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### Bills of Exchange Act 1882

The Bills of Exchange Act 1882 is a landmark piece of UK legislation that codified the laws governing negotiable instruments, including bills of exchange, cheques, and promissory notes. Drafted by Sir Mackenzie Chalmers, it simplified a complex legal landscape previously scattered across 20 different Acts and nearly 3,000 court decisions.

[Bills of Exchange Act 1882 - Wikipedia](#)

[Bills of Exchange Act 1882 | LexisNexis](#)

[Bills of Exchange Act 1882 - Google Search](#)

#### Legal Definition & Purpose

According to Section 3, a **bill of exchange** is an "unconditional order in writing" from one person (the drawer) to another (the drawee), signed by the drawer, requiring the drawee to pay a "sum certain in money" on demand or at a future date.

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Its primary goal was to bring consistency to commercial trade by:

- **Facilitating Credit:** Allowing businesses to obtain credit by discounting bills with financial institutions.
- **Ensuring Security:** Establishing clear requirements for signatures, endorsements, and procedures for dishonored payments.
- **Defining Negotiability:** Outlining how these instruments can be legally transferred between parties.

[8 Bills of Exchange Act 1882.pdf](#)

#### Key Provisions

- **Negotiability:** A bill is considered negotiable if it can be transferred from one person to another so that the new possessor becomes the legal holder.
- **Signatures:** No person is liable as a drawer, endorser, or acceptor unless they have signed the instrument as such.
- **Acceptance:** This is the drawee's formal agreement to pay the bill according to its terms.

- **Dishonour:** If a bill is not accepted or paid when presented, it is considered "dishonoured," and the holder may have an immediate right of recourse against the drawer and any prior endorsers.

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### **Modern Relevance & Digital Shift**

While the Act was originally premised on physical paper documents, the **Electronic Trade Documents Act 2023** (effective September 20, 2023) has revolutionized the law by allowing bills of exchange to be created, held, and transferred **electronically**. Despite these digital updates, the core principles of the 1882 Act remain the legal foundation for most common law jurisdictions worldwide.

<https://www.cliffordchance.com/content/dam/cliffordchance/briefings/2023/09/bills-of-exchange-the-new-law.pdf>

For further reading or professional reference, the full revised text of the statute is available on [Legislation.gov.uk](https://www.legislation.gov.uk).