

bill of exchange

A bill of exchange, a short-term negotiable instrument, is a signed, unconditional, written order binding one party to pay a fixed sum of money to another party on demand or at a predetermined date.

A bill of exchange is sometimes called draft or draught, but draft usually applies to domestic transactions only.

The term bill of exchange may also be applied broadly to other instruments of foreign exchange.

For example, a check is a type of bill of exchange.