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EXTRAORDINARY

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PART I: SECTION (I) – GENERAL

Government Notifications

REGISTERED STOCK AND SECURITIES ORDINANCE (CHAPTER 420)

REGULATIONS made by the Minister of Finance and Mass Media under Section 55 of the Registered Stock and Securities Ordinance (Chapter 420).

MANGALA SAMARAWEEERA,
Minister of Finance and Mass Media

Colombo,
16th May, 2018.

Regulations

The Registered Stock and Securities (Primary Dealers) Regulations No. 01 of 2009 published in the *Gazette Extraordinary* No. 1607/19 of June 24, 2009, amended by Regulations published in the *Gazette Extraordinary* No. 1969/58 of June 03, 2016 is hereby further amended as follows:–

1. By the repeal of Regulation 9 and substitution thereof of the following new regulation:

“EXAMINATION AND INVESTIGATION OF PRIMARY DEALERS”

9. (1) The Director of the Department of Supervision of Non-Bank Financial Institutions, of the Central Bank, shall examine or cause an examiner of his department to examine the books and accounts of every Primary Dealer Company and may conduct investigations into any specific matter or activity of a Primary Dealer Company for the purpose of ensuring that the conduct of business by the Primary Dealer Company is not prejudicial to the interest of the customers of the Primary Dealer Company and to the Primary Dealer system and/or that the Primary Dealer Company is acting in compliance with the provisions of the Ordinance, and the Regulations made under the Ordinance, operations manual, code of conduct, guidelines and any other applicable written law;



- (2) Primary Dealer Companies shall make available to the Director of the Department of Supervision of Non-Bank Financial Institutions, its books, accounts, registers, files and other records kept in relation to its activities as a Primary Dealer Company, including records maintained in electronic and magnetic media and shall furnish any information as may be required for the purposes set out in paragraph(1);
- (3) It shall be the duty of every director, officer or employee of any Primary Dealer Company to afford to the Director of the Department of Supervision of Non-Bank Financial Institutions and/or to any examiner of his department full opportunity to examine books and records and its cash, available assets, full liabilities and general condition, whenever so requested by the Director;
- (4) Examination and investigation of the Primary Dealer activities of Licensed Commercial Banks who are appointed as Primary Dealers shall be carried out by the Director of Bank Supervision, under the powers vested with him in terms of Section 29 of the Monetary Law Act (Chapter 422)."

2. By the repeal of Regulation 10 and substitution therefore of the following new regulation:

"CONTINUOUS SUPERVISION AND EVALUATION OF PERFORMANCE OF PRIMARY DEALERS

10. (1) The Director of the Department of Supervision of Non-Bank Financial Institutions shall:

- (a) periodically evaluate the performance of Primary Dealer Companies:
 - (i) on its effective participation at primary auctions in securities
 - (ii) in creating and maintaining a secondary market in securities and
 - (iii) its record of compliance with applicable laws, rules, regulations, directions, guidelines and the code of conduct.
- (b) inform Primary Dealer Companies of any shortcomings found in the course of such evaluation and such Primary Dealer Companies shall take any measures that may be recommended by the Director of the Department of Supervision of Non-Bank Financial Institutions to remedy such shortcomings.
- (c) for the purpose of continuous supervision and evaluation of performance of Primary Dealer Companies:
 - (i) require any Primary Dealer Company, to furnish from time to time and within such period as may be specified by him, such statement and information relating to the business or affairs of a Primary Dealer Company, as he may consider necessary to obtain for the purpose of ascertaining the true condition of the affairs of the Primary Dealer Company;
 - (ii) require the auditor of any Primary Dealer Company to furnish to him within such period as may be specified by him, any information in relation to an audit carried out by such auditor of the Primary Dealer Company, as he may consider necessary to obtain for the purpose referred to in paragraph (i); and
 - (iii) examine or cause an examiner of his department to examine the books and accounts kept by any Primary Dealer Company as he may deem necessary for the purpose of verifying the accuracy of any statement or information so furnished.

(2) Continuous supervision and evaluation of performance of the Primary Dealer activities of Licensed Commercial Banks who are appointed as Primary Dealers shall be carried out by the Director of Bank Supervision, under the powers vested with him in terms of Section 29A of the Monetary Law Act (Chapter 422)."