

## CHAPTER 92

### BILLS OF EXCHANGE

*Ordinances*  
Nos. 25 of 1927,  
30 of 1930,  
*Acts*  
Nos. 5 of 1955,  
25 of 1957,  
30 of 1961.

AN ORDINANCE TO DECLARE THE LAW RELATING TO BILLS OF EXCHANGE, CHEQUES,  
BANKERS' DRAFTS. AND PROMISSORY NOTES.

[1st March, 1928.]

#### PART I

##### PRELIMINARY

Short title.      **1.** This Ordinance may be cited as the Bills of Exchange Ordinance.

Interpretation.      **2.** In this Ordinance, unless the context otherwise requires—

" acceptance " means an acceptance completed by delivery or notification;

" action " includes a claim in reconvention and set-off;

"banker" includes a body of persons, whether incorporated or not, who carry on the business of banking;

" bank holiday " means a day appointed to be a bank holiday by or under the powers contained in any enactment for the time being in force;

" bankrupt " includes any person whose estate is vested in a trustee or assignee under the law for the time being in force relating to insolvency or bankruptcy;

" bearer " means the person in possession of a bill or note which is payable to bearer;

" bill " means bill of exchange, and  
" note " means promissory note;

" delivery " means transfer of possession, actual or constructive, from one person to another;

" holder " means the payee or indorsee of a bill or note who is in possession of it, or the bearer thereof;

" indorsement " means an indorsement completed by delivery;

" issue " means the first delivery of a bill or note, complete in form, to a person who takes it as a holder;

" value " means valuable consideration ;

" written " includes printed, and  
" writing " includes print.

#### PART II

##### BILLS OF EXCHANGE

##### FORM AND INTERPRETATION

**3.** (1) A bill of exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person, or to bearer. Bill of exchange defined.

(2) An instrument which does not comply with these conditions, or which orders any act to be done in addition to the payment of money, is not a bill of exchange.

(3) An order to pay out of a particular fund is not unconditional within the meaning of this section ; but an unqualified order to pay, coupled with (a) an indication of a particular fund out of which the drawee is to reimburse himself or a particular Particular fund.

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.