

**PARLIAMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF**   
**SRI LANKA**

*————————*

**COMPANIES (AMENDMENT)**

**A**

**BILL**

**to amend the Companies Act, No. 07 of 2007**

*——————*

*Presented by the Minister of Industry and Commerce, Resettlement of Protracted Displaced Persons, Co-operative Development and Vocational Training and Skills Development*   
*on 08th of October, 2019*

(Published in the Gazette on July 23, 2019)

*Ordered by Parliament to be printed*

*————————*

**[Bill No. 300]**

PRINTEDATTHEDEPARTMENTOFGOVERNMENTPRINTING, SRILANKA   
TOBEPURCHASEDATTHEGOVERNMENTPUBLICATIONSBUREAU, COLOMBO5

**Price : Rs. 12.00**  **Postage : Rs. 15.00**

*This Bill can be downloaded from* www.documents.gov.lk 

*STATEMENT OF LEGAL EFFECT*

*Clause 2:* This clause amends section 427 of the Companies Act, No. 07 of 2007 (hereinafter referred to as the “principal enactment”), and the legal effect of the section as amended is to make floating charges granted by a company subjected to the provisions of the Secured Transactions Act, No. of 2019, as consequential to the enactment of the said Act to make provisions applicable to secured transactions in movable property.

*Clause 3:* This clause amends section 428 of the principal enactment, and the legal effect of the section as amended is to make provisions for the registration of any instrument creating a floating charge over any movable property under the Secured Transactions Act, No. of 2019.

*Clause 4:* This clause amends section 431 of the principal enactment, and the legal effect of the section as amended is to make the provisions of the Secured Transactions Act, No. of 2019 applicable when determining the priority of floating charges created over any movable property.

*Clause 5:* This clause inserts the new section 433A in the principal enactment to provide for an interpretation of the term “floating charge” for the purposes of the application of the Secured Transactions Act, No. of 2019.

|  |  |
| --- | --- |
| *Companies (Amendment)* | 1 |

L.D.—O. 68/2017

AN ACTTOAMENDTHE COMPANIES ACT, NO. 07 OF 2007

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

|  |  |  |  |
| --- | --- | --- | --- |
| 5 | **1.** | This Act may be cited as the Companies (Amendment) | Short title |
| and date of |
| Act, No. of 2019 and shall come into operation on such | |
| operation. |
| date as the Minister may appoint by Order published in | |

the *Gazette*.

|  |  |  |  |
| --- | --- | --- | --- |
| 10 | **2**. | Section 427 of the Companies Act, No. 07 of 2007 | Amendment |
| of section |
| (hereinafter referred to as the “principal enactment”) is hereby | |
| 427 of Act, |
| amended in paragraph (*a*) of subsection (3) of that section, | | No. 07 of |
| by the substitution for the words and figures “the provisions | | 2007. |

of the Registration of Documents Ordinance (Chap. 117)”, of the words and figures “the provisions of the Secured Transactions Act, No. of 2019”.

|  |  |  |  |
| --- | --- | --- | --- |
| 15 | **3**. | Section 428 of the principal enactment is hereby | Amendment |
| amended as follows:— | | of section |
| 428 of the |

principal

|  |  |  |
| --- | --- | --- |
| (1) | in subsection (3) of that section, by the substitution | enactment. |

for all the words and figures from “registered under   
the Registration of Documents Ordinance   
(Chap. 117)” to the end of that subsection, of the

20 words and figures “registered under the Secured Transactions Act, No. of 2019 and the provisions of that Act shall apply in regard to such floating charge.”; and

(2) by the repeal of subsection (4) of that section.

|  |  |  |
| --- | --- | --- |
| 2 | *Companies (Amendment)* | Amendment of section  431 of the  principal |
| **4**. | Section 431 of the principal enactment is hereby |
| amended by the addition immediately after subsection (6) of that section, of the following new subsection:— | |

enactment.

“(7) Where any movable property owned by a 5 company is subject to a floating charge which is registered under the Secured Transactions Act, No. of 2019, the provisions relating to priority contained in that Act shall apply in determining the priority of such floating charge.”.

|  |  |  |  |
| --- | --- | --- | --- |
| 10 | **5**. | The following new section is hereby inserted | Insertion of |
| immediately after section 433 of the principal enactment | | new section |
| 433A in the |
| and shall have effect as section 433A of that enactment:— | |
| principal |

enactment.

“Interpretation 433A. In this Part of this Act, the term “floating charge” means, a “security right” for 15 the purpose of the application of the provisions of the Secured Transactions Act, No. of 2019.”.

|  |  |  |
| --- | --- | --- |
| **6**. | In the event of any inconsistency between the Sinhala | Sinhala text  to prevail in case of  inconsistency. |
| and Tamil texts of this Act, the Sinhala text shall prevail. | |

|  |  |
| --- | --- |
| *Companies (Amendment)* | 3 |

DEPARTMENTOFGOVERNMENTPRINTING