The origins of the modern right of conversion lie in the law merchant of the Middle Ages. In connection with bills of exchange it was conceived at an early date\textsuperscript{8} that, from the point of view of both parties and the State, it was convenient and advisable to avoid, by paying to the creditor the medium of exchange circulation in his own country, the recurrent remittance of moneys foreign to the place of payment. It is, therefore, not surprising that at the present time the right of conversion is everywhere (including the United States of America)\textsuperscript{9} most firmly recognized in the law relation to bills of exchange\textsuperscript{10} but ultimately it found its way into the general law of almost the whole world\textsuperscript{11}.

\textsuperscript{8}See Endemann, \textit{Studien in der romanisch-kanonistischen Wirtschafts- und Rechtslehre bis gegen Ende des 17. Jahrhunderts} (Berlin, 1883), ii. 214 sqq., speaking of the fugibility of money.

\textsuperscript{9}Section 3-107 of the Uniform Commercial Code which applies throughout the United States reads as follows: "A promise or order to pay a sum stated in a foreign currency is for a sum certain in money and, unless a different medium of payment is specified in the instrument is payable or, if payable on demand, on the day of demand. If such an instrument specified a foreign currency as the medium of payment the instrument is payable in that currency".

\textsuperscript{10}The text of Art. 41 of the Uniform Law on Bills of Exchange and Notes (\textit{League of Nations, Official Journal}, xi (1930), 993) with which Art. 36 of the Uniform Law on Cheques (\textit{League of Nations, Official Journal}, xii (1931), 802) is almost identical, is as follows: [1]When a bill of exchange is drawn payable in a currency which is not that of the place of payment, the sum payable may be paid in the currency of the country, according to its value on the date of maturity. If the debtor is in default, the holder may at his option demand that the amount of the bill be paid in the currency of the country according to the rate of the day of maturity of the day of payment. [2]The usages of the place of payment determines the value of foreign currency. Nevertheless the drawer may stipulate that the sum payable shall be calculated according to a rate expressed in the bill. [3]The foregoing rules shall not apply to the case in which the drawer has stipulated that payment must be made in a certain specified currency (stipulation for effective payment in foreign currency). As to paragraph (4) of the Article, see above, p. 235, n. 37. The Uniform Law on Bills of Exchange and Notes has been adopted by fifty countries: see Marschall von Bieberstein, \textit{Encyclopedia of Public International Law} viii, 40.


Referring Principles:

V.2.1 - Payment in currency of place of payment