

18th July 2025

TO: **All CEOs and Heads of Depository Participants**

CIRCULAR NO: 09-07-2025

Dear Sir/Madam,

SUBMISSION OF A QUARTERLY DISCLOSURE REPORT BY THE COMPLIANCE OFFICERS OF DEPOSITORY PARTICIPANTS

In compliance with rules published by the Securities and Exchange Commission of Sri Lanka on 15th March 2022 and as part of ensuring continuous alignment with the CDS rules, all Depository Participants (DPs) are required to submit a Quarterly Compliance Disclosure Report to the CDS with effect from Quarter Ending 30th September 2025.

This report must be completed and submitted by the respective Compliance Officers within two (02) months from the end of each calendar quarter.

For ease of reference, a sample format of the report is provided in Annexure I. The completed report, along with any necessary supporting documentation, should be submitted in PDF format via email to cdscompliance@cse.lk.

We kindly request that you make the necessary arrangements to ensure the timely and accurate submission of this report. Please note that non-compliance or delays in submission may lead to regulatory enforcement actions in accordance with the CDS Rules.

Should you require any further clarification or assistance, you are encouraged to contact the following CDS Officials:

Ms. Vindhya Colombage

Manager – Depository Services, CDS R&D Strategy and Projects

Tel No: +94-11-2356448

Ms. Ruchira Jayasinghe

Senior Assistant Manager – Demat Compliance and Risk

Tel No: +94-11-2356441

Yours faithfully,



Nadeera Athukorale

Head – Central Depository Systems

RJ/ng

Voice : 0094112356444

Fax : 0094112440396

<Name of Depository Participant>

<Compliance Officer's Report for the period ended: DD/MM/YYYY>

Depository Participants shall be required to complete the following report and submit to the CDS in terms of CDS Rules.

A. Client Accounts

No of Client Accounts Registered	No of Compliance Issues Identified (including those notified by the CDS)	No of Compliance Issues Resolved	No of Compliance Issues under investigation	No of Client Accounts with portfolios divested as the Compliance Issues could not be resolved as per CDS Rule 3.2 B (f)

No of Master File Changes processed	No of Master File Changes Rejected through CDS E-Connect	No of Compliance Issues Identified (including those notified by the CDS)	No of Compliance Issues Resolved	No of Compliance Issues under investigation

Know Your Client

Processes established to ensure complete and accurate information is obtained in the account opening application have been followed (Yes/No)	
Processes and procedures established to ensure Customer Due Diligence is conducted as required by the FIU (Yes/No)	
Instructions given to CDS relating to Client Accounts are complete and accurate (Yes/No)	
Clients are not identified in the Sanctions Lists circulated by the FIU (Yes/No)	
Additional information requested by CDS relating to Client Accounts has been provided within the stipulated timelines in terms of CDS Rule 3.5 (a) (Yes/No)	
The Account Opening Applications and Supporting Documents for Accounts opened through the Decentralized Platform are maintained as per Circular No: 03-01-2020 (Yes/No)	

Processes established for obtaining mobile numbers, email addresses and bank account details of Account Holders were followed as per Circular No: 06-08-2024 (Yes/No)	
"Return Document Advice" received/collected when documents were returned by CDS as per CDS Rule 3.5 (f) have been attended to and filed (Yes/No)	

B. Dematerialization and Rematerialization of Securities

The duplicates of Acknowledgement of Deposits (CDS Form 5) received from CDS have been forwarded to the clients within three Market Days as per CDS Rule 4.1 (a) (Yes/No)	
Processes established to ensure that Securities Certificates to be deposited are submitted to CDS with the relevant form/s, duly completed, endorsed and executed were followed (Yes/No)	
Precautionary processes established to ensure the genuineness/authenticity and validity of the Security Certificate/s and other documents prior to handing over to CDS as per CDS Rule 4.2 were followed (Yes/No)	
Requests to rematerialize securities were made by way of duly completed CDS Form/s as per CDS Rule 5.2 (Yes/No)	
The Securities Certificate issued by the Company Secretary has been collected from the CDS and handed to the respective Client as per CDS Rule 5.5 (Yes/No)	

C. Transfer of Securities

No of Intra Account Transfers Authorized through CDS E-Connect	No of Intra Account Transfers Rejected through CDS E-Connect	No of notices sent to Receiving Participants as per CDS Rule 6.1 (v)	No of Compliance Issues Identified (including those notified by the CDS)	No of Compliance Issues Resolved

Duly completed CDS Form 6 and supporting documents, along with the original letter of approval from SEC is maintained as per CDS Rule 6.3 (Yes/No)	
Duly completed CDS Form 6B have been received from the Receiving Participant and file accordingly (Yes/No)	
Documentation received pertaining to the transfer of securities in an Offer or a de-listing has been duly completed, balances of securities available in Client Account confirmed and endorsed prior to handing over to CDS as per CDS Rule No. 6.4 (Yes/No)	
Documentation pertaining to transmission of shares in the event of death of an account holder has been duly completed, balances of securities available in Deceased Client Account confirmed and endorsed prior to handing over to CDS as per CDS Rule No. 6.7	

"Return Document Advice" received from CDS in case of rejected transfers of securities have been received and duly informed to the respective Account Holders (Yes/No)	
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D. CDS Account Statements

No of returned CDS Statements as notified by CDS	No of alternate email addresses provided as per CDS Rule 8.2 (a)

Processes have been established to record email addresses of all clients in the CDS (Yes/No)	
Email addresses provided to the CDS have been obtained from the relevant Account Holder as per CDS Rule 8.1 A (Yes/No)	

E. Minimum Standards Applicable to Depository Participants

Details of new appointments and resignations of Key Persons employed by the Depository Participants as per CDS Rule 10.1.5.

Appointments

Name of Employee	NIC No.	Designation	Date of Appointment

Resignations/Retirements

Name of Employee	NIC No.	Designation	Date of Appointment

Have the work done by resigned or retired employees assigned to new or existing employees (Yes/No)	
Sufficient and skilled employees are maintained at all times to perform business operations in terms of CDS Rule 10.1.5 (Yes/No)	

Submission of Financial Statements – CDS Rule 10.1.1 (B)

Quarterly/Annual Report	Applicable Period	Date of Submission to CDS	Acknowledgement Received from CDS (Yes/No)

Minimum Capital Requirements as specified in CDS Rule 10.1.1 have been met (Yes/No)	
Back Office Systems have adequate redundancy and scalable capacity to accommodate all current depository functions and future enhancements and operates smoothly and properly in terms of CDS Rule 10.1.2 (Yes/No)	
Adequate disaster recovery and business continuity arrangements are in place always to ensure the timely recovery of usual operations in terms of CDS Rule 10.1.3 (Yes/No)	
Adequate and robust risk management frameworks and internal controls are in place to support and facilitate depository operations in terms of CDS Rule 10.1.4 (Yes/No)	

F. Complaints received from clients (If any)

CDS Account No	Client Name	Nature of Complaint	Action Taken by the Stockbroker	Status of the Complaint

We hereby confirm that the information furnished in the Compliance Officer's Report for the period ended is true and correct. We also indemnify the CDS, its directors and employees and hold each of them harmless against all costs, fees, expenses, liabilities, and damages of any nature whatsoever suffered or incurred by us directly or indirectly as specified in the CDS Rules.

Name and Signature of Compliance Officer	Date
Name and Signature of Chief Executive Officer	Date