



BY HAND

18th December 2018

Ref: SEC/CMET/2018/12/103

TO: COLOMBO STOCK EXCHANGE
TO ALL LICENSED STOCK BROKERS**DIRECTIVE ISSUED UNDER SECTION 13(C) OF THE SECURITIES AND EXCHANGE
COMMISSION OF SRI LANKA ACT NO 36 OF 1987 (AS AMENDED)****RE: REVISED CAPITAL MARKET QUALIFICATION FRAMEWORK 2018**

In May 2008, the Capital Market Education and Training Division (CMET) of the Securities and Exchange Commission of Sri Lanka (SEC) developed and formally introduced a Qualification Framework (QF) for capital market professionals, with the intention of strengthening professional standards in the securities industry. This framework has been successfully implemented to date.

Considering the changes that has taken place in the Sri Lankan capital market, CMET conducted a comprehensive revision of this QF. The revised QF provides for the certification of aptitude in each asset class, be it equity, debt, derivatives or unit trusts. Under the revised QF, the existing Registered Investment Advisor (RIA) qualification has been enhanced to a apex qualification in the securities industry.

The Certificate in Capital Markets (CCM) of the revised QF, which will take effect from January 2019 onwards, consists of seven course modules:

- Series 1 – Securities Markets and Instruments
- Series 2 – Equity Securities
- Series 3 – Debt Securities
- Series 4 – Derivatives
- Series 5 – Unit Trusts
- Series 6 – Financial Planning, Advising and Marketing
- Series 7 – Securities Regulation and Ethics

Certification

Under the revised QF, there will be five types of certifications. A candidate who seeks to secure a certification in a specific asset class will be required to mandatorily complete series 1, 6 and 7 above, as well as the module (from among series 2 to 5) corresponding to the asset class in which he or she seeks certification. On completion of these four modules, the candidate will be eligible to receive the first level of certification: i.e., a Certificate in Equity Securities, in Debt Securities, in Derivatives or in Unit Trusts, as the case may be.

On completion of the first level of certification and with six months of relevant industry experience, candidates may proceed to facing a *VIVA VOCE* examination conducted by a panel comprising SEC and Colombo Stock Exchange (CSE) officials and industry professionals in order to obtain the designation corresponding to the asset class in which he or she has selected.

1. Certified Equity Securities Advisor
2. Certified Debt Securities Advisor
3. Certified Derivative Securities Advisor
4. Certified Unit Trust Advisor

Apex Qualification

A candidate will be required to complete all seven series in order to earn the CCM qualification. On completion of the CCM and with one year of relevant industry experience candidates may proceed to facing a *VIVA VOCE* examination conducted by a panel comprising SEC and CSE officials and industry professionals in order to become a RIA.

Continuous Professional Development (CPD)

The procedure introduced in Circular 08/2009 (Ref. SEC/LEG/09/10/31) to maintain the RIA designation by fulfilling a CPD requirement will be amended to give effect to a minimum annual requirement of four seminar credits (one hour equals one seminar credit) and the successful completion of a minimum of one CPD module every two years. Candidates seeking to complete the CPD module will be tested against updated knowledge and skill thresholds as well as market and regulatory developments in the financial sector and securities industry. The CPD module will be updated annually by CMET and testing is computer based.

Transition Provisions

Investment advisors in stock broking firms who were awarded RIA designation upon completion of the investment advisor training programmes conducted by CSE prior to 2008 or in accordance with the existing QF are required to fulfill CPD requirements in order to be elevated to the RIA status under the revised QF. This entails the completion of three CPD seminars each relating to series 1, 5 and 6 above within a two-year period from the date of effectiveness of the revised QF.

The Commission at its 401st and 412th meetings approved the revised QF and its implementation date respectively towards enhancing the professional standards of the securities industry.

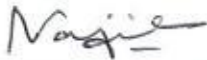
Therefore, all licensed stock brokers are hereby directed:

- **to ensure that all individuals dealing with clients for and on behalf of the company follow the revised QF as stated above with effect from 1st January 2019.**

The CSE is hereby directed:

- **to notify all licensed stockbrokers and RIAs of this Directive.**

This Directive shall be effective from 1st January 2019.



Vajira Wijegunawardane
Director General
Aa/Sp/Sb