

2 *Securities and Exchange Commission of
Sri Lanka Act, No. 19 of 2021*

- (c) to protect the interests of local and foreign investors;
and
- (d) to ensure the maintenance of high professional
standards in the provision of services in relation to
securities markets.

CHAPTER 2

SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA

Establishment of
the Securities
and Exchange
Commission of
Sri Lanka

4. (1) There shall be established a Commission which shall be called the Securities and Exchange Commission of Sri Lanka (hereinafter referred to as the “Commission”) to administer the provisions of this Act.

(2) The Commission shall, by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

Constitution of
the Commission

5. (1) The Commission shall consist of –

- (a) six persons possessing professional expertise and standing in respect of matters relating to the securities market, and possessing special knowledge or wide experience and proven competency in the fields of law, finance, accounting, economics, banking or business to be appointed by the Minister as members (hereinafter referred to as “appointed members”) in order to reflect the multidisciplinary character of the Commission, of whom at least five persons shall be from the private sector;

- (b) two nominated members, -
 - (i) a Deputy Secretary to the Treasury nominated by the Secretary to the Treasury; and
 - (ii) a Deputy Governor of the Central Bank of Sri Lanka nominated by the Monetary Board of Sri Lanka; and
- (c) two *ex-officio* members, -
 - (i) the Registrar-General of Companies, appointed under the Companies Act, No. 7 of 2007; and
 - (ii) the President of the Institute of Chartered Accountants of Sri Lanka established by the Institute of Chartered Accountants Act, No. 23 of 1959.

(2) The Minister shall nominate from amongst the appointed members of the Commission, one member to be the Chairman of the Commission.

(3) In appointing persons under subsection (1), the Minister shall have regard to-

- (a) that person's integrity and standing; and
- (b) the likelihood of any conflict between the interests of the Commission and any interest which that person has or represents.

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Conflict of
interest

6. Every appointed or nominated member of the Commission when being appointed shall be required to make a declaration to the Minister on any conflict of interests he may have at the time of his appointment.

Term of office
of appointed or
nominated
members

7. Every appointed or nominated member of the Commission, unless he vacates office earlier by death, by operation of law, resignation or removal, shall hold office for a term of three years and shall be eligible for reappointment subject to a maximum period of any two terms of office whether consecutive or otherwise.

Resignation of
members of the
Commission

8. (1) Any appointed or nominated member of the Commission may at any time resign his office by letter addressed to the Minister and such resignation shall take effect upon it being accepted by the Minister.

(2) In the event of vacation of office of any member other than an *ex-officio* member by reason of death, resignation, removal or the operation of provisions of subsection (4) or (5), the Minister may appoint another person having regard to the provisions of subsection (3) of section 5 to hold office for the unexpired period of the term of office of the member whom he succeeds.

(3) If any member of the Commission other than the Chairman is temporarily unable to perform the duties of his office for a period exceeding three months due to ill health or absence from Sri Lanka or for any other cause, the Minister may appoint some other person to act in his place during such period having regard to the provisions of subsection (3) of section 5.

(4) An appointed or nominated member of the Commission who, without leave of the Commission first being obtained, absents himself from three consecutive meetings of the Commission shall be deemed to have vacated his office.

(5) A member of the Commission being the Chairman, is absent for three consecutive meetings of the Commission shall be deemed to have vacated his office.

9. (1) A person shall be disqualified from being appointed or nominated or from continuing as a member of the Commission if he - Disqualifications
and grounds for
removal

- (a) is or becomes a member of Parliament, or a member of any Provincial Council or any local authority;
- (b) is or becomes a director, partner or employee of an entity licensed or registered by the Commission;
- (c) is or becomes of unsound mind or incapable of carrying out his duties;
- (d) is or has become an undischarged bankrupt;
- (e) is or has been convicted of an offence which involves moral turpitude;
- (f) has been previously removed from office.

(2) The Minister may by Order published in the *Gazette* remove a member of the Commission from continuing as a member if his continuation in the office is detrimental to the interests of the Commission.

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Meetings of the
Commission

10. (1) The Chairman of the Commission shall, if present, preside at all meetings of the Commission. In the absence of the Chairman from any such meetings, the members present shall elect one amongst themselves to preside at such meeting.

(2) The quorum for any meeting of the Commission shall be five members.

(3) The Commission may regulate the procedure in regard to the meetings of the Commission and the transaction of business at such meetings.

(4) All questions for decision at any meeting of the Commission shall be decided by the vote of the majority of the members present. In the case of an equality of votes the member presiding shall have a casting vote.

Remuneration of
members

11. The members of the Commission may be paid such remuneration out of the Fund of the Commission as may be determined by the Minister, in consultation with the Minister assigned the subject of finance.

Chairman of the
Commission

12. (1) If the Chairman of the Commission is, by reason of illness or absence from Sri Lanka temporarily unable to perform the duties of his office the Minister shall nominate another member of the Commission to act in his place.

(2) The Chairman may at any time resign from the office of Chairman by a letter addressed to the Minister.

(3) Subject to the provisions of subsection (2), the term of office of the Chairman shall be his period of membership of the Commission.

Members to
disclose any
interest

13. A member who is directly or indirectly interested in any decision that is to be taken on any matter by the Commission shall disclose the nature of such interest at the meeting of the Commission where such decision is being

taken, and such disclosure shall be recorded in the minutes of the meetings of the Commission and such member shall not take part in any deliberation or decision of the Commission with regard to that matter, and shall withdraw from such meeting while such deliberation is in progress or such decision is being made.

14. No proceeding, act or decision of the Commission shall be invalidated by reason only of the existence of a vacancy among its members or of any defect in the appointment of a member thereof.

Proceedings,
acts or decisions
not invalidated
by reason of a
vacancy

15. (1) The seal of the Commission shall be in the custody of the Commission.

Seal of the
Commission

(2) The seal of the Commission may be altered in such manner as may be determined by the Commission.

(3) The seal of the Commission shall not be affixed to any instrument or document except in the presence of one member of the Commission and the Director-General of the Commission or in the absence of the Director-General, in the presence of any two members of the Commission, who shall sign the instrument or document in token of their presence.

CHAPTER 3

POWERS, DUTIES AND FUNCTIONS OF THE COMMISSION

16. The powers, duties and functions of the Commission shall be-

Principal
functions,
powers and
duties of the
Commission

- (a) to advise the Government on the development of the securities market and to assist in the effective implementation of the policies and programmes of the Government with respect to the securities market;