

Procedure to be followed by the existing clients of Stockbroker Firms whose membership is terminated/ceased or suspended, when transferring their securities portfolio/s held with the Central Depository Systems (Pvt) Ltd. (CDS)

Section 1

Notwithstanding anything set out in this Procedure, if the Section 2 of the CDS Form 6 has been duly signed by

- an authorized officer of the Stockbroker Firm who is under voluntary inactivation of business operations, during the period of inactivation of two years (under Section 12 of the Stockbroker Rules)

Or

- an authorized officer of the Stockbroker Firm whose membership is in the process of being suspended (stipulated three months period) due to non-compliance with the Capital Adequacy Requirements and Minimum Shareholders' Fund Requirement,

Or

- an authorized officer of the Stockbroker Firm whose membership is in the process of being suspended as a result of Inter Participant Settlement Failure (Section 12 of the CDS Rules), on or before the effective date,

by confirming the authenticity of the account holder/s signature and authorizing the transfer-out of securities in the CDS account, the CDS would act on the same and facilitate the transfer of securities of the client's CDS account, in accordance with CDS Rule 9.1.

Section 2

All existing clients of Stockbroker Firms, whose membership is terminated/ceased or suspended are requested to follow the Procedure set out below, for the purpose of transferring the securities portfolio/s held with the Central Depository Systems (Pvt) Ltd. (CDS) through such Stockbroker Firms to another Stockbroker Firm(s)/Custodian Bank(s) of their choice:

1. In the event a client maintains a Securities Account with the CDS, only with the Stockbroker Firm whose membership is terminated/ceased or suspended, such client should take necessary steps to open a new Securities Account with the CDS through another Stockbroker Firm(s)/Custodian Bank(s) of his/her/its choice, in accordance with the General Procedure, which is set out in the Rules of the CDS and the CDS Guidelines.
2. For the purpose of transferring the existing securities portfolio/s held through a Stockbroker Firm whose membership is terminated/ceased or suspended, to a CDS Account/s held through another Stockbroker Firm(s)/Custodian Bank(s) (hereinafter referred to as the "Receiving CDS Participant"), all clients (hereinafter referred to as "Account Holders") or their duly appointed Attorney/s (by way of a Power of Attorney, a certified copy of which should be submitted to the CDS) are requested to duly complete Items 1, 2 and 3 of the CDS Form 6C and submit to the Receiving CDS Participant for authorization of the same.
3. In the event the Stockbroker Firm whose membership is terminated/ceased or suspended has provided to the CDS a list of its clients who are debtors of the Stockbroker Firm, the aforesaid transfer requests would not be facilitated in respect of such clients whose details are included in the said list provided by the Stockbroker Firm.

4. Thereafter, the Account Holders are requested to submit the CDS Form 6C, duly authorized by the Receiving CDS Participant, and other supporting documents (hereinafter referred to as the “relevant documents”) to the CDS or to the nearest Regional Branch Office of the CSE, **in person, except** in the instances specified below:

- Account Holders who are unable to submit documents in person (i.e. due to ill health, incapacity or residing abroad) may register-post the documents to CDS or appoint a third party duly authorized by the Account Holder (a duly signed letter giving the name, NIC/Passport No of the authorized person is required along with the proof of identity (NIC or Passport No))
- Body Corporates –
 - Margin Trading Accounts and CDS Accounts opened of Lending Purposes

The Margin Provider/Bank/Financial Institution should submit to the CDS, a certified copy of the Board Resolution authorizing;

- The transfer of the securities portfolio/s from the stockbroker whose membership is terminated/ceased or suspended, to the Receiving CDS Participant; and,
- An official/s of the Margin Provider/Bank/Financial Institution to execute the relevant documents and to liaise with the CDS for the purpose of effecting such transfer.

The duly appointed official/s of the Margin Provider/Bank/Financial Institution should submit the relevant documents to the CDS or to the nearest Regional Branch Office of the CSE, **in person**.

- Other Corporate Accounts (including Segregated Accounts)

The body corporate should submit to the CDS, a certified copy of the Board resolution authorizing;

- The transfer of the securities portfolio/s from stockbroker whose membership is being terminated/ceased or suspended, to the Receiving CDS Participant; and,
- An official/s of the body corporate to execute the relevant documents and to liaise with the CDS for the purpose of effecting such transfer.

The duly appointed official/s of the body corporate should submit the relevant documents to the CDS or to the nearest Regional Branch Office of the CSE, **in person**.

- Deceased Accounts – In relating to the securities portfolio/s held in the CDS Account of a deceased person, the Executor/Administrator or legal heirs (where an Executor/Administrator has not been appointed) should inform the CDS regarding the death of the Account Holder and submit a certified copy of one of the following documents for the purpose of converting such CDS Account into a “Deceased Account”:
 - Certificate of Death issued by the District Registrar/Additional District Registrar in accordance with the Births and Deaths Registration Act (CAP 110)
 - Probate
 - Letters of Administration

Upon conversion of the Account into a Deceased Account;

- **The Executor/Administrator may;**
Transfer the securities portfolio/s held in the Deceased Account to the beneficiary(ies)/heir(s), as applicable, in accordance with CDS Guidelines by submitting the duly completed CDS Form 19 (available from www.cds.lk) to the CDS or to the nearest Regional Branch Office of the CSE
- **The heir/s (where and Executor/Administrator has not been appointed)**
should take necessary steps to transfer the securities portfolio/s held in the Deceased Account to their respective CDS Account/s held with other Stockbroker Firm(s)/Custodian Bank(s) in accordance with the CDS Guidelines by submitting the duly completed CDS 19 Forms (available from www.cds.lk) to the CDS or to the nearest Regional Branch Office of the CSE.

All aforesaid documents including a certified copy of the Probate/Letters of Administration (where applicable), must be submitted to the CDS or to the nearest Regional Branch Office of the CSE, **in person**, by the Executor/Administrator or heir/s (where an Executor/Administrator has not been appointed), as applicable.

5. Where the documents are signed under a Power of Attorney, Board Resolution, Probate or Letters of Administration, the capacity in which the documents are signed should be indicated by the signatory/ies on all documents.
6. Upon receipt of the relevant documents, an authorized officer/s of the CDS will peruse the relevant documents, verify the details given and accept/reject the same with an acknowledgement.
7. In the event the relevant documents are rejected by the CDS, the reasons for rejecting will be provided by the CDS in writing. The Account Holder may re-submit the relevant documents upon rectifying the same.
8. The CDS will effect the transfer of securities from the Stockbroker Firm whose membership is terminated/ceased or suspended, to the Receiving CDS Participant/s according to the instructions given by the Account Holder/s in accordance with the applicable Rules of the CDS and the CDS Guidelines.
9. The transfer of securities will be reflected in the subsequent monthly CDS Account Statement sent by the CDS to the Account Holder.

TRANSFER FORM

This transfer form should be used by the account holder only for transferring securities from a stockbroker whose membership is terminated/suspended or ceased, to another Stockbroker Firm/Custodian Bank of his/her/their choice*.

To: Central Depository Systems (Pvt) Ltd
Ground Floor, M&M Center,
341/5, Kotte Road,
Rajagiriya,
Sri Lanka.

Name of Account Holder/s:.....

Address:
.....
.....

Contact No:

Please Note: In the event of Joint CDS Accounts, Margin Trading Accounts and Accounts for Lending Purposes, the address and the contact number of the first named holder, Margin Provider and Bank/Financial Institution (respectively) should be included.

(1). I/We* wish to transfer the following securities out of my/our*

CDS Account No:

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Quantity	Company Code	Type	Sub-Type	Reference No. (Office Use Only)

Signature/s of individual/joint account holders/signature(s) and/or Common Seal for body corporates.

1. 2. 3.

Date:

(2). I/We* request that the securities mentioned in (1) above be transferred to my/our*

CDS Account No:

Grid of boxes for CDS Account No: 3 boxes, 10 boxes, 2 boxes, 2 boxes

Signature/s of individual/joint account holders/signature(s) of authorized officer(s) and/or Common Seal for body corporates.

1. 2. 3.

Date:

Authorized Signature and Stamp of the Stockbroker Firm/ Custodian Bank

(3). In consideration of the Central Depository Systems (Pvt) Ltd (the CDS) permitting me/us* to transfer the securities held by me/us* in the CDS as stated in Section (1) and (2) above, I/we* hereby irrevocably and unconditionally undertake to hold the CDS, its Directors and Officials and its parent company, Colombo Stock Exchange, its Directors and Officials harmless and indemnified against all action, claims and demands (including the cost of defending or settling any action, claim or demand) which may be instituted against the CDS and/or CSE, its Directors and Officials as a result of transferring the above securities on my/our* instructions.

Signature/s of individual/joint account holders/signature(s) of authorized officer(s) and/or Common Seal for body corporates.

1. 2. 3.

Date:

For Official Use Only

Checked By: Name Signature Date

Authorized By: Name Signature Date

..... Name Signature Date

Remarks (if any):

.....

* Delete inapplicable words