

# Listing Rules

**(Incorporating amendments up to 12<sup>th</sup> January 2024)**



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## DEFINITIONS

- Applicable Foreign Exchange Regulations** : Gazette Extraordinary Notification No. 2235/22 dated 6<sup>th</sup> July 2021 amending the Foreign Exchange (Classes of Capital Transactions Undertaken in Sri Lanka by a Person Resident Outside Sri Lanka) Regulations No. 2 of 2021 published in the Gazette Extraordinary Notification No. 2213/35 dated 03 February 2021 issued under the Foreign Exchange Act No. 12 of 2017 issued by the Minister of Finance and any amendments made thereto from time to time.
- Blue Bond** : means any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Eligible Blue Projects, which are aligned with at least one (01) of the International Standards governing Blue Bonds set out in Rule 2.2.1 (I)(b) of these Rules.
- CA Sri Lanka** : means the Institute of Chartered Accountants of Sri Lanka.
- CBSL** : Central Bank of Sri Lanka
- CDS** : means the Central Depository Systems (Pvt.) Ltd., a wholly owned subsidiary of the Colombo Stock Exchange and includes its successors and assigns
- Closed-End Unit Trust** : means a unit trust which after the initial offer period does not, unless otherwise approved by the SEC, issue new units or redeem units in issue until the liquidation of such fund.
- Companies Act** : means the Companies Act No. 7 of 2007 and any amendment thereto
- Custodian Bank** : means a Bank licensed under the Banking Act No. 30 of 1988 (as amended) admitted by the CDS as a Custodian Participant.
- Eligible Blue Project** : means blue projects which are aligned with at least one (01) of the International Standards governing Blue Bonds set out in Rule 2.2.1 (I)(b) of these Rules.
- Eligible Green Project** : means green projects which are aligned with at least one (01) of the International Green Bond Standards set out in Rule 2.2.1 (I)(b) of these Rules.
- Eligible Sustainable Project** : means any Eligible Green or Blue Projects which are aligned with at least one (01) of the International Sustainable Bond Standards set out in Rule 2.2.1 (I)(b) of these Rules.

- Entity** : means
- a) a public company incorporated under the Companies Act or any other previous Companies Acts
  - b) a company incorporated outside Sri Lanka
  - c) a corporate body incorporated under a statute
- Exchange** : means the Colombo Stock Exchange
- Family** : means spouse and children under 18 years of age.
- Green Bond** : means any type of bond instrument where the proceeds will be exclusively applied to finance or re- finance, in part or in full, new and/or existing eligible Green Projects, which are aligned with at least one (01) of the International Green Bond Standards set out in Rule 2.2.1 (l)(b) of these Rules.
- Independent External Verifier** : Means at a minimum, an entity or individual that possesses expertise in;
- reviewing Sustainable Bonds aligned with the International Sustainable Bond Standards, and,
  - providing written verification on the alignment of Sustainable Bonds with the International Sustainable Bond Standard/s.
- Infrastructure Bond** : means any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing Infrastructure Projects, in terms of the Listing Rules of the CSE.
- Infrastructure Project** : means a proposed plan to build or rebuild and maintain infrastructural facilities, systems, and services that help to uplift economic activities and social development.

*Explanatory Note*

*For the avoidance of doubt, such social and economic Infrastructure Projects shall include but are not limited to the following:*

1. *Roads, special paths, or commissioned paths*
2. *Rail or pipeline transportation*
3. *Utility Projects including energy and waterworks*
4. *Water management or irrigation systems*
5. *Waste management systems*
6. *Airports*
7. *Telecommunication or ICT Infrastructure*
8. *Seaports*
9. *Mixed Development Projects*
10. *Natural disaster protection systems including the warning system and disaster mitigation system*
11. *Deep water port*
12. *Gas supply systems*

<b>Investment Scheme</b>	:	means any Investment Scheme, which is managed by a Managing Company licensed by the SEC in accordance with the provisions of the SEC Act, the provisions of Unit Trust Code 2004 (as amended) and the directives issued by the SEC from time to time, the units of which are listed/sought to be listed on the Exchange.
<b>Interest</b>	:	means the last quoted Average Weighted Prime Lending Rate (AWPLR) published by the Central Bank of Sri Lanka plus 5%.
<b>Listed Entity</b>	:	means an Entity which has its shares or Debt Securities listed on the Exchange.
<b>Local Entity</b>	:	means a body corporate duly incorporated or established in Sri Lanka
<b>LKR</b>	:	Sri Lankan Rupees
<b>Managing Company</b>	:	means any company licensed by the SEC for the purpose of managing a Investment Scheme.
<b>Market Day</b>	:	means any day on which the Exchange is open for trading.
<b>Non-Executive Director</b>	:	means a member of the Board of Directors of an Entity, who is not employed by the Entity.
<b>Other Class of Shares</b>	:	reference to 'Other Class of Shares' means shares issued by an Entity which are fully paid, free from all lien, freely transferable and issued in terms of Section 49 (3) of the Companies Act.
<b>Perpetual Debt Securities</b>	:	shall mean fixed income securities issued by a Commercial Bank or Specialized Bank licensed by the CBSL, which do not have a maturity date and listed on the Exchange in terms of the CSE Listing Rules.
<b>Public Holding</b>	:	shall mean shares of a Listed Entity held by any person other than those directly or indirectly held by; <ul style="list-style-type: none"> <li>a) its parent, subsidiary or associate Entities or any subsidiaries or associates of its parent Entity;</li> <li>b) its directors who are holding office as directors of the Entity and their close family members;</li> <li>c) Chief Executive Officer, his/her close family members;</li> <li>d) Key Management Personnel and their Close Family Members; and,</li> <li>e) any party acting in concert with the parties set out in (a), (b), (c) and (d) above;</li> <li>f) shares that are in a locked account with the Central Depository Systems (CDS) due to a statutory or regulatory requirement other than those shareholders exempted under (h) below and those which have been subject to a voluntary lock-in at the option of the shareholder.</li> <li>g) shares that have been allotted to employees whereby the shares of a Listed Entity are, directly or indirectly controlled by the management or the majority shareholder of the Entity;</li> <li>h) any Entity or an individual or individuals jointly or severally holding 5% or more of the shares of the Listed Entity if the Entity is a Diri Savi Board Entity and</li> </ul>

- 10% or more of the shares if the Listed Entity is a Main Board Entity except where such shareholder is;
- i. a statutory institution managing funds belonging to contributors or investors who are members of the public; or
  - ii. an entity established as a unit trust or any other investment fund approved by the SEC; or
  - iii. not a related party declared in terms of Sri Lanka Accounting Standards or a party acting in concert declared in terms of the Takeovers and Mergers Code.

Explanatory Note

*With regard to (f) above, shares that are locked in belonging to public shareholders due to a regulatory requirement shall be deemed to be a public shareholding once the lock-in is lifted. Shares that are locked in belonging to a non-public shareholder due to a regulatory requirement shall continue to be deemed as a non-public shareholding even after the lock-in is lifted.*

- Record Date** : means the reference date to determine the entitlement to a corporate action of a Listed Entity.
- Rule/s** : means these Listing Rules of the CSE and any amendments made thereto from time to time.
- SEC** : means Securities and Exchange Commission of Sri Lanka established under the SEC Act.
- SEC Act** : means the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended).
- Securities** : mean debentures, stocks, shares, units of an Investment Scheme, bonds or notes issued or proposed to be issued by any Government or of any body, whether corporate or unincorporated, including any rights, options or interests (whether described as units or otherwise) therein or in respect thereof or any other instruments commonly known as securities, but does not include bills of exchange or promissory notes or certificate of deposits issued by a bank;
- SFCA** : Special Foreign Currency Account opened and maintained with an Authorized Dealer in terms of the Applicable Foreign Exchange Regulations

- shares** : means shares issued by a Listed Entity which are fully paid, free from all lien, freely transferable and confer on the holder;
- (a) the right to one vote on a poll at a meeting of the company on any resolution;
- (b) the right to an equal share in dividends paid by the company;
- (c) the right to an equal share in the distribution of the surplus assets of the company on liquidation.
- Provided however, in respect of Entities that have its shares listed on the Catalist Board in the Main Market Segment of the CSE, shares shall mean any class of shares issued and listed on the Exchange by the said Entity.
- Shariah Compliant Debt Securities** : means Debt Securities of an Entity, such as Sukuk, which are certified as Shariah permissible for investment by a minimum of three (3) Shariah Scholars, based on the Entity's compliance with the Rules and Principles of Shariah.
- Shariah Scholar** : means a person who certifies Islamic financial products as being compliant with Rules and Principles of Shariah in the capacity of a Supplementary Service Provider in accordance with section 169 of the SEC Act and complies with the 'Guidelines applicable to a Shariah Scholar' issued by the SEC, which are published on the SEC website.
- Supplementary Service Provider** : means a Supplementary Service Provider as defined in the SEC Act.
- Substantial** : means 10% or above.
- Sustainable Bond** : means any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Eligible Green or Blue Projects, which are aligned with at least one (01) of the International Sustainable Bond Standards set out in Rule 2.2.1 (l)(b) of these Rules.
- Trading Currency** : The currency in which the Foreign Currency denominated Shares of the Local Entity are listed and traded on the CSE.

## **INTRODUCTION**

The Colombo Stock Exchange (Exchange) offers a market for trading in Securities.

An Entity is referred to as a “Listed Entity” upon its shares and/or Debt Securities being listed on the Exchange.

These Rules govern the listing of Securities on the Exchange and continuing listing requirements in order to ensure the creation and maintenance of a market in which Securities can be issued and traded in an orderly and fair manner and which secures efficiency and confidence of all stakeholders in the operation and conduct of the market.

It is the duty of the Board of Directors of an Entity to ensure that all the listing requirements are met on a continuing basis so long as its Securities remain listed on the Exchange.

It is the duty of the Board of Directors of a Managing Company of an Investment Scheme to ensure that all the listing requirements are met on a continuing basis so long as units of such Investment Scheme are listed on the Exchange.

By virtue of Rule 3 of the SEC Rules, 2001 published in the Extraordinary Gazette No. 1215/2 dated December 18, 2001, a violation of these Rules would be considered as a violation of the SEC Rules.

## **WAIVER**

The Exchange may, at its discretion and subject to any approvals that may be required from the SEC, waive the application of any Rule specified under Sections 2, 3, 4, 5 and notify the SEC in writing, immediately thereafter, stating the basis on which the Waiver was granted.

In the event the Securities of a Listed Entity are listed on the Multi-Currency Board of the Exchange, the Exchange may, at its discretion and subject to any approvals that may be required from the SEC, waive the application of any Rule specified under these Rules and notify the SEC in writing, immediately thereafter, stating the basis on which the waiver was granted.