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

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**BILLS OF EXCHANGE (AMENDMENT)**

**A**

**BILL**

**to amend the Bills of Exchange Ordinance (Chapter 82)**

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*Presented by the Minister of Justice, Prison Affairs and Constitutional Reforms on 21st of August, 2024*

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**[Bill No. 289]**

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*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.

*Clause10* : 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.

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| *Bills of Exchange (Amendment)* | 1 |

L. D.- O. 10/2024

AN ACTTOAMENDTHE BILLSOF EXCHANGE ORDINANCE   
(CHAPTER 82)

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

**1.** This Act may be cited as the Bills of Exchange Short title (Amendment) Act, No. of 2024.

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| 5 | **2.** The Bills of Exchange Ordinance (Chapter 82) | General |
| (hereinafter referred to as the “principal enactment”) is hereby | amendment |
| to |
| amended by the substitution for the word “Ceylon”, wherever |
| Chapter 82 |
| that word occurs in the principal enactment, of the words |

“Sri Lanka”.

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| 10 | **3.** Section 2 of the principal enactment is hereby amended | | Amendment |
| as follows: - | | of section 2 |
| of the |
| (1) | by the substitution for the definition of the | principal |
| enactment |
| expression “banker”, of the following definition: - | |

““banker” means a licensed commercial bank or a 15 licensed specialised bank or a branch of a foreign bank incorporated outside Sri Lanka, which carries on the business of banking within the meaning of the Banking Act, No.30 of 1988;”; and

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| --- | --- | --- |
| 20 | (2) | by the insertion immediately after the definition of |

the expression “delivery”, of the following new   
definitions:-

““electronic means” shall mean any method by   
which information is generated, sent, received

25 or stored by electronic, magnetic, optical, or any other similar capacity regardless of the

medium;

2 *Bills of Exchange (Amendment)*

“facsimile transmission” means transmitting a   
written, printed, or pictorial document over   
the telephone system by scanning it   
photoelectrically and reproducing the image

|  |  |  |
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| 5 | thereof after transmission;”. | Amendment |
| **4.** Section 9 of the principal enactment is hereby amended |
| 10 | in subsection (4) of that section, by the substitution for the | of section 9 |
| of the |
| words “shall be at the rate of nine *per centum* perannum:”, |
| principal |
| of the words “shall be the legal rate applicable for the time | enactment |
| being:”. |
| **5.** Section 14 of the principal enactment is hereby | Amendment |
| amended by the repeal of subsection (1) of that section and | of section 14 |
| of the |
| the substitution therefor, of the following subsection: - |
| principal |

enactment

“(1) The bill is due and payable in all cases on the 15 last day of the time of payment as fixed by the bill, or if that is a non-business day, on the succeeding business day.”.

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| **6.** Section 15 of the principal enactment is hereby repealed. | Repeal of  section 15 of the principal |

enactment

|  |  |  |
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| 20 | **7.** Section 35 of the principal enactment is hereby | Amendment |
| amended in subsection (1) of that section, by the substitution | of section 35 |
| of the |
| for all the words from “if a bill be indorsed-” to the end of |
| principal |
| that subsection, of the following words: - | enactment |

“if a bill be indorsed “Pay D only”, “Pay D for the 25 account of X” or “Pay D or order for collection”.”.

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| *Bills of Exchange (Amendment)* | 3 | Amendment of section 49 of the  principal |
| **8.** Section 49 of the principal enactment is hereby amended by the repeal of subsection (5) of that section and the substitution therefor, of the following subsection: - | |

enactment “(5) The notice may be given in writing or by   
5 personal communication, or by facsimile   
 transmission or other electronic means which   
 sufficiently identify the bill, and intimate that   
 the bill has been dishonoured by non-  
 acceptance or non-payment.”.

|  |  |  |
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| 10 | **9.** Section 64 of the principal enactment is hereby | Amendment |
| 15 | amended in subsection (2) of that section, by the substitution | of section 64 |
| of the |
| for the words “any alteration of the date,”, of the words “any |
| principal |
| alteration of the name of the payee, the date,”. |
| enactment |
| **10.** Section 74 of the principal enactment is hereby | Amendment |
| amended by the addition immediately after subsection (3) | of section 74 |
| of the |
| of that section, of the following new subsections: - |
| principal |

enactment “(4) (*a*) A banker may, instead of presenting the   
 cheque itself for payment, present a cheque   
 by facsimile transmission or other   
20 electronic means for payment to the banker   
 on whom it is drawn, by transmitting an   
 image thereof along with the stipulated   
 electronic payment information of the   
 cheque.

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| 25 | (*b*) | For the purposes of this subsection – | |
| (i) | the image of a cheque shall comprise |

the front view and the back view of   
the cheque; and

|  |  |  |
| --- | --- | --- |
| 30 | (ii) | the electronic payment information |
| of a cheque shall comprise – |

4 *Bills of Exchange (Amendment)*

(I) the serial number of the   
 cheque;

(II) the code which identifies the   
 bankerand the branch on

|  |  |  |
| --- | --- | --- |
| 5 | (III) | whom the cheque is drawn; |
| the account number of the |

drawer of the cheque;

(IV) the amount for which the   
cheque is drawn, as entered by

|  |  |  |
| --- | --- | --- |
| 10 | (V) | the drawer of the cheque; and |
| any other matter as may from |

time to time be prescribed by   
regulation made under any   
written law relating to

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 15 | (5) | payment, | clearing | and |
| settlement systems. | | |
| The provisions of subsection (4) of section 52 shall | | |

not apply –

|  |  |  |
| --- | --- | --- |
| 20 | (*a*) | to the presentment of a cheque for payment |
| (*b*) | under subsection (4); and |
| to a cheque which is paid following |

presentment under subsection (4).

(6) Where a cheque is presented for payment by a   
banker under subsection (4), the provisions of

|  |  |
| --- | --- |
| 25 | section 45 shall not be construed as being applicable and requiring the presentment to be |

made at the proper place or at a reasonable hour on   
a business day.

*Bills of Exchange (Amendment)* 5

(7) For the purpose of this section, where the image of   
 a cheque, or one or more of its electronic payment   
 information presented is inaccurate, such   
 presentation shall be a nullity.”.

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| 5 | **11.** Section 76 of the principal enactment is hereby | | Replacement |
| 10 | repealed and the following section is substituted therefor:- | | of section 76 |
| of the |
| “General and | **76.** (1) Where a cheque bears across its face | principal |
| enactment |
| special  crossings defined. | an addition of two parallel transverse lines, either with or without the words “not |
| negotiable”, that addition constitutes a | |

crossing, and the cheque is crossed generally.

(2) Where a cheque bears across its face an addition of the name of a banker, either with or without the words “not negotiable”, that 15 addition constitutes a crossing, and the cheque is crossed specially and to that banker.”.

|  |  |  |  |
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| 20 | **12.** Section 77 of the principal enactment is hereby | | Amendment |
| amended as follows: - | | of section 77 |
| of the |
| (1) | by the repeal of subsection (4) of that section and | principal |
| enactment |
| the substitution therefor, of the following | |

subsection: -

“(4) Where a cheque is crossed generally or   
specially, the holder may add the words, “not   
negotiable”.”; and

|  |  |  |
| --- | --- | --- |
| 25 | (2) | in subsection (6) of that section, by the substitution |

for the words “to himself.”, of the words “to himself   
and such crossing for the purpose of collection may   
be placed either on the face or the rear of the   
cheque.”.

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| 6 | *Bills of Exchange (Amendment)* | Amendment of section 80 of the |
| **13.** Section 80 of the principal enactment is hereby amended as follows:- | |

principal

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| --- | --- | --- |
| (1) | by the renumbering of that section as subsection | enactment |

(1) of that section; and

|  |  |  |
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| 5 | (2) | by the addition immediately after the renumbered |

subsection (1) of that section, of the following new   
subsection: -

“(2) The banker paying the cheque under subsection (1), shall not incur any liability by 10 reason only of the absence of, or irregularity in, indorsement and the payment discharges the cheque.”.

|  |  |
| --- | --- |
| **14.** Section 81 of the principal enactment is hereby repealed and the following section is substituted therefor: - | Replacement of section 81 of the |

principal

|  |  |  |  |
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| 15 | “Effect of | **81.** (1) Where a person takes a crossed | enactment |
| crossing a |
| cheque which bears on it the words “not |
| cheque with |
| words. | negotiable”, he shall not have and shall not be |

capable of giving a better title to the cheque than that which the person from whom he took 20 it had.

(2) Where a cheque is crossed or uncrossed and bears across its face the words “Account Payee” or “A/C Payee” either with or without the word “Only”, the cheque shall not be 25 transferable, and shall only be valid as between the parties thereto.”.

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| 5 | *Bills of Exchange (Amendment)* | | 7 | Amendment |
| **15.** Section 82 of the principal enactment is hereby | | |
| amended in subsection (1) of that section as follows: - | | | of section 82 |
| (1) | by the re-lettering of that subsection as paragraph | | of the |
| principal |
| enactment |
| (*a*) of that subsection; and | | |
| (2) | by the addition immediately after the re-lettered | |

paragraph (*a*) of that subsection, of the following   
new paragraph: -

“(*b*) A banker shall not to be treated for the purpose of paragraph (*a*) as having been 10 negligent by reason only of his failure to concern himself with the absence of, or irregularity in, indorsement of a cheque.”.

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| 15 | **16.** The following new sections are hereby inserted | Insertion of |
| immediately after section 82 of the principal enactment, and | new sections |
| 82A, 82B, |
| shall have effect as sections 82A, 82B, 82C, 82D, 82E and 82F |
| 82C, 82D, 82E |
| of that enactment: - | and 82F in |

the principal

|  |  |  |  |
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| 20 | “Penalties in | **82A.** (1) Subject to the provisions of | enactment |
| respect of | subsection (2), where any cheque drawn by a |
| dishonour of |
| customer on an account maintained by him |
| certain |
| with a bank for payment of any amount of |
| cheques. |
| money to another person from that account for |

the discharge, in whole or in part, of any debt   
or other liability is returned by the bank unpaid   
owing to –

|  |  |  |
| --- | --- | --- |
| 25 | (*a*) | the amount of money standing to the |

credit of that account being   
insufficient to honour the cheque;

(*b*) the amount of the cheque exceeding   
the amount arranged to be paid from

30 that account by an agreement made with the bank;

8 *Bills of Exchange (Amendment)*

(*c*) the drawer having issued a cheque   
 from a closed account; or

(*d*) the drawer having countermanded   
a cheque issued by him without any

5 legitimate reason in terms of subsection (3),

such person shall be deemed to have committed an offence and shall, on conviction, be liable to a fine equivalent to the amount of the 10 cheque, or to imprisonment of either description for a term not exceeding two years, or to both such fine and imprisonment.

(2) The provisions of subsection (1) shall   
apply only if –

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| 15 | (*a*) | the cheque has been presented to the |

drawee bank within a period of six   
months from the date on which it is   
drawn or within the period of its   
validity, whichever is earlier;

|  |  |  |
| --- | --- | --- |
| 20 | (*b*) | the payee or holder in due course of |

the cheque makes a demand for payment of the value of the returned cheque, in writing to the drawer of the cheque within ninety days of the 25 receipt of information by him from the collecting bank or drawee bank, regarding the return of the cheque as unpaid; and

*Bills of Exchange (Amendment)* 9

(*c*) the drawer of the cheque fails to make the payment in response to such demand to the payee or holder in due course of the cheque, within ninety 5 days of the date of the demand.

(3) Where a drawee bank has dishonoured a cheque by writing the words “refer to drawer”, “account closed” or “payment countermanded by drawer” on the cheque or such words are 10 stated in a cheque return notification issued by a collecting bank, it shall be presumed that the cheque was dishonoured due to insufficiency of funds in the account of the drawer.

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| 15 | Institution of | **82B.** The payee or holder in due course of a |
| legal action. |
| cheque which has been returned unpaid due to |

insufficiency of funds in the account of the   
drawer may institute legal action as the   
claimant within thirty days of the expiration of   
the period specified in paragraph (*c*) of

|  |  |  |
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| 20 | Jurisdiction. | subsection (2) of section 82A. |
| **82C.** The jurisdiction to hear and determine |

an offence under this Ordinance shall be vested   
with the Magistrate’s Court within whose local   
jurisdiction -

|  |  |  |
| --- | --- | --- |
| 25 | (*a*) | where the cheque is deposited for |

collection through the account of the payee or holder in due course of the cheque, the branch of the bank in which such payee or holder in due 30 course maintains the account, is situated; or

10 *Bills of Exchange (Amendment)*

(*b*) where the cheque is presented for payment by the payee or holder in due course of the cheque to the branch of the drawee bank, the 5 branch of the drawee bank in which the drawer maintains the account, is situated.

|  |  |  |  |
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| 10 | Conclusive | **82D.** The following shall be treated as | |
| evidence | conclusive evidence of a cheque dishonoured | |
| of a |
| due to the insufficiency of funds in the account | |
| dishonoured |
| cheque. | of the drawer: - | |
| (*a*) | the cheque return notification issued |

by the collecting bank;

|  |  |  |
| --- | --- | --- |
| 15 | (*b*) | the deposit slip acknowledged by |
| (*c*) | the collecting bank; or |
| the cheque returned by the drawee |

bank.

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| 20 | Presumption | **82E.** It shall be presumed unless the contrary | |
| in favour of |
| is proved, that the payee or holder in due course | |
| the payee or |
| of the cheque received the cheque for the | |
| holder in due |
| 25 | course of the | discharge, in whole or in part, of any debt or | |
| cheque. |
| other liability of the drawer. | |
| Offences by |
| **82F.** Where a body of persons is convicted | |
| a body of |
| for an offence under this Ordinance, then – | |
| persons. |
| (*a*) | if that body of persons is a body |

corporate, every director, manager,   
or secretary of that body corporate at   
the time of the commission of such   
offence;

*Bills of Exchange (Amendment)*  11

(*b*) if that body of persons is a firm, every   
 partner of that firm at the time of the   
 commission of such offence; and

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5 | (*c*) | if that body of persons is an | | |
| unincorporated | body, | every |

individual who is a member of such   
unincorporated body at the time of   
the commission of such offence,

shall be deemed to have committed that offence:

10 Provided however, any director, manager or secretary of such body corporate or any partner of such firm or any individual of such unincorporated body shall not be deemed to have committed such offence if he proves to 15 the satisfaction of the court that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.”.

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| 20 | **17.** Section 83 of the principal enactment is hereby | Amendment |
| of section 83 |
| amended by the repeal of all the words from “For the purpose |
| of the |
| of this section” to the end of that section. |
| principal |

enactment

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| **18.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. | Sinhala text to prevail in case of |

inconsistency

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| 12 | *Bills of Exchange (Amendment)* |

Department of Government Printing