

Media Release

12th June 2020

SEC Chairman calls on Central Bank Governor

The Chairman of the Securities and Exchange Commission of Sri Lanka (SEC) Mr. Viraj Dayaratne PC, paid a courtesy call on Deshamanya Professor W.D. Lakshman, Governor of the Central Bank of Sri Lanka recently. He was accompanied by Director General of the SEC, Mr. Chinthaka Mendis.

This meeting provided an opportunity for the Governor and the Chairman to share and exchange views on issues of mutual interest as well as certain specific matters regarding which the SEC required the support of the Central bank.

The SEC Chairman explained to the Governor that there had been an initiative under the Financial Sector Modernization Project (FSMP) funded by the World Bank to set up an integrated Central Counter Party system (CCP) with regard to settlement of securities. However, later the Central Bank had decided to limit the CCP to only Government Securities and domestic foreign currency transactions in the initial phase. The Chairman explained the importance of including equity as well in the CCP and requested the Governor to explore the possibility of establishing an integrated CCP which will certainly enhance the credibility of the Capital Market of Sri Lanka and will boost investor confidence, particularly that of international investors.

The Governor was also briefed on the stock market digitization initiative undertaken jointly by the SEC and the Colombo Stock Exchange (CSE) and the Chairman indicated that they were seeking the approval of the Central Bank with regard to certain changes that had been proposed to the Know Your Customer Rules at the point of opening Central Depository Systems accounts online.

Additionally, discussions also included the prospect of enhancing investments of the Employees Provident Fund (EPF), Sri Lanka's largest pension fund, in the Colombo Stock Market with suitable due diligence. Such a move is expected to provide above average returns to members of the EPF and also would invigorate the capital market.

The Governor agreed to have the matters looked into and the meeting ended on a cordial and positive note.

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