

Media Release

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SEC calls upon Board Secretaries of Listed Companies to play an active role in Board Governance



The Securities and Exchange Commission of Sri Lanka (SEC) together with the Colombo Stock Exchange (CSE) conducted two awareness sessions on the revised Corporate Governance Rules for Company Secretaries/Board Secretaries of Listed Companies on 29th and 30th May 2024.

SEC Chairman Faizal Salieh initiated the sessions and the CSE's Chief Regulatory Officer Renuke Wijayawardhane, made a detailed presentation of the revised rules. The sessions were interactive and offered a platform for the Company/Board Secretaries to understand their role and responsibilities in the context of good governance at the Board and Company levels. The 'Q & A' panel consisted of SEC Chairman, Faizal Salieh, SEC Director General, Chinthaka Mendis, SEC Director Corporate Affairs, Manuri Weerasinghe, CSE Chief Executive Officer, Rajeeva Bandaranaike, CSE Chief Regulatory Officer, Renuke Wijayawardhane and CSE Senior Vice President Broker Supervision and Listed Entity Compliance, Nilupa Perera. Senior Executives of SEC and CSE were also present at the session.

The SEC Chairman highlighted the importance of the enhanced role and responsibilities of the Company/Board Secretary in the modern time, the contextual global trends, and called for more active engagement from Company/Board Secretaries in fostering good governance in Listed Company Boards. He stated that the scope of the Board Secretary's role has evolved and significantly expanded from the traditional record keeping role to adding value to improve the Board processes and providing assistance and advice to the Board Chair and other directors in the practice of good governance at the Board level and Company level. The SEC Chairman said that the modern-day Board Secretary is no longer expected to be a mere "note-taker" at Board meetings, a glorified stenographer, or an "administrative servant of the Board" but is expected to play an engaging role as a Board advisor, guide to directors, Board catalyst, Board planner and influencer with responsibility and commitment towards ensuring sound governance practices at the Board level. He said the Board Secretary is the focal information point in the Board process and should facilitate the accurate and timely flow of information from the Executive Management to the Board Directors, assist the Chair in agenda setting, director communications and information sharing. He particularly highlighted the role Board Secretaries could play in the context of difficult Board conversations, conflicts of interest and governance breaches inside boardrooms. Mr. Salieh further stated that the SEC expects to see the role of the Board Secretary enhanced in line with the evolving global standards.

Presenting the revised regulatory framework Mr. Wijayawardhane highlighted the importance of the role of the Board secretaries as advisors to the Board of Directors as well as the Executive Management and stated the requirement for the Board/Company Secretaries to be familiar with the applicable Rules and Regulations in order to engage in such advisory role.

Changes to the Corporate Governance Rules were introduced under Section 9 of the CSE Listing Rules and these are applicable to the Companies listed on the Main Board, Diri Savi Board, Catalyst Board as well as Companies issuing debt securities except those listed on the Empower Board. Some of the key changes include specifying a minimum number of directors and Independent Directors for listed entities, requirements for CEO and Chairperson, appointment of a 'Senior Independent Director' in certain specific instances, establishment and operationalization of a Nomination and Governance Committee, change in the composition and functions applicable to the Audit, Remuneration and Related Party Transaction Committees, introduction of Fit and Proper criteria for Board members and CEO, changes to determine the criteria for 'independence', appointment of Alternative Directors, Establishment and maintenance of Company policies, additional disclosure requirements on governance-related matters etc.

The sessions drew active interactions among the participants and discussed how the Board/Company Secretary should relate their role to the governance requirements and become a value-adding fit to the Board governance process. In his concluding remarks, the SEC Chairman, urged the Company/Board Secretaries to be a driving force in guiding the Board of Directors and the Executive Management of Listed Companies to enhance the level of Corporate Governance in the capital market.

Issued by

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