



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

BILLS OF EXCHANGE (AMENDMENT)

**A
BILL**

to amend the Bills of Exchange Ordinance (Chapter 82)

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

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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.

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.

Bills of Exchange (Amendment)

L. D.- O. 10/2024

AN ACT TO AMEND THE BILLS OF 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 (Amendment) Act, No. of 2024. Short title

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

10 3. Section 2 of the principal enactment is hereby amended as follows: - Amendment of section 2 of the principal enactment

(1) by the substitution for the definition of the expression “banker”, of the following definition: -

15 ““banker” means a licensed commercial bank or a 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

20 (2) by the insertion immediately after the definition of the expression “delivery”, of the following new definitions:-

25 ““electronic means” shall mean any method by which information is generated, sent, received or stored by electronic, magnetic, optical, or any other similar capacity regardless of the medium;

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

4. Section 9 of the principal enactment is hereby amended
in subsection (4) of that section, by the substitution for the
words “shall be at the rate of nine *per centum per annum*.”,
of the words “shall be the legal rate applicable for the time
being.”.

Amendment
of section 9
of the
principal
enactment

5. Section 14 of the principal enactment is hereby
amended by the repeal of subsection (1) of that section and
the substitution therefor, of the following subsection: -

Amendment
of section 14
of the
principal
enactment

“(1) The bill is due and payable in all cases on the
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.”.

6. Section 15 of the principal enactment is hereby
repealed.

Repeal of
section 15 of
the principal
enactment

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

Amendment
of section 35
of the
principal
enactment

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

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: -

Amendment
of section 49
of the
principal
enactment

5 “(5) The notice may be given in writing or by 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.”.

10 **9.** Section 64 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution for the words “any alteration of the date,”, of the words “any alteration of the name of the payee, the date,”.

Amendment
of section 64
of the
principal
enactment

15 **10.** Section 74 of the principal enactment is hereby amended by the addition immediately after subsection (3) of that section, of the following new subsections: -

Amendment
of section 74
of the
principal
enactment

20 “(4) (a) A banker may, instead of presenting the cheque itself for payment, present a cheque by facsimile transmission or other 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.

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 –

- (I) the serial number of the cheque;
 - (II) the code which identifies the banker and the branch on whom the cheque is drawn;
 - (III) the account number of the drawer of the cheque;
 - (IV) the amount for which the cheque is drawn, as entered by the drawer of the cheque; and
 - (V) any other matter as may from time to time be prescribed by regulation made under any written law relating to payment, clearing and settlement systems.
- (5) The provisions of subsection (4) of section 52 shall not apply –
- (a) to the presentment of a cheque for payment under subsection (4); and
 - (b) 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 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.

- (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.”.

5 **11.** Section 76 of the principal enactment is hereby repealed and the following section is substituted therefor:- Replacement
of section 76
of the
principal
enactment

“General and
special
crossings
defined.

10

76. (1) Where a cheque bears across its face 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.

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(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 addition constitutes a crossing, and the cheque is crossed specially and to that banker.”.

12. Section 77 of the principal enactment is hereby amended as follows: - Amendment
of section 77
of the
principal
enactment

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- (1) by the repeal of subsection (4) of that section and 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.”.

13. Section 80 of the principal enactment is hereby amended as follows:-

Amendment
of section 80
of the
principal
enactment

- (1) by the renumbering of that section as subsection (1) of that section; and

- 5 (2) by the addition immediately after the renumbered subsection (1) of that section, of the following new subsection: -

10 “(2) The banker paying the cheque under subsection (1), shall not incur any liability by 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
enactment

- 15 “Effect of crossing a cheque with words. **81.** (1) Where a person takes a crossed cheque which bears on it the words “not 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 it had.
- 20

- (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 transferable, and shall only be valid as between the parties thereto.”.
- 25

15. Section 82 of the principal enactment is hereby amended in subsection (1) of that section as follows: -

Amendment
of section 82
of the
principal
enactment

(1) by the re-lettering of that subsection as paragraph (a) of that subsection; and

5 (2) by the addition immediately after the re-lettered paragraph (a) of that subsection, of the following new paragraph: -

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

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

Insertion of
new sections
82A, 82B,
82C, 82D, 82E
and 82F in
the principal
enactment

20 “Penalties in respect of dishonour of certain cheques.

82A. (1) Subject to the provisions of subsection (2), where any cheque drawn by a customer on an account maintained by him with a bank for payment of any amount of 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;

30 (b) the amount of the cheque exceeding the amount arranged to be paid from that account by an agreement made with the bank;

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

5 (d) the drawer having countermanded a cheque issued by him without any legitimate reason in terms of subsection (3),

10 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 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 –

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 receipt of information by him from the collecting bank or drawee bank, regarding the return of the cheque as unpaid; and

25

5 (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 days of the date of the demand.

10 (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 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.

15 Institution of legal action. **82B.** The payee or holder in due course of a 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 subsection (2) of section 82A.

20 Jurisdiction. **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 course maintains the account, is
30 situated; or

10 *Bills of Exchange (Amendment)*

- 5 (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 branch of the drawee bank in which the drawer maintains the account, is situated.

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

- 15 (a) the cheque return notification issued by the collecting bank;
- (b) the deposit slip acknowledged by the collecting bank; or
- (c) the cheque returned by the drawee bank.

20 Presumption in favour of the payee or holder in due course of the cheque. **82E.** It shall be presumed unless the contrary is proved, that the payee or holder in due course of the cheque received the cheque for the discharge, in whole or in part, of any debt or other liability of the drawer.

Offences by a body of persons. **82F.** Where a body of persons is convicted for an offence under this Ordinance, then –

- 25 (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;

(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.”.

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

Amendment
of section 83
of the
principal
enactment

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

