

(8) Where a member is temporarily unable to discharge the duties of his or her office on account of ill-health, absence from Sri Lanka or any other cause, the Minister may appoint some other person to act as a member in his or her place.

(9) The Advisory Commission may, with the approval of the Minister, appoint such officers and servants as it thinks fit to assist the Advisory Commission in carrying out its duties under this Part of this Act.

(10) The members of the Advisory Commission, its Secretary and other officers and servants may be paid such remuneration out of the Fund, as may be determined by the Minister.

PART XX

COMPANIES DISPUTES BOARD

507. (1) The Minister may constitute a board (in this Act referred to as the “Companies Disputes Board”) for the purposes of carrying out the functions conferred on such Board by the provisions of this Part of this Act.

Companies
Disputes Board.

(2) The Companies Disputes Board shall consist of not less than three and not more than five persons appointed by the Minister, with substantial experience in relation to the law relating to companies or the administration of companies.

(3) The Minister may appoint one of the members of the Companies Disputes Board to be the President of the Board.

(4) Subject to the provisions of subsections (6), (7) and (8), the term of office of the members of the Companies Disputes Board shall be five years :

Provided that a member appointed in place of a member who resigns or is removed or otherwise vacates office, shall hold office for the unexpired part of the term of office of the member whom he succeeds.

(5) Any member of the Companies Disputes Board who vacates office by effluxion of time, shall be eligible for re-appointment.

(6) A member of the Companies Disputes Board may resign from office by letter to that effect addressed to the Minister.

(7) A member of the Companies Disputes Board shall hold office during good behaviour, and may be removed from office by the Minister.

(8) Where a member is temporarily unable to discharge the duties of his office on account of ill-health, absence from Sri Lanka or any other cause, the Minister may appoint some other person to act as a member in his place.

(9) The Companies Disputes Board may, with the approval of the Minister, appoint such officers and servants as it thinks fit to assist the Companies Disputes Board in carrying out its duties under this Part of this Act.

(10) The members of the Companies Disputes Board and its officers and servants may be paid such remuneration out of the Fund, as may be determined by the Minister.

Board members
may mediate
disputes.

508. (1) The parties to a dispute—

- (a) arising in giving effect to the provisions of this Act ;
or
- (b) which relates to the affairs or management of any company,

may, with the approval of the President of the Companies Disputes Board, refer the dispute for mediation before a member of the Board.

(2) A court may if it thinks fit, refer any proceeding pending before such court to mediation before a member of the Companies Disputes Board, with the consent of all parties to that proceeding. The proceedings shall be stayed until either a settlement is reached or a notice is given to the court by such Board, that the mediation has not resulted in a settlement.

(3) Where the parties to a dispute or proceeding referred to mediation under this section agree to settle that dispute or proceeding—

- (a) the settlement agreement shall be recorded in writing and signed by the parties and by the member of the Board who acted as mediator ; and
- (b) a certified copy of the settlement agreement shall be filed in the court, and shall have effect as if it were a judgment of the court.

(4) Regulations may be made prescribing the procedure for the conduct of proceedings in any dispute referred to mediation under this section.

(5) Where the parties to a dispute or proceeding referred to mediation under this section do not agree to settle that dispute or proceeding within three months of the reference to mediation, or within any extended period agreed to by all those parties, the member of the Board shall forthwith give notice—

- (a) to the parties ; and
- (b) if the matter was referred to mediation by the court, to the court,

that the mediation has not resulted in a settlement.

Privilege in respect of mediations proceeding.

509. All statements made in the course of or in relation to a mediation before a member of the Companies Disputes Board—

- (a) shall be deemed to be made for the purposes of arriving at a settlement of the dispute or proceeding referred to mediation ;
- (b) shall not be disclosed to any person other than the parties to the mediation and their legal advisers, without the consent of all parties to the mediation ;
- (c) shall not be admissible in evidence in any civil or criminal proceedings without the consent of all parties to the mediation.

Fees payable in respect of mediation.

510. (1) Where a matter is referred to mediation under section 508, the parties shall pay to the Companies Disputes Board such amount in respect of the costs incurred and such fee as may be agreed to by the President of the Board and the parties to the mediation. The parties shall, subject to any agreement to the contrary, bear the costs and the fee payable equally.

(2) Subject to subsection (3), all amounts payable under this section shall be credited to the Fund established under this Act.

(3) The President may direct that any fee payable under this section in respect of a mediation, shall be paid by the Board in whole or in part, to the member of the Board who acted as mediator.

PART XXI

OFFENCES

MISCELLANEOUS OFFENCES

511. Where in any return, report, certificate, balance sheet or other document, required by or for the purposes of this Act, any person wilfully makes a statement which is false in any material particular knowing it to be false, shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

Penalty for false statement.

512. (1) Any person who, with intent to defraud or deceive a person—

Penalty for falsification of records.

- (a) destroys, parts with, mutilates, alters or falsifies, or is a party to the destruction, mutilation, alteration or falsification of any register, accounting records, book, paper or other document belonging or relating to a company ; or
- (b) makes or is a party to the making of a false entry in any register, accounting records, book, paper or other document belonging or relating to a company,

shall be guilty of an offence and be liable on conviction to a fine not exceeding one million rupees or to a term of imprisonment not exceeding five years or to both such fine and imprisonment.

513. Where any person or persons or trade carry on business under any name or title of which “Limited” or any contraction or imitation of that word is the last word, that person or those persons shall, unless duly incorporated with limited liability, be guilty of an offence and shall be liable on conviction to a fine not exceeding fifty thousand rupees.

Penalty for improper use of word “Limited”.