

## SECTION 19

### **ADDITIONAL RULES FOR THE CLEARING AND SETTLEMENT OF TRADES CARRIED OUT AS ALL OR NONE (AON) BLOCKS ON THE AUTOMATED TRADING SYSTEM OF THE CSE (ATS)**

#### **19.1 Transfer of Shares to the Buyer's/Buyers' Account Subsequent to the Execution of an AON Block**

1. Upon the execution of an AON Block, the shares shall be transferred to the Locked Balance of the Buyer's/Buyers' Account in the CDS on the trade day (T), pending settlement of the trade. Such shares shall be transferred from the Buyer's/Buyers' Locked Balance to such Buyer's/Buyers' Trading Balance subsequent to the settlement of the transaction on T+3.
2. In the event the CDS, in consultation with the CSE, deems settlement to have failed, it shall transfer the shares from the Buyer's/Buyers' Locked Balance to the Seller's/Sellers' Account in the CDS, subject to SEC approval.

#### **19.2 Designated Account for Trades carried out by a Consortium of Investors**

A Participant shall open a Special CDS Account to be used for the purpose of carrying out AON transactions by a consortium of investors and such consortium shall not exceed ten (10) investors.

In the event such Special CDS Account is opened through a Custodian Bank, at the time of opening the Special CDS Account, such Custodian Bank shall provide an Undertaking to the CDS, in the format prescribed by the CDS from time to time, that it would honour all settlement obligations arising from such Special CDS Account.

- 19.3** The facility to sell shares as a consortium shall only be made available to entities/agencies owned by the Government of Sri Lanka. The facility to buy shares as a consortium shall be available to all investors.

#### **19.4 Share Transfers pertaining to Trades Carried out by a Consortium of Investors using the AON Block Facility**

1. In the event a consortium of investors places a buy order using a Special CDS Account opened through a Participant in relation to an AON Block as set out in the ATS Rules and the AON Block is purchased through such Special CDS Account, the CDS shall transfer such shares in terms of Rule 19.1 above.
2. In instances where the Government of Sri Lanka holds shares of a Listed Entity through multiple entities/agencies and wishes to submit a single sell order as a consortium using the AON Block facility on the ATS through a Participant, the shares held by such entities/agencies in their respective CDS Accounts shall first be credited to a Special CDS Account opened by the Participant for this purpose.

## **19.5 Facilitation of Settlement of Funds**

1. Upon completion of the trades, the CDS shall issue to the Buyer's/Buyers' Participant, settlement schedules which include the trades carried out using the AON Block facility. Such Participant shall be responsible for the settlement of funds in terms of Section 6 of these Rules.
2. In the event the AON Block is purchased by a consortium of investors operating through a Special CDS Account, the settlement obligations for the AON transaction shall be borne by the Participant through which the Special CDS Account was opened. The Participant shall instruct the respective investors for whose benefit such Special CDS Account was used, to ensure that cleared funds are made available to settle the relevant transaction on the settlement date.
3. In the event a sell transaction is executed on account of securities held by the Government of Sri Lanka through multiple entities/agencies using the AON Block facility, the sales proceeds of such transaction shall be transferred to the relevant Participant, through whom the Special CDS Account was opened in terms of Rule 19.4.2 above. The relevant Participant shall ensure that sales proceeds are transferred to the respective entities/agencies on the settlement date.

## **19.6 Waiver of Rules and/or Introduction of Additional Conditions**

The CDS, in consultation with the SEC, may waive the application of any of these Rules and/or introduce additional conditions to facilitate the sale of a Government stake through the AON Block facility.