

BY HAND

Ref: SEC/LEG/16/11/13

17<sup>th</sup> November 2016

To: The Colombo Stock Exchange  
All Listed Public Companies

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

**RE: REVISION OF RULES ON MINIMUM PUBLIC HOLDING APPLICABLE TO ALL LISTED PUBLIC COMPANIES**

The Securities and Exchange Commission of Sri Lanka (SEC), at its 378<sup>th</sup> Meeting held on 8<sup>th</sup> November 2016, deliberated on the existing Rules relating to the maintenance of a Minimum Public Holding as a Continuing Listing Requirement applicable to all Public Listed Companies.

The Commission approved the adoption of the following revised Public Holding threshold requirements both as an Initial and a Continuing Listing Requirement. The revision provides Listed Public Companies with a wider range of options in their compliance with the Rules on Minimum Public Holding.

**Table 1: Revised Threshold Requirements - Main Board of the CSE**

OPTION	MINIMUM THRESHOLDS FOR COMPLIANCE		
	Float-adjusted Market Capitalization	Public Holding Percentage	Number of Public Shareholders
1	Rs. 10 bn	-	500
2	Rs. 7.5 bn	5%	500
3	Rs. 5.0 bn	7.5%	500
4	Rs. 2.5 bn	10%	500
5	-	20%	500

**Table 2: Revised Threshold Requirements - Diri Savi Board of the CSE**

OPTION	MINIMUM THRESHOLDS FOR COMPLIANCE		
	Float-adjusted Market Capitalization	Public Holding Percentage	Number of Public Shareholders
1	Rs. 1 bn	7.5%	200
2	-	10%	200

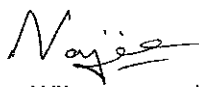
*\* Note. For the purposes of the Rules on Minimum Public Holding as a Continuing Listing Requirement, Float-adjusted Market Capitalization is calculated by multiplying the Public Holding Percentage of a Company by the Market Capitalization of that Company.*

**Therefore all Listed Public Companies are hereby directed to comply with any one of the above requirements as appropriate on a continuing basis with effect from 1<sup>st</sup> January 2017.**

Listed Public Companies failing to fully comply with any one of the above requirements as appropriate on or before 31<sup>st</sup> December 2016 are hereby granted a grace period of six months extending up to 30<sup>th</sup> June 2017 to comply with any one of the revised thresholds appearing above.

**The Colombo Stock Exchange is hereby directed to:**

- 1) implement the above Policy with effect from 1<sup>st</sup> January 2017;
- 2) incorporate the aforesaid Policy into the Listing Rules of the CSE both as an Initial and a Continuing Listing Requirement;
- 3) provide in the Listing Rules the measures to be taken in respect of Companies who fail to comply with the revised Rules by 30<sup>th</sup> June 2017: including therein,
  - a. the demotion of such Companies to a Secondary Board, from the Main Board or the Diri Savi Board as the case may be, and
  - b. enforcement action thereafter;
- 4) inform all Listed Public Companies of this Directive;
- 5) monitor compliance by Listed Public Companies with the aforesaid revised thresholds by subjecting the Float-adjusted Market Capitalization, Public Holding Percentage and Number of Shareholders of each Listed Public Company to scrutiny in a timely manner; and to
- 6) inform the SEC of any Listed Public Company which fails to comply with any one of the revised thresholds specified above.

  
Vajira Wijegunawardane  
**DIRECTOR GENERAL**  
AA/EW/CH