

**BY REGISTERED POST/HAND****REF: SEC/DG/2023/10/276**27th October 2023Mr. W.T.S. Wijesena
No. 88,
Malapalla Road
Pannipitiya**SHOW CAUSE****Re: Findings of an Investigation conducted by the Securities and Exchange Commission of Sri Lanka into a suspected case of Front Running in the shares of Raigam Wayamba Salterns PLC**

The Securities and Exchange Commission of Sri Lanka (SEC) writes pursuant to a decision taken by the Commission at its 489th Meeting held on 5th September 2023.

The SEC conducted an investigation into the trades executed in your CDS account at Capital Alliance Securities (Pvt) Ltd (CAS) bearing No. 831903627VN during the period 10th to 15th October 2014 (relevant period), during which period Mr. Akila Milanka Induruwage has been the Investment Advisor assigned to the said CDS account.

It was revealed during the said investigation that the Investment Committee of the Employees Provident Fund (EPF) at its meeting held on 10th October 2014, approved the weekly plan 41-2014 which included a recommendation to buy 10 Million shares of Raigam Wayamba Salterns PLC (RWSL) at a maximum price of Rs. 3.30 per share. It was also found that Mr. Akila Milanka Induruwage, has been the Investment Advisor assigned to handle the CDS account of the EPF at Capital Alliance Securities (Pvt) Ltd bearing No. 2214 LC, during the said period.

The SEC found that a total of 4,198,874 RWSL shares have been purchased into your aforesaid CDS account at Rs. 3.00 per share during 10th to 14th October 2014 and 99.8% (a total of 4, 188,800) of those shares have been sold to EPF on 15th October 2014 at Rs. 3.40 per share, making an approximate profit of Rs. 1.6 Million, prior to deducting the transaction cost.

It is further revealed in your statement given to the SEC that, your verbal discretion had been given to Mr. Induruwage to execute transactions through your said CDS account at CAS. You have further stated that you did not receive a single amount from the profit made through the concerned RWSL trades and that you had given all the money to Mr. Induruwage

Furthermore, having considered that the concerned purchases to your CDS account have commenced on the same day as the Investment Committee Meeting of the EPF, the communications between Mr. Naveen Anuradha and Mr. Induruwage, the connection between Mr. Naveen Anuradha and you, that 99.8% of the RWSL shares purchased into your CDS account during the relevant period were sold to the EPF on 15th

Page 1 of 2

Strictly Confidential

October 2014, that you did not have the necessary financial capacity during the relevant period, it has been found that, you have committed the offence of conspiracy by abetment, to Mr. Induruwage to trade in the shares of RWSL ahead of a significant purchase of the said shares by the EPF, through your CDS account with the intent to gain profit from such transactions resulting in violation of Rule 14 of the SEC Rules published in the Gazette Extraordinary No. 1215/2 dated 18th December 2001, read together with Section 113A of the Penal Code.

Accordingly, the Members of the Commission having deliberated on the findings of the Investigation conducted into the matter, decided to issue a Notice to Show Cause to you, for committing the offence of conspiracy by abetment to commit the offence of Front Running in violation of the above Rule 14 of the SEC Rules read together with Section 113A of the Penal Code.

Kindly show cause within two (2) weeks from the date hereof as to why the SEC should not deem that you have committed the offence of conspiracy by abetment to commit the offence of Front Running in violation of Rule 14 of the SEC Rules issued by way of Gazette extra ordinary No. 1215/5 dated 18th December 2001, read together with Section 113A of the Penal Code.

Failure to respond within the stipulated time period hereof will leave the SEC with no other alternative but to take enforcement action deemed appropriate by the Commission against you, without further notice.



Chinthaka Mendis
DIRECTOR GENERAL

uw