

**SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA
REGULATIONS, PUBLISHED IN GAZETTE EXTRAORDINARY NO. 612/8 OF MAY 29,
1990 AS AMENDED BY GAZETTE EXTRAORDINARY NO. 755/ I OF FEBRUARY 22, 1993**

Regulations

1. These regulations may be cited as the Securities and Exchange Commission of Sri Lanka Regulations, 1990.
- Application for the grant or renewal of a licence as a stock exchange, stock broker or stock dealer 2. (1) Every application under section 15 of the Act by any body corporate which is carrying on, or intends to carry on the business of operating a stock exchange for the grant of a licence as a stock exchange and every application by such a licensed stock exchange for a renewal of its licence shall be in such form as specified in Form 'A' in the Schedule hereto;
(2) Every application under section 15 of the Act by any body corporate which is carrying on, or intends to carry on, the business of a stock broker or stock dealer for the grant of a licence as a stock broker or stock dealer and every application by such a licensed stock broker or stock dealer for a renewal of its licence shall be in such form as specified in Form 'B' in the Schedule hereto;
(3) Every application under section 15 of the Act by any individual who is carrying on or who intends to carry on the business of a stock broker or stock dealer for the grant of a license as a stock broker or stock dealer and every application by such licensed stock broker or stock dealer for a renewal of its licence shall be in such form as specified in Form 'C' in the Schedule hereto.
- Fees 3. There shall be paid-
 - (1) in respect of every application under regulation 2(1), a fee of Rs. 50,000; and
 - (2) in respect of every application under regulation 2 (2) and regulation 2 (3) a fee of Rs. 10,000.

which shall be paid into the account of the Securities and Exchange Commission of Sri Lanka as designated by the Commission.

- Certificate
4. (1) The Certificate issued to a stock exchange under section 19 (2) (b) of the Act shall be in such form as specified in Form 'D' in the Schedule hereto and shall be valid for period of five years.
 - (2) The Certificate issued to a stock broker under section 19 (2) (b) of the Act shall be in such form as specified in Form 'E' in the Schedule hereto, and shall be valid for a period of one year.
 - (3) The certificate issued to a stock dealer under section 19 (2) (b) of the Act shall be in such form as specified in Form 'F' in the Schedule hereto, and shall be valid for a period of one year.
5. In these regulations-
- "Act" means the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987.

**SCHEDULE
FORM 'A'**

**APPLICATION FOR A LICENCE/RENEWAL OF A LICENCE AS A
STOCK EXCHANGE**

TO : CHAIRMAN
SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA
COLOMBO.

1. We.....of hereby apply for a licence/renewal of a licence as a stock exchange under the provisions of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987, and agree to undertake, in the event of our application being accepted, to abide by the rules and procedures of the Securities and Exchange Commission of Sri Lanka established under the Act.
2. The following documents are enclosed :
 - (1) Two copies of the Memorandum and Articles of Association and Rules and By-laws for the regulation and control of contracts in securities.
 - (2) Two copies of the Rules and Regulations applicable to listed companies.
 - (3) Two copies of the annexure hereto duly completed.
 - (4) Two copies of the list of names, designations and addresses of the members of the exchange.
 - (5) Two copies of the list of companies list with the stock exchange.
 - (6) Two copies of the audited balance sheet and accounts for the year and

..... or other financial information acceptable to the Commission if applicant has not been in business for three years.

3. We confirm that the information supplied in the annexure to this form is correct.
4. Bank Receipt No. dated for Rs..... is attached, being licence fees for

Yours faithfully,

SIGNATURE OF APPLICANT
NAME AND DESIGNATION OF APPLICANT

Date:-

PART I - GENERAL

1. Registered Name and Address of Applicant :
.....
....
2. Is the organisation-
 - (a) A public limited company incorporated under the Companies Act No. 17 of 1982?
(State
Date of Incorporation) :,
or
 - (b) An Association registered as a Company with Limited Liability and incorporated in Sri Lanka ? (State Date of Registration) :,
or
 - (c) A Company limited by Guarantee ?
.....
.....
3. Address of Trading Floor:
.....
...
4. Name of Consultant, if any and Telephone No. :
.....

- ...
5. Name of Chief Administrator of Manager and Telephone No.:

 ...
6. Days/Hours of Business :

 ...
7. Is your organisation engaged solely in the business of operating a stock exchange ? :

8. Please confirm the following ?
- (a) that the Articles of Association of the Organisation do not permit any distribution of profit to members :

- (b) that the Articles of Association of the Organisation restricts the membership of the stock exchange to brokers and dealers only :

PART II - MEMBERSHIP

9. Please list the names of members of your Organisation who will carry on stock broking business independent of and in competition with each other. Give details and period of experience in brokerage of securities of each member

 (Please attach certified list)
10. Please submit the rules of your organisation relating to:
- (a) Admission of Members ;
- (b) Exclusion from membership of persons who are not of good character and high business integrity;
- (c) The expulsion, suspension or dispeiling of members for conduct inconsistent with just and equitable principle in the transaction of business or for contravention of or failure to comply with the rules of the stock exchange or the provisions of the Securities and Exchange Commission of Sri Lanka Act;

- (d) Appointment of authorised representatives;
 - (e) The conditions under which securities may be listed for trading in the market;
 - (f) The conditions under which listing of a particular security may be revoked;
 - (g) The conditions governing dealings in securities by your members;
 - (h) The timely and accurate disclosure of all material information required for investors to make informed investment decisions;
 - (i) The protection of investors in securities from misrepresentation, misleading information, fraud, deceit and other adverse practices in the issue and trading of securities and from the abuse by certain persons of privileged information not yet made available to the general public;
 - (j) The prohibition of securities market manipulation of any form, including false trading, market rigging, etc:
 - (k) Investigating into trading in securities and financial transactions of stock brokers and stock dealers for conducting surprise checks on the members;
 - (l) The suspension of trading of any given security for the protection of investors or for the conduct of orderly and fair trading;
 - (m) Conduct of securities, trading of stock brokers and stock dealers, and the manner in which information relating to transactions be maintained;
 - (n) Ensuring that customers' funds and securities are segregated from the other business of the stock brokers or stock dealers.
11. State whether there is any provision, resolution or convention for limiting the number of members and whether in pursuance thereto you have fixed a ceiling on the number of members that you would wish to admit.
 12. Do you insist on any minimum qualifications and experience before enrolling new members? Please attach details.
 13. State the securities deposit required from each member, admission fee and the rate of annual subscription.

PART III - GOVERNING BODY

14. Please state the names of members of your Board of Directors/ Commission Members and the Chief Executive, together with details of the positions they hold in other companies and their business experience :
.....

15. Please list the members of your Board of Directors who are individual stock brokers or stock dealers or nominee of any licensed company who have applied for a licence as a stock broker or stock dealer elected by the general membership :.....
16. What is the present strength of your governing body? Give details of the constitution, power of management, election and tenure of office of members of the governing body, and the manner in which its business is transacted.
17. Are any trade or commercial interests represented on your governing body? If so, give details of interest represented.
18. Are any shareholders' or investors' associations represented on your governing body? If so, state the manner in which it is done.
19. Are there any government representatives on your governing body? If so, furnish their names.
20. Do your rules provide for the direct election by members of any other bodies or committees part from the governing body? If so, give details of their constitution, tenure, powers and functions.
21. Do you have any provision for the appointment of standing or ad hoc sub-committees of the governing body? If so, furnish details of the method of appointment, terms of office, powers and functions. Please give names of members of such standing or sub-committee, and if any members are not members of the Governing body, furnish details of the positions they hold in other companies and their business experience.
22. Give the designations, powers and duties of principal officers of your exchange.
23. What are the disciplinary powers available to the governing body to enforce due compliance by members of the regulations of the stock exchange and generally to ensure proper standard of business conduct.

PART IV - MISCELLANEOUS

24. Do you have the machinery for arbitration of disputes between members and/or between members and their constituents? Give details.
25. What provision have you made for the levy and recovery of fees, fines and penalties? Please furnish details.

We confirm that all attachments are individually certified as being correct.

SIGNATURE OF APPLICANT

.....
.....
NAME & DESIGNATION OF APPLICANT

DATE
.....

Form 'B'

**APPLICATION FOR A LICENCE/RENEWAL OF A LICENCE AS A
STOCK BROKER OR A STOCK DEALER**

TO : CHAIRMAN
SECURITIES COMMISSION OF SRI LANKA
COLOMBO.

We, of hereby apply for a licence as
under the provisions of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 and
agree to undertake, in the event of our application being accepted, to abide by the rules and procedures
of the Securities and Exchange Commission of Sri Lanka established according to the Act.

2. The following documents are enclosed:

- (1) Two copies of the Memorandum and Articles of Association.
- (2) Two copies of the list of names and designations of the Directors.
- (3) Two copies of the annexure hereto duly completed.
- (4) Two copies of the statement listing the names of Holding Companies, Subsidiary Companies, Associate Companies or Partnerships, in which such stock broker or stock dealer has any interest.
- (5) Two copies of the Audited Balance Sheets and Accounts for the yearand/or other financial information acceptable to the commission if the applicant has not been in business for three years.
- (6) Two copies of the Certificate of Membership in a Stock Exchange where application

.....
(c) have never been themselves or as Directors of a company been subjected to the removal of their license as a stock broker or stock dealer.
.....

8. Are your Directors on the Boards of other companies ? If so, please give details.
.....
...

9. Please name the Director/Directors and employees who are certified by the Colombo Securities Exchange (Gte) Ltd. as sufficiently trained in stock exchange operations. (Please attach certificates) :
.....

10. Please confirm that your company will lodge security in such sum that may be determined by the Minister in charge of the subject of Finance. (Such sum will be based on the value of the transactions that are likely to be carried on by your company or an equivalent in bank guarantee with the Colombo Securities Exchange):
.....

We confirm that all attachments are individually certified as being correct.

SIGNATURE OF APPLICANT

.....
NAME & DESIGNATION OF APPLICANT

DATE
.....

.....
Form 'C'
.....

APPLICATION FOR A LICENCE/RENEWAL OF A LICENCE AS A STOCK BROKER OR A STOCK DEALER BY AN INDIVIDUAL WHO IS CARRYING ON OR WHO INTENDS TO ON THE BUSINESS OF A STOCK BROKER OR A STOCK DEALER

TO: CHAIRMAN
SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA
COLOMBO.

I, of hereby apply for a licence as under the provisions of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and agree to undertake, in the event of my application being accepted, to abide by the rules and procedures of the Securities and Exchange Commission of Sri Lanka established under the Act.

2. The following documents are enclosed :-

- (1) Two copies of the Certificate of membership in a Stock Exchange where the application relates to a renewal of a licence.
 - (2) Two copies of a certificate issued by the Stock Exchange of which I am a member confirming that I am sufficiently trained in stock exchange operations.
 - (3) Two copies of the annexure hereto duly completed.
 - (4) A report from ally my Bankers in accordance with the format prescribed by the Commission.
 - (5) Returns of Income tax and Wealth Tax for the years 19.../& 19... certified by the Department of Inland Revenue.
3. I confirm that the information supplied in the annexure to this form is correct.
 4. Bank Receipt No. dated the for Rs. is attached, being licence fees for

Yours faithfully,

.....
SIGNATURE OF APPLICANT

.....
DATE

ANNEXURE TO FORM 'C'

1. Name and Address of Applicant :
.....
2. Telephone No. :
.....
3. Nationality :
.....
4. Identity Card No. :
.....
5. Please confirm that you -
 - (i) have never been declared insolvent or bankrupt.

- (ii) are of sound financial standing.
 - (iii) will lodge security in such sum as may be determined by the Minister in charge of the subject of Finance having regard to the volume of transactions that are likely to be carried on by you or an equivalent in bank guarantee with the Colombo Securities Exchange.
 - (iv) have not been expelled or debarred from membership of any stock exchange licensed under this Act.
6. Are you a Director on the Board of any listed company? If so, please give details.
7. Are you a shareholder in any company listed with the stock exchange. If so, please give details.
8. Please name your employees who are certified by the Colombo Securities Exchange (Gte.) Ltd., as being sufficiently trained in stock exchange operations (please attach certificates).

Yours faithfully,

.....
SIGNATURE OF APPLICANT

.....
DATE

Form 'D'

Securities and Exchange Commission of Sri Lanka,
(Incorporated under Act, No. 36 of 1987)
2nd Floor, Mackinnon's Building
York Street, Colombo 1.

Grant of a Licence/Renewal of a licence to a Stock Exchange.

The Securities and Exchange Commission, having considered the application for the grant of a licence/renewal of a licence made under Section 15/20 of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 by of

hereby grants in the exercise of the powers conferred by Section 19 of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 a licence to the said Stock Exchange for the period from to 19....

SEAL

.....
CHAIRMAN

.....
DIRECTOR-GENERAL

dated thisday of 19

Form 'E'

Securities and Exchange Commission of Sri Lanka
(Incorporated under Act, No. 36 of 1987)
2nd Floor, Mackinnon's Building
York Street, Colombo 1.

Grant of a Licence/Renewal of a licence to a Stock Broker

The Securities and Exchange Commission of Sri Lanka, having considered the application for the grant of a licence/renewal of the licence made under Section 15/20 of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 by

.....
..... of, hereby grants in the exercise of the powers conferred by Section 19 of the Securities and Exchange Commission of Sri Lanka Act, No. 35 of 1987 a licence to the said Stock Broker for the period from to

SEAL

.....
CHAIRMAN

.....
DIRECTOR-GENERAL

Dated this day of 19....

Form 'F'

Securities and Exchange Commission of Sri Lanka,
(Incorporated under Act, No. 36 of 1987)
2nd Floor, Mackinnons Building
York Street, Colombo 1.

Grant of Licence/Renewal of a licence to a Stock Dealer

The Securities and Exchange Commission of Sri Lanka, having considered the application for the grant of a licence/renewal of a the licence made under Section 15/20 of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 by

.....
..... of

....., hereby grants in the exercise of the powers conferred by Section 19 of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 a licence to the said Stock Dealer for the period from to 19.....

SEAL

.....
CHAIRMAN

.....
DIRECTOR-GENERAL

Dated this day of 19

SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA
REGULATIONS, 1990