

## **Media Release**

**29<sup>th</sup> June 2020**

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### **SEC CONTINUES ENGAGING WITH CAPITAL MARKET STAKEHOLDERS**

As part of its continuing efforts to reach out to market participants Mr. Viraj Dayaratne PC, Chairman of the Securities and Exchange Commission of Sri Lanka (SEC) along with other Commission Members met with representatives of the Ceylon Chamber of Commerce, Law Firms and Stockbroker Firms. These interactions were held as part of a series of meetings that the Chairman commenced with various stakeholders after assuming office in January 2020.

During the meetings, the Chairman briefed the delegates on the reasons that prevented the stock market from being opened during the recent curfew which was imposed by the Government in order to minimize the risk of the COVID-19 (coronavirus) spreading. He went on to state that in order to ensure that there were no operational difficulties in similar situations in the future, he had appointed a joint committee comprising members of the SEC and Colombo Stock Exchange (CSE) to digitize all core activities of the market and that the process of such digitization was progressing smoothly and that they were hopeful that within a period of three months it would be possible to have such a system in place. The SEC recently approved the amendment of the necessary Rules to offer investors a fully digital onboarding experience. This transformation is expected to enable stockbrokers to strengthen service delivery, improve efficiency and have greater agility.

The delegation from the Chamber pointed out the need to encourage more companies to list as well as to have in place an apex committee comprising capital market stakeholders including the

SEC, CSE, Central Bank of Sri Lanka, Ministry of Finance and other key policy makers including industry bodies to decide on matters related to capital market policy.

The Chairman welcomed the suggestions and stated that the SEC fully appreciates the need to attract more companies to list, especially Small and Medium Scale Enterprises (SMEs) and explained to the delegation that already the SEC has taken certain steps in that direction and pointed out that it had approved the amendments in respect of listing requirements applicable to the Main Board as well as the Dirisavi Board and that they will come in to force in the near future. These new Rules have introduced revenue, market capitalization and positive operating cashflows as alternative criteria in the determination of eligibility for listing. This will now enable a diverse range of companies such as SMEs, Information Technology companies as well as companies with different business models such as those which provide delivery of food and other essentials and services to have their businesses listed.

The delegates from the Law Firms contended that certain regulatory measures presently in force are seen as an impediment to new listings and also stated that the SEC at times had been somewhat rigid in the application of Rules and Regulations. The Chairman explained to them the need to have a robust regulatory system in order to ensure the integrity of the market but said that the SEC will certainly adopt a very pragmatic and practical approach in the process of regulation and called upon the delegates to point out any particular Rules or Regulations which they consider to be too rigid so that they could be looked at by the SEC. The Chairman also informed them that the Commission was at present going through the draft SEC Act and the Demutualization Act and that its recommendations would be submitted to the Ministry of Finance before the end of next month and assured them that steps would be taken to ensure their speedy enactment. The Law Firms were requested to submit any recommendations they had with regard to the draft laws as well as on any other regulatory matter.

In the discussions with the stockbroker firms, the Chairman explained the work that was in progress with regard to the digitization of the stock market and called upon the broker firms to support and actively participate in the ongoing initiatives of the SEC-CSE joint committee. He also referred to the other joint committee that had been established to broad base the market and

create awareness amongst the general public and called upon the stockbroker firms to partner with the SEC and CSE in these initiatives and to play a more aggressive role.

The delegates appreciated the clarifications given by the SEC to queries raised during these meetings and they were encouraged to submit further suggestions to the SEC with regard to the development of the market. They were also informed that the SEC would continue to engage with the stakeholders on a regular basis in order to discuss matters of mutual interest.

### Photos

#### **Meeting with the representatives of the Ceylon Chamber of Commerce**



#### **Meeting with the Stock Broker Firms on Digitalization of the Colombo Stock Market**





### Meeting with Law Firms



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