

**Memorandum of Understanding
Between the
Colombo Stock Exchange
and the
Sri Lanka Accounting and Auditing Standards Monitoring Board**

WHEREAS the Colombo Stock Exchange (CSE), a Company limited by guarantee, incorporated under the Companies Act No. 17 of 1982 and licensed by the Securities and Exchange Commission of Sri Lanka to operate as an Exchange, and the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) established under Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 have been vested with certain powers and responsibilities in relation to the annual reports of entities;

Hereinafter CSE and SLAASMB are collectively referred to as the **"Parties"** and each referred to as a **"Party"**.

AND WHEREAS it is important for the above mentioned Parties to co-ordinate their regulatory functions to the extent feasible with a view to preventing any overlap or duplication in activities;

Hereinafter the entities whose financial statements are subject to scrutiny by the Parties include the Listed Companies and Stockbroker/Stock Dealer Firms (referred to as the Trading Participants) which fall within the purview of SLAASMB under Act No. 15 of 1995 as amended or revised and such entities are collectively referred to as **"Entities"**.

The Parties Mutually Agree as Follows:

1. That the CSE shall scrutinize annual reports and financial statements of Listed Companies in terms of the Listing Rules of the CSE and disclosure requirements of Sri Lanka Accounting Standards (SLASs);
2. That the CSE shall scrutinize the financial statements of Trading Participants in terms Trading Participant Rules of the CSE;
3. That the SLAASMB shall scrutinize annual reports and financial statements of Entities in respect of their compliance with Sri Lanka Accounting Standards ("SLASs") and Sri Lanka Auditing Standards ("SLAuS"); and
4. That the CSE, if it considers relevant, shall keep the SLAASMB informed of any non-compliance with disclosure requirements of SLASs by Entities that the CSE will become aware of, on a quarterly/annual basis;
5. That the CSE, if it considers necessary for the SLAASMB to be aware of, shall share with SLAASMB its final decisions or rulings following its review of annual reports and financial statements of Entities;
6. That the CSE, if considered necessary for SLAASMB to be aware of shall share a summary of non-compliances with SLASs by Listed Companies relating to the disclosure requirements pertaining to SLASs;

7. That the CSE, if it is considered relevant, shall keep the SLAASMB informed of matters relating to audits, change in auditors or conduct of auditors of Listed Companies, when the CSE becomes aware of;
8. That CSE shall, upon a request made by SLAASMB, submit to SLAASMB information relating to any major changes in the shareholding of a Listed Company that is disclosed to the market via the CSE by such Listed Company.
9. That CSE shall keep the SLAASMB promptly informed of any investigations carried out on Entities which CSE considers would have a possible impact on the financial statements;
10. That SLAASMB shall keep the CSE informed of any noncompliance with SLASs or SLAuSs by Entities and their auditors, which SLAASMB considers relevant for the CSE to be aware of;
11. That SLAASMB shall keep the CSE informed of the final findings of any investigations conducted on Entities that the SLAASMB considers relevant for the CSE to be aware of;
12. That the SLAASMB shall keep the CSE informed of any directions issued to Entities or agreements reached with such Entities to amend, update or disclose any item in their annual financial statements, interim reports, or any other publications;
13. That the CSE may, if it considers necessary, refer complaints received from persons on non-compliance with SLASs and SLAuSs in relation to Listed Companies to SLAASMB, upon obtaining the concurrence of the complainant. The SLAASMB shall address such complaints promptly and take action under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and keep the CSE informed of its outcome if SLAASMB considers such notification to be relevant for the CSE to be aware of; and
14. That the CSE and the SLAASMB shall engage in joint public awareness activities pertaining to transparency in financial reporting and good Corporate Governance practices as required.
15. Performance of any terms and obligations under this MoU by either Party shall not be deemed to waive any present or future obligations under any other law.
16. This MoU shall be on a non-exclusive basis and the Parties acknowledge that nothing in this MoU shall prevent either Party from pursuing similar initiatives with other Parties or exchanges without involving the other Party.
17. The Parties agree to keep all sensitive matters coming to their attention or that of their personnel who are involved in any project or work carried out in terms of this MoU, arising from, or pursuant to, or in the course of performance of the terms of this MoU, secret and confidential. The Parties will not disclose such Confidential Information or permit such confidential Information to be disclosed to any third party except with the prior written consent of the respective Party.
18. Neither any alteration, modifications or addition to this MoU nor any waiver of any of the terms hereof shall be valid unless made in writing and signed by the duly authorized representatives of both Parties.

19. This MoU shall commence on the signature by both Parties and remain in force until termination and either Party may terminate this MoU by giving at least not less than three months' notice in writing to the other Party.
20. Any notice required to be given by one Party to the other in respect of this shall be deemed to have been delivered and sent to the following address unless the Parties otherwise agree in writing:

To the Sri Lanka Accounting and Auditing Standards Monitoring Board

Contact Person : Director General
Address : 3rd Floor, 293 Galle Road, Colombo 3
Telephone : 0112301210
Email : dgslaasmb@slt.net.lk

To the Colombo Stock Exchange

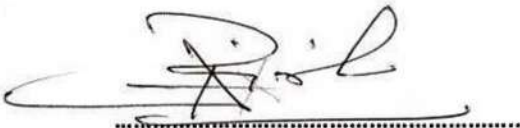
Contact Person : Chief Regulatory Officer
Address : # 04-01, West Block, World Trade Centre, Echelon Square, Colombo 1.
Telephone : 0112356540
Email : renuke@cse.lk

Signed on the 25 of August 2023

On behalf of:

THE COLOMBO STOCK EXCHANGE

**THE SRI LANKA ACCOUNTING AND
AUDITING STANDARDS MONITORING
BOARD**



**Dilshan Wirasekara
CHAIRPERSON**



**K M A N Daulagala
CHAIRPERSON**