



By Hand/Registered Post

24th September 2014

Ref: SEC/LEG/14/09/71

To: All Managing Companies and Trustees of Unit Trust Funds

Directive issued under Section 13 (c) 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 345th Commission meeting held on 23rd September 2014 revisited the minimum number of unit holders for each unit trust and decided to impose certain conditions surrounding the threshold.

Therefore the Managing Companies and Trustees of Unit Trusts are hereby directed to;

- 1) maintain a minimum number of fifty (50) unit holders for each fund at all times;
- 2) obtain a minimum 50 unit holders during an Initial Public Offer (IPO) period and where the said minimum number is not met to refund the monies collected at the close of the IPO period

This directive shall be effective from the date hereof and all licensed units trust funds existing prior to this date shall be granted a period of six (6) months ending 31st March 2015 to comply with the continuous maintenance requirement.

For the purposes of this directive Initial Public Offer period means the period commencing from the date the fund opens at the fixed price for public subscription till the fixed price closes on the date determined by the fund.

Where the minimum number of unit holders falls below the specified minimum threshold due to redemption by a unit holder or any other supervening circumstance, the managing company of such fund shall make best efforts for compliance within 3 months from the date of the first shortfall and shall consult the Commission forthwith.

The directive bearing SEC/LEG/13/11/10 dated 7th November 2013 is hereby rescinded.

The Commission reserves the right to revisit the restrictions imposed by this directive as and when deemed necessary by the Commission.

Dhammika Perera

Officer-in-Charge/ Deputy Director General

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