

CUSTOMER AGREEMENT OF GOVERNMENT SECURITIES (CAGS)

This Agreement is entered into on this (effective date) between DFCC Bank PLC a Company incorporated in Sri Lanka (Registration No. PQ233) being a commercial bank and having its registered office at No.73/5, Galle Road, Colombo 03 (hereinafter referred to as the “DEALER” and which shall include its successors and assigns) and

***Note: Delete the inappropriate and fill in the relevant clause**

(Company)

....., a Company duly incorporated under the Companies Act No. 07 of 2007 and assigned with the Registration No.....and having its registered office at Sri Lanka hereinafter sometimes called and referred to as “ Customer ” (which term or expression shall where the context so requires mean and include the said and its successors and permitted assigns) of the other part

(Individual)

.....(holder of NIC No.....v) carrying on business at (hereinafter referred to as the “Customer” which term or expression as herein used shall where the context so requires or admits mean and include the saidhis/her heirs, executors/administrators and/or permitted assigns) of the other part

(Proprietorship)

..... (holder of NIC No.....v) carrying on business as a proprietorship in the name and style of“ ”at..... (hereinafter referred to as the “Customer” which term or expression as herein used shall where the context so requires or admits mean and include the said his/her heirs, executors/administrators and/or permitted assigns) of the other part

(Partnership)

..... (Names of the partners) (holders of NIC No.....v,v,v,v,v) carrying on business as a partnership in the name and style of.....(Registration Number.....) at(hereinafter sometimes referred to as the “Customer” which term or expression as herein used shall mean and include the said(their executors, administrators and/or permitted assigns) of the other part

(Each a “Party” and together the “Parties”).

WHEREAS the Dealer is a clearly identified as a Direct Dealer in Government Securities licensed by the Central Bank of Sri Lanka and the Customer's engagement is limited to investments in Government Securities under Sri Lankan law.

AND WHEREAS the Customer desires to invest in government securities through the Dealer in accordance with the laws of Sri Lanka;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and undertakings hereinafter set forth, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATIONS

- (a) Customer - Refers to any individual or entity who is an eligible investor and engages in the purchase, sale, or any form of transfer involving Government Securities related transactions and services offered through DFCC BANK PLC. This includes anyone who negotiates with the Dealer for potential investments, as well as their legal representatives (such as those holding Power of Attorney), successors, assigns, and, in the case of individuals, their heirs and legal representatives.
- (b) Purpose of the Agreement-This agreement outlines the rights, responsibilities, and legal obligations between DFCC BANK PLC (Dealer) and the Customer (an eligible investor) during the term of a government securities investment.
- (c) Treasury Bills- Treasury Bills are short-term debt instruments issued by the Government of Sri Lanka through the Central Bank of Sri Lanka under the Local Treasury Bills Ordinance No. 8 of 1923 .
- (d) Treasury Bonds- Treasury Bonds are medium- to long-term government debt instruments issued by the Central Bank of Sri Lanka ,under the Registered Stock and Securities Ordinance No. 7 of 1937.
- (e) Eligible Investors - May include
(a)citizens of Sri Lanka;
(b) companies incorporated under the laws of Sri Lanka; and
(c) any person resident outside Sri Lanka, including country funds, regional funds, investment funds, and mutual funds established outside Sri Lanka, subject to the provisions of, and any restrictions imposed by, applicable written law.(hereinafter referred to as Foreign Investors)
- (f) Trade Date - The date on which an order to buy, sell, or otherwise transact in a security is executed in the market.
- (g) Settlement Date -
/Value Date The date by which the Customer must pay for securities and the seller must deliver them. This marks the official completion of a trade.

- (h) Scripless Securities – Government securities issued and held in digital form (no physical certificates). Transactions are processed and recorded electronically through the Lanka Secure system, which includes the Scripless Securities Settlement System (SSSS) and the Central Depository System (CDS).

2. APPOINTMENT

The Customer hereby appoints the Bank as its non-exclusive agent/dealer to purchase, sell, hold, and otherwise deal in Government Securities issued by the Government of Sri Lanka, including but not limited to Treasury Bills and Treasury Bonds (hereinafter referred to as “Securities”).

The Bank agrees to act in such capacity subject to the terms and conditions set out herein and in accordance with applicable laws and regulations.

3. SCOPE OF SERVICES

The Bank shall:

- a) Execute the purchase and sale of Securities on behalf of the Customer
- b) Maintain accurate records of all transactions and securities holdings
- c) Facilitate settlement of transactions through the Central Depository System (CDS) / Lanka Secure
- d) Credit all interest, maturity proceeds, and sale proceeds to the Customer’s designated account
- e) Provide transaction confirmations and periodic statements to the Customer

4. OBLIGATIONS OF THE CUSTOMER

4.1 Authorized Representatives

The Customer shall provide the Dealer with the names and credentials of all persons authorized to act on their behalf under this Agreement.

4.2 Authority to Open and Maintain Accounts

The Customer shall authorize the Dealer to open and manage CDS accounts in the name of the Customer to hold Government Securities.

4.3 Error Reporting

The Customer agrees to report in writing any discrepancies or errors in confirmations or statements issued by the Central Bank or the Dealer within fourteen (14) days of receipt. Failure to report within this period may be deemed acceptance of the statement.

5. OBLIGATIONS OF THE BANK

5.1 Discretionary Transactions

The Dealer is authorized to carry out specific transactions on behalf of the Customer, without requiring prior instructions, as may be identified and agreed upon in this Agreement.

5.2 Execution of Instructions

The Dealer is authorized to execute all instructions issued by the Customer, subject to the prevailing rules and regulations governing Government Securities

5.3 Receipt of Maturity and Transaction Proceeds

The Dealer is authorized to receive, maturity proceeds from Government Securities to which the Customer is entitled, on behalf of the Customer and proceeds of Transactions in Scripless Treasury Bills and Bonds carried out on a Delivery versus Payment or Receive versus Payment basis for the Customer.

5.4 Dealer Liability

The Dealer shall be liable to the Customer for any loss arising due to gross negligence or default on the part of the Dealer, or its employees or agents, in fulfilling its obligations.

5.5 Rectification of Errors

The Dealer may correct any erroneous debit or credit to the Customer's CDS Account with immediate effect upon receipt of notice of the same or identifying the same on its own with written notice to the Customer of such rectification.

5.6 Provision and Updating of Information

The Customer shall promptly provide all information required by the Dealer for the opening and maintenance of CDS Accounts. The Customer must also promptly update such information upon the occurrence of any change.

5.7 Compliance with Law

The Dealer agrees to act at all times in accordance with the applicable written laws of Sri Lanka, in the performance of its duties and responsibilities under this Agreement.

6. FEES AND CHARGES

- (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.

7. CUSTOMER INDEMNITY

The Customer agrees to indemnify the Dealer against any loss or liability arising from the execution of instructions given in accordance with this Agreement, provided that such loss is not due to gross negligence or default by the Dealer.

8. COMMUNICATION METHODS

Instructions or notice between the parties may be given in writing or through electronic means acceptable to the Dealer, in accordance with agreed security procedures.

9. NOTICES

All notices, requests or communications between the Parties under this Agreement shall be in writing and either delivered personally, by registered post, electronic mail or by facsimile to the following addresses

Contact information for "Dealer"

Email address/es:

Postal address: 73/5 Galle Road, Colombo 03.

Contact information for “Customer”**Email addresses:****Postal address:**

A Notice if:

1. sent by email, shall be deemed to be received on the date on which it was sent, unless an automated notice informing the sender of the failure of delivery of such email is received by the sender immediately upon such email being sent;
2. delivered by facsimile transaction, shall be deemed to be received on the date of transmission, unless an automated notice informing the sender of the failure of delivery of such facsimile is received by the sender immediately upon such facsimile being sent; or
3. sent by registered post or courier, shall be deemed to have been given seven days after the day on which it was posted

10. RISK DISCLOSURE

(i)The Customer acknowledges that:

- a) Government Securities are subject to market risks including interest rate fluctuations;
- b) Prices may vary prior to maturity;
- c) Past performance is not indicative of future returns;
- d) The Bank does not guarantee any returns unless explicitly stated for primary issues.

(ii)Foreign Investors additionally acknowledge:

- a)Exchange rate risk
- b)Potential currency losses

11. REGULATORY COMPLIANCE

Both parties agree to comply with:

- a)Local laws governing Government Securities
- b)Directions issued by the Central Bank of Sri Lanka
- c)Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements
- d)The Customer agrees to provide all necessary documentation upon request.

12. LIABILITY

- a) The Bank shall act in good faith and with reasonable care in executing transactions.
- b) The Bank shall not be liable for losses arising from market movements, delays beyond its control, or regulatory changes.
- c) The Bank shall not be responsible for indirect or consequential losses.

13. TAXATION

The Customer agrees that:

- a) Investments may be subject to taxes in Sri Lanka
- b) The Bank may deduct withholding taxes
- c) The Customer is responsible for own tax compliance

14. FOREIGN INVESTOR PROVISIONS

Where the Customer is a Foreign Investor:

- a) Investments shall comply with: regulations of the Central Bank of Sri Lanka and the Foreign Exchange Act, No. 12 of 2017
- b) The Customer shall operate a Designated Account (IIA or equivalent)
- c) All funds must be routed through approved banking channels
- d) Subject to applicable laws, the Customer may repatriate, capital invested, interest income and sale/maturity proceeds

15. EVENT OF DEFAULT/TERMINATION EVENT

(i) The following shall constitute Events of Default under this Agreement

- (a) any of the Parties fails to perform obligations hereunder ;
- (b) any of the representations made by a party hereunder is a false or misleading in any material aspect;
- (c) an Act of Insolvency in respect of a Party ;
- (d) any other contractual relationship between the Parties is terminated other than as a result of the effluxion of time;
- (e) if the Customer being an individual, dies or becomes of unsound mind or otherwise incapacitated;

(ii) the Defaulting Party shall be obliged to notify the Non Defaulting Party of the occurrence of any Event of Default in respect of the Defaulting Party ,if which the Defaulting Party shall become aware;

(iii) if any Event of Default occurs the Non Defaulting Party may serve a Termination Notice upon the Defaulting Party.

16. COMPLIANCE WITH LAW

The Dealer agrees to act at all times in accordance with the applicable written laws of Sri Lanka, in the performance of its duties and responsibilities under this Agreement.

17. LIEN AND SET-OFF

The Dealer may exercise lien and the right of set-off over any customer funds or securities pending full settlement of dues.

18. DISPUTE RESOLUTION

In the event of any disagreement , dispute, or difference arising between the parties hereto with regard to or touching any term or condition herein or in any manner related to or connected with any right, liability or obligation hereunder shall be resolved by the parties amicably.

Where the parties are unable to arrive at an amicable settlement of any disagreement , dispute or difference, the matter in dispute shall be referred to the appropriate Court of Law to be resolved in terms of the prevailing law of Sri Lanka.

19. AMENDMENTS

The Dealer shall provide no less than thirty (30) calendar days' notice for any amendments to this Agreement.

20. LANGUAGE

This Agreement shall be executed in English. The Customer may request translations into Sinhala or Tamil where necessary.

21. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Democratic Socialist Republic of Sri Lanka.

22. ENTIRETY OF AGREEMENT

This Agreement, represents the entire and integrated Agreement between the parties and supersedes all prior negotiations, representations and MOUs, whether written or oral.

23. SEVERABILITY

Should any portion of this Agreement be judicially determined to be illegal or unenforceable, the remainder of the Agreement shall continue in full force and effect, and either party may renegotiate the terms affected by the severance.

24. FORCE MAJEURE

Neither party will be liable for delay or non-performance of its obligations due to force majeure. Force Majeure shall include floods, strikes, fire, civil commotion, riots, government regulations / legislative requirements which prevent the party so affected by the Force Majeure from performing its duties. In the event of either party being prevented or delayed from carrying out its obligations hereunder due to Force Majeure, the party so labouring under Force Majeure, shall immediately notify the other party of the commencement of such event of Force Majeure and upon the termination of such event of force majeure (which shall be notified by the one party to the other) this Agreement shall continue. Provided however, that in the event of force majeure results in this Agreement being frustrated by the performance of obligations hereunder being rendered impossible or by such event of force majeure continuing over a long period of time, resulting in the other party's objective in entering into these presents being defeated, the party not affected by the event of force majeure, may with written notice to the party laboring under the event of force majeure, terminate this Agreement with immediate effect.

25. WAIVER

Failure by the Dealer at any time to enforce the provisions of the contract shall not be construed as a waiver of any such provisions. Such failure to enforce shall not affect the validity of the contract or any part thereof or the right of the Dealer to enforce any provision at any time in accordance with its terms.

26. CONFIDENTIALITY

Each party agrees to take the necessary precautions to maintain the confidentiality of this Agreement and the Confidential Information of the other party disclosed in connection with this Agreement by using at least the same degree of care as such party employs with respect to its own Confidential Information of a like kind or nature. Each party represents to the other that it exercises reasonable care to protect its own Confidential Information. Each party agrees at all times to hold in strict confidence for the other party, to use only for the purposes of this Agreement, and not to print, publicize, or otherwise disclose to any third party, Confidential Information of the other party. Confidential Information does not include information that is: (i) generally available to the public on an unrestricted basis; (ii) previously known or independently developed outside this Agreement by the other party;

(iii) lawfully disclosed by a third party; or (iv) not identified in writing as confidential and that is not otherwise reasonably understood to be confidential by its nature.

27. INTELLECTUAL PROPERTY RIGHTS

(a) The Parties acknowledge that each party owns all the Intellectual Property Rights that are created in whole or in part by the respective party and shall belong to such party and are the sole property of that party.

(b) During the term of this Agreement, one party shall not use any Intellectual Property owned by the other party either for itself or for any other purpose than the scope covered under this Agreement and shall at all times keep each other informed of any violation or possible infringement of such Intellectual Property Rights of both parties.

28. NON TRANSFERABILITY

The rights and obligations of the parties shall not be capable of assignment by it without the prior written consent of the others in writing.

29. WARRANTIES

(a) Each party warrants that it has full power and authority to enter into and perform this Agreement and this Agreement, when executed will constitute binding obligations in accordance with its terms, and the execution and performance of the same and will not result in any breach of any provision of the Memorandum and Articles of Association of the Parties or result in any breach of any order, judgment or Agreement by which the Parties are bound.

(b) Each Party warrants that all licenses, consents, registrations, permits and authorities necessary to enable the Party to perform its obligations hereunder have been obtained and are and will remain valid and subsisting and that it has complied with and will continue to comply with all relevant legislation and guidelines laid down by any statutory or other regulatory authorities in performing its obligations under this Agreement .

30. DATA PROTECTION LAW

Both parties will comply with all applicable requirements of the Data Protection Act No.09 of 2022 (SL-PDPA) inclusive of the responsibilities of the data processors and data controllers when managing personal data of individuals.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

DFCC Bank PLC

Authorized Signatory 1: _____

Name: Mr. Sampath Jayasinghe

Designation: Vice President - Treasury

Date:

Authorized Signatory 2: _____

Name: Ms. Samathri Kariyawasam

Designation: Vice President – General Legal

Date:

***Note: Delete the inappropriate and fill in the relevant clause**

If the Customer is an Individual

Signed bybeing the Customer at
Colombo on thisday of Two
Thousand andin the presence of



Witnesses

- 1.
- 2.

If the Customer is a Proprietorship

Signed by, Proprietor
ofbeing
the Customer at Colombo on this
.....day of Two
Thousand and in the presence of



Witnesses

- 1.
- 2.

If the Customer is a Partnership

Signed by
.....
.....
being Partners of.....
being the Customer at Colombo on this
.....day of Two Thousand and
.....in the presence of



Witnesses

- 1.
- 2.

If the Customer is a Company

Signed by
and
the authorized signatories of
.....on



this day ofTwo
Thousand and.....at Colombo in the
presence of

Witnesses

- 1.
- 2.

The Common Seal of the within
named.....was
affixed hereto at Colombo on this day of
Two Thousand and in the presence of
.....and
.....two of the
Directors of the said Company who do hereby
attest the sealing thereof



Witnesses

- 1.
- 2.