

## **SECTION 5**

### **RECORDING OF PURCHASES AND SALES**

#### **5.1 Purchase/Sale of Securities**

Client Accounts shall be debited or credited with Securities pursuant to the trades carried out by Participants through the Automated Trading System of the CSE.

All Securities debited/credited, solely resulting from trades carried out as aforesaid shall be valid. The CDS shall rely solely on the information provided by the CSE in respect of such trades.

The CDS shall not be responsible for any dispute arising between the Account Holder and the Participant in respect of trades carried out by the Participant for and on behalf of the Account Holder.

#### **5.2 Transfer and Registration of shares**

In terms of section 86(2) of the Companies Act No.7 of 2007, where a notice of trust has been entered in the share register in respect of any shares of a Listed Entity which are held in trust by the CDS, the person for whose benefit those shares are held in trust—

- a) shall be deemed to be a shareholder in such Entity; and
- b) shall in respect of those shares, enjoy all such rights and privileges and be subject to all such duties and obligations under the Companies Act No. 7 of 2007, as if his name had been entered in the share register as the holder of those shares.

#### **5.3 Purchase of shares of and over the value of Rs. 20 Mn.**

- a) In the event the aggregate value of all the purchases executed by any participant (other than the custodian Banks) on behalf of a particular client in relation to a particular security during a particular market day equals or exceeds Rs. 20 Mn., such participant shall provide a minimum margin of 15% of the aggregate value of the securities so purchased in the form of 'cleared funds' to the CDS or a bank guarantee in favor of the CDS, by 09.00 hours on Trade Day +1 (T +1).
- b) Participants shall deposit such margins into a separate account maintained by the CDS in a settlement Bank and titled 'Margin Deposit A/C'. The CDS shall utilize such cash margin only for the purpose of facilitating settlement in conformity with the instructions of the Participant. In the event of a Settlement Failure, the CDS shall utilize the cash margin to facilitate settlement.
- c) Alternatively, Participants may furnish a bank guarantee, in a format acceptable to the CDS, obtained by the Account Holder in favour of the CDS. The CDS shall enforce the bank guarantee only in the event of a Settlement Failure.

- d) In the event the Participant fails to provide the requisite margin, the CDS shall be entitled to take action as it may consider necessary in consultation with the SEC. No such action shall absolve the Participant of its liability in terms of the Rules of the CDS and CSE.
- e) In the event a trade is not affirmed by a Custodian Bank, the Participant shall be required to submit the margin by 09.00 hours on T+2.

For the purposes of these Rules:

'Cleared Funds' shall mean funds that are realized and available for drawing.

'Trade affirmation' shall mean an acceptance by a Custodian Bank of a trade executed by a Stockbroker Participant, on behalf of a client registered through such Custodian Bank by 14.30 hours on T+1.