

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

Part II of November 10, 2023

SUPPLEMENT

(Issued on 10.11.2023)



COMPANIES (AMENDMENT)

A

BILL

to amend the Companies Act, No. 07 of 2007

*Ordered to be published by the Minister of Finance, Economic
Stabilization and National Policies*

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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 2023, 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 2023.

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 2023 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 2023.

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. (1) This Act may be cited as the Companies (Amendment) Act, No. of 2023. Short Less
title and date
of operation

5 *(2) The provisions of this Act, other than the provisions of this section, shall come into operation on such date as the Minister may appoint by Order published in the Gazette.*

10 *(3) The provisions of this section shall come into operation on the date on which the Bill becomes an Act of Parliament.*

15 **2.** Section 427 of the Companies Act, No. 07 of 2007 (in this Act 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 (Cap.117)”, of the words and figures “the provisions of the Secured Transactions Act, No. of 2023”. Amendment
of section
427 of Act,
No.07 of
2007

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

25 (1) in subsection (3) of that section, by the substitution for all the words and figures from “registered under the Registration of Documents Ordinance (Cap. 117)” to the

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Companies (Amendment)

end of that subsection, of the words and figures “registered under the Secured Transactions Act, No. of 2023 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

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“(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 2023, the provisions relating to priority contained in that Act shall apply in determining the priority of such floating charge.”.

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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

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“ 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 2023.”.

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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

