

Law on Bills of Exchange and Promissory Notes,
the 27th May 1932.

T I T L E I.

Bills of Exchange.

	Page
Chapter I (§§ 1-10) Issue and Form of a Bill of Exchange.....	1
Chapter II (§§ 11-20) Endorsement.....	3
Chapter III (§§ 21-29) Acceptance.....	5
Chapter IV (§§ 30-32) "Avals".....	6
Chapter V (§§ 33-37) Maturity.....	7
Chapter VI (§§ 38-42) Payment.....	8
Chapter VII (§§ 43-54) Recourse for Non-Acceptance or Non-Payment.	9
Chapter VIII (§§ 55-63) Intervention for Honour.....	14
1. General Provisions.....	14
2. Acceptance by Intervention (for Honour)	14
3. Payment by Intervention.....	15
Chapter IX (§§ 64-68) Parts of a Set, and Copies.....	16
1. Parts of a Set.....	16
2. Copies.....	17
Chapter X (§ 69) Alterations.....	17
Chapter XI (§§ 70-71) Limitation of Actions.....	17
Chapter XII (§§ 72-74) General Provisions.....	19

T I T L E I I.

Promissory Notes.

Chapter XIII (§§ 75-78).....	19
------------------------------	----

T I T L E I I I.

The Conflict of Laws.

Chapter XIV (§§ 79-86).....	21
-----------------------------	----

T I T L E I V.

Chapter XV (§§ 87-93) The Proceedings by the Presentment and Protest of a Bill of Exchange.....	22
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LAW ON BILLS OF EXCHANGE AND PROMISSORY NOTES,

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T I T L E I .

Bills of Exchange.

Chapter I.- Issue and Form of a Bill of Exchange.

§ 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).

§ 2.

An instrument in which any of the requirements mentioned in the preceding § 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.

§ 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.

§ 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.

§ 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.

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

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

§ 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, either in words or in figures, and there is a discrepancy, the smaller sum is the sum payable.

§ 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 have signed it are **none** the less valid.

§ 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.

§ 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.

§ 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.

§ 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.

§ 12.

An endorsement must be unconditional. Any condition to which it is made subject is deemed not to be written.

A partial endorsement is null and void.

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

§ 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).

§ 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.

§ 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.

§ 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. 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.

§ 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.

§ 18.

When an endorsement contains the statements "value in collection", "for collection", "by 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.

§ 19.

When an endorsement contains the statements "value in security", "value in pledge", 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 effect only of an endorsement by an agent.

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

§ 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.

§ 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.

§ 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.

§ 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.

§ 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.

§ 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.

§ 26.

An acceptance in 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.

§ 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 where at the place of payment payment shall be made or mention another person who shall pay at the same place.

§ 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 §§ 48 and 49.

§ 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".

§ 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.

§ 31.

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

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

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.

§ 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.

§ 33.

A bill of exchange may be drawn payable:

On presentment (at sight, a vista);

At a fixed period after presentment (after sight, a viso);

At a fixed period after date;

At a fixed date.

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

§ 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.

§ 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.

§ 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.

§ 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.

§ 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.

§ 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 therefore shall be given to him.

§ 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.

§ 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).

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.

§ 42.

When a bill of exchange is not presented for payment within the limit of time fixed by § 38, every debtor is entitled to deposit the amount at the charge, risk and peril of the holder either with the Bank of Norway or with the chief of police at the place where the debtor lives or has his business or where the bill is to be paid.

The amount deposited must be accompanied by a precise explanation of the contents of the bill signed by the deponent. The amount is to be paid out to the person who proves in a proper manner his right to receive payment according to the bill. If, within 6 months, no person has presented himself with a demand for payment of the amount according to the bill, it may also be paid out to the deponent if he so demands.

Chapter VII. - Recourse for Non-Acceptance or Non-Payment.

§ 43.

At maturity the holder may, if the bill has not been paid,

exercise his right of recourse against the endorsers, the drawer and other parties liable.

The holder has the same right even before maturity:

- 1) if acceptance has been refused wholly or in part;
- 2) if the drawee, whether he has accepted or not, has entered into bankruptcy or has opened public negotiations for a composition, or if, when execution has been levied, it has been found that he lacks the means to pay his debt, or if he, in the event of being a trader (§ 4 of the law of bankruptcy), has stopped his payments; or
- 3) if the drawer in a case in which he has prohibited the presentment of the bill for acceptance, has entered into bankruptcy or has opened public negotiations for a composition.

§ 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 of the bill for acceptance. If, in the case contemplated by § 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. With regard to protest for non-payment of a bill which is drawn payable at sight, that which is determined in the preceding paragraph regarding protest for non-acceptance is mutatis mutandis to be given application.

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

If it is found when execution is levied against the drawee that he lacks means to pay his debt, or if he is a trader (§ 4 of the law of bankruptcy) and has stopped his payments, the holder cannot exercise his right of recourse before he has presented the bill to the drawee for payment and has made protest.

If the drawee is declared bankrupt or has opened public negotiations for a composition, the holders production of the testimony of the court to the effect that bankruptcy or negotiation for a composition has been opened, suffices to enable him to exercise his right of recourse.

§ 45.

The holder must give notice of non-acceptance or non-payment to his endorser and to the drawer within the four business days which follow the day for protest or, in case of a stipulation "retour sans frais", 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 of recourse. 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.

§ 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, nor 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.

§ 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.

§ 48.

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

- 1) the non-accepted or unpaid amount of the bill of exchange together 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 in accordance with § 45, as well as other expenses, and
- 4) commission, one-third per cent of the amount of the bill.

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

§ 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 from the day when he paid it, at the rate of 6 per cent.
- 3) the expenses which he has incurred.
- 4) commission, one-third per cent of the amount of the bill, but the right to claim commission ceases when the **collective** amounts of the commissions have reached 2 per cent of the amount of the bill.

§ 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.

§ 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 therefore. 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**.

§ 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 §§ 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.

§ 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.

§ 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 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 § 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.

1. General Provisions.

§ 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).

§ 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.

§ 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.

§ 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 § 48, to deliver the bill, the protest and a receipted account, if any.

3. Payment by Intervention.

§ 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.

§ 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.

§ 61.

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

§ 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.

§ 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.

1. Parts of a Set.

§ 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.

§ 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.

§ 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.

§ 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.

§ 68.

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

§ 68.

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.

§ 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.

§ 71.

The period of limitation of a bill of exchange is interrupted:

by the arrival of a summons in the court, or if such is made, a complaint to the conciliation council, or if the claim under the bill is in the course of legal proceedings asserted in counter-account, or is otherwise brought into the proceedings (Cf. §§ 56, 58 & 59 of the law regarding disputes), or

by the notification of the claim according to the bill in the estate of a debtor which is under the administration of the law courts, or if the person, against whom a suit (a counter claim) as above mentioned has been brought, gives a prior endorser notice regarding the suit, (§ 80 of the law regarding disputes). A person who has received such notice may interrupt the period of limitation by similarly giving his prior endorser notice of proceedings.

The period of limitation of a bill is interrupted by a summons to a foreign law court if the debtor has his domicile in the country in question or if, without objecting to the competence of the law court, he responds in the case, or if the summons has been served upon him in person. Notice of proceedings in a foreign law court interrupts the period of limitation under the same conditions as a summons. The period of limitation is similarly interrupted if, during the course of a law suit in a foreign law court, the claim under the bill is asserted in counter-account in accordance with the legislation in force at the place.

The period of limitation is interrupted on notification in the estate of a debtor which is under the administration of the law courts in a foreign country, if the debtor was domiciled in the country in question when the administration of his estate was opened.

The period of limitation is not interrupted in relation to other parties liable than a person against whom any of the above mentioned actions are undertaken; but the interruption acts in favour of all the prior endorsers of the person who has undertaken the interruption.

If the interruption of the period of limitation has taken place without the suit in connection with the bill being brought to a conclusion, a new period of limitation begins to run from the day when the case was last before the court.

If the interruption of the period of limitation is prevented by any such circumstance as is dealt with in § 54 the period of limitation does

not in any case supervene before one month after cessation of the obstacle.

Chapter XII. - General Provisions.

§ 72.

Payment of a bill of exchange which falls due on a Sunday or a holiday cannot be demanded until the next business day. So, too, all other proceedings relating to a bill of exchange, as 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 Sunday or a holiday, the limit of time is extended until the first business day which follows the expiration of that time. Intermediate holidays are included in computing limits of time.

In this connection the 17th May is also to be regarded as a holiday.

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

Days of grace are not given application to bills.

§ 73.

If a bill which is payable in Norway is lost it can be nullified in accordance with the ordinary rules regarding nullification, but in such a manner that the suit for nullification shall be brought before the rural or urban court at the place where the bill is payable.

When a summons in a suit for nullification has been lawfully proclaimed the drawer is pledged to issue a new bill form. If the lost bill had been accepted the acceptor is pledged at maturity to make payment to the person who proves his right to receive payment. But there shall in such cases be given to the drawer or acceptor admissible security until the bill has been nullified or their liability in accordance with the lost bill has otherwise ceased.

§ 74.

If the claim according to the bill is barred, or if the right under the bill has been lost through neglect of the procedure prescribed for its maintenance, the holder is nevertheless not excluded from collecting from a debtor, according to the bill, as an ordinary debt claim, the amount whereby the debtor would be enriched at his expense if all claims lapsed.

T I T L E I I.

Promissory Notes.

Chapter XIII.

§ 75.

A promissory note contains:

- 1) The term "bill" (veksel) 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).

§ 76.

An instrument in which any of the requirements mentioned in the preceding § 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.

§ 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 (§§ 11 to 20);

Time of payment (§§ 33 to 37);

Payment (§§ 38 to 42);

Recourse in case of non-payment (§§ 43 to 50, 52 to 54);

Payment by intervention (§§ 55, 59 to 63);

Copies (§§ 67 and 68);

Alterations in the bill (§ 69);

Limitation of actions (§§ 70 and 71);

Sundays and holidays, computation of limits of time and prohibition of days of grace (§ 72), lost bills (§ 73) and the right of the holder to bring an "enrichment suit" after limitation of action has occurred or loss of rights under the bill (§ 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 (§§ 4 and 27); stipulation for interest (§ 5); discrepancies as

regards the sum payable (§ 6); the consequences of signature under the conditions mentioned in § 7, the consequences of signature by a person who acts without authority or who exceeds his authority (§ 8); and provisions concerning a bill of exchange in blank (§ 10).

The following provisions are also applicable to a promissory note: Provisions relating to guarantee by aval (§§ 30-32); in the case provided for in § 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.

§ 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 § 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 (§ 25), the date of which marks the commencement of the period of time after sight.

T I T L E I I I .

The Conflict of Laws.

Chapter XIV.

§ 79.

The capacity of a foreigner 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 foreigner who lacks capacity to bind himself by a bill of exchange or promissory note according to the law thus applied is nevertheless in Norway liable for an engagement under a bill of exchange or promissory note which he has undertaken in a country in which according to the law in force there, he would have the requisite capacity.

§ 80.

The form of any contract arising out of a bill of exchange or promissory note is regulated by the laws of the country 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 first paragraph, but are in conformity with the laws of another country in which a subsequent contract has been entered into, the last mentioned contract does not become invalid because the previous contracts are irregular in form.

An obligation by means of a bill of exchange or promissory note entered into abroad by a Norwegian national, and which fulfils the requirements of Norwegian law with regard to form, is valid in Norway against another Norwegian national even if it would otherwise have been invalid according to the provision of the first paragraph.

§ 81.

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 country 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 the signatures were affixed, unless other consequences should follow from what is determined below.

§ 82.

The limits of time for the exercise of rights of recourse should be determined for all signatories by the law in the country where the instrument was created.

§ 83.

If the holder of a bill in accordance with the law of the country where the instrument is issued is likewise to be regarded as the holder of the debt which has given rise to the issue of the instrument, the law mentioned is in that respect to be made the basis.

§ 84.

The question whether acceptance of a bill of exchange 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 is payable.

§ 85.

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.

§ 86.

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.

T I T L E I V .

Chapter XV. - The proceedings by the presentment and protest of a bill of exchange.

§ 87.

Protest is drawn up by the notary public. In country districts

protest may also be drawn up by the sheriff and in towns where the notary public has no office by the principal server of writs.

If none of the authorities mentioned can draw up the protest in time, it may be drawn up by a server of writs, and in such a case an official may also draw up.

It is not necessary to summon a witness.

§ 88.

A person who wishes protest to be drawn up must deliver in time to the official concerned the bill or the copy of the bill with the necessary verbal or written request.

The official must thereafter without delay apply to the person against whom it is demanded that the protest shall be drawn up and present the bill (the copy of the bill) with a request for compliance with the demand made by the person who has required that action shall be taken.

When the person against whom the protest for non-payment is to be drawn up offers payment the official shall accept what is offered if nobody else is present who can accept it on behalf of the person who has required that action shall be taken. The official is authorised to receipt the bill when the drawee has not received contrary notification from the holder. If the amount of the bill is paid in full (if necessary with the addition of the interest legally prescribed in the bill (Cf. § 5), the official shall receipt and deliver the bill when the person who has required that action shall be taken has not requested him in writing to do otherwise.

§ 89.

Unless otherwise agreed upon the application prescribed in § 88, second paragraph must take place at the business premises of the person concerned or, if he is not known to have such premises at the place, in his dwelling house there and during the time between 9 o'clock a.m. and 7 o'clock p.m. If the person who has required that action shall be taken cannot state where at the place the person concerned has business premises or a dwelling house, and if this is also unknown to the official, the latter must apply for information from the local police.

The foregoing provisions as regards time and place for drawing up a protest are also given application to presentment of the bill of acceptance or payment.

§ 90.

The official must make out within 24 hours a signed testimony regarding the action performed (protest).

The protest must contain a transcript of the bill (the copy of the bill) with all that is written on it, and information with regard to the request of the person who has required that action shall be taken, the

application of the official with an indication of its place and time, and the reply which is given to the application. If the person concerned has not been met or has not given any answer this fact is to be **stated**. If it has been impossible to make any application because the business premises or dwelling house of the person concerned are unknown, there must be inserted in the protest the necessary explanation to show that the directions of § 89, second sentence have been followed. If protest in accordance with § 87, second paragraph has been drawn up by a server of writs or by an official outside his district, it must be indicated in the protest that the official who ought regularly to have drawn up the protest could not do so in time.

The official must enter an observation about the protest on the bill (the copy of the bill).

§ 91.

The protest must be entered word for word in the protocol of the official; if the protest has been drawn up by a server of writs it must be entered in the protocol of the notary public, or where § 87, second sentence applies in the protocol of the sheriff, or the chief server of writs. The server of writs must within 3 days send an attested copy of the protest to the official concerned.

An extract from the protocol or a transcript of the protest drawn up by the server of writs must not be communicated to others than the person who has called for the protest.

§ 92.

If any person requires that protest shall be taken up simultaneously against several persons at the same place in accordance with the same bill, only one action is required and one protest document.

The coming into force of the law.

§ 93.

This law comes into force from such time as the King may determine.^{x)}

From the same time the law regarding bills of the 7th May 1880 with supplementary laws is cancelled. But the provisions which have hitherto been in force, except the provisions regarding protest are given application to bills which are issued before the present law comes into force.

The law of the 21st May 1915 No. 2 regarding exception in certain cases from the provisions concerning prescription of bills and cheques is also cancelled in so far as bills are concerned.

x) From the 1st November 1932.