

19 June 2025

TO : All Chief Executive Officers of Member Firms
All Heads of Custody Services of Custodian Banks

CIRCULAR NO: 07-06-2025

Dear Sir/ Madam,

AMENDMENT TO CDS RULE 3.5 TO SUSPEND CLIENT ACCOUNTS IF THE INSTRUCTIONS GIVEN ARE INCOMPLETE AND/OR INSUFFICIENT

CDS Rule 3.5 (a) has been amended to allow for the suspension of client accounts when the instructions provided by the Depository Participant are inaccurate and/or insufficient for the CDS to take action. Accordingly, the rule has been renumbered as CDS Rule 3.6(a) and now reads as follows:

Section 3

3.6 Operation of Client Accounts

(a). All instructions to the CDS relating to a Client Account shall be given by the Account Holder only through the Depository Participant. The CDS shall act upon such instructions without any further inquiry.

The CDS shall have no obligation to act on any instructions given by a Depository Participant if such instructions, in the opinion of the CDS, are inaccurate and/or insufficient for the CDS to act on. In such event, the CDS shall, within two (2) Market Days from the date of receipt of such instructions, inform the Depository Participant of the additional information required to give effect to such instructions.

Provided however, if such additional information is not provided by the Depository Participant within a period of two (2) market days from the date of the CDS informing the Depository Participant, the CDS shall suspend the Client Account in terms of Rule 3.9 (a) of these Rules, until the required information is provided.

Please note that this amendment will be enforced with immediate effect.

The CDS Rules are available on the CDS website at <https://www.cds.lk/cds-central-depository-rules/>

Yours faithfully,



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