

# SEC

SECURITIES AND EXCHANGE  
COMMISSION OF SRI LANKA



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BY HAND AND REGISTERED POST

Ref: SEC/SUP/18/12/827

31<sup>st</sup> December 2018

To: ALL MANAGING COMPANIES OF UNIT TRUSTS

**RE: REGULATORY FRAMEWORK ON INVESTMENTS/DISPOSALS IN LISTED EQUITY/DEBT SECURITIES BY A UNIT TRUST MANAGING COMPANY IN ITS OWN NAME**

The Securities and Exchange Commission of Sri Lanka (SEC) has received requests from time to time from Managing Companies of Unit Trusts for approval to invest in listed equity/debt securities in their own name. Accordingly, the Commission at its 412<sup>th</sup> Meeting approved the issue of a Framework to be followed by Managing Companies of Unit Trusts for investments/disposals in listed equity/debt securities by Managing Companies of Unit Trusts in their own name.

All Managing Companies of Unit Trusts are hereby required to henceforth follow and comply with the Regulatory Framework as appearing in Annexure I for any investments/disposals in listed equity/debt securities in their own name.

Vajira Wijegunawardane  
Director General

GG/PH

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A Member of



**Annexure I**

**The following procedure is to be followed by a Unit Trust Managing Company for investments/disposals in listed equity/debt securities in its own name;**

- 1. The Unit Trust Managing Company shall make a request to the SEC seeking approval to invest/dispose in listed equity/debt in its own name. The Request shall contain the following information;**
  - a. The intended total value of the Investment/disposal
  - b. The list of the intended listed securities of investment/disposal
  - c. The holding of the Intended listed securities in the existing Unit Trust Funds as a percentage of the Net Assets Value (NAV)
  - d. The procedure in place with the Managing Company to ensure the avoidance of possible conflicts of interest situations
  - e. A Declaration to be provided (jointly) by the Chief Executive Officer and the Compliance Officer of the Managing Company, that procedures have been put in place to avoid possible conflicts of interest situations
- 2. The Approval for the above investment/disposal shall be granted subject to the following conditions;**
  - a. Priority in trade allocation shall be given to the unit trust funds and private portfolios over Managing Company's own investments.
  - b. The Managing Company shall not cross trade listed equity/debt securities between unit trust funds/ private portfolios and the portfolio of the Managing Company.
  - c. Furnish the CDS Statement of the Managing Company in its own name, unit trust funds and private portfolios and the information requested in the manner specified in Annexure II, on a monthly basis
- 3. Managing Companies who have already been granted the approval for investments/disposals in listed equity/debt securities in its own name are also required to comply with the conditions stipulated in 1 and 2 above in addition to the conditions currently applicable.**

**Annexure II**

**Investment/Disposal Information for the Month ..... of 20...**

**Transactions of Unit Trust Fund**

Name of Security	Date	Time	Purchase / Sale	Quantity	Price

**Transactions of Private Portfolios**

Name of Security	Date	Time	Purchase / Sale	Quantity	Price

**Transactions of Managing Company**

Name of Security	Date	Time	Purchase / Sale	Quantity	Price