

Central Depository Systems (Pvt) Ltd.
Fully owned subsidiary of the Colombo Stock Exchange



Company No: PV 1270

May 17, 2016

TO : All Heads of Custodian Banks,

Dear Sir/Madam,

04-01 West Block,
World Trade Centre, Echelon Square,
Colombo 00100, Sri Lanka.

www.cds.lk

CIRCULAR NO: 03-05-2016

Re-introduction of Transaction Fees to Custodian Bank Trades

The CDS levied Rs.25/- for every custodian transaction as a Custodian Fee from the inception of the CDS for the services provided by the CDS to custodian banks. The Custodian Fee was abolished from 19th March 2012 subsequent to the implementation of the Automated Trading System (ATS) Version 7.

Upon the implantation of ATS version 7, the Board Lot size was changed to one (1) share. As a result, a large buy/sell order could potentially match with a number of smaller contra orders for less than 100 shares, which resulted in an increase in the transaction costs to custodian clients. In order to address the concerns raised by the custodian investors and custodian banks, the CSE decided to abolish the aforesaid Custodian Fee payable by custodian banks.

The CDS intends to re-introduce the aforesaid transaction fee of Rs.25/- per transaction for all custodian transactions **with a minimum quantity of 100 shares**. The Custodian Fee would be payable by the custodian banks.

The Custodian Fee would not be applicable for transactions with a quantity less than 100 shares and such transactions will be exempted from the Custodian Fee.

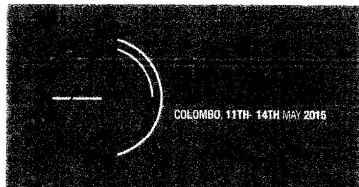
The custodian banks would be required to settle the Custodian Fees on a monthly basis to the CDS, upon receipt of an invoice from the CDS, within a period of one (1) week.

The date of implementation of the Custodian Fee would be notified to the custodian banks in due course. We would appreciate your assistance in implementing the Custodian Fees.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Nalin Fonseka', with a long horizontal flourish extending to the right.

Nalin Fonseka
Head of Central Depository Systems



INTERNAL

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