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



REF: SEC/LEG/13/12/31

**By Registered Post**

17<sup>th</sup> December 2013

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 326<sup>th</sup> meeting held on 28<sup>th</sup> November 2013 decided to specify the **daily valuation methods** of Fixed Income Instruments in Unit Trust Funds to improve uniformity and accuracy of valuation in the Unit Trust Industry as applicable to Managing Companies and trustees of Unit Trust Funds:

**1. In respect of Money Market Funds**

All Money Market funds that invest only in short term liquid fixed income securities with a maturity period of less than 366 calendar days shall continue to be valued on a cost plus accrued interest method.

**2. In respect of all other Funds**

All other unlisted fixed income securities including Government Securities shall be valued on a Mark to Market basis.

**Government securities** shall be valued on a Mark to Market basis using the daily yield curve released by the Central Bank of Sri Lanka (CBSL) until maturity.

**All unquoted fixed income securities** shall be valued on a Mark to Market basis using the daily yield curve released by the CBSL until maturity plus any risk premium attached to the instrument.

**All quoted debt securities** shall be valued at the last traded price. Where there is no trade for 90 calendar days, it shall be valued on a Mark to Market basis using the daily yield curve released by the CBSL until maturity plus any risk premium attached to the instrument.

**The risk premium** for valuation of unquoted and quoted debt securities shall continue to be calculated as the difference between the yield on the Corporate Debt and the yield on the Government Security of a similar maturity at the time of investing.

**Repo Investments and Bank Deposits** shall be valued at cost plus accrued interest basis.

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28 සහ 29 මහල, තැනකොට්ඨාස කුරුම  
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28 மற்றும் 29 ஆம் மாட, உலக வர்த்தக மையம்  
கிழக்கு கோட்டம், எச்சலன் சதுக்கம்  
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The Managing Companies of the Unit Trusts are further directed;

- to prepare all interim and year end audited financial statements in compliance with Sri Lanka Accounting Standards (SLFRS/LKAS)
- to disclose the valuation policy in the Explanatory Memorandum in order to inform a prospective unit holder on the daily valuation method.

This directive shall be effective from the date hereof and all other previous Directives issued by SEC in relation to valuation of fixed income securities are hereby repealed.

Dhamrika Perera

**Officer in Charge /Deputy Director General**