

Joint Media Release by the SEC and the CSE

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SEC Approves Rules for Digitalization of the Colombo Stock Market

The Securities and Exchange Commission of Sri Lanka (SEC) has approved amendments to the Stockbroker Rules, Central Depository Systems (CDS) Rules and Listing Rules submitted by the Colombo Stock Exchange (CSE), which will enable the stock market to transition from a paper based to an electronic based environment.

Under the amended rules, Statement of Accounts and Bought and Sold Notes sent by stock broker firms to their clients, and CDS monthly statements sent to account holders will be converted from paper based hard copies to electronic format. The rule amendments will facilitate the Listed Companies to send Annual Reports to their shareholders in a mode other than in printed form and the payment of dividends through electronic bank transfers.

Investors are encouraged to make available their email addresses, bank account numbers and mobile numbers in the prescribed format to their stock brokers in order to continue to receive the relevant statements in an uninterrupted manner.

These changes are part of the market digitalization initiative initiated by the SEC - CSE joint committee. Under this initiative, an online account opening process would also be facilitated whereby an investor could open a CDS Account, start trading and make settlements electronically without the need to physically visit an office of a stock broker.

Presently internet based trading is enabled through all stock brokers and the account creation and maintenance at the CDS and fund settlement between stock broker firms and banks are fully electronic, investors are therefore urged to register for online trading and online banking services.

However, under this initiative the account opening process with the stock broker which is presently paper based, and the post trade settlement process for local retail individuals which is mostly cheque based, will be converted to an electronic format thereby bringing significant operating efficiencies to the system and improving the client experience and convenience.

This will also assist in ensuring uninterrupted market operations in the event of unexpected restrictions.

Attached photos - A meeting of the Joint committee of the SEC and the CSE with Stock brokers.



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