

#### *STATEMENT OF LEGAL EFFECT*

*Clause 2* : This clause effects a general amendment to the Bills of Exchange Ordinance (Chapter 82) (hereinafter referred to as the “principal enactment”) and the legal effect of that section is to replace the term “Ceylon” in the principal enactment with the term “Sri Lanka”.

*Clause 3* : This Clause amends section 2 of the principal enactment for the purpose of clarity.

*Clause 4* : This Clause amends section 9 of the principal enactment and the legal effect of that section as amended is to make provisions to calculate the interest on a bill according to the legal rate applicable for the time being.

*Clause 5* : This Clause amends section 14 of the principal enactment and the legal effect of that section as amended is to withhold the grace period provided under that section in the computation of time of payment.

*Clause 6* : This Clause repeals section 15 of the principal enactment to omit from the legislation certain obsolete practices in view of the communication developments.

*Clause 7* : This Clause amends section 35 of the principal enactment to make the legislation to be in line with the present-day drafting practices.

*Clause 8* : This Clause amends section 49 of the principal enactment and the legal effect of that section as amended is to make provisions to give notice of dishonour by facsimile transmission or other electronic means also.

*Clause 9* : This Clause amends section 64 of the principal enactment and the legal effect of that section as amended is to make provisions to treat the alteration of the name of the payee also to be a material alteration.

*Clause 10* : This Clause amends section 74 of the principal enactment and the legal effect of that section as amended is to enable the banker to transmit the image of a cheque for payment to the drawee bank by facsimile transmission or other electronic means.

*Clause 11* : This Clause amends section 76 of the principal enactment to make the legislation to be in line with the present-day drafting practices.

*Clause 12* : This Clause amends section 77 of the principal enactment and the legal effect of that section as amended is to statutorily recognise the practice of crossing a cheque on either side of a cheque.

*Clause 13* : This Clause amends section 80 of the principal enactment and the legal effect of that section as amended is to make provisions to enhance protection for paying banks.

*Clause 14* : This Clause replaces section 81 of the principal enactment and the legal effect of the new section is to provide statutory recognition of the crossing “Account Payee” with or without the word “only”.

*Clause 15* : This Clause amends section 82 of the principal enactment and the legal effect of that section as amended is to make provisions to enhance protection for paying bankers.

*Clause 16* : This Clause inserts new sections 82A to 82F in the principal enactment and the legal effect of the new sections are to make provisions for penalties and other consequential matters in respect of dishonour of certain cheques.

*Clause 17* : This Clause amends section 83 of the principal enactment repealing certain obsolete provisions.