



**SECURITIES AND EXCHANGE  
COMMISSION OF SRI LANKA**

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**BY HAND**

**Ref: SEC/LEG/17/02/06**

3<sup>rd</sup> February 2017

**To: The Colombo Stock Exchange and all licensed Stock Brokers and/or Stock Dealer Firms trading in equity and/or debt securities**

**DIRECTIVE ISSUED IN TERMS OF SECTION 13 (c) AND SECTION 13 (p) OF THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA ACT NO. 36 OF 1987 (AS AMENDED)**

**RE: THE ADOPTION OF RULES MANDATING STOCK BROKER AND/OR STOCK DEALER FIRMS TRADING IN EQUITY AND/OR DEBT SECURITIES TO MAINTAIN A MINIMUM SHAREHOLDER'S FUND REQUIREMENT**

The Securities and Exchange Commission of Sri Lanka (SEC) at its 381<sup>st</sup> Meeting held on 10<sup>th</sup> January 2017 having deliberated upon the several measures taken as at date to protect the interests of the clients of Stock Brokers and Stock Dealers decided to mandate all licensed Stock Brokers and Stock Dealers trading in equity and/or debt securities to fulfil and maintain a minimum requirement of shareholder funds to strengthen the financial position of such Brokers and Dealers irrespective of losses sustained in the past as part of a risk assessment framework.

It was also the view of the Commission that mandating a minimum shareholder's fund requirement will uplift the standards of Stock Brokers and Stock Dealers and equip them better to play a greater role in the development of the market.

**Therefore all licensed Stock Broker and/or Stock Dealer firms trading in equity and/or debt securities are hereby directed as follows:**

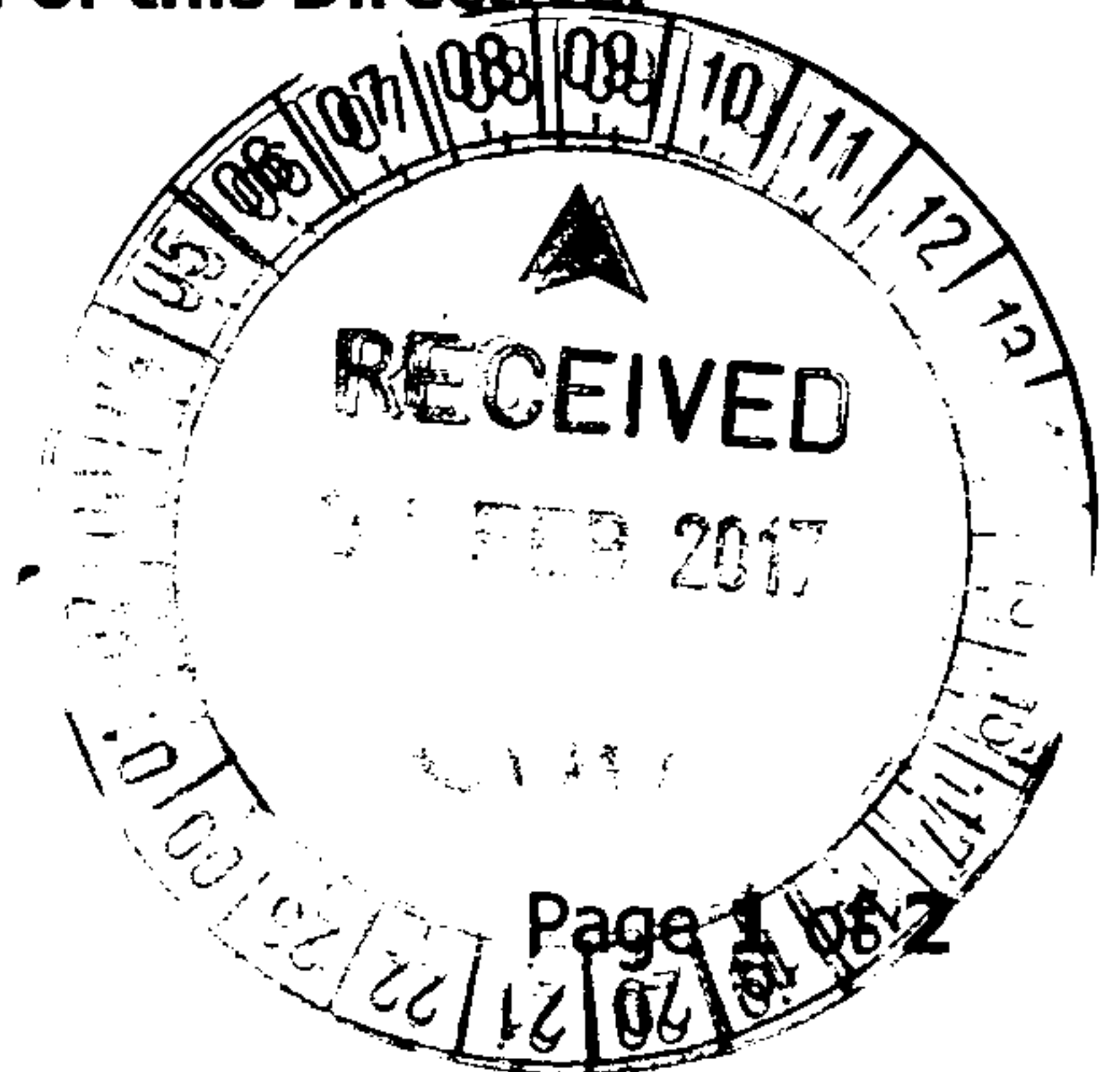
- to maintain a minimum shareholder's fund requirement of Rs. 100 million or 50% of the firm's Stated Capital, whichever is higher.

**Licensed Stock Brokers and Stock Dealers who are also Primary Dealers regulated by the Central Bank of Sri Lanka (CBSL) are exempted from the application of this Directive.**

The Colombo Stock Exchange (CSE) is hereby directed:

- to inform all Stock Brokers and Stock Dealers of this Directive;

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28 மற்றும் 29 ஆம் மாடி, உலக வர்த்தக மையம்  
கிழக்கு கோபுரம், எச்சலன் சதுக்கம்  
கொழும்பு 01.

Level 28 & 29, East Tower  
World Trade Center  
Echelon Square, Colombo 01, Sri Lanka.

දුරකථනය } +94 11 2439144-8  
தொலைபேசி } +94 11 2331013-5  
Telephone }

ලැකිල්ල } +94 11 2439149  
தொலைநகல் }  
Fax }

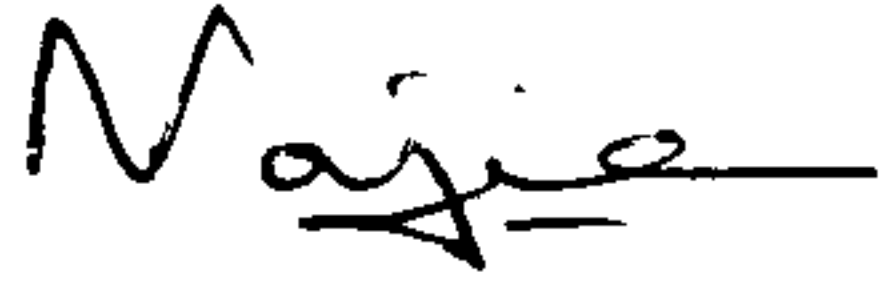
වෙබ් අඩවිය } www.sec.gov.lk  
இணையம் } www.cmet.sec.gov.lk  
Website } www.cmic.sec.gov.lk

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- ii. to take steps to incorporate the above mentioned requirement to the Stockbroker Rules of the CSE to be effective from 01<sup>st</sup> January 2018; and
- iii. to develop a suitable enforcement mechanism in the event of non-compliance with this requirement and submit same for the approval of the SEC.

This Directive shall be effective from 01<sup>st</sup> January 2018.



Vajira Wijegunawardane  
**DIRECTOR GENERAL**