Negotiable Instruments Law of the People’s Republic of China

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Chapter I — General Provisions

Article 1. This Law is enacted for the purposes of standardizing the conduct of negotiable instruments, protecting the lawful rights and interests of parties to negotiable instruments, maintaining social and economic order, and promoting the development of the socialist market economy.

Article 2. This Law shall apply to negotiable instrument activities within the territory of the People’s Republic of China. For the purposes of this Law, “negotiable instruments” means bills of exchange, promissory notes,

and checks.

Article 3. Negotiable instrument activities shall comply with laws and administrative regulations and shall not prejudice the public interest.

Article 4. When making a negotiable instrument, the drawer shall sign the instrument in accordance with the statutory requirements and shall assume liability for the instrument in accordance with the matters recorded thereon. A holder exercising its rights under a negotiable instrument shall sign the instrument in accordance with the statutory procedures and present the instrument. All other debtors of a negotiable instrument shall, when signing the instrument, assume liability for the instrument in accordance with the matters recorded thereon. For the purposes of this Law, “rights under a negotiable instrument” means the right of the holder to claim payment of the amount stated on the instrument from the debtor of the instrument, including the right to claim payment and the right of recourse. For the purposes of this Law, “liability for a negotiable instrument” means the obligation of the debtor of the instrument to pay the amount payable under the instrument to the holder.

Article 5. A negotiable instrument may be signed by an agent on behalf of the principal, provided that the agency relationship is indicated on the instrument. An agent who signs a negotiable instrument without indicating the agency relationship shall assume liability for the instrument. An agent who signs a negotiable instrument without authorization shall assume liability for the instrument. A principal shall not assume liability for an instrument signed by an agent acting beyond the scope of authorization, unless the principal ratifies the same. An agent acting beyond the scope of authorization shall assume liability for the instrument.

Article 6. Where a negotiable instrument lacks any of the matters required to be recorded, the instrument shall be invalid. A debtor of a negotiable instrument shall not set up a defense against the holder based on the lack of a legal relationship between the debtor and the drawer or between the debtor and the holder’s predecessor in title, unless the holder acquired the instrument in bad faith.

Article 7. A signature on a negotiable instrument shall be a signature, a seal, or a signature plus a seal. The signature on a negotiable instrument by a legal person or other entity using a negotiable instrument shall be the seal of the legal person or other entity, plus the signature or seal of its legal representative or an authorized agent. A signature on a negotiable instrument shall be the signatory’s real name.

Article 8. The amount of a negotiable instrument shall be recorded in both words and figures, and the two records shall be consistent. Where the two records are inconsistent, the instrument shall be invalid.

Article 9. The matters recorded on a negotiable instrument shall conform to the provisions of this Law. The amount, date, and name of the payee of a negotiable instrument shall not be altered; an instrument with any of such matters altered shall be invalid. Where any other matter recorded on a negotiable instrument has been altered, the person who made the original record shall confirm the alteration by affixing a signature thereto.

Article 10. The issuance, acquisition, and transfer of a negotiable instrument shall follow the principle of good faith and shall be based on genuine transaction relationships and creditor-debtor relationships. The acquisition of a negotiable instrument shall require the payment of consideration, which means the corresponding price recognized by both parties to the instrument.

Article 11. Where a negotiable instrument is acquired without consideration due to taxation, inheritance, or donation, the rights enjoyed by the holder shall not exceed those of the holder’s predecessor in title. For the purposes of the preceding paragraph, “predecessor in title” means the person who signed or delivered the negotiable instrument before the holder.

Article 12. A holder who acquires a negotiable instrument by fraud, duress, or other unlawful means, or who acquires a negotiable instrument with knowledge of the aforesaid circumstances, shall not enjoy the rights under the instrument. A holder who acquires a negotiable instrument with gross negligence shall not enjoy

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the rights under the instrument.

Article 13. A debtor of a negotiable instrument shall not set up against the holder a defense available against the drawer, unless the holder acquired the instrument in bad faith. A debtor of a negotiable instrument may set up against the holder a defense available against a specific prior party. For the purposes of this Law, “defense” means the refusal by a debtor of a negotiable instrument to perform its obligations to the holder on legal grounds.

Article 14. Where a matter recorded on a negotiable instrument has been altered, the persons who signed the instrument before the alteration shall be liable according to the matters originally recorded; the persons who signed the instrument after the alteration shall be liable according to the matters recorded after the alteration; where it is impossible to determine whether the signature was made before or after the alteration, the signature shall be deemed to have been made before the alteration. The counterfeiting or altering of a signature or seal on a negotiable instrument, or the alteration of other matters recorded on an instrument, shall not affect the validity of other genuine signatures on the instrument. A person whose signature or seal has been counterfeited or altered shall not assume liability for the instrument.

Article 15. Where a negotiable instrument is lost, the person entitled may, in accordance with the provisions of the Civil Procedure Law of the People’s Republic of China, apply to the basic-level people’s court at the place of payment for a public notice to assert the right, and apply for a judgment declaring the lost instrument void. Where the instrument has been reported lost to the drawee, the drawee shall suspend payment. Where a negotiable instrument is lost, the person entitled may, in accordance with law, demand compensation from the person who acquired the instrument without consideration or at a price substantially lower than the face value.

Article 16. The exercise of the rights under a negotiable instrument shall be conducted by the holder at the drawee’s place of business during business hours. Where the drawee is deceased, the holder shall present the instrument for payment to the successor or administrator of the drawee’s estate.

Article 17. The rights under a negotiable instrument shall be extinguished if not exercised within the following periods:

(1) The right of the holder against the drawer and acceptor of a bill of exchange: two years from the date of maturity of the instrument; in the case of a bill of exchange payable at sight or a promissory note: two years from the date of issuance of the instrument;

(2) The right of the holder of a check against the drawer: six months from the date of issuance of the instrument;

(3) The right of recourse of the holder against prior parties: six months from the date of dishonor by non-acceptance or non-payment;

(4) The right of recourse of a prior party against other prior parties after having paid the amount of the instrument: three months from the date of payment or from the date on which an action was brought against the party.

The date of issuance and the date of maturity of a negotiable instrument shall be determined by the parties to the instrument in accordance with law. Where an instrument is re-endorsed or re-issued, the time limits in this article shall be calculated from the date of the original instrument.

Article 18. Where a holder has lost the rights under a negotiable instrument due to the expiration of the limitation period or due to defective matters recorded on the instrument, the holder shall still enjoy the civil rights against the drawer or acceptor, and may demand the return of the benefits equivalent to the amount of the instrument that has not been paid.

Chapter II — Bills of Exchange

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Section 1: Issuance

Article 19. A bill of exchange is an instrument issued by the drawer, ordering the drawee to pay, unconditionally, a specified sum of money to the payee or the holder at sight or on a specified date.

Article 20. Issuance means the act of the drawer in making out a bill of exchange and delivering it after signing the instrument.

Article 21. The drawer of a bill of exchange shall have a reliable source of funds to pay the amount of the instrument and shall ensure payment. No person shall obtain funds by issuing a bill of exchange without consideration or by counterfeiting or falsifying bills of exchange.

Article 22. A bill of exchange shall record the following matters:

(1) The words “Bill of Exchange”;

(2) An unconditional order to pay;

(3) The specified sum of money;

(4) The name of the drawee;

(5) The name of the payee;

(6) The date of issuance; and

(7) The signature of the drawer.

Where a bill of exchange lacks any of the matters specified in the preceding paragraph, the bill of exchange shall be invalid.

Article 23. The date of payment, the place of payment, and the place of issuance of a bill of exchange and other matters recorded thereon shall be clear and unambiguous. Where the date of payment is not recorded on a bill of exchange, the bill shall be payable at sight. Where the place of payment is not recorded on a bill of exchange, the place of business, domicile, or habitual residence of the drawee shall be the place of payment. Where the place of issuance is not recorded on a bill of exchange, the place of business, domicile, or habitual residence of the drawer shall be the place of issuance.

Article 24. A bill of exchange may record matters other than those specified in this Law, provided that such additional matters shall have no effect under the law of negotiable instruments.

Article 25. A bill of exchange may be payable in one of the following manners:

(1) At sight;

(2) At a fixed period after sight;

(3) On a fixed date; or

(4) At a fixed period after the date of issuance.

Article 26. After issuing a bill of exchange, the drawer shall assume the liability for guaranteeing that the bill will be accepted and paid by the drawee. Where a bill of exchange is not accepted or is not paid, the drawer shall pay the amount stated on the instrument and the relevant expenses to the holder.

Section 2: Endorsement

Article 27. A holder may transfer its rights under a bill of exchange to another person or authorize another person to exercise certain rights under the bill of exchange. Where a bill of exchange is transferred by the holder by endorsement or by delivery of a bearer instrument, the endorsement or delivery shall be made in accordance with law. For the purposes of the preceding paragraph, where the drawer records the words “not transferable” on a bill of exchange, the bill of exchange shall not be transferred.

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Article 28. Where there is insufficient space on a bill of exchange for an endorsement, an allonge may be attached. The first entry on the allonge shall be signed by the affixer and the endorser. The allonge shall be deemed an integral part of the bill of exchange.

Article 29. An endorsement shall be dated and signed by the endorser. Where an endorsement is not dated, it shall be deemed to have been made before the date of maturity.

Article 30. When endorsing a bill of exchange, the endorser shall sign the instrument and record the name of the endorsee. Where an endorser fails to record the name of the endorsee and delivers the endorsed instrument to another person, the endorsement shall be a bearer endorsement.

Article 31. Where a bill of exchange is transferred by endorsement, the endorsements shall be continuous. A holder who proves its rights by the continuity of endorsements shall not be required to provide other proof. For the purposes of the preceding paragraph, “continuity of endorsements” means that, in the chain of endorsements of a bill of exchange transfer, the endorser of each endorsement is the endorsee of the immediately preceding endorsement. Where a bill of exchange is transferred by delivery of a bearer instrument, the holder who proves its rights by delivery shall not be required to provide other proof.

Article 32. Where an endorser endorses a bill of exchange by bearer endorsement, the endorser shall assume liability for the instrument. Where a person acquires a bill of exchange by bearer endorsement, the person may further transfer the bill of exchange by endorsement or by delivery. A prior endorser who has transferred a bill of exchange by bearer endorsement shall not be liable to any subsequent holder who acquires the instrument by delivery without recording the endorser’s name.

Article 33. An endorsement shall not be subject to any condition. Where a condition is attached to an endorsement, such condition shall have no effect under the law of negotiable instruments. Where a bill of exchange is endorsed for partial transfer of the amount stated on the instrument, or the amount stated on the instrument is endorsed for transfer to two or more endorsees separately, the endorsement shall be invalid.

Article 34. Where an endorsement is made after the date of maturity, the endorsement shall have the same effect as an endorsement made before the date of maturity. However, an endorsement made after the protest for non-payment has been made or after the time limit for making the protest has expired shall have only the effect of an ordinary assignment of a claim. An endorsement that is not dated shall be deemed to have been made before the date of maturity.

Article 35. An endorsement stating “for collection” shall authorize the endorsee to exercise the rights under the bill of exchange on behalf of the endorser. The endorsee shall not further transfer the bill of exchange by endorsement. Where the endorsee endorses the bill of exchange, the endorsement shall have no effect. An endorsement stating “for pledge” shall authorize the endorsee to exercise the rights under the bill of exchange upon realization of the pledge. The endorsee shall not further transfer the bill of exchange.

Article 36. A bill of exchange shall not be transferred by endorsement after it has been dishonored by non-acceptance or non-payment, or after the time limit for presentment for payment has expired. Any endorsement made thereafter shall be borne by the endorser.

Article 37. An endorser shall, after endorsing and delivering a bill of exchange, be liable for guaranteeing that the bill will be accepted and paid by the drawee when presented by its subsequent holder. Where a bill of exchange is not accepted or paid, the endorser shall pay the amount stated on the instrument and the relevant expenses to the holder.

Section 3: Acceptance

Article 38. Acceptance means the act of the drawee of a bill of exchange in undertaking to pay the amount stated on the instrument on the date of payment.

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Article 39. Where a bill of exchange is payable at a fixed period after sight, the holder shall present the bill to the drawee for acceptance within one month from the date of issuance. Where a bill of exchange is payable at sight, it need not be presented for acceptance.

Article 40. The drawee of a bill of exchange payable at a fixed period after sight shall, when the holder presents the bill for acceptance, make a decision on acceptance within three days. If the drawee does not accept the bill, it shall issue a certificate of dishonor. Where the drawee fails to respond within three days, it shall be deemed to have refused acceptance.

Article 41. Where the drawee accepts a bill of exchange, it shall record the word “Accepted” and the date of acceptance on the front of the instrument and sign the instrument. In the case of a bill of exchange payable at a fixed period after sight, the date of payment shall be recorded at the time of acceptance.

Article 42. Where the date of acceptance is not recorded on a bill of exchange payable at a fixed period after sight, the last day of the period for presentment for acceptance specified in the first paragraph of Article 40 of this Law shall be the date of acceptance. Where the drawee records only the word “Accepted” and signs the instrument, but does not record the date, the acceptance shall nevertheless be valid.

Article 43. Where the drawee accepts a bill of exchange, it shall not attach any condition thereto. Where a condition is attached to the acceptance, the acceptance shall be deemed to have been refused.

Article 44. After accepting a bill of exchange, the drawee shall assume the liability for paying the same on the date of payment.

Section 4: Guarantee

Article 45. The obligations under a bill of exchange may be guaranteed by a guarantor. The guarantor shall be a person other than the debtor of the instrument.

Article 46. A guarantor shall record the following matters on the bill of exchange or on an allonge:

(1) The word “Guaranteed”;

(2) The name and domicile of the guarantor;

(3) The name of the guaranteed person;

(4) The date of guarantee; and

(5) The signature of the guarantor.

Article 47. Where a guarantor fails to record item (3) of the preceding article on the bill of exchange or on the allonge, the acceptor shall be the guaranteed person in the case of an accepted bill of exchange, and the drawer shall be the guaranteed person in the case of an unaccepted bill of exchange. Where a guarantor fails to record the date of guarantee on the bill of exchange or on the allonge, the date of issuance shall be the date of guarantee.

Article 48. A guarantor shall not attach any condition to the guarantee. Where a condition is attached, such condition shall have no effect under the law of negotiable instruments, and the guarantor shall continue to assume the liability for the guarantee.

Article 49. A guarantor shall assume the defense of the guaranteed person against the holder. Where the guaranteed person’s obligations under the instrument are invalid for reasons other than those provided in this Law, the guarantor shall still assume the liability for the guarantee.

Article 50. Where a bill of exchange is guaranteed, the guarantor and the guaranteed person shall be jointly and severally liable to the holder. Where the bill of exchange is not paid on the date of payment, the holder shall have the right to claim payment from the guarantor, and the guarantor shall pay the amount stated on the instrument in full.

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Article 51. Where a bill of exchange is guaranteed by two or more guarantors, the guarantors shall be jointly and severally liable.

Article 52. After a guarantor has paid the amount of the instrument to the holder, the guarantor may exercise the right of recourse against the guaranteed person and the persons liable to the guaranteed person.

Section 5: Payment

Article 53. A holder shall present a bill of exchange for payment to the drawee within the following time limits:

(1) In the case of a bill of exchange payable at sight, within one month from the date of issuance;

(2) In the case of a bill of exchange payable on a fixed date, at a fixed period after the date of issuance, or at a fixed period after sight, within 10 days from the date of maturity.

Article 54. The drawee shall, on the date the holder presents the bill of exchange for payment, pay the amount of the instrument in full. Where the drawee pays the amount in full, all debtors of the instrument shall be discharged from their liability for the instrument.

Article 55. Where the holder authorizes the drawee to pay by installments, the drawee may pay by installments, provided that the holder may not be compelled to accept partial payment. Where the drawee pays by installments, the holder shall note each partial payment on the instrument and issue a receipt to the drawee.

Article 56. Where a bill of exchange is denominated in a foreign currency, payment shall be made in that foreign currency in accordance with the provisions of the foreign exchange control regulations. However, where the parties have agreed to payment in Renminbi, such agreement shall govern.

Article 57. When making payment, the drawee or an agent thereof shall examine the continuity of the chain of endorsements and present proof of the lawful identity or valid credentials of the person presenting the instrument for payment.

Article 58. Where the drawee pays before the date of maturity, the drawee shall bear the liability arising therefrom.

Article 59. Where the amount of a bill of exchange is denominated in a foreign currency, the amount to be paid shall be calculated at the exchange rate prevailing on the date of payment in accordance with the provisions of the foreign exchange control regulations. The drawee shall pay the amount of the instrument on the date of payment; if not paid on that date, the holder shall be entitled to interest calculated from the date of maturity.

Article 60. After the drawee has paid the amount of the instrument in full in accordance with law, all debtors of the instrument shall be discharged from their liability for the instrument.

Section 6: Recourse

Article 61. Where a bill of exchange is not paid on the date of maturity, the holder may exercise the right of recourse against the endorsers, the drawer, and other debtors of the instrument. A holder may also exercise the right of recourse before the date of maturity under any of the following circumstances:

(1) The bill of exchange is dishonored by non-acceptance;

(2) The drawee or acceptor is declared bankrupt;

(3) The drawee or acceptor is ordered by law to suspend business operations; or

(4) The drawee or acceptor is deceased or escapes, leaving no property, or is legally declared missing, leaving no property, thereby rendering acceptance or payment impossible.

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Article 62. Where a holder exercises the right of recourse, it shall provide proof of dishonor. The proof of dishonor shall be a certificate of dishonor, a statement of refusal to pay issued by the drawee, a court judgment or ruling, or other legally effective documents. Where the holder fails to provide proof of dishonor, it shall lose the right of recourse against prior parties, except as otherwise provided in this Law.

Article 63. Where a holder exercises the right of recourse, it shall give notice of dishonor to the drawer, endorsers, and other debtors of the instrument. The holder shall give the notice within three days from the date on which the proof of dishonor is obtained. Each endorser shall, within three days from the date of receiving the notice, notify the prior endorser.

Article 64. Where a party fails to give the notice of dishonor within the prescribed time limit, the party shall still be entitled to exercise the right of recourse. However, where losses are caused to prior parties or to the drawer due to the delay in giving notice, the party responsible shall be liable for compensation, provided that the amount of compensation shall not exceed the amount of the instrument.

Article 65. Where a notice of dishonor is sent by post, it shall be deemed to have been given on the date of posting, provided that the posting is made within the prescribed time limit. Where the addressee's address is not recorded on the instrument and the sender cannot prove that the notice was sent to the correct address, the notice shall be deemed not to have been given.

Article 66. A notice of dishonor shall clearly state the principal particulars of the bill of exchange and indicate that the bill has been dishonored. When giving notice, the party may adopt any method that can prove that the notice was given.

Article 67. Where a party who has received a notice of dishonor wishes to exercise the right of recourse against prior parties, the party shall forward the notice within three days from the date of receiving the notice. The preceding notice shall include the names and addresses of all prior parties who have given notice.

Article 68. The drawer, endorsers, acceptors, and guarantors of a bill of exchange shall be jointly and severally liable to the holder. A holder may exercise the right of recourse against any one of, several of, or all of the debtors of the instrument, regardless of the order of the parties' assumption of liability for the instrument.

Article 69. Where the holder is the drawer, the holder shall not exercise the right of recourse against prior parties. Where the holder is an endorser, the holder shall not exercise the right of recourse against subsequent parties.

Article 70. When exercising the right of recourse, the holder may claim the following amounts and expenses:

(1) The amount of the instrument refused to be paid;

(2) Interest on the amount of the instrument, calculated at the benchmark interest rate set by the People's Bank of China for the same period, from the date of maturity or the date of presentment for payment, as the case may be; and

(3) The expenses incurred in giving the notice of dishonor and the expenses for the making of the protest.

Article 71. Where a party subject to recourse has paid the amount of the instrument to the holder, the party may exercise the right of recourse against prior parties and claim the following amounts and expenses:

(1) The total amount paid;

(2) Interest on the amount paid, calculated at the benchmark interest rate set by the People's Bank of China for the same period, from the date of payment to the date of reimbursement; and

(3) Other necessary expenses incurred.

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Article 72. After a party subject to recourse has paid the amount of the instrument and related expenses, the party shall be entitled to delivery of the bill of exchange and the proof of dishonor, and shall issue a receipt. Where a prior party pays, the subsequent parties shall be discharged from liability.

Chapter III — Promissory Notes

Article 73. A promissory note is an instrument issued by the drawer, undertaking to pay, unconditionally, a specified sum of money to the payee or the holder at sight.

Article 74. The drawer of a promissory note shall have a reliable source of funds to pay the amount of the instrument and shall ensure payment.

Article 75. A promissory note shall record the following matters:

(1) The words “Promissory Note”;

(2) An unconditional undertaking to pay;

(3) The specified sum of money;

(4) The name of the payee;

(5) The date of issuance; and

(6) The signature of the drawer.

Where a promissory note lacks any of the matters specified in the preceding paragraph, the promissory note shall be invalid.

Article 76. The provisions of Articles 9, 11, 12, 13, 14, 15, 16, 17, 23, 24, and 25 of this Law shall apply to promissory notes. In addition, the provisions of Chapter II of this Law relating to bills of exchange shall apply to promissory notes, except as otherwise provided in this Chapter. The provisions relating to bills of exchange in the other Chapters of this Law shall also apply to promissory notes where not inconsistent with the nature of promissory notes.

Article 77. The maximum term of payment of a promissory note shall not exceed two months from the date of issuance.

Article 78. Where the holder of a promissory note fails to present the note for payment within the prescribed time limit, the holder shall lose the right of recourse against prior parties other than the drawer.

Article 79. The drawer of a promissory note shall, after issuing the note, assume the liability for guaranteeing payment. Where the holder presents the note for payment, the drawer shall pay the amount of the instrument in full. Where payment is not made on the date of payment, the holder shall have the right of recourse against the drawer.

Article 80. The provisions of this Law relating to bills of exchange shall apply to promissory notes, except as otherwise provided in this Chapter.

Chapter IV — Checks

Article 81. A check is an instrument issued by the drawer, ordering the bank or other financial institution handling check deposit business to pay, unconditionally, a specified sum of money to the payee or the holder at sight.

Article 82. The drawer of a check shall be an entity or individual that has opened a checking account with a bank or other financial institution handling check deposit business and has deposited sufficient funds therein. The drawer shall not issue a check where the funds on deposit are insufficient.

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Article 83. A check may be transferred. To issue a check that is not transferable, the drawer shall record the words “Not Transferable” on the face of the check. Where a check has been issued with a payee designated, the check may be transferred by endorsement. Where a check has been issued without a payee designated (a bearer check), the check may be transferred by delivery.

Article 84. Checks include cash checks and transfer checks. A cash check may only be used for withdrawal of cash. A transfer check may only be used for transfer of funds. Where a check is not printed with the words “Cash” or “Transfer,” it shall be a general-purpose check, which may be used for either cash withdrawal or transfer of funds. Where a general-purpose check is used for transfer of funds, the words “Transfer” shall be recorded in the upper left corner of the check.

Article 85. A check shall record the following matters:

(1) The words “Check”;

(2) An unconditional order to pay;

(3) The specified sum of money;

(4) The name of the drawee;

(5) The date of issuance; and

(6) The signature of the drawer.

Where a check lacks any of the matters specified in the preceding paragraph, the check shall be invalid.

Article 86. The amount of a check may be supplemented by the drawer’s authorization before use. A check with the amount not recorded shall not be used.

Article 87. The name of the payee of a check may be supplemented by the drawer’s authorization. A check with the name of the payee not recorded shall not be used for transfer by endorsement.

Article 88. A check shall not be issued with the drawer’s signature in blank. A check with the drawer’s signature in blank shall be invalid.

Article 89. The drawer of a check shall not issue a check with the drawer’s signature not conforming to the specimen signature or seal reserved with the drawee bank. Where a check is issued with the drawer’s signature not conforming to the reserved specimen signature or seal, the check shall be invalid, and the drawer shall be liable in accordance with law.

Article 90. The drawer of a check shall ensure that, at the time of issuance, the amount of the check does not exceed the actual balance of the drawer’s deposit with the drawee. No person shall issue a check in an amount exceeding the drawer’s deposit balance with the drawee at the time of issuance or the overdraft limit agreed with the drawee.

Article 91. A check shall be payable at sight and shall not have a separate date of payment recorded thereon. Where a date of payment is recorded separately on a check, such record shall be invalid. The holder of a check shall present the check for payment within 10 days from the date of issuance. Where the place of payment and the place of issuance are in different provinces, the time limit shall be separately prescribed by the People’s Bank of China.

Article 92. Where the drawee pays the amount of a check in full in accordance with law, the drawee shall no longer be liable to the drawer or the holder, except where the drawee has acted in bad faith or with gross negligence.

Article 93. Where a check is dishonored by non-payment on the date the holder presents it for payment, the holder may exercise the right of recourse against the drawer and other debtors of the instrument, provided that the holder shall issue a written notice of dishonor to the drawer within the prescribed time limit. Where

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the drawee refuses to pay, it shall issue a certificate of dishonor.

Article 94. The provisions of Articles 27 through 37, 50, 54 through 58, 61, 62, 64, 65, 68 through 72 of this Law shall apply to checks. In addition, the provisions of Chapter II of this Law relating to bills of exchange shall apply to checks, except as otherwise provided in this Chapter.

Chapter V — Application of Relevant Provisions to Foreign-Related Negotiable Instruments

Article 95. For the purposes of this Law, “foreign-related negotiable instruments” means negotiable instruments for which any of the acts of issuance, endorsement, acceptance, guarantee, or payment takes place both within and outside the territory of the People’s Republic of China, or takes place outside the territory of the People’s Republic of China.

Article 96. With respect to the civil capacity of a debtor of a negotiable instrument, the law of the debtor’s home country shall apply. Where a debtor of a negotiable instrument is considered to have no civil capacity or to have limited civil capacity under the law of the debtor’s home country, but is considered to have full civil capacity under the law of the place where the act is performed, the law of the place where the act is performed shall apply.

Article 97. With respect to the matters to be recorded on a bill of exchange or a promissory note at the time of issuance, the law of the place of issuance shall apply. With respect to the matters to be recorded on a check at the time of issuance, the law of the place of issuance shall apply. However, the law of the place of payment may also be applied as agreed by the parties.

Article 98. With respect to the endorsement, acceptance, payment, or guarantee of a negotiable instrument, the law of the place where the act is performed shall apply.

Article 99. With respect to the time limit for exercising the right of recourse on a negotiable instrument, the law of the place of issuance shall apply.

Article 100. With respect to the time limit for presenting a negotiable instrument for payment, the manner of refusing to certify, and the time limit for issuing a certification of refusal to pay, the law of the place of payment shall apply.

Article 101. With respect to the procedures for preserving the right of recourse on a negotiable instrument that is lost, the law of the place of payment shall apply.

Article 102. Where there are differences between the provisions of this Law and the provisions of international treaties to which the People’s Republic of China is a party or has acceded, the provisions of the international treaties shall prevail, except for those provisions in respect of which the People’s Republic of China has declared reservations. Where this Law and international treaties to which the People’s Republic of China is a party or has acceded are silent, international practice may be applied.

Chapter VI — Legal Liability

Article 103. Where any person commits any of the following acts of fraud using negotiable instruments, criminal liability shall be investigated in accordance with law:

(1) Counterfeiting or altering negotiable instruments;

(2) Knowingly using counterfeited or altered negotiable instruments;

(3) Issuing a check with the drawer’s signature intentionally left blank or issuing a check with the drawer’s signature not conforming to its reserved specimen signature or seal to defraud property;

(4) Issuing a bill of exchange or promissory note without a reliable source of funds to defraud funds;

(5) The drawer of a bill of exchange or promissory note, by making false records, defrauding property from the drawee at the time of issuance;

(6) Using a negotiable instrument that has been reported lost or has expired to defraud property;

(7) Other acts of fraud using negotiable instruments.

Article 104. Where any staff member of a financial institution commits any of the acts specified in the preceding article, resulting in any loss, the staff member and the financial institution shall bear civil liability for compensation in accordance with law. Where the act constitutes a crime, criminal liability shall be investigated in accordance with law.

Article 105. Where the drawee of a negotiable instrument intentionally delays the payment of a bill of exchange, promissory note, or check presented for payment at sight or on the date of maturity, thus causing losses to the drawer or holder, the drawee shall bear civil liability for compensation. Where a financial institution, in handling negotiable instrument business, causes losses to a party to the instrument due to its fault, the financial institution shall bear civil liability for compensation.

Article 106. Where the drawee of a negotiable instrument intentionally delays the payment of a bill of exchange, promissory note, or check presented for payment at sight or on the date of maturity, the drawee shall be liable for compensation for the losses caused to the drawer or holder by such delay.

Article 107. Where a person’s lawful rights and interests are infringed upon due to acts in violation of this Law, the victim shall have the right to demand that the infringing party cease the infringement, eliminate the adverse effects, and compensate for the losses. Where the infringing party refuses, the victim may bring a lawsuit in a people’s court in accordance with law.

Chapter VII — Supplementary Provisions

Article 108. The formats of negotiable instruments shall be uniformly prescribed by the People’s Bank of China. The measures for the administration of negotiable instruments shall be formulated by the People’s Bank of China in accordance with this Law, and shall be implemented upon approval by the State Council.

Article 109. The specific measures for the application of this Law shall be formulated by the People’s Bank of China.

Article 110. This Law shall enter into force as of 1 January 1996.

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