

First Preliminary Draft
21 st. June 1920 155

DOCUMENTARY BILL.

1050 § 2. - A bill of exchange is said a documentary bill when it is transferred with annexed documents proving that a pledge has been put to secure either the payment of the bill on the date of its maturity, or the acceptance by the drawee.

The documentary bill is chiefly used for goods travelling on sea; therefore the annexed documents are mostly a bill of lading and a policy of maritime insurance.

ILLUSTRATION. - A, a great merchant in Bangkok, has sold goods to B in Shanghai. A draws a bill of exchange on B and he goes to C a banker to discount this bill. C accepts but on the condition that the above goods will be put in pledge to him. As it is impracticable to give him materially the goods so pledged because they are on sea, A endorses to the name of C the bill of exchange, the bill of lading and the policy of maritime insurance which are representatives of the goods or of their value in case of loss. By these endorsements C is put in possession of his pledge. C and other endorsee can do the same. When the goods will arrive at Shanghai the holder of the documentary bill if he is not paid may order to seize and sell the goods to be paid on their price by previous claim.

In case of pledge given to secure the acceptance by the drawee the bill of lading and other documents are