

# LAW OF GEORGIA

## ON BILLS

### General definitions

1. This Law regulates the procedure for drawing, guaranteeing, paying, using and transferring bills. This Law, along with other legislative acts, also regulates the consequences and claims arising from bills.
2. Unless specifically indicated otherwise, the terms used in this Law shall have the following meanings:
  - a) 'Person' means both a legal and a natural person;
  - b) 'Bill' means a security or a document, by which the person drawing it assumes an unconditional obligation to pay the amount specified in the bill in person or binds another person to pay it;
  - c) A bill may be a bill of exchange (draft) or a promissory note;
  - d) A drawer of a bill of exchange requires another person to pay the amount specified in the bill to a person specified in the bill;
  - e) A maker of a promissory note undertakes an obligation to pay the amount specified in the promissory note;
  - f) Endorsement - means a note of transfer made on a bill;
  - g) 'Endorser' means a person who makes a note of transfer on a bill;
  - h) 'Endorsee' means a person who has obtained a bill by endorsement;
  - i) 'Acceptance' means the signature of the drawee to confirm the receipt of the bill for payment within the established period of time, and consent to pay it;
  - j) 'Aval' means a bill guarantee;
  - k) 'Cession' means the assignment to another person of the right to file a claim;
  - l) 'Bank institution' means a public or a private institution authorised to carry out bank activities as an entrepreneur.

### Section I - Bill of Exchange

#### Chapter I - Drawing up a Bill and its Form

##### Article 1 - Requisites of a bill of exchange

1. A bill of exchange shall contain:
  - a) the term 'bill of exchange' in the title and the body of the document, expressed in the language in which the document is drawn up;
  - b) an unconditional order to pay a determinate sum of money;
  - c) the name of the drawee (the person who is to pay);
  - d) the time of payment;
  - e) the place of payment;
  - f) the name of the person to whom or to whose order the payment is to be made;
  - g) the date and the place of drawing up the bill;
  - h) the signature of the drawer (the person who issues the bill).

<sup>1</sup>. Business entities, except for commercial banks and non-bank deposit-taking institutions (credit unions) licensed in accordance with the legislation of Georgia, may not draw to natural persons bills of exchange the amount of which is less than GEL 100 000 (one hundred thousand) (equivalent in foreign currency). This restriction shall not be applicable to a business entity that draws a bill of exchange to less than 20 natural persons.

2. If the drawer is unable to sign the bill for any reason, the bill shall be signed by another person at the request of the drawer. In this case, the bill shall be certified by a notary to confirm that it has been signed at the request of the drawer.



3. A document that lacks any of the requisites referred to in this article, except for the cases provided for by this article, shall not have the force of a bill.
4. A bill which does not specify the time of payment shall be deemed to be payable at sight.
5. In default of special mention, the place specified beside the name of the drawee shall be deemed to be the place of payment, and at the same time the place of the domicile of the drawee.
6. A bill which does not specify the place where it is drawn up shall be deemed to have been drawn up in the place indicated beside the name of the bill.

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#### **Article 2 - Drawing a bill of exchange**

A bill of exchange may be drawn to the order of the drawer, payable to the drawer himself/herself or to a third party.

#### **Article 3 - Interest**

1. When a bill of exchange is payable at sight and/or within a fixed period of time after sight, the drawer may stipulate that the sum payable will accrue interest, the rate of which shall be specified in the bill. In default of such specification, the stipulation shall be deemed invalid.
2. Interest shall be charged from the date when a bill of exchange is drawn, unless some other date is specified.

#### **Article 4 - Amount of a bill**

1. If the amount of a bill is expressed in words and also in figures and there is a discrepancy between the two, the amount expressed in words shall be valid.
2. If the amount of a bill is specified more than once and there is a discrepancy between them, the smallest amount expressed in words shall be valid.

#### **Article 5 - Conditions for the authenticity of signatures**

If a bill bears the signatures of persons incapable of binding themselves by a bill, or bears forged signatures, this shall not affect the authenticity of other signatures.

#### **Article 6 - Agent without authority**

The person who puts his/her signature on a bill as an agent of a person for whom he/she had no power to act binds himself/herself as a party to the bill and, if he/she pays the bill, has the same rights as the person for whom he/she purported to act. The same rule shall apply to agents who have exceeded their powers.

#### **Article 7 - Guarantees of a drawer of a bill**

The drawer of a bill shall guarantee the payment of the bill. He/she may release himself/herself from guaranteeing acceptance, but not from guaranteeing the payment of the bill. No stipulation by which he/she releases himself/herself from guaranteeing payment shall be valid.

### **Chapter II - Endorsement of a Bill**

#### **Article 8 - Endorsement of a bill**

1. Any bill of exchange, even one that does not contain a stipulation 'to the order', may be transferred by endorsement.
2. If the drawer has inserted in a bill of exchange the words 'not to order' or other equivalent expression, it may only be transferred according to the form and with the effects of an ordinary cession.
3. A bill may also be endorsed in favour of the drawee, whether he/she has accepted the bill or not, or in favour of the drawer or any other party to the bill. These persons may re-endorse the bill.

#### **Article 9 - Invalid endorsement**



An endorsement shall be unconditional and any condition to which it is made subject shall be invalid.

#### **Article 10 - Endorsement in blank**

1. An endorsement shall be written on a bill of exchange or on its allonge and shall be signed by the endorser.
2. The endorsement may leave the endorsee unspecified or may consist only of the signature of the endorser (endorsement in blank). An endorsement in blank shall be deemed valid if it is written on the back of the bill or on its allonge.

#### **Article 11 - Rights transferred by endorsement**

1. All rights arising out of the bill shall be transferred by endorsement.
2. If an endorsement is blank, the holder may:
  - a) fill in the blank in his/her own name or on behalf of another person;
  - b) re-endorse the bill in blank or to any other specific person;
  - c) transfer the bill to a third person without filling in the blank and without endorsing it.

#### **Article 12 - Guarantees of an endorser**

1. An endorser shall guarantee the acceptance and payment of the bill, unless specified otherwise.
2. An endorser may disallow the re-endorsement of the bill. In this case, he/she shall give no guarantee to the person to whom the bill is re-endorsed.

#### **Article 13 - Holder of a bill**

1. A person who actually possesses the bill shall be deemed the lawful holder of the bill if he/she establishes his/her right to the bill through an uninterrupted series of endorsements, even if the last endorsement is in blank. If an endorsement in blank is followed by another endorsement, the person who signed the last endorsement shall be deemed to have acquired the bill by the endorsement in blank.
2. If a person has been dispossessed of a bill, the holder who establishes his/her right thereto in the manner mentioned in paragraph 1 of this article shall give up the bill, unless he/she has acquired it in bad faith or unless in acquiring it he/she was not aware, but should have been aware, that the person from whom he/she acquired the bill did not have the right to sell it to third persons.

#### **Article 14 - Claims arising out of bills**

Persons sued on a bill may not file a claim against the holder founded on relations with the holder or with the previous holder, unless the holder, in acquiring the bill, has knowingly acted to the detriment of the debtor.

#### **Article 15 - Rights of a holder of a bill**

1. If an endorsement contains the statements 'value in collection', 'for collection' or 'by procuration', or any other phrase implying a simple mandate, the holder may exercise all the rights arising out of the bill, but he/she may only endorse it in the capacity of an agent.
2. In this case, the parties to the bill may file against the holder only a claim which could be brought against the endorser.
3. An endorsement by procuration shall remain in force after the death of the party giving the mandate or in the event of his/her becoming legally incapable.

#### **Article 16 - Endorsement made after maturity**

1. An endorsement made after maturity shall have the same effects as an endorsement made before maturity. An endorsement made after a protest for non-payment has been drawn up, or after the time limit for drawing up a protest expires, shall be deemed an ordinary assignment.
2. An endorsement without a date shall be deemed to have been made on the bill before the expiration of the time limit for drawing up a protest.

### **Chapter III - Acceptance**



#### **Article 17 - Presentment for payment**

Either the holder or another person may present the bill to the drawee for acceptance until maturity at his/her domicile.

#### **Article 18 - Stipulations of drawers and endorsers**

1. A drawer may stipulate that the bill shall be presented for acceptance with or without fixing a time limit for presentment.
2. A drawer may stipulate that the bill must be presented for acceptance with or without fixing a time limit for presentment.
3. A drawer may stipulate the immediate payment of the bill, except when the bill is payable by a third party or in other locality (other than that of the domicile of the drawer), or except when a bill is drawn payable within a fixed period of time after sight.
4. A drawer may also stipulate that the bill not be presented for acceptance before the fixed date.
5. Unless the drawer has prohibited acceptance, every endorser may stipulate that the bill be presented for acceptance with or without fixing a time limit for presentment.

#### **Article 19 - Time limit for the presentment of a bill for payment**

1. A drawer may determine a time limit for presentment for acceptance. If the time limit has not been determined, bills payable within more than one year after their presentment shall be presented for acceptance within one year after their date.
2. A drawer may abridge or extend this time limit. Endorsers may abridge the fixed time limit.

#### **Article 20 - Second presentment for payment**

1. A drawee may demand that a bill be presented to him/her a second time on the day following the first presentment. Failure to comply with this demand may only be justified by interested parties if the demand is mentioned in the protest.
2. The holder of a bill shall not give up to the drawee a bill presented for acceptance.

#### **Article 21 - Drawing up acceptance**

1. Acceptance shall be specified in the bill. It shall be expressed by the word 'accepted' or any other equivalent term and signed by the drawee. The signature of the drawee on the face of the bill shall constitute acceptance.
2. If the bill is payable within a certain period of time after sight, or if it must be presented for acceptance within an established period of time, the date of acceptance shall be the day when the bill is actually accepted and a respective entry is made in the bill, unless the holder requires that the bill be dated as of the day of presentment for acceptance. If the bill is undated, the holder shall authenticate the omission by a protest in good time in order to preserve his/her right of recourse against the endorsers and the drawer.

#### **Article 22 - Declaration of acceptance**

1. Acceptance is unconditional but the drawee may accept part of the sum payable.
2. Every other change introduced by acceptance into the tenor of the bill shall be deemed a refusal to pay. Nevertheless, the acceptor shall be bound according to the terms of his/her acceptance.

#### **Article 23 - Change of the place of payment**

At the time of acceptance, the drawee may indicate any place of payment of a bill.

#### **Article 24 - Validity of acceptance**

1. By accepting, the drawee undertakes to pay the bill at its maturity.
2. In default of payment, the drawer shall have the right to bring an action on the bill of exchange directly against the acceptor and demand the payment of the amounts provided for by Articles 42 and 43 of this Law.



### **Article 25 - Cancellation (deletion) of acceptance**

If the drawee cancels (deletes) the note of acceptance in the bill, it shall be deemed that he/she refuses to accept half of the sum payable. If the drawee notifies his/her acceptance in writing to the holder or to any party who has signed the bill, he/she shall be liable to such parties according to the terms (content) of his/her acceptance.

## **Chapter IV - Avals**

### **Article 26 - Concept of aval**

1. The payment of a bill of exchange may be guaranteed by an aval as to the whole or part of its amount.
2. An aval shall be given by a third person.

### **Article 27 - Drawing up an aval**

1. An aval shall be given either on the bill itself or on its allonge. It shall be expressed by the words 'good as aval' or by any other equivalent formula, and shall be signed by the avalist.
2. An aval shall be deemed to be constituted by the signature of a person, other than the drawee or the drawer, placed on the face of the bill.
3. An aval shall specify for whose account it is given. In default of this, it shall be deemed to have been given for the drawer.

### **Article 28 - Rights and liabilities of an avalist**

1. An avalist shall be bound in the same manner as the person for whom he/she has become an avalist. His/her liabilities shall be valid even when the liability which he/she has guaranteed is inoperative for any reason other than defect of form.
2. After paying the bill, an avalist acquires the rights arising out of the bill against the person for whom he/she has given an aval and against those who are not liable to the latter on the bill.

## **Chapter V - Maturity**

### **Article 29 - Time limits determined in the bill**

1. A bill may be drawn payable:
  - a) at sight;
  - b) within a fixed period of time after sight;
  - c) within a fixed period of time after a date;
  - d) at a fixed date.
2. Bills specifying other maturities shall be void.

### **Article 30 - Bills at sight**

1. Bills provided for by Article 29(1) shall be payable on presentment. They shall be presented for payment within one year after their date. The drawer may abridge or extend this time limit. These time limits may be abridged by the endorsers.
2. The drawer may stipulate that a bill payable at sight may not be presented for payment before the specified date. In this case, the time limit for presentment shall begin from the said date.

### **Article 31 - Payment within a fixed period of time**

1. The maturity of a bill payable within a fixed period of time after sight shall be determined either by the date of acceptance or by the date of a protest.
2. In the event of a protest, an undated acceptance shall be deemed to have been given on the day established for presentment for acceptance.



### **Article 32 - Day of payment**

1. If a bill is drawn payable within one or more months after date or after sight, the bill shall mature on the corresponding date of the month when payment must be made.
2. If there is no corresponding date, the bill shall mature on the last day of this month.
3. If a bill is drawn payable within one or more months and a half after date or after sight, entire months must first be calculated.
4. 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 shall be understood.
5. The expressions 'eight days' or 'fifteen days' means not one or two weeks, but a period of eight or fifteen actual days.
6. The expression 'half-month' means a period of fifteen days.

## **Chapter VI - Payment**

### **Article 33 - Presentment for payment**

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

### **Article 34 - Rights of a drawee**

1. The drawee may require at the time of payment that payment shall be given up to him/her receipted by the holder.
2. In the case of partial payment, the drawee may require that mention of such payment shall be made on the bill, and that a receipt therefor shall be given to him/her.

### **Article 35 - Payment before maturity**

1. The holder of a bill may not be compelled to receive payment thereof before maturity.
2. The drawee who pays at maturity shall be deemed discharged from his/her duties and liabilities, unless he/she has been guilty of fraud or gross negligence. He/she shall verify the regularity of the series of endorsements, but not the signature of the endorsers.

### **Article 36 - Depositing the amount of a bill**

If a bill is not presented for payment within an established time limit, or if the holder of a bill refuses to receive partial payment, every debtor shall have the right to deposit the amount with the competent authority at the charge, risk and peril of the holder.

## **Chapter VII - Recourse for Non-payment of Bills**

### **Article 37 - Seeking recourse**

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

- a) at maturity;
- b) if payment has not been made;
- c) before maturity:
- d) if there has been total or partial refusal to accept;
- e) in the event of the bankruptcy of the drawee, whether he/she has accepted or not, or in the event of a stoppage of payment on his/her part, which is not declared by a court judgement, or when enforcement against his/her property was unsuccessful;
- f) in the event of the bankruptcy of the drawer of a non-acceptable bill.



### **Article 38 - Protest**

1. Default of acceptance or payment shall be evidenced by an official act (protest for non-acceptance or non-payment).
2. A protest for the non-acceptance of a bill shall be made not later than on the next day after the time limit for the presentment of the bill for acceptance expires.
3. A protest for the non-payment of a bill payable on a fixed day or within a fixed period after date or sight shall be made within two business days after the day on which the bill is payable. If the bill paid was not drawn payable at sight, a protest shall be drawn up within the time limits provided for by paragraph 2 of this article.
4. In the case of a protest for non-acceptance, no presentment of the bill for payment or protest for non-payment shall be required.
5. If there is a stoppage of payment on the part of the drawee, whether he/she has accepted or not, or if enforcement against his/her property was unsuccessful, the holder of a bill may not exercise his/her right of recourse until after the bill has been presented to the drawee for payment and after the protest has been drawn up.
6. If the drawee, whether he/she has accepted or not, is declared bankrupt, the holder of a bill may exercise his/her right of recourse only after a court judgement declaring the drawee's bankruptcy has been produced.

### **Article 39 - Notice of non-acceptance and non-payment**

1. The holder of a bill shall give notice of non-acceptance or non-payment to his/her endorser and to the drawer within four business days after a protest has been drawn up, and in the case of a stipulation 'to be returned without expenses', within the same period of time after the bill has been presented.
2. Every endorser shall, within two business days after he/she receives notice, notify his/her endorser of the notice he/she has received, with an indication of the names and addresses of those who have given the previous notices, and so on through the series of endorsements until the drawer is reached. The periods mentioned above shall run from the receipt of the preceding notice.
3. When notice is given to the drawer of a bill within the time limit established by paragraph 1 of this article, the same notice shall be given within the same time limit to his/her avalist.
4. If any of the endorsers has not specified his/her address or has specified it in an illegible manner, giving notice to the preceding endorser shall suffice.
5. A person who must give notice may give it in any form whatever, even by simply recovering the bill. He/she shall prove that he/she has given notice within the established time limit. This time-limit shall be regarded as having been observed if a letter giving notice has been posted within the established time limit.
6. A person who fails to give notice within the time limit established by this article shall not forfeit his/her rights. He/she shall be responsible for damages, if any, arising from his/her negligence, but the damages shall not exceed the amount of the bill.

### **Article 40 - Non-obligatory protest**

1. The drawer, an endorser, or an avalist may, by stipulating 'to be returned without payment', 'not subject to protest' or any other equivalent expression in the document and signing it, release the holder from having a protest of non-acceptance or non-payment drawn up in order to exercise his/her right of recourse.
2. This stipulation shall not release the holder from presenting the bill within the established time limit, or from giving the notices. The burden of proving the non-observance of the established time limits lies with the person who seeks to use such fact against the holder.
3. If the stipulation is written by the drawer, it shall apply to all persons who have signed the bill, and if it is written by an endorser or an avalist, it shall apply only to the endorser or the avalist. If, in spite of the stipulation written by the drawer, the holder has the protest drawn up, he/she shall bear the expenses thereof. If the stipulation emanates from an endorser or an avalist, the expenses of the protest, if one is drawn up, may be recovered from all the persons who have signed the bill.

### **Article 41 - Liabilities arising out of a bill**

1. All drawers, acceptors, endorsers or avalists of a bill shall be jointly and severally liable to the holder.
2. The holder shall have the right to bring an action against all these persons individually or collectively without being required to observe the order in which they have become bound.
3. The same right shall be exercised by any person signing the bill who has taken it up and paid it.
4. An action against one of the parties liable does not prevent proceedings against the others, even though they may be subsequent to the party first proceeded against.



#### **Article 42 - Right of recourse**

The holder may, by initiating proceedings, recover from the person against whom he/she exercises the right of recourse:

- a) the amount of the unaccepted or unpaid bill with interest, if interest has been stipulated;
- b) interest at the rate of 6 per cent from the date of maturity;
- c) the expenses of protest and of the notices given, as well as other expenses;
- d) a penalty equal to 3 per cent of the amount of the bill calculated from the date of payment.

#### **Article 43 - Recourse claims**

A party who takes up and pays a bill through a recourse procedure can recover from the parties liable to him/her:

- a) the entire sum which he/she has paid;
- b) interest on the said sum calculated at the rate of 6 per cent, starting from the day when he/she made payment;
- c) any expenses which he/she has incurred;
- d) a penalty as provided for by Article 42(a) of this Law.

#### **Article 44 - Rights of a drawee**

1. Every party liable, against whom a right of recourse is or may be exercised, may require against payment that the bill shall be given up to him/her with the protest and a receipted account.
2. Every endorser who has taken up and paid the bill may cancel his/her own endorsement and those of subsequent endorsers.

#### **Article 45 - Redrafts**

1. Every person having the right of recourse may, in the absence of agreement to the contrary, reimburse himself/herself by means of a fresh bill (redraft) to be drawn at sight on one of the endorsers liable to him/her and payable at the domicile of that party.
2. Such redraft shall include, in addition to the sums mentioned in Articles 42 and 43 of this Law, brokerage and the state fee for the redraft (the cost of a template form of a bill).
3. If the redraft is drawn by the endorser, the sum payable shall be fixed according to the rate of a bill which is payable at sight and is drawn according to the place of domicile of the drawer of the redraft.

#### **Article 46 - Forfeiture of rights in the case of violation**

1. The holder of a bill shall forfeit his/her rights of recourse against the endorsers, the drawer and the other parties liable, except for the acceptor, after the expiration of the time limits:
  - a) for the presentment of a bill drawn payable at sight or within a fixed period of time after sight;
  - b) for drawing up a protest for non-acceptance or non-payment;
  - c) for presentment for payment in the case of a stipulation 'to be returned without payment'.
2. In default of presentment for acceptance within the time limit stipulated by the drawer, the holder shall forfeit his/her right of recourse for non-payment, or for non-acceptance, unless it appears from the terms of the stipulation that the drawer only meant to release himself/herself from the guarantee of acceptance.
3. If the stipulation for a time limit for presentment of the bill is contained in an endorsement, the endorser alone may avail himself/herself of it.

#### **Article 47 - Force majeure**

1. If the presentment of the bill or the drawing up of the protest within the established time limits is prevented by force majeure, these time limits shall be extended.
2. The holder shall give notice without delay of force majeure to his/her endorser and specify this notice, which he must date and sign, on the bill or on its allonge. In other cases the provisions of Article 39 of this Law shall apply.





3. When the circumstances of force majeure referred to in paragraph 1 of this article have ceased to exist, the holder shall without delay present the bill for acceptance or payment and, if necessary, draw up the protest.

4. If the circumstances of force majeure continue to exist beyond thirty days after maturity, recourse may be exercised, and neither presentment for payment nor the drawing up of a protest shall be necessary.

5. In the case of bills drawn payable at sight or within a fixed period of time after sight, the time limit of thirty days shall run from the date on which the holder gives notice of force majeure to his/her endorser. Such notice may be given prior to the expiration of the time limit for the presentment of the bill. In the case of a bill drawn payable within a fixed period of time after sight, the time-limit of thirty days shall be added to the period after sight specified in the bill.

6. Circumstances which are purely personal to the holder or to the person whom he/she has entrusted with the presentment of the bill or drawing up of the protest shall not be deemed to constitute cases of force majeure.

## **Chapter VIII - Intervention for Honour**

### **I. General Provisions**

#### **Article 48 - Liabilities of third parties arising out of a bill**

1. The drawer, an endorser, or an avalist may specify a person who is to accept or pay in case of need.
2. A bill may, subject as hereinafter mentioned, be accepted or paid by any debtor against whom a right of recourse is exercised.
3. The person intervening may be a third party, including the drawee or other party already liable on the bill, except for the acceptor.
4. The person intervening shall give, within three business days, notice of his intervention to the party for whose honour he/she has intervened. In default, he/she shall be liable for damages, if any, arising from his/her negligence, but such damages shall not exceed the amount of the bill.

### **II. Acceptance by intervention**

#### **Article 49 - Acceptance by intervention**

1. There may be acceptance by intervention in all cases where the holder has a right of recourse before maturity on a bill which is subject to acceptance.
2. If the bill specifies 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 the holder has presented the bill to the referee and acceptance has been refused by the latter and the refusal has been documented by a protest.
3. In other cases of intervention the holder may refuse acceptance by intervention. Nevertheless, if the holder allows it, he/she shall forfeit the right of recourse before maturity against the person for whose honour such acceptance was given and against the endorsers who signed the bill.

#### **Article 50 - Drawing up an acceptance**

Acceptance by intervention shall be specified on the bill and signed by the person intervening, by mentioning the person for whose honour it has been given. In default of such mention, acceptance shall be deemed to have been given for the honour of the drawer.

#### **Article 51 - Liabilities of acceptors**

The acceptor by intervention shall be liable to the holder and to the endorsers subsequent to the party for whose honour he/she intervened, in the same manner as such party. Notwithstanding an acceptance by intervention, the party for whose honour it has been given and the endorsers preceding him/her may require the holder, in exchange for payment of the sum provided for in Article 42 of this Law, to recover the bill by documenting it with a protest, if any, and a receipted account.

### **III. Payment by intervention**

#### **Article 52 - Payment options**

1. 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.
2. Payment by intervention shall include the whole amount payable by the party for whose honour it is made.



3. Payment by intervention shall be made at the latest on the day following the last day allowed for drawing up a protest for non-payment.

#### **Article 53 - Presentment for payment and a protest**

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

2. In default of the protest within the above time limit, the party who has named the referee in case of need, or for whose honour the bill has been accepted, and the subsequent endorsers shall be discharged from their liabilities.

#### **Article 54 - Refusal to accept payment**

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

#### **Article 55 - Confirmation of payment**

1. Payment by intervention shall be specified in the bill mentioning the person for whose honour payment has been made. In default of such mention, payment shall be deemed to have been made for the honour of the drawer.

2. The bill and the act or protocol of protest, if any, shall be given up to the person paying by intervention.

#### **Article 56 - Rights of a person intervening**

1. The person paying by intervention shall acquire the rights arising out of the bill against the party for whose honour he/she has paid and against parties who are liable to the latter on the bill, although he/she may not re-endorse the bill.

2. Endorsers signing the bill after the party for whose honour payment has been made shall be discharged from their liabilities.

3. In case of competition for payment by intervention, the payment which discharges the greater number of parties from their liabilities shall have the preference.

4. Any person who, with knowledge of the facts, intervenes in a manner contrary to this rule, shall forfeit his/her right of recourse against those who would have been discharged.

### **Chapter IX - Counterparts and Copies of a Bill**

#### **I. Number of counterparts**

#### **Article 57 - Identical counterparts of a bill**

1. A bill of exchange may be drawn in a set of two or more identical counterparts.

2. These counterparts shall be numbered in the body of the document itself. In default, each counterpart shall be considered as a separate bill of exchange.

3. 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 counterparts. For this purpose he/she shall apply to his/her immediate endorser. The latter shall assist the holder in proceeding against his/her own endorser and so on in the series until the drawer is reached. The endorsers shall reproduce their endorsements on the new counterparts.

#### **Article 58 - Payment on one counterpart**

1. Payment made on one counterpart shall discharge other parties, even though there is no stipulation that this payment annuls the effect on the other counterparts. Nevertheless, the drawee shall be liable on each accepted counterpart which he/she has not recovered.

2. An endorser who has transferred counterparts to different persons, as well as subsequent endorsers, shall be liable on all counterparts bearing their signature which have not been recovered.

#### **Article 59 - Acceptance**



A party who has sent one counterpart for acceptance shall indicate on the other counterparts the name of the person in whose hands such counterpart is to be found. The latter shall give it up to the lawful holder of another counterpart. If he/she refuses to do so, the holder may not exercise the right of recourse until he/she has had a protest drawn up specifying that:

- a) the counterpart sent for acceptance has not been given up to him/her on demand;
- b) acceptance or payment could not be obtained on another counterparts.

## **II. Copies**

### **Article 60 - Copy of a bill**

1. Every holder of a bill shall have the right to make copies of it.
2. A copy shall reproduce the original exactly, with the endorsements and all other statements to be found therein. In addition, it shall specify where the copy ends.
3. It may be endorsed and guaranteed by an aval in the same manner and with the same effects as the original.

### **Article 61 - Liabilities of the holder of the original of a bill**

1. A copy shall specify the person in possession of the original document, who shall hand over the said document to the lawful holder of the copy.
2. If he/she refuses to do so, the holder may not exercise the right of recourse against the persons who have endorsed the copy or guaranteed it by an aval until he/she has had a protest drawn up specifying that the original has not been given up to him/her on his/her demand.
3. If the original of a bill, 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 shall be void.

## **Chapter X - Alterations**

### **Article 62 - Responsibility for alterations made in the text of a bill**

In the case of alterations in the text of a bill, the parties who signed subsequent to the alteration shall be bound according to the terms of the altered text, and the parties who signed before the alteration shall be bound according to the terms of the original text.

## **Chapter XI - Period of Limitation**

### **Article 63 - Bringing actions**

1. All actions arising out of a bill may brought against the acceptor within three years after the date of maturity.
2. The holder may bring actions against the endorsers and the drawer within one year after the last day of the time limit for drawing up a protest, or after the date of maturity where there is a stipulation 'to be returned without payment'.
3. Endorsers may bringing actions against each other and against the drawer within six months after the day when the endorser took up and paid the bill or after the day when he/she himself/herself was sued.

### **Article 64 - Termination of the period of limitation**

The period of limitation may be terminated in cases provided for by law, but it may not be suspended. The termination of the period of limitation shall only be effective against the person in respect of whom the period of limitation has been terminated.

### **Article 65 - Legal and intermediate holidays**

1. The payment of a bill of exchange which falls due on a legal holiday may not be demanded until the next business day. Similarly, all other actions relating to a bill, in particular presentment for acceptance and the drawing up of a protest, may only be performed on a business day.
2. If any of these actions must be performed within a certain time limit the last day of which is a legal holiday, the time limit shall be extended until the



first business day which follows the expiration of that time limit. Intermediate holidays shall be included in calculating time limits.

#### **Article 66 - Determination of time limits**

Statutory or contractual time limits shall not include the day on which the period starts.

#### **Article 67 - Days of grace (respite)**

No days of grace may be determined either by law or by court.

### **Section II - Promissory Notes**

#### **Article 68 - Drawing up a promissory note**

1. A promissory note shall contain:

- a) the term 'promissory note' inserted in the body of the document and expressed in the language employed in drawing up the document;
- b) an unconditional promise to pay a determinate sum of money;
- c) the time of payment;
- d) the place of payment;
- e) the name of the person to whom or to whose order payment is to be made;
- f) the place and the date where the promissory note is made;
- g) the signature of the maker of the promissory note.

2. If the holder is unable to sign the promissory note for any reason, the promissory note shall be signed by another person at the request of the holder. In this case, the promissory note shall be certified by a notary to confirm that it has been signed at the request of the holder.

#### **Article 69 - Validity of a promissory note which lacks any of the requisites**

1. A promissory note which lacks any of the requisites provided for by Article 68 shall be invalid, except in the cases provided for by this Law.
2. A promissory note which does not specify the time of payment shall be deemed to be payable at sight.
3. In default of special mention, the place where the promissory note is made shall be deemed to be the place of payment and at the same time the place of the domicile of the maker.
4. A promissory note which does not specify the place where it was issued shall be deemed to have been made in the place mentioned beside the name of the maker.

#### **Article 70 - Common provisions of bills of exchange and promissory notes**

1. The provisions relating to bills of exchange shall apply to promissory notes so far as they are consistent with the nature of promissory notes and are related to:

- a) endorsement (Articles 6-16);
- b) time of payment (Articles 29-32);
- c) payment (Articles 33-36);
- d) recourse in the case of non-acceptance or non-payment (Articles 37-44 and Articles 45-47);
- e) payment by intervention (Articles 46, 52-56);
- f) copies (Articles 60 and 61);
- g) alterations (Articles 62 and 64);
- h) period of limitation (Articles 63 and 64);



i) holidays, calculation of time limits and days of grace (Articles 65-67).

2. The following provisions shall also apply to promissory notes, which relate to bills of exchange payable at the address of a third party or in a locality other than that of the domicile of the drawee (Articles 1 and 23), stipulation for interest (Article 3), the sum payable (Article 4), the conditions for the authenticity of signatures (Article 5), and persons acting without authority or exceeding their authority (Article 6).

3. The provisions relating to avals (Articles 26-28) shall also apply to promissory notes. In the case provided for in Article 27(3), if the aval does not specify on whose behalf it has been given, it shall be deemed to have been given on behalf of the maker of the promissory note.

#### **Article 71 - Liabilities of a maker**

1. The maker of a promissory note shall be bound in the same manner as an acceptor of a bill of exchange.

2. Promissory notes payable at a certain time after sight shall be presented to the maker within the time limits referred to in Article 19. The time limit shall run from the date indicated in the promissory note and signed by the maker. The refusal of the maker to indicate this date and sign it shall be confirmed by a protest in accordance with Article 21, the date of which shall be deemed to be the moment of commencement of the time limit for presentment.

**Chairperson of the Parliament of Georgia, Head of the State**

**Eduard Shevardnadze**

**Speaker of the Parliament of Georgia**

**Vakhtang Gogvadze**

**Tbilisi**

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