

SECTION 12

ADDITIONAL RULES FOR THE CLEARING AND SETTLEMENT OF TRADES CARRIED OUT AS ALL OR NONE (AON) BLOCKS ON THE CSE

12.1 Designated Account for Trades carried out by a Consortium of Investors

A Participant shall open a Special CDS Account to be used for the purpose of carrying out AON transactions by a consortium of investors and such consortium shall not exceed ten (10) investors.

In the event such Special CDS Account is opened through a Custodian Bank, at the time of opening the Special CDS Account, such Custodian Bank shall provide an undertaking to the CDS, in the format prescribed by the CDS from time to time, that it would honour all settlement obligations arising from such Special CDS Account.

12.2 Share Transfers pertaining to Trades Carried out by a Consortium of Investors using the AON Block Facility

1. In the event a consortium of investors places a buy order using a Special CDS Account opened through a Participant in relation to an AON Block as set out in the Trading Rules and the AON Block is purchased through such Special CDS Account, the CDS shall transfer such shares from the Special CDS Account to the Buyers' respective Client Accounts on the Settlement Date, subsequent to the inter-participant settlement of the transaction.
2. In instances where the Government of Sri Lanka holds shares of a Listed Entity through multiple entities/agencies and wishes to submit a single sell order as a consortium using the AON Block facility on the ATS through a Participant, the shares held by such entities/agencies in their *respective Client Accounts* shall first be credited to a Special CDS Account opened by the Participant for this purpose.

12.3 Facilitation of Settlement of Funds

1. For the avoidance of doubt, the Settlement Schedule issued by the CDS in terms of Section 10.2(c) of these Rules shall include the Trades carried out using the AON Block facility. The Participants shall be responsible for the settlement of funds in relation to Trades carried out using the AON Block facility in terms of Section 10 of these Rules.
2. In the event the AON Block is purchased by a consortium of investors operating through a Special CDS Account, the settlement obligations for the AON transaction shall be borne by the Participant through which the Special CDS Account was opened. The Participant shall instruct the respective investors for whose benefit such Special CDS Account was used, to ensure that Cleared Funds are made available in accordance with Section 10.2 of these Rules to settle the relevant transaction on the Settlement Date.
3. In the event a sell transaction is executed on account of securities held by the Government of Sri Lanka through multiple entities/agencies using the AON Block facility, the Participant, through whom the Special CDS Account was opened in terms of Rule 12.2.2 above shall ensure that sales proceeds are transferred to the respective entities/agencies on the Settlement Date.

12.4 Waiver of Rules and/or Introduction of Additional Conditions

The CDS, in consultation with the SEC, may waive the application of any of the Rules set out in this Section 12 and/or introduce additional conditions to facilitate the sale of a Government stake through the AON Block facility.