



**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*

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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)

L.D.—O. 68/2017

AN ACT TO AMEND THE COMPANIES ACT, NO. 07 OF 2007

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

1. This Act may be cited as the Companies (Amendment) Act, No. of 2019 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*. Short title and date of operation.
2. Section 427 of the Companies Act, No. 07 of 2007 (hereinafter referred to as the “principal enactment”) is hereby amended in paragraph (a) of subsection (3) of that section, by the substitution for the words and figures “the provisions of the Registration of Documents Ordinance (Chap. 117)”, of the words and figures “the provisions of the Secured Transactions Act, No. of 2019”. Amendment of section 427 of Act, No. 07 of 2007.
3. Section 428 of the principal enactment is hereby amended as follows:— Amendment of section 428 of the principal enactment.
- (1) in subsection (3) of that section, by the substitution for all the words and figures from “registered under the Registration of Documents Ordinance (Chap. 117)” to the end of that subsection, of the 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.

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:—

Amendment
of section
431 of the
principal
enactment.

5 “(7) Where any movable property owned by a 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 immediately after section 433 of the principal enactment and shall have effect as section 433A of that enactment:—

Insertion of
new section
433A in the
principal
enactment.

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

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6. 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.

