

account to be debited with the amount, or
(b) a statement of the transaction which gives rise to the bill, is unconditional.

Date, place,
and value.

- (4) A bill is not invalid by reason—
- (a) that it is not dated ;
 - (b) that it does not specify the value given, or that any value has been given therefor ;
 - (c) that it does not specify the place where it is drawn or the place where it is payable.

Inland and
foreign bills.

4. (1) An inland bill is a bill which is, or on the face of it purports to be—

- (a) both drawn and payable within Sri Lanka, or
- (b) drawn within Sri Lanka upon some person resident therein.

Any other bill is a foreign bill.

(2) Unless the contrary appear on the face of the bill the holder may treat it as an inland bill.

Effect where
different
parties to bill
are the same
person.

5. (1) A bill may be drawn payable to, or to the order of, the drawer ; or it may be drawn payable to, or to the order of, the drawee.

Drawer and
drawee same
person or firm.

(2) Where in a bill drawer and drawee are the same person, or where the drawee is a fictitious person or a person not having capacity to contract, the holder may treat the instrument, at his option, either as a bill of exchange or as a promissory note.

Address to
drawee.

6. (1) The drawee must be named or otherwise indicated in a bill with reasonable certainty.

(2) A bill may be addressed to two or more drawees whether they are partners or not, but an order addressed to two drawees in the alternative, or to two or more drawees in succession, is not a bill of exchange.

Certainty
required as to
payee.

7. (1) Where a bill is not payable to bearer, the payee must be named or otherwise indicated therein with reasonable certainty.

(2) A bill may be made payable to two or more payees jointly, or it may be made payable in the alternative to one of two, or

one or some of several payees. A bill may also be made payable to the holder of an office for the time being.

(3) Where the payee is a fictitious or non-existing person the bill may be treated as payable to bearer.

8. (1) When a 'bill' contains words prohibiting transfer, or indicating an intention that it should not be transferable, it is valid as between the parties thereto, but is not negotiable,

(2) A negotiable bill may be payable either to order or to bearer.

(3) A bill is payable to bearer which is expressed to be so payable, or on which the only or last indorsement is an indorsement in blank.

(4) A bill is payable to order which is expressed to be so payable, or which is expressed to be payable to a particular person, and does not contain words prohibiting transfer or indicating an intention that it should not be transferable.

(5) Where a bill, either originally or by indorsement, is expressed to be payable to the order of a specified person, and not to him or his order, it is nevertheless payable to him or his order at his option.

9. (1) The sum payable by a bill is a sum certain within the meaning of this Ordinance, although it is required to be paid—

- (a) with interest;
- (b) by stated instalments ;
- (c) by stated instalments, with a provision that upon default in payment of any instalment the whole shall become due ;
- (d) according to an indicated rate of exchange, or according to a rate of exchange to be ascertained as directed by the bill.

(2) Where the sum payable is expressed in words and also in figures, and there is a discrepancy between the two, the sum denoted by the words is the amount payable.

(3) Where a bill is expressed to be payable with interest, unless the instrument

What bills are
negotiable.

Sum payable.

otherwise provides, interest runs from the date of the bill, and if the bill is undated, from the issue thereof.

(4) Where a bill is expressed to be payable with interest, unless the instrument otherwise provides, the interest shall be at the rate of *mneper centum* per annum :

Provided that the amount recoverable on account of interest or arrears of interest shall in no case exceed the principal.

Bill payable on demand.

10. (1) A bill is payable on demand—

- (a) which is expressed to be payable on demand, or at sight, or on presentation ; or
- (b) in which no time for payment is expressed.

(2) Where a bill is accepted or indorsed when it is overdue, it shall, as regards the acceptor who so accepts, or any indorser who so indorses it, be deemed a bill payable on demand.

Bill payable at a future time.

11. (1) A bill is payable at a determinable future time within the meaning of this Ordinance which is expressed to be payable—

- (a) at a fixed period after date or sight ;
- (b) on or at a fixed period after the occurrence of a specified event which is certain to happen, though the time of happening may be uncertain.

(2) An instrument expressed to be payable on a contingency is not a bill, and the happening of the event does not cure the defect.

Omission of date in bill payable after date, or acceptance after sight.

12. Where a bill expressed to be payable at a fixed period after date is issued undated, or where the acceptance of a bill payable at a fixed period after sight is undated, any holder may insert therein the true date of issue or acceptance, and the bill shall be payable accordingly :

Provided that—

(i) where the holder in good faith and by mistake inserts a wrong date, and

(ii) in every case where a wrong date is inserted, if the bill subsequently comes into the hands of a holder in due course the bill shall not be avoided thereby, but shall operate and be payable as if the date so inserted had been the true date.

13. (1) Where a bill or an acceptance or any indorsement on a bill is dated, the date shall, unless the contrary be proved, be deemed to be the true date of the drawing, acceptance, or indorsement, as the case may be. Presumption as to date being true date.

(2) A bill is not invalid by reason only that it is antedated or postdated, or that it bears date on a Sunday.

14. Where a bill is not payable on demand, the day on which it falls due is determined as follows :— Computation of time of payment.

- (1) Three days, called days of grace, are, in every case where the bill itself does not otherwise provide, added to the time of payment as fixed by the bill, and the bill is due and payable on the last day of grace :

* Provided that—

(a) when the last day of grace falls on a day appointed to be a public holiday by or under any law for the time being in force, the bill is, except in the case hereinafter provided for, due and payable on the preceding business day ;

(b) when the last day of grace is a bank holiday, or when the last day of grace is a Sunday and the second day of grace is a bank holiday, the bill is due and payable on the succeeding business day.

- (2) Where a bill is payable at a fixed period after date, after sight, or after the happening of a specified event, the time of payment is

* The changes made to the proviso to section 14 (1) have been necessitated by the provisions of section 3 of the Holidays Act (No. 29 of 1971) — reproduced in this Edition as Chapter 364 — which materially differs from the now repealed Holidays Ordinance. No. 1 of 1928, reproduced as Chapter 135 in Volume III of the 1938 Edition of the Legislative Enactments.