CUSTOMER AGREEMENT FOR TRANSACTIONS OF GOVERNMENT SECURITIES (CAGS)

This Agreement is entered into on this (**Date**) ……………. between NSB Fund Management Co. Ltd a Company incorporated in Sri Lanka (Registration No. PB 795) being an authorized Primary Dealer and having its registered address at , No.400, Galle Road, Colombo 03, Sri Lanka (hereinafter referred to as the "DEALER" and which shall include its successors and assigns) and(**Name/s**)……….
(**NIC.NO./CompanyReg. No**)……………...……..…………………of (**Address**)………...……………………………………….
……………………………………Hereinafter referred to as the "CUSTOMER" and which shall include its successors and assigns).

(each a "Party" and together "Parties")

Interpretation

a) **Customer-** Any Person who purchase or sells or otherwise acquires or disposes of any product or any service therein or an interest therein through NSB Fund Management Co. Ltd (NSBFMC) or who negotiated with NSBFMC 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.

b) **Purpose of CAGS -** This CAGS covers the responsibilities, duties and legal liabilities between NSBFMC and the customer (Eligible investor) during the contract period of the securities investment in line with the schedule 1 of the Local Treasury Bills Ordinance, No 8 of 1923.

c) **Treasury Bills/Bonds** - A negotiable debt obligation/instruments backed by the Government of Sri Lanka under the Local Treasury Bills Ordinance No. 08 of 1923 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 bills and Treasury bonds.

d) **Eligible Investors for Treasury Bills and 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 and investor categories that time to time decided by the Central Bank of Sri Lanka.

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 NSBFMC. That is, the date on which the buyer must pay for the scripless securities delivered by the seller.

g) **Scripless Securities -** The scripless government securities are 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'.

h) **Securities Account -** Means an account maintained in LankaSecure by a direct participant to record title and interests in Scripless treasury bills and bonds of such direct participant and if such direct participant is a dealer direct participant, of its customers.

General Conditions

Introduction

These General Conditions shall apply to any transactions entered into between the Customer and the bank/primary dealer (collectively "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.

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 (defined below) or do any other thing, subject to system rules applicable to Dealer Direct Participants of the Scrip less 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 Bills and proceeds of transactions in Scripless Treasury Bills to which the Customer is entitled.

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.

1. Communications

Unless otherwise agreed, the Customer or the Dealer may give instructions to the other in writing, by facsimile transmission or by any means of electronic communication, acceptable to the Dealer. 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.

2. 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 standards and practices of the primary dealer industry.

b) Neither the Customer nor the Dealer will 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.

3. 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.

4. Liability and Indemnity

   a) Neither the Dealer nor Customer shall have any liability for any indirect, incidental or consequential loss or damages.

   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 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.

5. 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.

6. 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.

7. 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 should 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 (https://www.cbsl.lk/lankasec/).

   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 agrees to provide instructions 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 available in website "cbsl.gov.lk"

8. 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).

9. Complaint resolution

The Dealer would resolve any complaints which it has received from the Customer in accordance with the complaint's resolution procedure set out in Section 14 of the Customer Charter issued by the Central Bank of Sri Lank to primary dealers.

10. Amendments

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

11. 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.

12. Applicable Law

The Dealer shall at all times act in accordance with all applicable written law 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 on the respective dates specified below with effect from the date specified on the first page of this document.

NSB Fund Management Co. Ltd

By: .... By: …………………………………………….

(Authorized Officer) (Authorized Officer)

Name: Name:

Title: Title :

Date: Date :

[*Where CUSTOMER is an individual*]

Signature(s): (1) ……………………………. (2)…………………………………… (3)……………………………………

Name (1) Name: (2) Name: (3)

Witness: (1)……………………………… (Name)…………………….…………

Witness: (2)……………………………… (Name)…………………………………..

Date : ………………………

[*Where CUSTOMER is incorporated*]
The common seal of …………………….Limited)
was affixed hereto in Colombo in the)
Seal affixed and Directors sign presence of ……)
………………………….................. Director)
and ……………………………………. Director) …………………….. …………………….
who do hereby attest the sealing hereof)

<u>Witness</u>

	Name	NIC No.	Signature
1.			
2.			

OR

Signed by ………………………………………………,)
Authorized Signatory of the Company at ………..) Signature

<u>Witness</u>

1.

2.

<u>STANDARD SERVICE AGREEMENT</u>

THIS AGREEMENT is made for the above customer stated in Customer Agreement for Transactions of Government Securities (CAGS) between the said customer and **NSB FUND MANAGEMENT COMPANY LTD** a company duly incorporated under Companies Act No.07 of 2007 bearing registration No PB 795 and having its registered office at No.400, Galle Road, Colombo 03 in the said republic of Sri Lanka (hereinafter referred to as "NSB FMC"). NSB Fund Management Company is wholly owned subsidiary of National Savings Bank and authorized primary dealer of the Central Bank of Sri Lanka. NSB FMC mainly provides the investment services for Treasury Bills, Treasury Bonds, Repurchase Agreement, Reverse Repurchase Agreements, Corporate Debentures & Custodian Services.

Applicable Legal Provision

In terms of the provisions of the Local Treasury Bills Ordinance No. 8 of 1923 (LTBO) and the Registered Stock and Securities Ordinance No 7 of 1937 (RSSO) and the Local Treasury Bills (Primary Dealers) Regulations No. 01 of 2009 made under section 16 of the LTBO and the Registered Stock and Securities (Primary Dealers) Regulations No. 01 of 2009 made under section 55 of the RSSO.

General Principles

NSB Fund Management Co Ltd will ensure that in all its dealing with Customers and within the context of its authorization it:

(a) acts honestly, fairly and professionally in the best interests of its customers and the integrity of the market
(b) acts with due skill, care and diligence in the best interests of its customers
(c) does not recklessly, negligently or deliberately mislead a customer as to the real or perceived advantages or disadvantages of any investment
(d) seeks from its customers information relevant to the investment
(e) makes full disclosure of all relevant material information, including all charges, in a way that seeks to inform the customer
(f) seeks to avoid conflicts of interest
(g) corrects errors and handles complaints speedily, efficiently and fairly
(h) does not exert undue pressure or undue influence on a customer

(i) ensure that the name of any investment is not misleading in terms of the benefits that the investment can deliver to a customer

(j) ensure that all instructions from a customer are processed properly and promptly

(k) ensure that any funds received by it in favor of a customer, are credited to that account by close of the business day on which the funds are received

(l) where NSB FMC deals with a person who is acting for a customer under a power of attorney NSB FMC will;

- Obtain a certified copy of the power of attorney
- Ensure that the power of attorney allows the person to act on the customer's behalf and operate within the limitations set out in the power of attorney.

Provision of Information

(a) If NSB FMC ceases operations, merges with another, or transfers all or part of its activities to another Primary Dealer, NSB FMC will;

- Provide at least two months' notice to its customers to enable them to make alternative arrangements
- Ensure all outstanding transactions are properly completed or inform the customer of how continuity of services will be provided following the transfer or merger.

(b) NSB FMC ensures that where it communicates with a Customer using electronic media, it has in place appropriate arrangements to ensure the security of information received from the Customer and the secure transmission of information to the Customer

A Customer's obligations toward a Primary Dealer

It is imperative that the Customer informs NSB FMC at all times of any changes to his/her address and contact details to facilitate to contact the Customer at any time and to ensure that Customer registration details in the CDS are current and accurate

(a) The Customer should have the complete understanding of the product/service offered by the Primary Dealer before entering into the contract.

(b) The Customer should duly fill and submit the required application forms and supporting documents in time.

Compliance with Customer Charter

NSB FMC hereby confirms that it is governed by the Customer Charter which offers protection to Customers and that the Charter can be found on the Central Bank's website www.cbsl.gov.lk.

I confirm having received a copy of the NSB FMC Standard Service Agreement

……………………………………	…………………………………	……………………….…...
Signature of Applicant	Signature of 1st Joint Applicant	Signature of 2nd Joint Applicant

Date :

FOR OFFICE USE ONLY

Client Code: ……………..	Introduced By: ………………..	Checked By : …………….
Client CDS Code: ……………..	Branch Code : ………………..	Authorized By: …………….