

13th July 2021

To: CEOs OF ALL STOCKBROKER FIRMS

CIRCULAR NO: 06-07-2021

Dear Sir / Madam,

DIGITAL ONBOARDING OF LOCAL COMPANIES TO OPEN CDS ACCOUNTS

According to the Master Plan formulated by the SEC/CSE Digitalization Joint Committee, the digital onboarding of Local Companies (LC) to open CDS accounts was launched on 07th July 2021 with the Second Phase of the Digitalization of Stock Market.

The main objectives as stated during the Awareness Sessions conducted to your compliance officers and staff of this initiative are as follows.

- Initiate the first phase of digital onboarding of LCs.
- Streamline the KYC process of LCs.

There will be no change to the current documentation requirements. The stockbroker firms will have to verify the details provided by the company via e-ROC system provided by the Department of Registrar of Companies prior to opening the account. This is the only additional step which has been introduced to the existing process formally being followed by the broker firms in order to further streamline the KYC process. The same was demonstrated and explained during the awareness sessions as well for the information of the participants. Moreover, the manual account opening process carried out by filling physical applications will be discontinued from 13th August 2021.

For further reference, the digital onboarding process for LCs recommended and approved by the SEC/CSE Digitalization Joint Committee which was presented at the awareness sessions is enclosed as Annex 1, for your ease of reference.

Whilst thanking all the representatives of members who participated in the awareness session extending your fullest cooperation, we look forward for your assistance in making this initiative a success.

Please feel free to contact the undersigned or below officers at CDS if you require further clarification in this regard.

1. Nadeera Athukorale – Deputy Head of CDS 0774649277
2. Nipun Gunasekera – Assistant Manager Depository Operations 0719109299
3. Ruchira Jayasinghe – Assistant Manager Demat Compliance and Risk 0776214544
4. Minura Hemachandra – Executive Corporate Solutions 0712089636

Your assistance and cooperation in this regard is highly appreciated.

Thank you

A handwritten signature in blue ink, consisting of a stylized 'N' followed by a long, sweeping horizontal line.

Nalin Fonseka

Head of Central Depository Systems