QUESTION AND ANSWER ON RULING SYSTEM

 FINANCIAL SUPERVISION AND MANAGEMENT COMMITTEE

 JUNE 2018

Q: What is the promissory note?

A: According to Article 3 of the Negotiable Instruments (thereinafter referred to as “the Act”),A promissory note is a negotiable instrument signed and issued by the maker engaging himself to pay unconditionally at a fixed future date a sum certain in money to the payee or holder.

Q: Is there a fixed size and format for the promissory note (such as the size of check)?

A: The promissory note shall not be limited to any format. Even if it is signed on general paper, but it is wanting in any of the particulars required of the Article 120 by this Act. Moreover, it must be completes the invoice of promissory note.

Q: Does the informal promissory note have legal effect?

A: Following the previous questions, the paper who sale the promissory notes and sold by the Toy Store (commonly known as the " informal promissory note").In addition, the promissory note is wanting in any of particulars required by Negotiable Instruments Act. (Such as: amount of money, issue date, drawer, etc.), when the qualifications of promissory note are fully completed, the promissory note must takes effect. Therefore, it must be careful when you signed and issued the informal promissory note, it maintain own rights and interests.

Q: What is the ruling on promissory note? Is it having any effective?

A: The alleged promissory note is stipulated in Article 123 of the Negotiable Instruments. When the holder would like to executive the right of recourse to the maker of the promissory note who need to appeal the court may compulsory executive from the holder. Moreover, the compulsory executive listed in the preceding items that means the holder obtained the name of the ruling on promissory note, absolutely can appeal to the court to seize the property which is name of maker. If there is no property available for execution under the name of maker, the court will issue the credit certificate to the holder, and the holder can use the credit certificate to enforce the property under the name of the maker.

Q: If the citizen is suffered from the ruling on promissory note compulsory executive, and how can they deal with this problem?

A:

1. Forfeiture or alteration of the promissory note: If the maker claims that the promissory note is forfeit or altered, it may be filed within 20 days after receiving the ruling in accordance with the provisions of Articles 195, 1 and 2 of the Law Governing Non-Contentious Matters. At this time, the court should stop enforcement. If the holder provides a substantial guarantee, and continue to enforce, the maker must also provide a considerable guarantee, to stop the enforcement.

2. The credit of the promissory note does not exist: if the maker claims that the credit of the promissory note does not exist, in accordance with the paragraph 3 of Article 195 of the Law Governing Non-Contentious Matters that the court may grant the maker with a comparable and tangible guarantee to stop the enforcement.

Q: Are there any relevant legal to support the measures?

A: According to Articles 107 and 110 of the Taiwan Code of Civil Procedure, if the parties are not able to spend the litigation costs that the court shall decide to grant the litigation assistance. Before the end of the litigation, the mediation fees and the free of charge for litigation costs may be temporarily exempted.

Regulatory reference:

Negotiable Instruments Act

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| Article Number | Provision |
| Article 3 |  A promissory note is a negotiable instrument signed and issued by the maker engaging himself to pay unconditionally at a fixed future date a sum certain in money to the payee or holder. |
| Article 120 | A promissory note shall specify the following particulars and be signed by the maker:1. Words expressing it to be a promissory note.2. A sum certain in money.3. Personal or business name of the payee.4. An unconditional promise to pay.5. Place where it is drawn.6. Date of drawing.7. Place of payment.8. Date of maturity.If a promissory note does not specify the date of maturity, it is deemed payable at sight.If a promissory note does not specify the payee, it is payable to the holder.If a promissory note does not specify the place where it is drawn, the place of business, domicile or residence of the maker shall be the place where it is drawn.If a promissory note does not specify the place of payment, the place where it is drawn shall be the place of payment.The sum of a promissory note payable at sight without specifying the payee shall be NT$500 or more. |
| Article 123 | In exercising his right of recourse against the maker of a promissory note, the holder may petition a competent court for a ruling granting compulsory execution. |