

SECTION 1

INTERPRETATION

1. Definitions

When used herein, the following expressions shall, unless the context otherwise requires, bear the following meanings:

Account Holder

means any person who holds a Client Account in CDS.

Balance Free

means the portfolio of Securities held in a Client Account on which trading is carried out.

Board of Directors

means Board of Directors of CDS.

CDS

means Central Depository Systems (Pvt.) Limited.

Client Account

means an account opened on behalf of a person in CDS in accordance with Section 4 of these Rules.

CSE

means Colombo Stock Exchange.

Company Secretary

means the Company Secretary of a Listed Entity duly appointed under the Companies Act, No 07 of 2007.

Custodian Bank / Custodian Participant

means a Bank licensed under the Banking Act No: 30 of 1988 (as amended) providing custodial services.

Custodian Trade

means a Trade carried out by an Account Holder registered through a Custodian Bank in CDS.

Dematerialisation

means the process by which account holders could convert their title to Securities held in the scrip form into electronic form in the CDS.

Freeze Balance

means a portfolio of Securities deposited in a Client Account through an Initial Public Offering on which trading is restricted on the instructions of the issuer of the relevant Security.

International Security Identification Number (ISIN)

means a unique number assigned by CSE in accordance with standards for securities identification established by the International Standards Organization.

Listed Entity

means an Entity which has its Securities listed on the CSE.

Listed Security

means a Security which is listed on the CSE.

Locked Balance

means a portfolio of Securities held in a Client Account on which trading is restricted at the request of the Account Holder and is not visible to the Participant except in instances set out in Rules 7.1 and 8.1 of these Rules.

Market Day

means any day on which the CSE is open for trading.

Member

means a Member admitted to membership either as a Member or as a Trading Member of the CSE in terms of the Articles of Association of the CSE.

NIC

means the National Identity Card issued under the Registration of Persons Act No.32 of 1968, as amended.

NIC Number

means the number which appears on the NIC.

Non-Operative Client Account

means a Client Account with no transactions for a period of three (3) years from the date of the last transaction carried out in such Client Account on which the CDS has suspended its dealings.

Participant

means an organization, entity or person approved by the CDS under Section 2 of these Rules as a Participant.

Rematerialisation

means the conversion of the title to Securities held in the electronic form in the CDS into scrip form.

Rules

means these CDS Rules.

SEC

means the Securities and Exchange Commission of Sri Lanka incorporated under the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987, as amended.

Securities

means Securities as defined in the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987, as amended and recognized by the CDS from time to time as eligible Securities.

Settlement

means the settlement of funds in accordance with Section 6 of these Rules.

Settlement Failure

means failure to settle funds by a Participant on the inter-participant settlement date as determined by the CDS from time to time.

Stock Dealer Participant

means a Member or a Trading Member of the CSE licensed by the SEC to operate as a stock dealer.

Stockbroker Participant

means a Member or a Trading Member of the CSE licensed by the SEC to operate as a stockbroker.

Trade

means a purchase or sale transaction of Securities effected through the Automated Trading System of the CSE.

Unlisted Security

means Securities which are not listed on the CSE.

Headings are provided for ease of reference only and shall not affect the interpretation or construction of the provisions of the Rules.

2. INTERPRETATION OF RULES

Unless expressly provided to the contrary, the interpretation of these Rules shall be in conformity with the interpretations set out above. In the event of any ambiguity the Board of Directors of CDS or any Committee thereof, or their designee(s) shall have authority to interpret the Rules of the CDS. Interpretations of the Board of Directors or any Committee thereof, or their designee(s) shall be final and binding subject to an appeal to the Securities and Exchange Commission of Sri Lanka and such appeal shall be made within 7 days.

In the event of any conflict between any of the provisions of these Rules and CDS operational guidelines and procedures, these Rules shall prevail.