

Chapter IV - Of Negotiation

Chapter in 2 minutes • Document delivery, indorsement chain, title, restrictions, timing and defects before accepting or transferring an instrument. • Primary control: title and transfer gate. • Trace delivery, endorsement and value; stop if title, timing or consideration is defective. • Apply the exact current section text, amendment history and transaction evidence together. • Do not confuse a negotiable instrument remedy with automatic proof of the underlying transaction.	Execution gates • Legally enforceable transaction • Instrument classification and stamp • Authority/mandate and custody • Presentation, return and notice clocks • Evidence, forum and entity liability • Settlement, accounting and retention
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Provision/control map

Provision	Subject	Control
Section 46	Delivery.	Trace physical/electronic custody, endorsement wording, value, date and title defects.
Section 47	Negotiation by delivery.	Trace physical/electronic custody, endorsement wording, value, date and title defects.
Section 48	Negotiation by indorsement.	Trace physical/electronic custody, endorsement wording, value, date and title defects.
Section 49	Conversion of indorsement in blank into indorsement in full.	Trace physical/electronic custody, endorsement wording, value, date and title defects.
Section 50	Effect of indorsement.	Trace physical/electronic custody, endorsement wording, value, date and title defects.
Section 51	Who may negotiate.	Trace physical/electronic custody, endorsement wording, value, date and title defects.
Section 52	Indorser who excludes his own liability or makes it conditional.	Map every party, capacity, signature, notice, consent, payment and loss before concluding exposure.
Section 53	Holder deriving title from holder in due course.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 54	Instrument indorsed in blank.	Identify trigger, parties, conditions, exceptions, consequence and linked sections before execution.
Section 55	Conversion of indorsement in blank into indorsement in full.	Trace physical/electronic custody, endorsement wording, value, date and title defects.

Evidence file Instrument/image; mandate; contract/invoice/delivery; ledger/bank/tax; presentment/return; notice/service; calculations; settlement/orders; source log.	Default response Freeze timeline; verify debt and authority; preserve originals; validate bank memo; calculate statutory/civil clocks; decide cure, notice, settlement and filing.
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