In Pakistan, the law governing bills of exchange primarily stems from the **Negotiable Instruments Act, 1881**, defining them as unconditional written orders to pay a specific sum to someone or the bearer, and the **Bills of Exchange Act 1882** **(BEA)**, though the Pakistani Act largely mirrors these principles, covering definitions, parties (drawer, drawee, payee), acceptance, presentment, and dishonour, alongside the **State Bank of Pakistan (SBP) regulations** for foreign exchange aspects and the **Foreign Exchange Regulation Act, 1947**, impacting international transactions.

Key Legal Frameworks

- **Negotiable Instruments Act, 1881:** This is the foundational statute in Pakistan, defining bills of exchange (Section 5), detailing requirements for valid instruments, and outlining procedures for acceptance, negotiation, and payment.
- **Bills of Exchange Act 1882 (BEA):** While the UK Act, its principles heavily influence Pakistani law, defining the bill as an unconditional order in writing for a certain sum, payable on demand or at a future time, to a specified person or bearer, as seen in Section 3 of the BEA.
- **Foreign Exchange Regulation Act, 1947 (FERA):** Regulates foreign currency transactions, affecting how bills involving international parties are handled and requiring SBP permissions for certain transfers.
- **State Bank of Pakistan (SBP) Regulations:** SBP issues directives and guidelines under FERA, controlling foreign exchange conversions and dealings, impacting bills used in international trade.

Core Elements of a Bill of Exchange (Pakistan Context)

- **Unconditional Order:** Must be a clear instruction, not conditional.
- **In Writing:** Must be documented.
- **Parties:** Involves a Drawer (seller), Drawee (buyer/payer), and Payee (recipient).
- **Sum Certain:** A fixed monetary amount.
- **Payable on Demand or Fixed Time:** Must specify when payment is due.
- **Signed:** By the drawer.

Key Provisions & Procedures

- **Acceptance:** The drawee's written assent, usually by signature on the bill, signifies agreement to pay.

- **Presentment:** Rules for presenting the bill for acceptance or payment, specifying where (address, place of business) and when.
- **Dishonour:** Occurs if a bill is not accepted or paid, triggering certain legal actions.
- **Negotiation:** Transferring the bill to another person, making them the holder.

Criminal Aspect

- **Section 489-F PPC:** The Pakistan Penal Code criminalizes dishonestly issuing a cheque (a type of bill) for a loan or obligation that bounces.

In essence, Pakistani law integrates principles from historical UK legislation with specific national statutes and central bank regulations to manage domestic and international bill of exchange transactions.

5. "Bill of exchange". A "bill of exchange" is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay on demand or at a fixed or determinable future time a certain sum of money only to, or to the order of, a certain person or to the bearer of the instrument.