

CHAPTER VII.

ACCEPTANCES.

200 Acceptances.

Acceptance, in commercial language, is the name given to a draft after it has been accepted. A draft is an unconditional written order from one person, called the *drawer*, to another called the *drawee*, to pay a certain specified sum of *money*, at a specified time, to a third party, called the *payee*. Drafts are denominated bills of exchange, but correctly speaking a draft that has neither been discounted nor accepted should not be called a bill of exchange. It is merely an order which the drawee may, or may not honor.

If a bill is payable in anything but *money*, or if it orders something to be done in addition to the payment of money, it is not a bill. But to name a particular account to be debited with the amount, or to include a statement of what gives rise to the bill, would not affect the bill.

Bills of Exchange are divided into two classes, viz., Inland and Foreign.

201 Inland Bills of Exchange.

Those payable in the same country in which they are drawn are called Inland or Domestic Bills of Exchange. For instance, a bill drawn by a Montreal merchant on one in Toronto, or Winnipeg, or Vancouver, would be an Inland Bill.

In Canada, Inland or Domestic Bills have three days' grace allowed on all except those payable "on demand."

In Newfoundland and England Inland Bills have three days' grace allowed on all except those payable "on demand," or "at sight."

202 Foreign Bills of Exchange.

Foreign Bills of Exchange are those payable in a country foreign to that in which they are drawn. For instance, a bill drawn by a Toronto manufacturing firm on a merchant in New York or St. John's, Nfld., or London, Eng., would be a Foreign Bill of Exchange. Also a bill drawn in any other country on a person in Canada would be a foreign bill, as in case of the following Chicago bill:

\$500.00.

CHICAGO, June 4th, 1910.

Thirty days after date pay to the order of The First National Bank, with exchange on New York, Five Hundred Dollars, value received, and charge to account of

To E. F. & Co.,
Toronto.

THE A. B. & Co.
Per C. D., Manager.

Adding "with exchange" to a bill does not destroy its negotiability, as the sum is certain; but to make it payable in "sterling exchange" or "New York exchange" would destroy the negotiability, as such exchange is not *money*.