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இலங்கைப் பிணையங்கள் மற்றும் பரிவர்த்தனை ஆணைக்குழு
SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA



By Hand

27th December 2013

Ref: SEC/LEG/13/12/45

To: All Listed Public Companies
The Colombo Stock Exchange

Directive issued under Section 13 (c) and (cc) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)

The Securities and Exchange Commission of Sri Lanka (SEC) at its 327th meeting held on 10th December 2013 decided to extend the disclosure requirements pertaining to dealings in shares, currently applicable to directors under the Listing Rules of the Colombo Stock Exchange, to Chief Executives Officers (CEOs) in addition and to specify the time period in which such disclosures shall be made.

Therefore all Listed Public Companies are hereby directed to disclose dealings by its directors and CEOs on their relevant interests in shares and other classes of shares in the following circumstances within the specified time period given below;

1. A Listed entity shall make an **announcement to the Exchange** pertaining to the relevant interest in shares and other classes of shares held by its directors and CEO on the same date the entity is listed on the Colombo Stock Exchange (CSE). Where such director or CEO has no relevant interest, such entity shall be required to disclose such fact to the market on the said date of listing on the CSE;
2. The Listed entity shall make an **announcement to the Exchange** pertaining to the relevant interests in shares and other classes of shares held by its directors or CEO not later than two market days immediately following the appointment or cessation of office of a director or CEO. Where such director or CEO has no relevant interest, such entity shall be required to disclose that fact to the market within the said period;
3. In the event a director or CEO of a listed entity makes an acquisition or disposal of shares or any class of shares, such listed entity shall make an **announcement to the Exchange** not later than five market days (T+5) upon such acquisition or disposal. Such disclosure shall contain;
 - a. the date on which such shares or other classes of shares were acquired or disposed;
 - b. the date on which such acquisition or disposal was notified to the Board of Directors of the listed entity as applicable in terms of Section 200 of the Companies Act No.07 of 2007 (Companies Act);
 - c. the disclosures specified in Section 200 of the Companies Act.

All Listed Companies are further directed to put in place a procedure to ensure that its directors and the CEO makes the abovementioned disclosures to the listed entity in a timely manner to enable it to comply with the requirements stipulated in this directive.

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For the purposes of this directive;

A director or CEO of a listed entity shall be deemed to have a relevant interest in shares or other class of shares where a close family member of the director or CEO (not being himself a director or CEO of the listed entity) as the case may be, holds or has an interest in the said shares or other class of shares.

Close Family Member shall mean and include the spouse and a child below 18 years and any of the following persons provided such persons are financially dependent and/or acting in concert with the director or CEO of the listed entity:

- a) child above 18 years;
- b) grandparents;
- c) parents;
- d) brothers;
- e) sisters;
- f) grandchildren; and
- g) spouse of the persons referred to (c), (d), (e) and (f) above

The time period referred to in the directive as two or three market days as the case may be shall be calculated excluding the relevant date the event occurred.

Relevant interest shall have the same meaning as Section 198 of the Companies Act; Provided that the director and CEO shall be required to disclose the relevant interest irrespective of the percentage of shares or other classes of shares required to be disclosed under this directive.

The Colombo Stock Exchange is hereby directed to;

- i. define the relevant provisions in the Listing Rules of the CSE in relation to "*immediate*" in line with the Rules provided herein;
- ii. develop a mechanism to recognize Directors and CEOs of listed entities in the trading system for the purpose of identifying trading by the same;
- iii. inform all Listed Public Companies of this directive;
- iv. incorporate the Rules stipulated herein to the Listing Rules of the Colombo Stock Exchange.

This directive shall be effective from 1st April 2014.

Dhammika Perera
Officer-in-Charge/ Deputy Director General
AA/SW