

After the expiration of the limits of time fixed :

- For the presentment of a bill of exchange drawn at sight or at a fixed period after sight ;
- For drawing up the protest for non-acceptance or non-payment ;
- For presentment for payment in the case of a stipulation *retour sans frais* ;

the holder loses his rights of recourse against the endorsers, against the drawer and against the other parties liable, with the exception of the acceptor.

In default of presentment for acceptance within the limit of time stipulated by the drawer, the holder loses his right of recourse for non-payment, as well as for non-acceptance, unless it appears from the terms of the stipulation that the drawer only meant to release himself from the guarantee of acceptance.

If the stipulation for a limit of time for presentment is contained in an endorsement, the endorser alone can avail himself of it.

Article 54.

Should the presentment of the bill of exchange or the drawing up of the protest within the prescribed limits of time be prevented by an insurmountable obstacle (legal prohibition (*prescription légale*) by any State or other case of *vis major*), these limits of time shall be extended.

The holder is bound to give notice without delay of the case of *vis major* to his endorser and to specify this notice, which he must date and sign, on the bill or on an *allonge* ; in other respects, the provisions of Article 45 shall apply.

When *vis major* has terminated, the holder must without delay present the bill of exchange for acceptance or payment and, if need be, draw up the protest.

If *vis major* continues to operate beyond thirty days after maturity, recourse may be exercised, and neither presentment nor the drawing up of a protest shall be necessary.

In the case of bills of exchange drawn at sight or at a fixed period after sight, the time-limit of thirty days shall run from the date on which the holder, even before the expiration of the time for presentment, has given notice of *vis major* to his endorser. In the case of bills of exchange drawn at a certain time after sight, the above time-limit of thirty days shall be added to the period after sight specified in the bill of exchange.

Facts which are purely personal to the holder or to the person whom he has entrusted with the presentment of the bill or drawing up of the protest are not deemed to constitute cases of *vis major*.

CHAPTER VIII. — INTERVENTION FOR HONOUR.

I. GENERAL PROVISIONS.

Article 55.

The drawer, an endorser, or a person giving an *aval* may specify a person who is to accept or pay in case of need.

A bill of exchange may, subject as hereinafter mentioned, be accepted or paid by a person who intervenes for the honour of any debtor against whom a right of recourse exists.

The person intervening may be a third party, even the drawee or, save the acceptor, a party already liable on the bill of exchange.

The person intervening is bound to give, within two business days, notice of his intervention to the party for whose honour he has intervened. In default, he is responsible for the injury, if any, due to his negligence, but the damages shall not exceed the amount of the bill of exchange.

2. ACCEPTANCE BY INTERVENTION (FOR HONOUR).

Article 56.

There may be acceptance by intervention in all cases where the holder has a right of recourse before maturity on a bill which is capable of acceptance.

When the bill of exchange indicates a person who is designated to accept or pay it in case of need at the place of payment, the holder may not exercise his rights of recourse before maturity against the person naming such referee in case of need and against subsequent signatories, unless he has presented the bill of exchange to the referee in case of need and until, if acceptance is refused by the latter, this refusal has been authenticated by a protest.

In other cases of intervention, the holder may refuse an acceptance by intervention. Nevertheless, if he allows it, he loses his right of recourse before maturity against the person on whose behalf such acceptance was given and against subsequent signatories.

Article 57.

Acceptance by intervention is specified on the bill of exchange. It is signed by the person intervening. It mentions the person for whose honour it has been given and, in default of such mention, the acceptance is deemed to have been given for the honour of the drawer.

Article 58.

The acceptor by intervention is liable to the holder and to the endorsers, subsequent to the party for whose honour he intervened, in the same manner as such party.

Notwithstanding an acceptance by intervention, the party for whose honour it has been given and the parties liable to him may require the holder, in exchange for payment of the sum mentioned in Article 48, to deliver the bill, the protest and a receipted account, if any.

3. PAYMENT BY INTERVENTION.

Article 59.

Payment by intervention may take place in all cases where, either at maturity or before maturity, the holder has a right of recourse on the bill.

Payment must include the whole amount payable by the party for whose honour it is made.

It must be made at the latest on the day following the last day allowed for drawing up the protest for non-payment.

Article 60.

If a bill of exchange has been accepted by persons intervening who are domiciled in the place of payment, or if persons domiciled there have been named as referees in case of need, the holder must present the bill to all these persons and, if necessary, have a protest for non-payment drawn up at the latest on the day following the last day allowed for drawing up the protest.

In default of protest within this limit of time, the party who has named the referee in case of need, or for whose account the bill has been accepted, and the subsequent endorsers are discharged.

Article 61.

The holder who refuses payment by intervention loses his right of recourse against any persons who would have been discharged thereby.

Article 62.

Payment by intervention must be authenticated by a receipt given on the bill of exchange mentioning the person for whose honour payment has been made. In default of such mention, payment is deemed to have been made for the honour of the drawer.

The bill of exchange and the protest, if any, must be given up to the person paying by intervention.

Article 63.

The person paying by intervention acquires the rights arising out of the bill of exchange against the party for whose honour he has paid and against persons who are liable to the latter on the bill of exchange. Nevertheless, he cannot re-endorse the bill of exchange.

Endorsers subsequent to the party for whose honour payment has been made are discharged.

In case of competition for payment by intervention, the payment which effects the greater number of releases has the preference. Any person who, with a knowledge of the facts, intervenes in a manner contrary to this rule loses his right of recourse against those who would have been discharged.

CHAPTER IX. — PARTS OF A SET AND COPIES.

I. PARTS OF A SET.

Article 64.

A bill of exchange can be drawn in a set of two or more identical parts.

These parts must be numbered in the body of the instrument itself ; in default, each part is considered as a separate bill of exchange.

Every holder of a bill which does not specify that it has been drawn as a sole bill may, at his own expense, require the delivery of two or more parts. For this purpose, he must apply to his immediate endorser, who is bound to assist him in proceeding against his own endorser, and so on in the series until the drawer is reached. The endorsers are bound to reproduce their endorsements on the new parts of the set.

Article 65.

Payment made on one part of a set operates as a discharge, even though there is no stipulation that this payment annuls the effect of the other parts. Nevertheless, the drawee is liable on each accepted part which he has not recovered.

An endorser who has transferred parts of a set to different persons, as well as subsequent endorsers, are liable on all the parts bearing their signature which have not been restored.

Article 66.

A party who has sent one part for acceptance must indicate on the other parts the name of the person in whose hands this part is to be found. That person is bound to give it up to the lawful holder of another part.

If he refuses, the holder cannot exercise his right of recourse until he has had a protest drawn up specifying :

- (1) That the part sent for acceptance has not been given up to him on his demand ;
- (2) That acceptance or payment could not be obtained on another of the parts.

2. COPIES.

Article 67.

Every holder of a bill of exchange has the right to make copies of it.

A copy must reproduce the original exactly, with the endorsements and all other statements to be found therein. It must specify where the copy ends.

It may be endorsed and guaranteed by *aval* in the same manner and with the same effects as the original.

Article 68.

A copy must specify the person in possession of the original instrument. The latter is bound to hand over the said instrument to the lawful holder of the copy.

If he refuses, the holder may not exercise his right of recourse against the persons who have endorsed the copy or guaranteed it by *aval* until he has had a protest drawn up specifying that the original has not been given up to him on his demand.

Where the original instrument, after the last endorsement before the making of the copy, contains a clause "commencing from here an endorsement is only valid if made on the copy" or some equivalent formula, a subsequent endorsement on the original is null and void.

CHAPTER X. — ALTERATIONS.

Article 69.

In case of alteration of the text of a bill of exchange, parties who have signed subsequent to the alteration are bound according to the terms of the altered text; parties who have signed before the alteration are bound according to the terms of the original text.

CHAPTER XI. — LIMITATION OF ACTIONS.

Article 70.

All actions arising out of a bill of exchange against the acceptor are barred after three years, reckoned from the date of maturity.

Actions by the holder against the endorsers and against the drawer are barred after one year from the date of a protest drawn up within proper time, or from the date of maturity where there is a stipulation *retour sans frais*.

Actions by endorsers against each other and against the drawer are barred after six months, reckoned from the day when the endorser took up and paid the bill or from the day when he himself was sued.

Article 71.

The period of limitation shall be interrupted in the cases specified by the respective laws, but shall in no case be suspended.

Interruption of the period of limitation is only effective against the person in respect of whom the period has been interrupted.

CHAPTER XII. — GENERAL PROVISIONS.

Article 72.

Payment of a bill of exchange which falls due on a legal holiday (*jour férié légal*) cannot be demanded until the next business day. So, too, all other proceedings relating to a bill of

exchange, in particular presentment for acceptance and protest, can only be taken on a business day.

Where any of these proceedings must be taken within a certain limit of time the last day of which is a legal holiday (*jour férié légal*), the limit of time is extended until the first business day which follows the expiration of that time. Intermediate holidays (*jours fériés*) are included in computing limits of time.

Article 73.

Legal or contractual limits of time do not include the day on which the period commences.

Article 74.

No days of grace, whether legal or judicial, are permitted.

TITLE II.

PROMISSORY NOTES.

Article 75.

A promissory note contains :

- (1) The term " promissory note " inserted in the body of the instrument and expressed in the language employed in drawing up the instrument ;
- (2) An unconditional promise to pay a determinate sum of money ;
- (3) A statement of the time of payment ;
- (4) A statement of the place where payment is to be made ;
- (5) The name of the person to whom or to whose order payment is to be made ;
- (6) A statement of the date and of the place where the promissory note is issued ;
- (7) The signature of the person who issues the instrument (maker).

If the maker is unable for any reason himself to place his signature on the promissory note, the latter may be signed, at the maker's request, by another person. In this case, the promissory note shall bear a statement by a notary certifying that it has been signed at the request of the maker.

Article 76.

An instrument in which any of the requirements mentioned in the preceding Article are wanting is invalid as a promissory note except in the cases specified in the following paragraphs.

A promissory note in which the time of payment is not specified is deemed to be payable at sight.

In default of special mention, the place where the instrument is made is deemed to be the place of payment and at the same time the place of the domicile of the maker.

A promissory note which does not mention the place of its issue is deemed to have been made in the place mentioned beside the name of the maker.

Article 77.

The following provisions relating to bills of exchange apply to promissory notes so far as they are not inconsistent with the nature of these instruments, viz. :

- Endorsement (Articles 11 to 20) ;
- Time of payment (Articles 33 to 37) ;

Payment (Articles 38 to 42) ;
 Recourse in case of non-payment (Articles 43 to 50, 52 to 54) ;
 Payment by intervention (Articles 55, 59 to 63) ;
 Copies (Articles 67 and 68) ;
 Alterations (Article 69) ;
 Limitation of actions (Articles 70 and 71) ;
 Holidays, computation of limits of time and prohibition of days of grace (Articles 72,
 73 and 74).

The following provisions are also applicable to a promissory note : The provisions concerning a bill of exchange payable at the address of a third party or in a locality other than that of the domicile of the drawee (Articles 4 and 27) ; stipulation for interest (Article 5) ; discrepancies as regards the sum payable (Article 6) ; the consequences of signature under the conditions mentioned in Article 7, the consequences of signature by a person who acts without authority or who exceeds his authority (Article 8) ; and provisions concerning a bill of exchange in blank (Article 10).

The following provisions are also applicable to a promissory note : Provisions relating to guarantee by *aval* (Articles 30-32) ; in the case provided for in Article 31, last paragraph, if the *aval* does not specify on whose behalf it has been given, it is deemed to have been given on behalf of the maker of the promissory note.

Article 78.

The maker of a promissory note is bound in the same manner as an acceptor of a bill of exchange

Promissory notes payable at a certain time after sight must be presented for the visa of the maker within the limits of time fixed by Article 23. The limit of time runs from the date of the visa signed by the maker on the note. The refusal of the maker to give his visa with the date thereon must be authenticated by a protest (Article 25), the date of which marks the commencement of the period of time after sight.

TITLE III.

ADDITIONAL PROVISIONS.

CHAPTER I. — PROTESTS.

Article 79.

All protests must be drawn up by a notary or an official authorised by law to draw up protests.

Article 80.

The public official authorised to draw up protests to whom the bill of exchange or promissory note has been presented with a view to the protest being made shall, either orally or in writing, call upon the persons to whom the protest is to be addressed to perform the actions arising out of the bill of exchange or promissory note.

If the actions arising out of the bill of exchange or promissory note are not *performed*, the public official shall draw up an instrument of protest.

Article 81.

The instrument of protest shall contain :

- (1) The date of the protest ;
- (2) The number of the instrument of protest ;

(3) The name of the person for whose benefit the protest has been drawn up and the name of the person to whom the protest is addressed ;

(4) A statement to the effect that the person to whom the protest was addressed has been called upon without result to perform the actions arising out of the bill of exchange or promissory note, or that he has not been found or that his office or domicile has not been traced ;

(5) A statement of the place and date of delivery of the said summons or of the unsuccessful attempt to deliver the same ;

(6) The total costs of the protest.

If the drawee to whom a bill of exchange is presented for acceptance requires a second presentment the following day, a statement to this effect shall be entered on the instrument of protest.

The instrument of protest shall be signed by the public official authorised to draw it up and shall bear the official seal.

Article 82.

The instrument of protest shall be affixed to the bill of exchange or promissory note or to the *allonge*.

The instrument of protest shall be affixed immediately after the last entry on the back of the bill of exchange or promissory note or, in the absence of such entry, directly, to one side, on the back.

If the instrument of protest is affixed to an *allonge*, it shall bear the official seal at the point of attachment. In this case, the signature of the public official authorised to draw up the protest need not be accompanied by the seal.

If the protest is effected in the form of the presentment of a set of parts forming a single bill of exchange or promissory note or in that of the presentment of the original document and one copy, it shall be sufficient to draw up the protest on one of the parts or on the original. The other parts or the copy shall indicate to which part the instrument of protest has been affixed or shall specify that the protest is to be found on the original bill of exchange or promissory note. The provisions of paragraph 2 and of the first sentence of paragraph 3 shall apply respectively to this indication. The said indication shall be signed by the public official authorised to draw up the instrument of protest.

Article 83.

An instrument of protest which the holder of a copy causes to be drawn up in accordance with Article 68, paragraph 2, against the possessor of the original bill of exchange or promissory note shall be affixed to the said copy or to an *allonge*.

If the protest is drawn up in the case of partial acceptance, a copy shall be made of the bill of exchange and the instrument of protest shall be affixed to the said copy or to an *allonge*. Similarly, the copy shall embody all the endorsements and other entries on the bill of exchange.

The provisions of Article 82, paragraphs 2 and 3, shall apply respectively.

Article 84.

It shall be sufficient to draw up a single protest in the case of actions arising out of a single bill of exchange or a single promissory note which are to be performed by a number of persons or by the same person several times.

Article 85.

Payment of a bill of exchange or promissory note may be effected through the public official authorised to draw up the instrument of protest. He may not be deprived of his power to accept such payments.

Article 86.

Errors in writing, omissions and other defects in the instrument of protest shall be corrected by the public official authorised to draw up an instrument of protest before the said instrument is delivered to the person at whose request the protest has been drawn up. The instrument of protest shall contain a statement of any corrections made, signed by the public official.

Article 87.

A certified copy of the instrument of protest shall be preserved. The contents of the bill of exchange or promissory note or of any copy of the same shall be indicated. The said indication shall contain :

- (1) The sum payable by the bill of exchange and the promissory note ;
- (2) The date of maturity ;
- (3) A statement of the date and place of issue ;
- (4) The names of the drawer and maker, the name of the person to whom or to whose order payment is to be effected and the name of the drawee ;
- (5) If a person other than the drawee or, in the case of a promissory note, other than the maker is indicated as being liable for payment, the name of the said person and, if necessary, the names of possible interveners and of persons having accepted the bill of exchange or promissory note for honour.

The copies and indications shall be carefully preserved.

CHAPTER II. — BENEFITS.

Article 88.

Should the obligations assumed in virtue of the instrument by the drawer, the acceptor or the maker lapse by limitation (*prescription*) or because an action required to maintain the right of recourse has been omitted, the said persons shall remain responsible to the holder for a sum equal to any benefits accruing to them as a result of the loss sustained by him. Actions for the recovery of benefits are barred after three years as from the lapse of obligations arising out of the bill of exchange or promissory note.

Such actions may not be taken against endorsers whose obligations have lapsed.

CHAPTER III. — BILLS OF EXCHANGE, PROMISSORY NOTES AND INSTRUMENTS OF PROTEST
LOST, STOLEN OR DESTROYED.

Article 89.

A bill of exchange or promissory note may, if lost, stolen or destroyed, be cancelled on appeal in accordance with the provisions of the Code of Civil Procedure. The time-limit for such appeal shall be two months ; it shall run as from the first day of maturity, if the bill of exchange or promissory note has not yet matured.

All persons named in the bill of exchange or promissory note shall, as far as possible, be advised of the opening of appeal proceedings.

Article 90.

After the opening of appeal proceedings, the Court may grant the plaintiff the right to demand payment on maturity by the acceptor of the bill of exchange or the maker of the promissory note, on condition that he provides guarantees until the instrument has been declared null and void.

In the absence of such guarantees, the plaintiff shall simply have the right to demand the deposit with the judicial authorities, at his expense, of the sum payable by the bill of exchange or promissory note. A party liable who has complied with this request shall be freed from the obligations arising out of the bill of exchange or promissory note.

Article 91.

The person at whose request the instrument was cancelled shall be authorised to avail himself of the rights arising out of the said instrument against those liable.

Should the judgment cancelling the instrument be declared null and void on appeal, the actions performed by the party liable in virtue of the judgment shall remain valid even in regard to third parties, and more especially in regard to the party who has taken proceedings with a view to having the judgment quashed, unless the party liable was aware, at the time when he performed the said actions, that the judgment had been quashed.

Article 92.

An instrument of protest which has been lost, stolen or destroyed may be replaced by a certificate stating that the instrument of protest was drawn up and issued by the authority holding the certified copy of the instrument of protest. The said certificate shall embody the contents of the instrument of protest and the particulars given in accordance with Article 87.

TITLE IV.

STAMP LAWS IN CONNECTION WITH BILLS OF EXCHANGE AND PROMISSORY NOTES.

Article 93.

The validity of obligations assumed in connection with bills of exchange and the exercise of rights arising out of a bill of exchange shall not be subject to the observance of the provisions of the law on stamp duties, except in the cases specified in the following paragraphs.

The exercise of rights arising out of a bill of exchange shall be suspended until payment has been made of the prescribed stamp duties and of fines incurred for non-payment or for incomplete payment of stamp duties.

A bill of exchange shall be deemed to have lost any legal character and force as a document immediately enforceable, if when the instrument was made the stamp duty was not duly paid in accordance with the provisions of the law on stamp duties.

Article 94.

Any promissory note for which stamp duties were not duly paid at the time of issue, in accordance with the provisions of the law on stamp duties, shall be deemed inoperative as a promissory note.

TITLE V.

CONFLICTS OF LAWS IN CONNECTION WITH BILLS OF EXCHANGE AND PROMISSORY NOTES.

Article 95.

The capacity of a person to bind himself by a bill of exchange or promissory note shall be determined by his national law. If this national law provides that the law of another country is competent in the matter, this latter law shall be applied.

A person who lacks capacity, according to the law specified in the preceding paragraph, is nevertheless bound, if his signature has been given in any territory in which, according to the law

in force there, he would have the requisite capacity. This provision shall not be applied if the contract arising out of a bill of exchange or promissory note has been entered into by one of the nationals abroad.

Article 96.

The form of any contract arising out of a bill of exchange or promissory note is regulated by the laws of the territory in which the contract has been signed.

If, however, the obligations entered into by means of a bill of exchange or promissory note are not valid according to the provisions of the preceding paragraph, but are in conformity with the laws of the territory in which a subsequent contract has been entered into, the circumstance that the previous contracts are irregular in form does not invalidate the subsequent contract.

Contracts by means of a bill of exchange and promissory note entered into abroad by one national of Lithuania shall be valid in respect of another of its nationals in its territory, provided that they are in the form laid down by the national law.

Article 97.

The effects of the obligations of the acceptor of a bill of exchange or maker of a promissory note are determined by the law of the place in which these instruments are payable.

The effects of the signatures of the other parties liable on a bill of exchange or promissory note are determined by the law of the country in which is situated the place where the signatures were affixed.

Article 98.

The limits of times for the exercise of rights of recourse shall be determined for all signatories by the law of the place where the instrument was created.

Article 99.

The question whether there has been an assignment to the holder of the debt which has given rise to the issue of the instrument is determined by the law of the place where the instrument was issued.

Article 100.

The question whether acceptance may be restricted to part of the sum or whether the holder is bound to accept partial payment is governed by the law of the country in which the bill of exchange is payable.

The same rule governs the payment of promissory notes.

Article 101.

The form of and the limits of time for protest, as well as the form of the other measures necessary for the exercise or preservation of rights concerning bills of exchange or promissory notes, are regulated by the laws of the country in which the protest must be drawn up or the measures in question taken.

Article 102.

The measures to be taken in case of the loss or theft of a bill of exchange or promissory note are determined by the law of the country in which the bill of exchange or promissory note is payable.