

Bills of Exchange (Amendment) Bill

Bill No. 21/2002.

Read the first time on 8th July 2002.

A BILL

intituled

An Act to amend the Bills of Exchange Act (Chapter 23 of the 1999 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act may be cited as the Bills of Exchange (Amendment) Act 2002 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

5 **Amendment of section 2**

2. Section 2 of the Bills of Exchange Act (referred to in this Act as the principal Act) is amended by inserting, immediately after the definition of “acceptance”, the following definition:

10 “ “Authority” means the Monetary Authority of Singapore established under the Monetary Authority of Singapore Act (Cap. 186);”.

Amendment of section 49

3. Section 49 of the principal Act is amended by inserting, immediately after paragraph (f), the following paragraph:

15 “(fa) where a cheque has been presented in accordance with section 87A, the presentment of an image return document, as defined under section 87B(6), to the drawer or an indorser is, in point of form, deemed a sufficient notice of dishonour;”.

Amendment of section 86

20 4. The principal Act is amended by renumbering section 86 as subsection (1) of that section, and by inserting immediately thereafter the following subsections:

25 “(2) Sections 87A, 87B (except subsection (5)) and 87C shall, so far as applicable, have effect in relation to an instrument referred to in section 85(2)(b) as they have effect in relation to a cheque.

“(3) Sections 87A and 87C shall, so far as applicable, have effect in relation to an instrument referred to in section 85(2)(c) as they have effect in relation to a cheque.”.

New sections 87A, 87B and 87C

30 5. The principal Act is amended by inserting, immediately after section 87, the following sub-headings and sections:

“Special provisions relating to cheque truncation

Alternative means of presentment

5 **87A.**—(1) A banker may present a cheque for payment to the banker on whom it is drawn by transmitting, by electronic means, an image and the electronic payment information of the cheque, instead of presenting the cheque itself.

(2) Notwithstanding subsection (1), if at any time before payment is made, the banker on whom a cheque is drawn requests the banker who presented the cheque to present the cheque itself —

10 (a) the presentment under subsection (1) shall be disregarded; and

(b) section 87B shall not apply.

(3) A request under subsection (2) for the presentment of a cheque shall not constitute dishonour of the cheque by non-payment.

15 (4) Section 52(4) shall not apply —

(a) in relation to presenting a bill for payment, to presenting a cheque for payment under subsection (1); and

(b) in relation to a bill which is paid, to a cheque which is paid following presentment under subsection (1).

20 (5) For the avoidance of doubt, any payment made upon presentment in accordance with this section shall not be taken to have been made outside of the ordinary course of business, in bad faith or negligently only because it is made upon transmission of an image and the electronic payment information of the cheque rather than
25 presentment of the cheque itself.

(6) Where presentment of a cheque is made under this section, the banker who presented the cheque and the banker on whom it is drawn shall be subject to the same duties in relation to the collection and payment of the cheque as if the cheque itself had been presented for
30 payment.

(7) For the purposes of this section —

(a) the image of a cheque shall comprise the front view and the back view of the cheque; and

- (b) the electronic payment information of a cheque shall comprise such matters as may be prescribed by the Authority under section 87C.

Image return document

5 **87B.**—(1) Where a cheque presented for payment in accordance with section 87A(1) is dishonoured by non-payment, the banker to whom the cheque was first presented by the holder (referred to in this section as the presenting banker) shall, unless the presenting banker returns the cheque itself or the holder requests the return of the
10 cheque itself, issue to the holder an image return document.

(2) Subject to subsection (4), an image return document may be presented for payment to the presenting banker by the holder to whom the image return document was issued as if that document were the cheque to which it relates.

15 (3) An image return document shall be deemed to be the cheque to which it relates for the purpose of presentment under subsection (2).

(4) An image return document may be presented under subsection (2) for payment by the holder only if —

20 (a) the presenting banker states in that document that it is valid for presentment; and

(b) the presentment is made within the period for the presentment stated in that document.

25 (5) Where an image return document has been lost before the expiry of the period for its presentment stated therein, the person who was the holder of the document may apply to the drawer of the cheque to which the document relates, and the drawer may be compelled, to give him another cheque of the same tenor, subject to him giving security to indemnify the drawer (if required) against all claims arising in case the document alleged to have been lost is found again.

30 (6) In this section, “image return document” means a document issued by a presenting banker containing such particulars as may be prescribed by the Authority under section 87C.

*Regulations relating to cheque truncation***Regulations**

5 **87C.** The Authority may, with the approval of the Minister, make such regulations as may be necessary or expedient for giving effect to the provisions of this Act in respect of any matter or thing relating to cheque truncation.”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Bills of Exchange Act (Cap. 23) for the purposes of implementing a cheque truncation system in Singapore.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 2 to define “Authority”.

Clause 3 amends section 49 to deem presentment of an image return document to the drawer or an indorser as a sufficient notice of dishonour.

Clause 4 amends section 86 to provide that sections 87A, 87B (except subsection (5)) and 87C apply to an instrument referred to in section 85(2)(b) and that sections 87A and 87C apply to an instrument referred to in section 85(2)(c).

Clause 5 inserts 3 new sections, namely sections 87A, 87B and 87C, relating to cheque truncation.

New section 87A allows a banker to present a cheque for payment to the banker on whom it is drawn by transmitting, by electronic means, an image and the electronic payment information of the cheque instead of the cheque itself, but preserves the right for a banker on whom the cheque is drawn to demand that the cheque itself be presented instead.

New section 87B requires a banker to whom the cheque was first presented by the holder to issue to the holder an image return document, where the cheque is dishonoured by non-payment, unless the banker returns the cheque itself or the holder requests the return of the cheque itself. The image return document may be presented for payment by the holder to the banker which issued that document as if that document were the cheque to which it relates. The image return document will be deemed to be a cheque for the purpose of such presentment.

New section 87C empowers the Authority to make, with the approval of the Minister, regulations in respect of any matter or thing relating to cheque truncation.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
