

24th June 2014

CIRCULAR NO:06-06-2014

To: - Chief Executive Officers of Member Firm Participants of CDS
- Heads of Custody Services of Custodian Banks

Dear Sir/Madam,

AMENDMENTS TO CDS RULES

Section 1, Rule 6.3 and Section 11 of the CDS Rules have been amended by the CDS with the approval of the Securities and Exchange Commission of Sri Lanka.

The details pertaining to the amendments are as follows:

Section 1 (Interpretation)

The new definitions Balance Free, Freeze Balance and Locked Balance have been included for clarity.

Rule 6.3 (Trade affirmations/rejections by Custodian Banks)

Rule 6.3 has been amended to the effect that, in the event the Custodian Bank fails to affirm a Trade carried out by a Stockbroker Participant prior to the stipulated period referred to in the CDS Rules for any reason whatsoever, such failure to affirm shall be considered as a rejection of the Trade by the Custodian Bank.

Section 11 (CDS Account Statements)

New Rule 11.2 (Returned CDS Account Statements) has been included to make provision for removal of the suspension of a Client Account imposed in instances where the CDS Statements got returned and the continuance of such suspension would result in a restriction on the Stockbroker Participant's rights to recover sums due to the Stockbroker Participant from the Account Holder.

The effective date in respect of the above amendment would be **1st July 2014**.

Yours faithfully,



Nalin Fonseka
Manager
Central Depository Systems (Pvt) Limited

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