

SECTION 6

ADDITIONAL RULES GOVERNING CLEARING AND SETTLEMENT OF MARKET CONTRACTS RELATING TO SECURITIES TRADED USING THE AON BLOCK FACILITY ON THE CSE

- 6.1 The Clearing Members shall be responsible for the settlement of funds in relation to Market Contracts carried out using the AON Block facility of the CSE in terms of these Rules.
- 6.2 If the AON Block is purchased by a consortium of investors operating through a Special Client Account in the CDS - Central Depository, the settlement obligations for the AON Market Contract shall be borne by the Clearing Member which is also the Depository Participant through whom the Special Client Account was opened.
- 6.3 The Clearing Member shall instruct the respective investors for whose benefit such Special Client Account was used, to ensure that Cleared Funds are made available in accordance with Part B of Section 4 these Rules to settle the relevant Market Contract on the Settlement Date.
- 6.4 If the Market Contract relates to a sale of Securities and such Securities are held by the Government of Sri Lanka through multiple entities/agencies using the AON Block facility, the Clearing Member which is also the Depository Participant, through whom the Special Client Account was opened in terms of the CDS - Central Depository Rules, shall ensure that sales proceeds are transferred to the respective entities/agencies on the Settlement Date.
- 6.5 The Clearing House, in consultation with the SEC, may waive the application of any of the Rules set out in this Section 6 and/or introduce additional conditions to facilitate the sale of a Government stake through the AON Block facility.