

Customer Agreement of Government Securities (CAGS)

This Agreement hereinafter called and referred to as CAGS is entered into on this [.....] day of [.....] 20[.....] by and between **First Capital Treasuries PLC** a company duly incorporated in Sri Lanka (bearing Company Registration No. **PB 127/PQ**) being an authorized Primary Dealer of Government Securities appointed by the Monetary Board of the Central Bank of Sri Lanka and having its registered office at No.02, Deal Place, Colombo 03, Sri Lanka (hereinafter referred to as the "Dealer" which shall mean and include the said **First Capital Treasuries PLC** its successors and permitted assigns) of One Part

and

[.....]
[.....] (NIC/BR/Act No [.....]) of
[.....]
(Hereinafter referred to as the "Customer" and which shall include
[.....] his/its
heirs, executors, administrators/ successors and permitted assigns) of the Other Part.

(Each a "Party" and together the "Parties")

Whereas the Dealer is an authorized Primary Dealer licensed by the Central Bank of Sri Lanka and the Customer wishes to engage in transacting government securities with the Dealer.

The Parties now desire to enter into this Agreement to set out their understandings / agreements on their respective rights and obligations in respect of the transactions in relation to government securities and other incidental matters.

NOW THIS AGREEMENT THEREFORE WITNESSETH that the Parties hereto, in consideration of each of the Parties hereto doing, observing and performing the several terms, conditions, covenants, stipulations and obligations hereinafter mentioned to be done, observed and performed respectively by each of them have agreed as follows:

Interpretation

In this CAGS the following words shall mean and include

- (a) **Customer** - Any person who purchases or sells or otherwise acquires or disposes of any product or any service therein or an interest therein through the Dealer or who negotiated with the Dealer for the possible acquisition or disposition of such product or any service therein or interest and shall include where the context so permits a legal representative (a person who is acting for a customer under a power of attorney) of such customer or of the state of such customer and includes successors assigns and in case of individuals, their heirs and legal representatives.
- (b) **Purpose of CAGS** – This CAGS covers the responsibilities, duties and legal liabilities between the Dealer and the Customer (Eligible investor) during the contract period of the securities

investment in line with the schedule 1 of the Scripless Treasury Bills (Transactions) Regulation No.02, of 2004 and Scripless Treasury Bonds (Transactions) Regulation No. 02 of 2004.

- (c) **Treasury Bills/Bonds** - A negotiable debt obligation/instruments backed by the Government of Sri Lanka which have been issued in terms of the Local Treasury Bills Ordinance, No. 8 of 1923 (as amended) and the Registered Stock and Securities Ordinance No.7 of 1937 (as amended). As an Agent of the Government of Sri Lanka, the Public Debt Department of the Central Bank of Sri Lanka (CBSL) issues the Treasury bonds and Treasury bills.
- (d) **Eligible Investors for Treasury Bills/Bonds**
- Sri Lankan Citizens
 - Corporate bodies incorporated in Sri Lanka
 - Foreign country funds, mutual funds and regional funds
 - Corporate bodies incorporated outside Sri Lanka
 - Citizens of foreign states
 - Any other party who is authorized to deal with Government Securities as per relevant regulations/directions
- (e) **Trade Date** - The trade date is when an order to purchase, sell or otherwise acquire a security is performed. The date in which an order is executed in the market.
- (f) **Settlement Date/Value Date** - The date on which an executed security trade must be settled by the customer and the Dealer. That is, the date on which the buyer must pay for the scripless securities delivered by the seller.
- (g) **Scripless Securities** - The securities issued in data entry form without a paper certificate. Initially, Treasury Bills and Treasury Bonds are issued in scripless form. To enable primary issues and recording of secondary market transactions of scripless securities, a computer based central depository and a settlement system have been installed. The transactions will be settled through an electronic settlement arrangement known as the Scripless Securities Settlement System (SSSS). The SSSS and the Central Depository System (CDS) are named as 'LankaSecure'. Thus, scripless securities shall have the same meaning as in the Local Treasury Bills Ordinance, No 8 of 1923 (as amended) and Registered Stock and Securities Ordinance No.7 of 1937 (as amended).
- (h) **Securities Account** – This shall have the same meaning as in the Monetary Law Act, No. 58 of 1949
- (i) **Specific Conditions** – Specific conditions are the specific details agreed at the time of transacting an individual deal between the Dealer and the Customer. These details are specified on instructions send by the Customer to the Dealer and the transaction confirmations delivered by the Dealer to the Customer by writing, facsimile transmission or by any means of electronic communication, acceptable to both parties.

1. Introduction

These General Conditions referred to in this Agreement shall apply to any transactions entered into between the Customer and the dealer and may be supplemented by Specific Conditions which may be applicable for particular transactions, with such Specific Conditions prevailing over these General Conditions in the event of any conflict.

2. Authority

- (a) The Dealer may open and maintain Securities Accounts to hold Scripless Securities and interest of the Customer in accordance with the terms and conditions mentioned herein and those contained in the Specific Conditions.
- (b) The Dealer may rely on the authority of each person designated by the Customer to send Communications (referred to in Clause 3 of this agreement) or do any other thing, subject to system rules applicable to Dealer Direct Participants of the Scripless Securities Settlement System, until the Dealer has received written notice or other notice acceptable to it of any change from a duly authorized person and the Dealer has had a reasonable time to act (after which time it may rely on the change).
- (c) The Dealer may, without specific instructions of the Customer, carry out such transactions which are identified in the Specific Conditions.
- (d) The Dealer may receive maturity proceeds on Scripless Treasury Bonds/Bills and proceeds of transactions in Scripless Treasury Bonds/Bills to which the Customer is entitled through any method specified/agreed with the customer.
- (e) The Dealer may rectify an erroneous debit or credit to a Securities Account of the Customer and shall inform the Customer in writing of any such rectification.

3. Communications

Unless otherwise agreed, the Customer or the Dealer shall give instructions to the other in writing, by facsimile transmission or by any means of electronic communication, acceptable to both parties. The Customer shall comply with any agreed security procedures designed to verify the origination of any such communication and shall indemnify the Dealer for any loss or damage which may be caused to the Dealer for any non-compliance by the Customer.

4. Performance

- (a) The Dealer shall perform its obligations in respect of any transaction in good faith and with reasonable care, as determined in accordance with the rules, regulations and directions issued by the regulators and the standards and practices of the primary dealer industry.
- (b) Neither the Customer nor the Dealer shall be responsible for any failure to perform any of its obligations with respect to any transaction if such performance would result in it being in breach of any law, regulation or other requirements of any governmental or other authority in accordance with which it is required to act.

5. Customer Information

- (a) The Customer shall provide the Dealer all documents and other information reasonably required by the Dealer for the purposes of opening and maintenance of Securities Accounts and entering into any transaction and the Customer shall undertake to promptly inform the Dealer upon any change of such information
- (b) The Dealer shall keep the information relating to the Customer as confidential provided however that the Dealer may disclose such information if the Customer consents to the

disclosure of such information or to any third party who is involved in processing any data of the Dealer or if any such information is required to be disclosed by any law or by order of court.

6. Liability and Indemnity

- (a) Neither the Dealer nor Customer shall have any liability for any indirect, incidental or consequential loss or damages unless caused by willful default or negligence.
- (b) The Dealer shall not be liable for any losses sustained by the Customer unless caused by negligence or default on the part of the Dealer or any of its employees or agents.
- (c) The Customer agrees to indemnify the Dealer from any loss or liability arising out of the carrying out of any instructions of the Customer provided in accordance with the general conditions as per this agreement and the Specific Conditions, including but not limited to the settlement of funds to the Dealer on the stipulated value date and any loss arising to the Dealer as a result of the failure to do so.
- (d) If the Customer is more than one individual, all persons who would comprise the Customer, shall be jointly and severally liable to the Dealer.
- (e) The customer has full power, capacity and authority and has obtained any and all necessary authorisations and consents to enter into and to perform its obligations.

7. Fees, Taxes and Levies

- (a) The Customer shall pay to the Dealer such fees and charges as are specified in any fee schedule which is provided by the Dealer to the Customer. Fees and charges may be waived by the Dealer at its discretion;
- (b) The Customer shall pay the Dealer all expenses incurred by the Dealer on account of taxes, levies and duties imposed on any transactions which are entered into between the Customer and the Dealer or by the Dealer on behalf of the Customer.

8. Lien and Set-Off

- (a) The Dealer shall be entitled to exercise a right of lien on all monies, deposits and securities belonging to the Customer pending the settlement of all amounts which are due and owing from the Customer to the Dealer.
- (b) The Dealer shall also be entitled to exercise a right of set-off and appropriate any sum standing to the credit of the Customer in any account towards the satisfaction of the amounts due from the Customer to the Dealer.

9. Deal Confirmations and Customer Statements

- (a) The Dealer shall send a written confirmation for each transaction entered into on behalf of the Customer.
- (b) The Customer shall make use of the facilities afforded by the Central Bank of Sri Lanka to receive periodic statements in electronic form or through the postal system. In addition, the

Customer may also view the status of their transactions through the facilities provided by the Central Bank of Sri Lanka for such purpose.

- (c) The Customer shall inform the Dealer in writing of any errors in confirmations or statements issued by the Dealer or the Central Bank of Sri Lanka **within 14 days** of receipt of such statement or confirmation.
- (d) The Customer shall agree to provide instructions to the dealer pertaining to the maturity proceeds at least seven calendar days prior to maturity. In the event of the Dealer not having any instructions with respect to the manner in which the maturity proceeds are to be dealt with, the Dealer may reinvest such proceeds for a period not exceeding the period of the earlier transaction, in accordance with the Customer Charter issued by the Central Bank of Sri Lanka to Primary Dealers.

10. Notices

The Dealer and the Customer shall notify each other of the names and designations of persons to whom any notice in terms of this Agreement should be sent together with their addresses, facsimile contact numbers or e-mail addresses as may be applicable. Each of the Customer and the Dealer may rely on the information provided as aforesaid until it has received notice in the manner specified above of any change and has had a reasonable time to act (after which time it may rely on the change).

11. Complaint resolution

The Dealer would resolve any complaints which it has received from the Customer in accordance with the complaints resolution procedure set out in Section 14 of the Customer Charter issued by the Central Bank of Sri Lanka to primary dealers. The said section is also included hereto as Annexure 1.

12. Amendments

The Dealer shall provide the Customer in writing and with no less than one months' notice with regard to any amendments, alterations to the services which it provides to customers.

13. Language of communication

The Dealer's preferred language of communication is English. Alternatively, the Customer may request that any information/documentation relating to any transactions to be entered into by the Customer with the Dealer be provided to him in either Sinhala or Tamil language.

14. Applicable Law

The Dealer shall at all times act in accordance with all applicable written law in Sri Lanka in the carrying out of its responsibilities, duties and functions and in the provision of services to the Customer.

IN WITNESS WHEREOF the parties have executed this document in duplicate on the date month and the year specified above at Colombo.

First Capital Treasuries PLC

Signature :.....

Name :[.....]

Title :[.....]

Witness

1

Name: [.....]

Signature :.....

Name :[.....]

Title :[.....]

2.

Name :[.....]

[Where **CUSTOMER** is an individual/joint]

Signature (1) :.....

Name :[.....]

Witness

1.

Name:

Signature (2) :.....

Name :[.....]

2.

Name :.....

[Where **CUSTOMER** is a corporate]

The common seal of

was affixed hereto in Colombo in the Seal affixed and

Directors sign presence of

Director and Director

who do hereby attest the sealing hereof on this..... day

of 20.....

Sign (1)

Sign (2)

Witness

2.

Name:

2.

Name :.....

OR

Signed by, (Authorised Signatories of the Company at Colombo on this day of 20.....)

Signature (1) :.....

Witness

1.

Name:

Signature (2) :.....

2.

Name :.....

14. **Complaints Resolution**

- 14.1. A Primary Dealer must seek to resolve any complaints with Customers.
- 14.2. When a Primary Dealer receives an oral complaint, it must offer the Customer the opportunity to have this handled in accordance with the Primary Dealer's complaints process.
- 14.3. A Primary Dealer must have in place a written procedure for the proper handling of complaints. This procedure needs not apply where the complaint has been resolved to the complainant's satisfaction within five business days, provided however that a record of this fact is maintained. At a minimum this procedure must provide that:
- (a) the Primary Dealer must acknowledge each complaint in writing within five business days of the complaint being received;
 - (b) the Primary Dealer must provide the complainant with the name of one or more individuals appointed by the Primary Dealer to be the complainant's point of contact in relation to the complaint until the complaint is resolved or cannot be progressed any further;
 - (c) the Primary Dealer must provide the complainant with a regular update, in writing, on the progress of the investigation of the complaint at intervals of not greater than 20 business days, starting from the date on which the complaint was made;
 - (d) the Primary Dealer must attempt to investigate and resolve a complaint within 40 business days of having received the complaint; where the 40 business days have elapsed and the complaint is not resolved, the Primary Dealer must inform the complainant of the anticipated timeframe within which the Primary Dealer intends to resolve the complaint and must inform the Customer that they can refer the matter to the Financial Ombudsman, and must provide the Customer with the contact details of such Ombudsman; and
 - (e) within five business days of the completion of the investigation, the Primary Dealer must advise the Customer in writing, of:
 - (i) the outcome of the investigation;
 - (ii) where applicable, the terms of any offer or settlement being made;
 - (iii) that the Customer can refer the matter to the Financial Ombudsman, and
 - (iv) the contact details of Financial Ombudsman.

- 14.4. A Primary Dealer must maintain an up-to-date log of all complaints from Customers subject to the complaints procedure. This log must contain:
- (a) details of each complaint;
 - (b) the date the complaint was received;
 - (c) a summary of the Primary Dealer's response(s) including dates;
 - (d) details of any other relevant correspondence or records;
 - (e) the action taken to resolve each complaint;
 - (f) the date the complaint was resolved; and
 - (g) where relevant, the current status of the complaint which has been referred to the Financial Ombudsman.
- 14.5. A Primary Dealer must maintain up to date and comprehensive records for each complaint received from a Customer.
- 14.6. A Primary Dealer must undertake an appropriate analysis of the patterns of complaints from Customers on a regular basis including investigating whether complaints indicate an isolated issue or a more widespread issue for Customers. This analysis of Customer complaints must be escalated to the Primary Dealer's compliance/risk function and senior management.