

11 June 2025

TO : The Heads of Custodian Banks,

CIRCULAR NO:05-06-2025

Dear Sir/Madam,

FUND APPROVAL AND NAME CHANGE PROCEDURE CHANGE INSTRUCTED BY THE SECURITIES AND EXCHANGE COMMISSION OF SR LANKA (SEC)

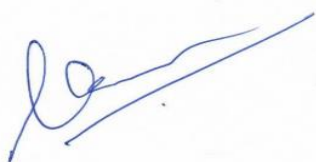
Kindly be advised that, effective 13th June 2025, the procedure for granting of approval for Global, Regional and Country Funds and the processes for recording name changes of previously approved funds by the Securities and Exchange Commission of Sri Lanka (SEC), will be revised as outlined below.

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| <p>1. Initiation by Local Custodian Bank</p> | <p>(a) The Local Custodian Bank shall initiate the approval process by submitting a formal written request to the Central Depository Systems (CDS) seeking either approval for a new fund or the approval for a change in the name of an existing fund.</p> <p>This request must be accompanied by all required documentation, <u>clearly marked</u> and organized as set out in Annexure I.</p> <p>Important: <i>All necessary information should be clearly marked and highlighted. Page numbers where the necessary information is available should be clearly indexed and presented separately.</i></p> <p>(b) The Custodian Bank must ensure that all information submitted is current, accurate and all supporting documents to be submitted to the CDS should be attested or authenticated by the persons specified in the FIU Guidelines for the purpose of validating the applicant.</p> <p>Any submission not meeting the above criteria shall be rejected by the CDS.</p> |
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| 2. Initial review and referral by the CDS | <p>a) Upon receipt of the request, if the submission is in order, the CDS shall submit a formal recommendation letter in support of the application with all submitted documentation to the SEC within 3 working days of receipt of the application from the local bank.</p> <p>b) Should the submission be incomplete or non-compliant, the CDS shall notify the Custodian Bank in writing, requesting re-submission.</p> <p>c) Re-submitted documents should be submitted to the CDS following the criteria mentioned in item (1) above.</p> |
| 3. Regulatory review by the SEC | <p>(a) Upon submission of the documents by the CDS to SEC, the SEC will undertake their own review of the particulars of the fund and its designated fund manager, based on the documentation submitted by the CDS and information obtained from the databases of competent regulatory authorities.</p> |
| 4. Verification of Documentation by the SEC | <p>The SEC shall verify the authenticity and validity of all certified documents submitted, including cross-checks with relevant issuing authorities or regulators where necessary. Any discrepancies identified during this process shall be escalated for further review.</p> |
| 5. Rejection Criteria and Regulatory Red Flags | <p>The SEC shall reject the application summarily under any of the following circumstances.</p> <p>(a) If the fund or its manager is listed on any international or domestic sanctions or blacklists</p> <p>(b) If credible evidence suggests involvement in unlawful activities, including but not limited to fraud, money laundering, terrorism financing, or regulatory violations.</p> <p>(c) If documentation is found to be forged, materially misleading, or unverifiable</p> <p>A formal rejection notice will be issued to the CDS, including reasons for the decision.</p> |
| 6. Requests for Clarification or Additional Information | <p>(a) If any ambiguities or information gaps are identified during the review process, the SEC shall issue a written request for clarification to the CDS within 5 working days of receiving the submission.</p> <p>(b) The CDS will communicate the same to the relevant custodian bank within 1 working day.</p> |

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| | <ul style="list-style-type: none"> (c) The Custodian bank shall respond and provide the required clarifications or supplementary documents within 2 working days of the CDS's request. (d) The CDS shall re-submit such received clarification to the SEC within 1 working day of receiving the same from the custodian bank. (e) Failure to respond to SEC within 4 working days of SEC's request for clarification may result in administrative closure or delay of the application'. |
| 7. Final Determination and Approval by the SEC | <ul style="list-style-type: none"> (a) Upon satisfactory review of all information and clarifications provided, the SEC shall issue formal approval for the fund, or the proposed name change within 3 working days. |

Yours faithfully,



Nadeera Athukorale
Head – Central Depository Systems

VC/ng

Important: All necessary information should be clearly marked and highlighted. Page numbers where the necessary information is available should be clearly indexed and presented separately.

Failure to comply with the above instructions may result in the rejection of the application.

Necessary documentation for the new Fund Approval Requests;

- i. Name of the Fund, address of the fund, place and date of establishment of the Fund;
- ii. Purpose/objective of the Fund;
- iii. Sufficient proof that the applicant Fund is registered/regulated by a relevant state regulatory authority in its country of origin – proof being in the form of a certificate from the regulator confirming that the Fund is registered/regulated by them. However, where the applicant Fund is exempted from regulation, confirmation must be provided of the Law under which the Fund is exempted and other relevant proof acceptable to the SEC;
- iv. Sufficient proof that the applicant Fund is legally permitted to invest in securities outside the country of its incorporation or establishment – proof being for example, in the form of Memorandum & Articles of Association, Prospectus or other relevant documents acceptable to the SEC;
- v. Details (name, address, place and date of incorporation) of the Fund Manager/Trustee;
- vi. Sufficient proof that the Fund Manager/Trustee is incorporated – proof being Certificate of Incorporation from the Registrar of Companies or the relevant authority in its country of origin;
- vii. Sufficient details of Management of the Fund – proof being Prospectus, Deeds of Trust or other relevant documents acceptable to the SEC;
- viii. Source of the applicant Fund where available;
- ix. SWIFT instructions provided by the Global Custodian (GC) to the Local Custodian Bank

Necessary documentation for the name change requests;

- i. Name of the Fund, address of the Fund, place and date of establishment of the Fund
- ii. Sufficient proof that the applicant Fund is registered/regulated by a relevant state regulatory authority in its country of origin – proof being in the form of a certificate from the regulator confirming that the Fund is registered/regulated by them. However, where the applicant Fund is exempted from regulation, confirmation must be provided of the Law under which the Fund is exempted and other relevant proof acceptable to the SEC;
- iii. SWIFT instructions provided by the Global Custodian (GC) to the Local Custodian Bank