

Country Supplement

Extract from the Gazette of the Democratic Socialist Republic of Sri Lanka
Extraordinary
No 1699/10 – 28th March 2011

Guidance to arrive at what may stipulate a 'Principal', as given in Clause C1 – Corporate Entities in the above notification:

Quote

C1. Corporate Entities

13. For corporate entities, the principal guideline is to enquire about the background of the entity to identify those who have control over the business and the entity's assets, including those with whom the control and management finally rests. Particular attention shall be paid to shareholders, signatories or others who invest a significant proportion of the capital or financial support or otherwise exercise control. Where the owner is another corporate entity or trust, the objective is to undertake reasonable measures to inquire about the background of the company or entity and to verify the identity of its principals.

For purpose of this Rule, "control" means the nature of a corporate entity and those who are mandated to manage funds, accounts or investments without requiring further authorisation and who would be in a position to override internal procedure and control mechanisms. Where a corporate entity is listed on the stock exchange or is a subsidiary of such a company then the company itself may be considered to be the principal to be identified. However, consideration shall be given to whether there is effective control of a listed company by an individual, small group of individuals or another corporate entity or trust. Under these circumstances those controllers shall also be considered to be principals and identified accordingly.

Unquote

Above is for guidance of customers. The Relationship Manager is further mandated to ask any relevant questions if necessary, to further understand and identify a Principal.