

13<sup>th</sup> January 2026

To: All Chief Executive Officers of Stockbroker Firms/ All Heads of Custodian Banks

**CIRCULAR NO:04-01-2026**

Dear Sir/Madam,

**SUSPENSION OF NON-OPERATIVE CLIENT ACCOUNTS – COMPLIANCE WITH CDS RULE 3.10**

The Central Depository System (CDS) is committed to maintaining the integrity and accuracy of the depository system. In accordance with the CDS Rule 3.10, all non-operative CDS accounts must be suspended.

**1. Identification of Non-Operative Accounts**

Under CDS Rule 3.10, any client account that has remained dormant—defined as having no transactions for a continuous period of three (03) years—is classified as a "Non-Operative Client Account."

Consequently, the CDS will proceed with the following actions effective 30<sup>th</sup> January 2026:

- Classification: Designation of identified accounts as "Non-Operative."
- Suspension: Immediate suspension of all dealings in these accounts.
- Cessation of Notices: Discontinuation of all periodic notices and statements to these account holders.

**2. Obligations of Depository Participants (DPs)**

Upon receipt of the list of suspended accounts from the CDS, all Participants are required to:

- Notify Account Holders: Formally inform the respective account holders of their designation as "Non-Operative" and the subsequent suspension of their CDS account.
- Record Keeping: Maintain complete and accurate records of all correspondence related to these notifications. These records must be made available to the CDS for inspection upon request.

**3. Reactivation Process**

The DPs are required to conduct a fresh client due diligence on such Account Holder in accordance with the applicable KYC Requirements of the FIU of the CBSL and promptly inform the CDS of the same.

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The CDS has facilitated a streamlined digital reactivation process to minimize inconvenience to clients. Account holders may reactivate their accounts via:

- The CSE Mobile App
- The CDS Official Website

**Important Note on Dual Suspension:** If an account is suspended both for "Missing Key Information" and for being "non-operative," the user must first update the missing information in the Master Record using CDS eConnect/Key Information Update option of the CSE Mobile App or the Official CDS Website. Only after the Master Record is compliant can the user proceed with the non-operative account reactivation using "Dormant Account Re-KYC".

Timeline

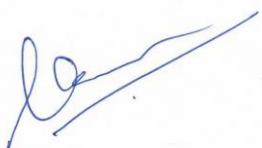
| Action Item                                  | Effective Date                 |
|--|--------------------------------|
| <b>Date of Suspension</b>                    | 30 <sup>th</sup> January 2026* |
| <b>Notification to DPs of Suspended List</b> | 30 <sup>th</sup> January 2026* |

\*End of Day

Participants are requested to ensure their staff is fully briefed on the reactivation protocols to assist clients effectively.

For any queries regarding the list of identified accounts or the digital reactivation process, please contact the Depository Services team.

Yours faithfully,



**Nadeera Athukorale**  
**Head - Central Depository Systems**

VC/ng