

**CUSTOMER AGREEMENT**

THIS AGREEMENT is made and entered into on this ..... day of ....., ..... (the "Agreement"), by and between;

**Capital Alliance PLC; a company incorporated under the laws of Sri Lanka bearing Company Registration No: PB 554 with its registered address at Level 5, "Millennium House" 46/58, Nawam Mawatha, Colombo 02 and part of the Capital Alliance Holdings Group of companies (hereafter "Dealer");**

**And**

.....  
**(Full Name / Or Company Name of Applicant)**

.....  
**( NIC/Passport /or Company Registration No. as applicable)**

.....  
**(Permanent Address/ Registered Address of Applicant)**  
**(hereafter "Customer")**

.....  
**(Name of Joint Applicant)**  
.....  
**(NIC/PP /or Company Reg. No. as applicable)**

.....  
**(Permanent Address/ Registered Address of Joint Applicant)**  
**(Applicant and Joint Applicant, where applicable, to be jointly and severally referred to hereafter as "Customer")**

**WITNESSETH THAT:**

WHEREAS the Dealer is registered as a Dealer Direct Participant by the Central Bank in terms of the Registered Stock and Securities Ordinance and Local Treasury Bills Ordinance and is authorized to transact in Scripless Securities on behalf of its customers;

AND WHEREAS, the Customer is desirous of transacting in Scripless Securities or an interest therein through the Dealer and/or negotiating with the Dealer for the possible acquisition or disposition of such Scripless Securities or interest therein;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby covenant and agree as follows:

**1. DEFINITIONS**

- 1.1 Dealer shall mean Capital Alliance PLC
- 1.2 Customer shall be as defined above and shall include where the context so permits the permitted assigns of such Customer.
- 1.3 Scripless Treasury Bills shall mean scripless treasury bills issued in terms of the Local Treasury Bills Ordinance and includes treasury bills that have been converted into scripless treasury bills in terms of that Ordinance;
- 1.4 Scripless Securities means Scripless Treasury Bonds, Scripless Treasury Bills and securities issued by the Central Bank in scripless form in terms of the Monetary Law Act;
- 1.5 Central Bank means the Central Bank of Sri Lanka established by Section 5 of the Monetary Act
- 1.6 Securities Account means an account maintained in LankaSecure by Dealer to record title and interests in Scripless Treasury Bills and other scripless securities of its Customers;
- 1.7 LankaSecure means the Scripless Securities Depository System established in terms of the Monetary Law Act to electronically issue Scripless Securities, store holdings of and to record ownership and interests in such Scripless Securities and to settle transactions in Scripless Securities, which forms a component of LankaSettle;
- 1.8 LankaSettle means the Sri Lanka Real Time Gross Settlement and Scripless Securities Depository System established for the purposes of sections 62 A and 112A of the Monetary Law Act;

- 1.9 System Rules means the procedures and standards adopted by the Central Bank and issued to participants from time to time in terms of the Monetary Law Act which govern the operation of LankaSettle and participation by direct participants in LankaSettle.

## **2. DUTIES AND OBLIGATIONS OF DEALER**

Without prejudice to the duties and responsibilities vested in Dealer in terms of applicable written law:

- 2.1 Dealer will accept, establish and maintain Securities Account/s for Customer and accept deposits for the transactions contemplated hereby pursuant to the policies and procedures established by Dealer and in accordance with all rules regulations by-laws and guidelines of the Central Bank and other applicable statutory bodies.
- 2.2 Dealer will execute, clear and settle orders for the Customer in accordance with orders given by the Customer and make and receive payments on behalf of Customer subject to the System Rules established by the Monetary Law Act.
- 2.3 Dealer will promptly and accurately record on LankaSecure the particulars relating to the Customer as required by the System Rules when the Customer obtains title to or an interest in a Scripless Security;
- 2.4 Dealer will promptly and accurately record in LankaSecure any change of title or interest and other particulars relating to the ownership or interest of a Scripless Treasury Bill in a Securities Account.
- 2.5 Dealer will make payment to Customer of maturity proceeds due to the Customer on Scripless Securities or of other monies due to the Customer on account of transactions in Scripless Securities, and comply with directions, if any, issued by the Central Bank in that regard.
- 2.6 Dealer shall maintain proper books and records in respect of the dealings of the Dealer with or on behalf of the Customer and reasonable access shall be provided to the Customer to such books and records.
- 2.7 Dealer shall issue to Customers transaction confirmations in respect of transactions undertaken for Customer. Dealer will prepare and forward by electronic mail to Customer such transaction advice at his or her email address of record. In the event there is a return of email due to technical or other issues, Dealer will send the physical contract note through post or courier. Customer acknowledges that non-return of any email sent shall amount to delivery of the same to the given email address.
- 2.8 Dealer shall act in accordance with this Agreement and applicable written law and regulations in the carrying out of its responsibilities, duties and functions as a dealer direct participant in the provision of services to the Customer.
- 2.9 Dealer shall immediately notify Customer in writing if there is any change in the Dealer's details such as registered address, business name and licensing status with the Central Bank.
- 2.10 Dealer in its sole judgment, reserves the right to reject any Customer or order thereof and to terminate any Customer previously accepted by it, which right shall not be unreasonably exercised and in the case of rejection of any order, to be exercised upon written notice stating the reasons for such rejection.
- 2.11 Dealer hereby informs Customer that the Public Debt Department of the Central Bank has made available a facility for such Customer to receive periodic statements on their government securities account in the CDS in any electronic form through email or in posted form through the postal system. The Customer is also made aware that the Central Bank has made available a facility to view their securities account at the CBSL via the internet.

## **3. CUSTOMER AUTHORIZATIONS AND ACKNOWLEDGMENTS**

3.1 Customer hereby authorizes Dealer as follows:

- 3.1.1 to open and maintain Securities Accounts to hold Scripless Securities and interests therein of the Customer in accordance with instructions issued by the Customer and subject to applicable laws and regulations;
- 3.1.2 to carry out the transactions specified in letter confirmations (Confirmations) executed by the Customer and Dealer from time to time and forming part and parcel of this Agreement;
- 3.1.3 to execute instructions issued by the Customer as specified in this Agreement subject to the System Rules;
- 3.1.4 to receive maturity proceeds on Scripless Securities to which Customer is entitled
- 3.1.5 to rectify an erroneous debit or credit to the Securities Account with written notice to the Customer;

3.2 Customer acknowledges and agrees;

- 3.2.1 that it shall satisfy itself of the capacity of the Dealer to deal in Scripless Securities and shall from time to time continue to satisfy itself of such capability before executing orders through the Dealer;
- 3.2.2 that it shall immediately notify the Dealer in writing (along with relevant proof of information) if there is any change in the information in the Customer Registration Form provided by the Customer to the Dealer at the time of opening of the Securities Account or at any time thereafter;
- 3.2.3 that all orders are to be given in writing. Provided however that until such time as Dealer acknowledges electronic mail instructions of Customer by return mail, Customer instructions shall not be deemed delivered and Dealer shall have no liability for errors delays or losses caused as a result thereof;

- 3.2.4 that all communication with Dealer and/or its personnel should be via official communication channels including phone lines, facsimile and electronic mailing address as specified by Dealer in writing.
- 3.2.5 that any investment decisions made will be based solely on Customer's own evaluation of financial circumstances and investment objectives and Dealer is not granted any discretionary powers to make such decision on Customer's behalf ;
- 3.2.6 that any instructions to Dealer for cancellation revocation reversal or amendment or clarification of an earlier instruction can only be effected if request is received before the earlier instruction is executed;
- 3.2.7 that Dealer's records and any records of the instructions communications operation or transactions made or performed, processed or effected shall be binding and conclusive evidence of the transaction PROVIDED Customer has not reported in writing to Dealer any errors in confirmations or statements issued by the Central Bank or Dealer within 14 days of receipt of such confirmation or statement.
- 3.2.8 that it shall act in accordance with the terms and conditions of this Agreement, rules regulations circulars and other applicable written law in the trading or holding of Scripless Securities and other related actions.
- 3.2.9 that no settlement through cash shall be made by Dealer;
- 3.2.10 that acceptance, rejection or issuance of third party cheques on behalf of Customer and requests for issuing of receipts to third parties on behalf of Customer shall be at the sole discretion of the Dealer and in the event of exceptional circumstances only. Liability in respect of the same shall lie solely with Customer, and Customer shall have no claim or recourse to Dealer in respect of the same;
- 3.2.11 that by entering into this Agreement the Customer undertakes to abide by the provisions of Prevention of Money Laundering Act No. 05 of 2006 and Financial Transactions Reporting Act No 06 of 2006
- 3.2.12 that notwithstanding anything contained herein, the Dealer may in its absolute discretion refuse to accept and act on any Facsimile or electronic mail instruction from Customer and may request for a written confirmation of the same signed by Customer or its authorized representative and the Customer shall submit such confirmation to the Dealer immediately upon receipt of Dealer's request.
- 3.3 **Customer is hereby made aware that sales/marketing employees of Dealer are compensated by the generation of commission income from transactions carried out for the Customer by such personnel. The Dealer shall abide by its stated policies in relation to conflicts of interest between the Dealer and its Customers (as specified in Annex A hereto).**

#### **4. OTHER RIGHTS AND OBLIGATIONS OF THE PARTIES**

- 4.1 Without prejudice to the Dealer's other rights, the Dealer shall be entitled to liquidate/close out all or any of the Customer's positions for non-payment of amounts due, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the Customer's liabilities/ obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the Customer.
- 4.2 The Customer agrees to immediately furnish information to the Dealer in writing, if any winding up petition or insolvency petition has been filed or any winding up or insolvency order or decree or award is passed against it or if any litigation which may have material bearing on its capacity has been filed against it.
- 4.3 The instructions issued by an authorized representative of the Customer shall be binding on the Customer in accordance with the letter authorizing the said representative to deal on behalf of the said Customer.
- 4.4 The Dealer shall, except to the extent required for the proper conduct of its business and administration, maintain confidentiality in respect of Securities Accounts and transactions of Customer including any other matter connected therewith and shall not disclose to any person except to the Central Bank, any information relating to such accounts of a Customer unless authorized to do so in writing by the Customer or it is required to do so under any law or Order of Court. The above shall include the personal data of or related to Customer.
- 4.5 The parties hereto agree that they are subject to the Customer Charter promulgated by the Central Bank which offers certain protections to the parties. The Charter can be found in Sinhala, Tamil and English languages on the CBSL's website [www.cbsl.gov.lk](http://www.cbsl.gov.lk). Obligations applicable to Customer include inter alia those obligations set out in Clause 17 of the Charter as set out in Annex B hereto.
- 4.6 All communications hereunder including notices to be dispatched shall, based on Customer preference indicated in writing to Dealer, be in the Sinhala, Tamil or English language.
- 4.7 The Dealer shall act in accordance with applicable written law in the carrying out of its responsibilities duties and functions in the provision of services to the Customer.

**5. LIABILITY LIMITATION**

- 5.1 Dealer agrees and undertakes that it shall indemnify and save harmless Customer from all direct losses liability and damages suffered by Customer as a result of gross negligence, deliberate misconduct or willful reckless act on the part of Dealer and its personnel. It is specifically agreed and understood that this liability is limited to direct losses suffered by Customer and shall not extend to indirect or consequential loss or damages including any loss of profit or revenue even if the loss was reasonably foreseeable or a party had been advised of the possibility of such losses or damages.
- 5.2 Customer agrees and undertakes that it shall indemnify and save harmless Dealer from all direct losses liability and damages suffered by Dealer as a result of carrying out of instructions of the Customer in accordance with this Agreement where there has been no material act of contributory negligence or default on the part of the Dealer.

**6. TERMINATION**

- 6.1 Either Party shall be entitled to terminate this Agreement and its relationship with the other in respect of services specified in this Agreement with or without reason upon notice in writing to the other subject to settlement of financial and other obligations previously incurred.
- 6.2 This Agreement shall cease upon notification of the death of the Customer.
- 6.3 Notwithstanding any provision in this Agreement the Party not affected by the events specified below may forthwith by notice in writing to the affected Party terminate this Agreement and its relationship with the other in respect of services specified in this Agreement in the event of;
  - 6.3.1 the Dealer for any reason ceasing to be a dealer direct participant authorized by the Central Bank;
  - 6.3.2 a receiver, liquidator or trustee of either Party, or of any substantial part of its property, is appointed by court order or either Party is adjudicated bankrupt or insolvent; or a petition is filed against or by either party in respect of bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation proceedings;
  - 6.3.3 either Party makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator for it, or for all or any substantial party of its property.
- 6.4 Notwithstanding the above and in accordance with the Scripless Treasury Bills (Transactions) Regulations No.02 of 2004, this Agreement shall not be deemed terminated by Dealer until it has ceased to hold any Securities Account or to hold funds arising from Scripless Treasury Bills or from transactions therein for the Customer and has otherwise discharged its obligations to the Customer under applicable laws and this Customer Agreement.
- 6.5 It is further stated that notwithstanding any termination all rights, liabilities and obligations of the Parties arising out of or in respect of transactions entered into prior to the termination of this Agreement shall continue to subsist and vest in /be binding on the respective Parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

**7. MISCELLANEOUS**

- 7.1 Any amendments resulting from a change in the applicable rules and regulations and/or policy changes of Dealer shall be deemed incorporated herein and the relevant clauses amended or otherwise adjusted upon notification by Dealer to Client with no further action, including execution of a deed of amendment being required.
- 7.2 All notices, requests, demands, consents, instructions or other communications under this Agreement shall be in writing mailed or delivered to each party at its address above specified or by electronic mail/facsimile to the address notified by the respective party with proof of successful transmission retained. Any notices dispatched by registered mail to the address of the recipient shall be deemed received on expiry of three working days from posting. The parties shall immediately notify the other in writing in the event of any change in the mailing/delivery/facsimile/e-mail addresses provided by such party to the other. Upon failure to do so, any notices delivered to the last known address (whether mail fax or e-mail) shall be deemed validly given. Provided however that Customer acknowledges and agrees that any instruction or communication received by Dealer from Customer via facsimile transmission or electronic mail which appears on the face of it to originate from Customer or Customer's authorized representative shall be conclusively presumed for the Dealer's benefit to be duly authorized by and legally binding on the Customer, and the Customer shall be fully responsible for the same.

- 7.3 If any provisions or conditions of this Agreement shall ultimately be held to be invalid or unenforceable by any court, or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby.
- 7.4 Applicant and Joint Applicant shall jointly nominate the party to provide instructions both operational and transactional to Dealer, in the absence of which Dealer shall be entitled to follow instructions issued by any one of Applicant or Joint Applicant. In the event of conflicting instructions, Dealer shall be entitled to act in accordance with the instructions first received and/or not carry out either of the conflicting instructions till resolution by the parties. Customer agrees and acknowledges that there shall be no right of action jointly or severally against Dealer in respect of any acts or omission in relation to the joint account by the party's authorized representative and Dealer shall have no liability in respect of the same
- 7.5 In the case of inconsistency between the English, Sinhala and Tamil text of this Agreement, the English version shall prevail over others and the Sinhala and Tamil versions shall be construed accordingly.
- 7.6 In the event the Customer is dissatisfied with the service provided by the Dealer or any of its employees, Customer shall refer such complaint to authorized personnel of Dealer in accordance with the Complaints Resolution Procedure set out by the Dealer a summary of which is attached herewith as Annex A.
- 7.7 This Agreement shall be governed by the law of the Democratic Socialist Republic of Sri Lanka and the courts of Sri Lanka shall have exclusive jurisdiction in respect thereof.
- 7.8 Customer acknowledges and agrees that the opening of a Securities Account is conditional upon the completion and acceptance of the Customer Application Form, confirmation of Share Investment Account and other requirements mandated by Dealer.
- 7.9 In terms of the Financial Transactions Reporting Act No.6 of 2006 and the Prevention of Money Laundering Act No.5 of 2006 (as such Acts may be amended from time to time) the Customer hereby declares and affirms that:
- 7.9.1 the Customer is the sole beneficiary under this Agreement and enters hereunto in his/her own name and behalf;
- 7.9.2 the funds remitted by Customer to Dealer for transactions contemplated hereby are earned derived from or realized through legitimate sources and is not directly or indirectly attributable to any unlawful activity or the proceeds of any unlawful activity
- 7.10 This Agreement shall be binding upon the heirs, executors, administrators, legal representatives or successors, as the case may be, of the Parties.

IN WITNESS WHEREOF THIS AGREEMENT WAS MADE AND EXECUTED AS OF THE DATE SET FORTH ABOVE.

Capital Alliance PLC  
By:

*(Customer Name)*  
Signature:

Name:  
Title:

Name:  
Title:

Witnessed by:

Witnessed by:

*(Joint Applicant)*  
Client Signature:

Name:  
Title:

Witnessed by:

### Summary of Policy on Dealing with Customer complaints

Capital Alliance PLC is committed to providing you with transactions in Scripless Securities. We therefore welcome your feedback including complaints compliments and suggestions. We value your right to complain and will use all such feedback to improve the quality of services we provide to you. We will provide you with an accessible fair and equitable complaints handling process in order to address any issues that may arise. In summary, we agree to:

- acknowledge and resolve complaints expeditiously
- address complaints in accordance with their urgency
- keep complainants informed of the progress of their complaint

Process:

If you are unable to resolve the issue with the staff member you are dealing with or are not satisfied with the suggestions made for resolution by such staff member, please inform the Capital Alliance Compliance Officer (contact details given below) within 7 days of the issue so arising in order to allow us an opportunity to effectively deal with the issue. Each complaint made to the Compliance Officer shall be acknowledged in writing not less than five business days of the complaint being received except in the case of oral complaints which have been settled to the parties satisfaction within the said five business days. In default of any other person being appointed, the Compliance Officer shall be your point of contact in relation to the complaint until it is resolved or cannot be progressed further.

We will regularly update you in writing on the progress of the investigation at intervals of not greater than 20 business days.

We will make all reasonable endeavors to investigate and resolve complaints within 40 business days of having received the complaint; where the complaint is not resolved within the said period, we will keep you apprised of the anticipated timeframe within which we intend to resolve the complaint.

Within 5 business days of completion of any investigation, the compliance officer will inform you in writing of the outcome of the investigation and the terms of any offer or settlement being made.

You may in the event of undue delay or general dissatisfaction with the nature of the complaints resolution process or outcome, refer such matter to the Financial Ombudsman on the contact numbers given below. All complaints will be handled confidentially to avoid prejudicing any investigation or causing any unnecessary embarrassment.

Compliance Officer: [Tel:2317777](tel:2317777), Email : [compliance@cal.lk](mailto:compliance@cal.lk) Financial Ombudsman: Tel: 2595624, Email : [fosril@sltnet.lk](mailto:fosril@sltnet.lk)

### Summary of Policy on dealing with Conflicts of Interest

As a full service investment bank, the Capital Alliance Group offers a diverse range of products and financial services to its clients and may, from time to time, have interests which conflict with the interests of its clients. Capital Alliance is committed to managing conflicts of interest fairly.

Capital Alliance conflicts of interest policy applies to all employees, (full-time, part-time, fixed term and casual employees) and its directors and it in place systems and protocols to identify potential conflicts of interest.

Situations of particular concern include where the Group or an employee:

- is likely to make a financial gain, or avoid a loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interests of another client or group of clients over the interests of the client;
- carries on the same business as the client;
- receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Conflicts of Interest may arise since the Capital Alliance Group:

- may deal, as principal or agent, or be registered as a market maker in investments that are the subject of services we provide to other clients;
- we may be a financial adviser to an issuer of investments that are the subject of services provided to other clients;
- we may deal as agent, on behalf of a client, with a person who may be connected with us or may conduct an "agency cross" by matching client orders with orders of another party (who may be a person connected with us);
- we may make client recommendations regarding transactions in investments:
  - of a unit trust or investment scheme of which a person connected with us is a manager or trustee;
  - where the issuer is a person connected with us; or
  - in which we or a person connected with us has underwritten the issue;
- we may deal as agent, on behalf of a client in investments in respect of which we, a person connected with us, or another client is contemporaneously trading.

We have in place procedures and policies to ensure that conflicts of interest are identified in a timely manner and dealt with in an equitable manner in keeping with the principles of fair dealing. Where we become aware of any conflict of interest which cannot be reasonably avoided, we will as appropriate disclose the general nature of the conflict to the customer and undertake such business with or on your behalf only on your written acknowledgement that you are aware of the conflict and still wish to proceed.

**A Customer's obligations toward a Primary Dealer**

A Customer of a Primary Dealer should foster the relationship with the Primary Dealer fulfilling its obligations. In this regard:

- (a) The Customer should not advise the Primary Dealer to avoid recording their title in the CDS when they have purchased Government Securities from a Primary Dealer in return of any undue financial benefit.
- (b) If a Customer intends to withdraw/terminate the product/service before the end of the maturity period, she/he has to bear the compensation/discount/fines at the market rate prevailing at the time of such decision.
- (c) If a Customer is unable to settle any financial obligation to the Primary Dealer, as agreed, the Primary Dealer will have the right to recover the amount owing to it through any collateral. If the Primary Dealer is unable to settle the financial obligation as agreed, the Customer will have the right to recover the amount owing to them through any collateral.
- (d) If a Customer finds herself/himself in financial difficulties, she/he should let the Primary Dealer know as early as possible.
- (e) It is imperative that the Customer informs the Primary Dealer at all times of any changes to her/his 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.
- (f) The Customer should have the complete understanding of the product/service offered by the Primary Dealer before entering into the contract.
- (g) The Customer should duly fill and submit the required application forms and supporting documents in time.
- (h) The Customer should exercise due care in all transactions with the Primary Dealer.
- (i) The Customer should ensure that she/he receives an acknowledgement/account statement from the Primary Dealer for her/his transactions with the Primary Dealer. The Customer then should carefully pursue acknowledgement/statement received from the Primary Dealer and notify the Primary Dealer promptly of any errors/omissions/suspected transaction/s in a prompt manner