

INTRODUCTION**MAIN CONCEPTS**

The Negotiable Instruments Act, 1881 deals with the **promissory note, bill of exchange** and **cheques**.

Negotiable	The word 'negotiable' means transferable by delivery.
Instrument	The word 'instrument' means a written document which creates a right in favour of some person.
Negotiable Instrument	Negotiable instrument is a piece of paper which entitles a person to a sum of money mentioned in it and which is freely transferable from one person to another.
Other Negotiable Instruments	Dividend warrants, share warrants, bearer debentures, government circular notes, bank drafts etc.
Not Negotiable Instruments	Money orders, postal orders, fixed deposit receipts, share certificates, carrier receipts, bill of lading etc.

WHOM TO PAY

Payable to bearer	Any negotiable instrument that is simply paid to the bearer without requiring proof of identity.
Payable to order	Payable to order means to be paid only to a specific payee. It is a statement on a negotiable instrument indicating that the payee is able to endorse it to a third party.

CHARACTERISTICS OF NEGOTIABLE INSTRUMENTS

Easy Negotiability	The right of ownership in these instruments can be transferred from one person to another by delivery (in case of bearer instrument) or by endorsement and delivery (in case of order instrument).
Holder may sue in his own name	The holder can recover money from the person liable on the instrument himself or he may transfer his right to another person, in such case transferee can sue in his own name without giving notice to the debtor in case of dishonour.
Title of holder free from all defects	Such a transferee who took the instrument in good faith and for value becomes the holder in due course (HIDC) and he is not affected by the defective title of any prior party.

PRESUMPTIONS AS TO NEGOTIABLE INSTRUMENTS

Unless otherwise proved, it is presumed in respect of negotiable instruments that:

Consideration	Every negotiable instrument was made, drawn, accepted, endorsed or transferred for consideration;
Date	Every negotiable instrument bearing a date was made or drawn on such date;
Time of acceptance	Every bill of exchange was accepted within a reasonable time after its date and before its maturity;
Time of transfer	Every transfer of a negotiable instrument was made before its maturity;
Order of endorsement	The endorsement appearing upon a negotiable instrument were made in the order in which they appear thereon;
Duly stamped	A lost negotiable instrument was duly stamped;
Holder in due course	The holder of the negotiable instrument is a holder in due course unless he has obtained it by means of an offence fraud or for unlawful consideration.

CLASSIFICATION OF NEGOTIABLE INSTRUMENTS

PROMISSORY NOTE

Definition	A promissory note is an instrument in writing (not being a bank note or a currency note) containing an unconditional undertaking signed by the maker, to pay on demand or at a fixed or determinable future time, a certain sum of money only to or to the order of a certain person or to the bearer of the instrument.	
Parties	Primary <ul style="list-style-type: none"> ▪ Maker ▪ Payee 	If negotiated <ul style="list-style-type: none"> ▪ Holder ▪ Endorser ▪ Endorsee

Specimen – Promissory Note

Rs. 50,000/-

Multan, 31st August 2013

Three months after the date, I promise to pay Mr. Munim **[payee]** or order the sum of rupees fifty thousand for value received.

To: Munim **[payee]**
9 Officers Colony
Multan

Stamped
Signed
M. Sikandar
[Maker]

BILL OF EXCHANGE

Definition	A bill of exchange is an instrument in writing containing an unconditional order signed by the maker, directing a certain person to pay on demand or at a fixed or determinable future time, a certain sum of money only to or to the order of a certain person or to the bearer of the instrument.		
Parties	Primary <ul style="list-style-type: none"> ▪ Drawer (Maker) ▪ Drawee (Acceptor) ▪ Payee 	Specific circumstances <ul style="list-style-type: none"> ▪ Drawee in case of need ▪ Acceptor for honour 	If negotiated <ul style="list-style-type: none"> ▪ Holder ▪ Endorser ▪ Endorsee

Specimen – Bill of Exchange

Rs. 60,000/-

Multan, 31st August 2015

Three months after the date, pay to Mr. Saleem **[payee]** or order the sum of rupees sixty thousand for value received.

To: Mr. Aslam **[Drawee]**
57 DHA
Lahore

Stamped
Signed
Mr. Qasim
[Drawer]

CHEQUE

Definition	A cheque is a bill of exchange drawn on the specific bank and not expressed to be payable otherwise than on demand.		
Parties	Primary <ul style="list-style-type: none"> ▪ Drawer (Account holder) ▪ Drawee / Bank (Acceptance not required) ▪ Payee 	If negotiated <ul style="list-style-type: none"> ▪ Holder ▪ Endorser ▪ Endorsee 	

Specimen – Cheque

ABC Bank Limited

Cheque No.: CT459875

Date: 04 Feb 2018

Main Branch, Multan

[Drawee]Pay: Mr. Habibullah **[Payee]**

or bearer

Rupees: seventy thousands only.

Rs. 70,000/-

Account no: 4859 7859 8486 5214

Account title: Arslan Arif **[Drawer]**

Signature:

ESSENTIAL ELEMENTS AND COMPARISON THEREOF					
	Promissory Note	Bills of Exchange	Cheque		
1.	In writing Writing is compulsory for every negotiable instrument. Writing may be on any paper and may be by pen or pencil. It may be printed or typed.				
2.	Certain Sum There must not be any ambiguity in the amount mentioned in instrument.				
3.	Promise to pay It is not necessary to use the word 'promise'. A mere acknowledgement of debt is not a promissory note.				
4.	Definite and unconditional The wording must be absolute and unconditional. Exceptions: Amount may be made payable at a particular place, after a specified time, and at happening of an event which must happen.				
5.	Signed by the Maker / Drawer It must be signed by the person making it. In case the person is illiterate then his thumb impression is sufficient.				
6.	Certain Maker / Drawee Instrument should indicate the person who is liable to pay. In case of promissory note such person is called Maker and in case of bill of exchange/cheque such person is called drawee.				
7.	Certain Payee The payee must be a certain person. The payee's name can be indicated by his official designation.				
8.	Sum payable must be legal tender Amount of the instrument must be in Pakistani currency.				
9.	Payable to only particular person This is valid even though it is not a negotiable instrument as it restricts its transferability.				
10.	Originally drawn as payable to bearer Prohibited by SBP On endorsement in blank it can become "payable to bearer" or "payable to Bearer on demand".				
11.	Liabilities of maker <ul style="list-style-type: none"> ▪ To pay according to tenor of the note ▪ Compensate any party to the note for loss sustained because of such default. 	Liabilities of drawer <ul style="list-style-type: none"> ▪ Until acceptance he is liable as principal debtor ▪ He is surety that on due presentment, the bill will be accepted and paid according to tenor. ▪ To compensate any holder or endorser if notice of dishonour was duly given to him 	Liabilities of drawer The drawer shall compensate the holder, provided that due notice of dishonour of cheque is given to drawer.		
12.					
	Liabilities of drawee The drawee is not liable until acceptance. On acceptance he becomes liable as acceptor to pay holder on demand after maturity.				
	Liabilities of drawee If default of payment occurs despite having sufficient funds of drawer, banker must compensate drawer for any loss caused.				

PARTIES TO NEGOTIABLE INSTRUMENTS	
Maker	The person who makes promissory note.
Payee	The person named in an instrument, to whom or to whose order money is to be paid.
Drawer	The maker of a bill of exchange or cheque.
Drawee	The person on whom bill of exchange or cheque is drawn and who is directed to pay the amount.
Acceptor	A bill of exchange (not cheque) must be presented to the drawee for acceptance first, and then presented for payment on due date. Drawee becomes acceptor when he accepts the bill by duly signing it.
Drawee in case of need	The person whose name is given in addition to the drawee to be referred in case of need. The name may be given by the drawer while drawing the bill or by the endorser while indorsing the bill. Such a bill is not considered dishonoured until it has been dishonoured by such a drawee in case of need.
Acceptor for honour	<p>If a bill of exchange is dishonoured because of non-acceptance by drawee and any other person accepts the bill for the honour of drawer or particular endorser, he is called 'acceptor for honour'.</p> <p>Conditions for validity</p> <ul style="list-style-type: none"> ▪ The bill must have been noted or protested for non-acceptance. ▪ The acceptance for honour must be made with the consent of the holder. ▪ It must be written on the bill that it is an acceptance for honour of a party who is already liable on the bill (otherwise deemed to be for honour of drawer) ▪ It must be signed by the acceptor for honour who must not already be a party liable on the bill. ▪ Acceptance for honour must be made with consent of the holder. <p>Liability</p> <p>He is liable to pay the amount if drawee does not pay, only if following conditions are fulfilled:</p> <ul style="list-style-type: none"> ▪ The bill is once more presented to the drawee for payment at maturity and has been dishonoured. ▪ Noting or protesting has been done for such dishonour by non-payment. ▪ The bill should be presented or forwarded to the acceptor for honour not later than the next day after the date of its maturity. <p>Right</p> <p>On paying the bill, the acceptor for honour can sue the party for whose honour the bill is accepted and all prior parties.</p>
Payer for honour	<p>If a bill of exchange is dishonoured because of non-payment by drawee, and any other person pays the bill for honour of any party liable to pay, this is 'payment for honour' and the person paying is 'payer for honour'</p> <p>Conditions for validity</p> <ul style="list-style-type: none"> ▪ Bill must have been dishonoured for non-payment ▪ Bill must have been noted or protested for non-payment. ▪ Payment must be made for the honour of any party liable to pay the bill. ▪ Person paying must declare before the notary public, the party for whose honour he paid (otherwise deemed to be paid for drawer). ▪ Such declaration must have been recorded by the notary public. <p>Rights</p> <p>Any person making payment for honour is entitled to all the rights, in respect of the bill, of the holder at the time of such payment. He may recover from the party for whose honour he pays all sums so paid with interest thereon and all expenses properly incurred in making such payment.</p>

Holder <p>A person is called holder of a negotiable instrument if he is entitled to the possession of the instrument in his own name and is entitled to receive the amount due from the parties liable under the instrument.</p> <p>When the note, bill or cheque is lost and not found or is destroyed, the person in possession of it or the bearer at the time of loss or destruction shall be deemed to continue to be its holder.</p> <p>Thus a holder means the bearer of the bearer instrument and the endorsee or payee of the order instrument.</p>	5
Holder in due course <p>A person becomes holder in due course when he fulfills the following conditions:</p> <ul style="list-style-type: none"> ▪ Holder: He must be a holder i.e. He fulfills the essentials of a holder. ▪ Holder for valuable consideration: There must be a lawful and adequate consideration. ▪ Before maturity: A person should receive the instrument before its maturity. ▪ Complete and regular: It must be properly stamped and should not have material alteration. ▪ Holder in good faith: There must be no reasons to believe that any defect existed in the title of transferee. 	

OTHER PROVISIONS

Maturity <p>'Maturity' means the date on which the payment of an instrument falls due. A negotiable instrument matures on third day after the day on which it is expressed to be payable. i.e.. a grace period of three days is allowed.</p> <p>Cheque is payable immediately because it is always payable on demand.</p> <p>Rules</p> <ul style="list-style-type: none"> ▪ If it is made payable a stated number of months after date or after sight, or after a certain event, it matures three days after the corresponding date of the month after the stated number of months. ▪ If the month in which the period would terminate has no corresponding date, the period shall be held to terminate on the last day of such month. ▪ If it is made payable a certain number of days after date or after sight, or after a certain event, the maturity is calculated by excluding the day on which the instrument is drawn or presented for acceptance or sight or on which the event happens. Note that only one day is to be excluded. ▪ If the date on which a bill or note is at maturity is a public holiday, the instrument shall be deemed due on the next preceding day. Thus, if the maturity of an instrument falls on Sunday, it shall be deemed to be due on Saturday. If the maturity falls on an emergency holiday, the instrument shall be deemed to be due on the next succeeding business day. ▪ If an instrument is payable by instalments, three days of grace are to be allowed on each instalment. 	
Amount difference <p>If the amount stated in figures and words is different the amount stated in words shall be the amount undertaken or ordered to be paid. If the words are ambiguous, the amount may be ascertained by referring to the figures.</p>	
Payment in due course <p>It means payment that fulfills following conditions:</p> <ul style="list-style-type: none"> ▪ The payment must be in accordance with the apparent tenure of the instrument. It should be made at or after maturity. ▪ The payment must be made in good faith and without negligence. ▪ The payment must be made to a person in possession of the instrument under circumstances which do not arouse the suspicion about his title ▪ The payment must be made in money only, unless the holder agrees to accept payment in any other medium 	

TYPES OF NEGOTIABLE INSTRUMENTS

<p>Bearer instrument (payable to bearer)</p> <p>A negotiable instrument is payable to bearer if it is expressed to be so payable, or last endorsement on it is in blank.</p>	<p>Order instrument (payable to order)</p> <p>A negotiable instrument is payable to order if it is expressed to be so payable or to a particular person and does not contain words which prohibit transfer or indicate an intention that it shall not be transferable.</p>
<p>A bearer instrument can be negotiated by its delivery. An order instrument can be transferred by an endorsement on it and then its delivery.</p>	
<p>Time instrument</p> <p>A negotiable instrument which is payable:</p> <ul style="list-style-type: none"> ▪ After a specified period ▪ On a specific day ▪ Certain date after sight ▪ On the happening of event which is certain to happen e.g. death. 	<p>Demand instrument</p> <p>A negotiable instrument:</p> <ul style="list-style-type: none"> ▪ which is payable on demand / sight / presentment. ▪ for which no time of payment is prescribed. ▪ which is accepted or endorsed after it is overdue.
<p>There can be a “time bill”, “time note” but not a “time cheque” because the cheque cannot be expressed to be payable otherwise than on demand.</p>	
<p>Inland instrument</p> <p>A negotiable instrument which is:</p> <ul style="list-style-type: none"> ▪ Made or drawn in Pakistan and also made payable in Pakistan, or ▪ Made or drawn in Pakistan upon any person resident in Pakistan, although it may be payable in a foreign country. 	<p>Foreign instrument</p> <p>An instrument, which is not an inland instrument, is deemed to be a foreign instrument.</p>
<p>An inland instrument remains inland even if it has been endorsed in a foreign country.</p>	
<p>Inchoate instrument (incomplete)</p> <p>An incomplete or blank negotiable instrument properly stamped and signed but where the name or amount is missing.</p>	<p>Ambiguous instrument</p> <p>An instrument which may be interpreted as either promissory note or bill of exchange is called an ambiguous instrument. Its holder must elect once for all whether he wants to treat it as a promissory note or bill of exchange.</p>
<p>Enforceability</p> <ul style="list-style-type: none"> ▪ The liability of a person who signs and delivers an inchoate instrument arises only when the blanks are filled in and the instrument is completed. ▪ To make the signer liable on an inchoate instrument, it is necessary that the instrument should be delivered to the transferee. ▪ The instrument must be stamped and the stamp affixed must be sufficient to cover the amount filled in the instrument. ▪ If an inchoate instrument is completed and negotiated to a holder in due course, he can claim payment of full amount covered by the stamp. 	

NEGOTIATION AND ENDORSEMENT

NEGOTIATION

When a negotiable instrument is transferred free from defects to any person, so as to constitute that person the holder of it, the instrument is said to be negotiated.

Negotiation by mere delivery	<ul style="list-style-type: none"> ▪ Applicable to 'payable to bearer' ▪ It must be voluntary delivery with the intention of transferring the ownership. ▪ It does not require signature of the transferor i.e. the transferee becomes the holder by mere possession. ▪ The transferor of a bearer instrument is not liable on its dishonour because by not signing as endorser he has not added his credit to the instrument.
Negotiation by endorsement and delivery	<ul style="list-style-type: none"> ▪ Applicable to 'payable to order' ▪ It must be voluntary delivery with the intention of transferring the ownership. ▪ It does require signature of the transferor. ▪ The transferor of an order instrument is liable on its dishonour because by signing as endorser he has added his credit to the instrument.

ENDORSEMENT

When the maker or holder of a negotiable instrument signs the same, otherwise than as such maker, for the purpose of negotiation on the back or face or on a slip of paper annexed to it thereto, or so signs for the same purpose a stamped paper intended to be completed as negotiable instrument he is said to endorse the same and is called the endorser.

The term endorsement may be defined as signing one's name on the negotiable instrument for the purpose of transferring it to another person.

Essentials

- It must be on instrument itself, if no space is left on the back of the endorsement, further endorsements are signed on a slip of paper attached to the instrument called '**allonge**'.
- It must be signed by the endorser for the purpose of negotiation. Signature of the endorser on the instrument without any additional words is sufficient.
- No particular form of words is necessary for an endorsement
- It must be completed by the delivery of the instrument with the intention of passing the property in it.
- It must be of the entire instrument. Endorsement for part of the amount or to two or more endorsee severally is invalid.

Blank or General endorsement	If the endorser signs his name only and does not specify the name of the endorsee, the endorsement is said to be blank. The effect of a blank endorsement is to convert the order instrument into bearer instrument which may be transferred by delivery.
Full or Special endorsement	If the endorser, in addition to his signature, also adds a direction to pay the amount mentioned in the instrument to or to the order of a specified person the endorsement is said to be full.

MATERIAL ALTERATION

An alteration is material which:

- Alters the character or identity of the instrument
- Changes the rights and liabilities of the parties or
- Alters the operation of the instrument.

Examples of material alteration	<ul style="list-style-type: none"> ▪ Date ▪ Sum payable, ▪ Time of payment, 	<ul style="list-style-type: none"> ▪ Place of payment, ▪ Addition of place of payment, ▪ Rate of interest.
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Not considered material alteration	<ul style="list-style-type: none"> ▪ A material alteration made before the instrument is issued. ▪ An alteration made for the purpose of correcting a mistake. e.g. the correction of mistake in a bill dated 2081 instead of 2018. ▪ An alteration made to carry out the common intention of the original parties. ▪ An alteration made with the consent of the parties.
Alteration permitted by law	<ul style="list-style-type: none"> ▪ Filling blanks of inchoate instruments. ▪ Conversion of a blank endorsement into an endorsement in full. ▪ Crossing of an uncrossed cheque ▪ Conversion of bearer cheque into an order cheque
Effect of material alteration	Any material alteration renders the instrument void against anyone who is party thereto at the time of making such alteration and does not consent thereto.

SPECIAL PROVISION RELATED TO CHEQUE

CROSSING OF CHEQUE

A cheque is said to be crossed when it bears across its face two parallel transverse lines which are usually drawn on the left hand top corner of the cheque. A crossing is a direction to the paying banker not to pay across the counter.

Open cheque (uncrossed) is payable in cash over the counter of a bank. **Crossed cheque** is payable through banking clearing system only.

General Crossing	Two parallel lines are drawn on face of cheque (with or without words “& Co”). This cheque can be collected by any bank.
Special Crossing	Name of banker is added on face of cheque (with or without parallel lines). This cheque can only be collected by specific bank mentioned.
Restrictive Crossing	The words “A/c Payee only” are added between two parallel lines. The cheque must be credited to the account of payee.
Not negotiable Crossing	The words “Not negotiable” are added (with or without lines). The title of the transferee of such a cheque cannot be better than that of its transferor. It does not restrict future transferability of cheque.

MANNER IN WHICH CHEQUE CAN BE CROSSED

Situation of cheque	Who can?	Manner
Uncrossed	Holder	may cross it generally or specially.
Generally crossed	Holder	may cross it specially.
Generally or specially crossed	Holder	may add words “not negotiable”
Specially crossed	Banker	may cross it especially to another banker.
Uncrossed or generally crossed	Banker	may cross it specially to himself.

OTHER PROVISIONS

Protection to collecting banker	Payment of a crossed cheque would be deemed to be paid to true owner and collecting banker would not be liable to true owner if: <ul style="list-style-type: none"> ▪ The banker acted in good faith and without negligence ▪ Cheque was already crossed before coming into his hands ▪ He received the payment on behalf of a customer and not on his own account.
Rights of holder against banker	The holder is entitled to enforce payment from the banker in following two cases: <ul style="list-style-type: none"> ▪ The holder does not present the cheque within reasonable time of its issue and in the meantime bank becomes insolvent. The drawer is discharged to the extent of the loss suffered by the drawer due to the non-presentation of cheque in time. The bank becomes liable to the holder.

	<ul style="list-style-type: none"> ▪ If banker pays a generally crossed cheque otherwise than to a banker, or banker pays a specially crossed cheque otherwise than to a specified banker.
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CIRCUMSTANCES FOR REFUSAL TO HONOUR CHEQUES BY A BANKER

When a banker must refuse	<ul style="list-style-type: none"> ▪ Where the customer has stopped the payment of the cheque. ▪ When order of the court prohibits payment of cheque (a garnishee order is issued in favour of creditor). ▪ When the banker receives notice of customer's death (date of cheque or date of death is not relevant, here). ▪ When an order of adjudication has been passed against the customer by the insolvency court. ▪ When the banker receives the notice of customers insanity. ▪ When the customer has given a notice to the banker for the assignment of the credit balance of his account. ▪ When the banker has reason to believe the holder title is defective. ▪ When the banker receives a notice of loss of cheque from his customer. ▪ When there has been material alteration in the cheque and such alteration has not been authenticated by his customer by putting his signature. ▪ When the signature of the drawer does not tally with the specimen signature kept by the bank. ▪ When the banker receives notice in respect of closure of account. ▪ When the cheque is post-dated.
When a banker may refuse	<ul style="list-style-type: none"> ▪ When the balance in customers account is insufficient to meet the cheque. ▪ When the balance in the customer's account cannot be properly allocated to the payment of the cheque. ▪ When the cheque is presented at a branch other than the one where the customer has account. ▪ When the cheque is presented after banking hours. ▪ When the cheque has become stale (6 months after mentioned date) ▪ When the cheque is undated.

DISCHARGE OF LIABILITY

DISCHARGE OF NEGOTIABLE INSTRUMENT

A negotiable instrument is said to be discharged when the rights against all the parties to it comes to an end and the instrument ceases to be negotiable. No party even a holder in due course can claim the amount of the discharged instrument from any party.

Payment in due course	The instrument is discharge by payment made in due course by the party who is primary liable to pay.
Negotiation back	If the party primarily liable on the instrument becomes the holder at or after its maturity in his own right, the instrument is discharged.
Release	When the holder of a negotiable instrument at or after its maturity absolutely and unconditionally renounces in writing and gives up his rights against all the parties to the instrument, the instrument is discharged.
Cancellation	Where an instrument is intentionally cancelled (signatures crossed or instrument physically destroyed) by the holder or its agent the instrument is discharged and ceases to be negotiable.
Simple agreement	This is discharge of an instrument by novation or rescission or by expiry of limit of limitation.

DISCHARGE OF PARTY / PARTIES	
Discharge of parties' means only some of the parties to the negotiable instrument are discharged from liability. Undischarged parties remain liable, and instrument continues to be negotiable.	
Payment in due course	A party who is secondary liable is discharged when it makes payment in due course.
Negotiation back	When a bill of exchange comes back to drawer or endorser by process of negotiation and he becomes its holder then all parties in between are discharged.
Release	Where the holder releases any party to the instrument, the party so released is discharged from the liability.
Cancellation	When the holder cancels the name of a party on the instrument with the intent to discharge him, such party and all subsequent parties who have a right of action against the party whose name is so cancelled are discharged from liability.
Allowing drawee more than 48 hours	If the holder of a bill of exchange allows the drawee more than 48 hours exclusive of public holidays, for the purpose of acceptance than all previous parties not consenting to such allowance are discharged from liability to such holder.
Non-presentment of cheque	Where a cheque is not presented by the holder for payment within a reasonable time of its issue and the drawer suffers damage through the delay because of the failure of the bank, he is discharge from the liability to the extent of such damage.
Qualified acceptance	If the holder of a bill agrees to a qualified acceptance all prior parties whose consent is not obtained to such an acceptance are discharged from liability.
By operation of law	This includes discharge; <ul style="list-style-type: none"> ▪ By an order of insolvency court, discharging the insolvent. ▪ By merger. When a judgement is obtained against the acceptor, maker or endorser, the debt under the bill is merged into the judgement debt. ▪ By lapse of time i.e. when the remedy becomes time barred.
By material alteration	A material alteration of a negotiable instrument renders the same void as against anyone who is a party to it at the time of alteration and does not consent to it, unless it was made in order to carry out the common intention of the original parties. Persons who become parties to the instrument after the alteration are liable under the instrument as altered.
By payment of altered instrument	When an instrument has been materially altered but does not appear to have been so altered, or where cheque is presented for payment which does not at the time of presentation appear to be crossed, payment on such an instrument discharges the party liable if he pays according to the tenure of the instrument at the time of payment and in due course.
Non-presentment for acceptance	When a bill of exchange is payable certain period after sight, its holder must present it for acceptance to the drawee within a reasonable time after it is drawn. If he makes a default in making such presentment the drawer and all endorsers who were liable towards such a holder are discharged from their liability towards him.
Not giving notice of dishonour	Any party to a negotiable instrument to whom notice of dishonour is not sent by the holder is discharged from liability as against the holder unless no notice of dishonour is required to be sent.