

**Central Depository Systems (Pvt) Ltd.**

Fully Owned Subsidiary of the Colombo Stock Exchange

Company No: PV 1270



Central Depository Systems (Pvt) Limited

CONVENIENT : DEDICATED : SECURE

Ground Floor  
M&M Center  
341/5, Kotte Road  
Rajagiriya, Sri Lanka.

[www.cds.lk](http://www.cds.lk)

28<sup>th</sup> April 2025

**To: Managing Directors/CEOs of Depository Participants**

**CIRCULAR NO: 07-04-2025**

Dear Sir/Madam,

**ESTABLISHMENT AND IMPLEMENTATION OF A CENTRAL COUNTERPARTY (CCP):  
AMENDMENTS TO CDS RULES**

With the intention of establishing a Central Counterparty (CCP) for the clearing and settlement of equity transactions carried out on the Colombo Stock Exchange (CSE), the CSE has established an entity under the name of "CSE Clear Private Limited" (CSE Clear). The said CSE Clear would function as a clearing house licensed by the Securities and Exchange Commission of Sri Lanka (SEC) under the category of a 'Market Institution'.

In order to facilitate the establishment of CSE Clear, the Central Depository Systems (Pvt.) Ltd. (CDS) has carried out a comprehensive revision of the existing CDS - Central Depository Rules. The revised Rulebook of the CDS, containing the required amendments to facilitate the establishment of CSE Clear, shall be referred as "CDS Rules".

The relevant amendments to the CDS Rules in this regard have been approved by the SEC and is marked as "**Annexure**", for your reference. Please note that the effective date of the aforesaid Rules would be notified to you in due course, to coincide with the implementation of the CCP.

Yours faithfully,

**Renuke Wijayawardhane**  
**Chief Regulatory Officer**

Public

Voice : +94 11 2356456  
Fax : +94 11 2440396

**PROPOSED AMENDMENTS TO THE CENTRAL DEPOSITORY RULES OF THE CENTRAL DEPOSITORY SYSTEMS (PVT) LTD. TO FACILITATE THE INTRODUCTION OF A CENTRAL COUNTERPARTY ON THE COLOMBO STOCK EXCHANGE.**

It is proposed to amend the rules of the Central Depository Systems (Pvt.) Ltd. (CDS) by the addition of the words stipulated in ***bold and italics*** as set out below, with a view to align such Rules with the amendments made to the other rules of the Colombo Stock Exchange (CSE) Group as a result of the introduction of a Central Counterparty (CCP):

**1. Definitions and Interpretations**

- a) It is proposed to amend all references to the terms set out below appearing in the CDS - Central Depository Rules in the manner set out below, with a view to reflect the establishment of the CSE Clear and its corresponding rule book:

**Present References**

- i. CDS – Clearing House
- ii. CDS – Central Depository
- iii. CDS – Central Depository Rules
- iv. CDS – Clearing House Rules

**Proposed References**

- i. CSE Clear***
- ii. CDS***
- iii. CDS Rules***
- iv. CSE Clear Rules***

- b) It is proposed to introduce the following new definition in the CDS Rules to facilitate the amendments made to the CDS Rules for the introduction of the CCP on the CSE:

***“CSE Clear***

***means CSE Clear (Private) Limited.”***

- c) It is proposed to amend the following definitions in the CDS Rules of the CSE to facilitate the amendments made to the CDS Rules for the introduction of the CCP on the CSE:

**i. Account Holder**

**Present Definition**

means any person who maintains a Client Account in the CDS.

**Proposed Definition**

“means any person who ***holds*** a Client Account in the CDS.”

## ii. CDS

### Present Definition

means the Central Depository Systems (Private) Limited which operates the Central Depository.

### Proposed Definition

“means the Central Depository Systems (Private) Limited, which ***acts as a licensed Central Depository in terms of the SEC Act.***”

## iii. Custodian Bank

### Present Definition

means a bank licensed under the Banking Act, No. 30 of 1988, as amended providing custodial services and admitted as a Depository Participant.

### Proposed Definition

“means a Bank licensed under the Banking Act No. 30 of 1988, as amended, providing custodial services and admitted ***by the CDS*** as a Depository Participant ***in terms of the CDS Rules.***”

## d) Circulars and Operational Guidelines

It is proposed to amend the following interpretation in the CDS Rules to align such rules with the amendments made to the interpretation section of the CSE Clear Rules:

### Present Interpretation

The CDS may, from time to time, issue circulars, operational guidelines and procedural notes to supplement, clarify or provide administrative guidance on these Rules.

### Proposed Interpretation

***“The CDS may, from time to time, issue circulars and operational/procedural guidelines to supplement, clarify or provide administrative guidance on these Rules.***

***These circulars and operational/procedural guidelines issued by the CDS, may be unilaterally issued, amended or revoked by the CDS subject to the provisions of the SEC Act and shall be effective on the date specified by the CDS.”***

## 2. Rule 10.1.1 (B) (i) – Minimum standards applicable to Depository Participants

It is proposed to amend Rule 10.1.1 B (i) of the CDS Rules in the manner set out below with a view to strengthen the procedure for granting an Applicant Entity status as a Trading

Participant to facilitate the efficient functioning of the CCP via the establishment of CSE Clear.

### **Present Rule**

Financial Statements of Depository Participants:

- (i) Depository Participants shall submit to the CDS, certified copies of the following:
  - (a) quarterly financial statements of the Depository Participant within two (02) months from the end of the respective quarter; and,
  - (b) audited financial statements of the Depository Participant within five (05) months from the end of the financial year.

### **Proposed Rule**

“Financial Statements of Depository Participants:

- (i) Depository Participants shall submit to the CDS, certified copies of the following:
  - (a) quarterly financial statements of the Depository Participant within two (02) months from the end of the respective quarter. ***Provided however where the Depository Participant submits its annual audited financial statements within three (03) months from the end of the financial year, such Depository Participant shall be exempt from publishing its quarterly financial statement for the fourth quarter of the respective year,***
  - and,
  - (b) audited financial statements of the Depository Participant within five (05) months from the end of the financial year.

***Provided however, this Rule 10.1.1 (B) (i) shall not be applicable to Depository Participants that have its securities listed on the CSE and have published its financial statements in accordance with the Listing Rules of the CSE.”***

## **3. Section 15 – CDS Fees**

It is proposed to introduce a new section pertaining to CDS Fees as set out below, with a view to relocating the rules relating to CDS fees contained in Rule 12.5 of the Listing Rules of the CSE. The said amendment is proposed taking into consideration of the fact that the CDS is a separate Market Institution licensed by the SEC and hence, it would be most appropriate for the Board of Directors of the CDS to determine the fees in relation to the CDS. Further, the CDS, as a Market Institution is now empowered to formulate rules applicable to issuers of securities in terms of section 64 (1) (a) of the SEC Act.

**Proposed Rule 12.5.1****“CDS FEES****1. Main Listing Segment:*****Main Board and Diri Savi Board***

***A Listed Entity shall pay to the CDS a fee for the functions performed by the CDS.***

***The fee shall be Rs. 16.50/- per transaction executed on the CSE, subject to a minimum charge of Rs. 41,250/- and a maximum charge of Rs. 1,237,500/- per annum. The fee shall be computed on a bi-annual basis and shall be paid to the CDS in the following manner:***

- i. Transactions executed from January to June – on or before 15<sup>th</sup> August***
- ii. Transactions executed from July to December – on or before 15<sup>th</sup> February of the following year.***

**2. Alternate Market Segment:*****(i) Empower Board***

***An Entity which has listed its Securities on the Empower Board shall pay to the CDS a fee for the functions performed by the CDS.***

***The fee shall be Rs. 5/- per transaction executed on the CSE, subject to a minimum charge of Rs. 10,000/- and a maximum charge of Rs. 250,000/- per annum. The fee shall be computed on a bi-annual basis and shall be paid to the CDS in the following manner:***

- i. Transactions executed from January to June - on or before 15<sup>th</sup> August.***
- ii. Transactions executed from July to December - on or before 15<sup>th</sup> February.***

***(ii) Multi-Currency Board***

***An Entity which has listed its shares on the Multi-Currency Board of the CSE shall pay to the CDS a fee for the functions performed by the CDS.***

***The fee shall be USD 20 cents per transaction executed on the Automated Trading System, subject to a minimum charge of USD 250/- and a maximum charge of USD 5000/- per annum. The fee will be based on transactions executed from 01<sup>st</sup> January to 31<sup>st</sup> December in each calendar year.***

***The CDS fee shall be paid on or before 15<sup>th</sup> February of the following calendar year to the Central Depository Systems (Pvt.) Ltd.”***