

## CAS CLIENT AGREEMENT

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

**Capital Alliance Securities (Pvt) Ltd; (hereafter "Stockbroker"); a company incorporated under the laws of Sri Lanka bearing Company Registration No: PV 6329 with its registered address at Level 5, "Millennium House" 46/58 Nawam Mawatha Colombo 2, a Trading member of the Colombo Stock Exchange and licensed by the Securities & Exchange Commission of Sri Lanka.**

**And**

.....  
**(Full Name / or Company Name of Principle Applicant)**

..... **(NIC/PP /or Company Reg. No. as applicable)**

.....  
**(Name of Joint Applicant)**

..... **(NIC/PP /or Company Reg. No. as applicable)**

.....  
**(Name of Joint Applicant)**

..... **(NIC/PP /or Company Reg. No. as applicable)**

.....  
**(Permanent Address/ Registered Address of Principle Applicant)**

.....  
**(Permanent Address/ Registered Address of Joint Applicant)**

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

WITNESSETH THAT:

WHEREAS the Stockbroker is registered as a stock broker of the Colombo Stock Exchange ("Exchange") under license issued by the Securities and Exchange Commission of Sri Lanka and desires to make a broad range of securities brokerage services available to its customers; and

WHEREAS, the Client is desirous of investing and trading in securities and other instruments admitted to dealings in the Exchange and wishes to execute its orders through the Stockbroker;

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. Duties and Obligations of Stockbroker:
  - 1.1 Stockbroker will accept, establish and maintain securities account/s for Client pursuant to the policies and procedures established by Stockbroker and in accordance with all rules regulations by-laws and guidelines of the Exchange, Securities and Exchange Commission of Sri Lanka, the Central Depository System, Central Bank (including the Financial Intelligence Unit of the Central Bank), Exchange Control Department and other applicable statutory bodies.
  - 1.2 Stockbroker will execute, clear and settle orders for the Client account in accordance with orders given by the Client.
  - 1.3 Stockbroker will prepare, print and mail to Client at his or her address of record contract notes and statements of account. Stockbroker shall have no liability or responsibility in respect of postal delays or other delay in dispatch due to circumstances beyond Stockbroker's control. Statements of account shall be provided only to those Clients who are debtors over Trade Day + 3(T+3) and shall be prepared on monthly basis by the 7th day of the following month. Interest charged on delayed payments shall be considered a transaction for determining debtors for this purpose.

- 1.4 Stockbroker shall on behalf of Client receive and hold securities, deliver securities, make and receive payment and hold in custody all Client securities executed through Stockbroker.
- 1.5 Stockbroker in its sole judgment, reserves the right to reject any Client or order thereof and to terminate any Client previously accepted by it as a customer, 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.
- 1.6 All transactions in Client account should be settled on the settlement date stipulated by the Exchange unless Client obtains a credit facility from Stockbroker or Stockbroker has received a duly and validly executed margin agreement between Client and licensed margin provider. Stockbroker shall have complete authority and control over the granting of credit facility to Client and nothing herein stated shall create any obligation or commitment on the part of Stockbroker to make such a facility available to Client.
- 1.7 Stockbroker shall immediately notify Client in writing if there is any change in the Stockbroker's details such as registered address, business name and licensing status with the Securities and Exchange Commission.
- 1.8 All money/ securities of Client in the custody and control of Stockbroker shall be kept in Client account separate and distinct from Stockbroker's own account. Money/security in Client account shall not be used by Stockbroker to guarantee or to secure any transaction of or to trade on behalf of or to extend credit of any person other than the Client.

## 2. Client acknowledgments

- 2.1 Client acknowledges and agrees;
  - 2.1.1 that it shall satisfy itself of the capacity of the Stockbroker to deal in securities and shall from time to time continue to satisfy itself of such capability before executing orders through the Stockbroker;
  - 2.1.2 that it shall immediately notify the Stockbroker in writing (along with relevant proof of information) if there is any change in the information in the Client Registration Form provided by the Client to the Stockbroker at the time of opening of the account or at any time thereafter;
  - 2.1.3 that it shall ensure that there are sufficient collateral at all times available in its account with Stockbroker to perform any trading instructions including via online services.
  - 2.1.4 that any investment decisions made will be based solely on Client's own evaluation of financial circumstances and investment objectives;
  - 2.1.5 that entering an order with the Stockbroker does not guarantee execution of the order, and that the Stockbroker shall not be responsible for any order that is not executed;
  - 2.1.6 that any instructions to Stockbroker 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;
  - 2.1.7 that all orders are to be given in writing and should verbal instructions be issued to Stockbroker personnel, Client shall take all attendant risks associated with it and Stockbroker shall have no liability in respect of any action or omission;
  - 2.1.8 that all communication with Stockbroker and/or its personnel including investment advisors should be via official communication channels include phone lines, facsimile and electronic mailing address as specified by Stockbroker in writing.
  - 2.1.9 that Stockbroker'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.
  - 2.1.10 that Stockbroker shall be entitled at its sole discretion to charge interest on delayed payments at an interest rate to be specified subject to the maximum interest rates specified by the CSE of 0.1% per day or as may be revised from time to time, and no cash settlement shall be made by Stockbroker;
  - 2.1.11 that acceptance, rejection or issuance of third party cheques on behalf of Client and requests for issuing of receipts to third parties on behalf of Client shall be at the sole discretion of the Stockbroker and in the event of exceptional circumstances only. Liability in respect of the same shall lie solely with Client, and Client shall have no claim or recourse to Stockbroker in respect of the same;
  - 2.1.12 that Stockbroker may provide access to its internally prepared and/or third party research reports and or other information or recommendations and that any investment decision based on such report or information or recommendation shall be Client's own decision and at his sole risk and liability.
- 2.2 Client shall be required to execute separate agreements in respect of any other facility it requires from Stockbroker including internet trading and credit facilities. Acceptance of such request by Client shall be at Stockbroker's sole discretion.
- 2.3 Client shall be aware of and shall abide by the rules and regulations governing investors on the Exchange. Client shall not attempt to create and/or participate in any manipulative trade or trading practices. Stockbroker shall have the right to inform the Exchange of any attempt on the part of the Client to take such prohibited action.

**2.4 Client is hereby made aware that investment advisors of Stockbroker are compensated by being paid commission on the generation of brokerage income from transactions carried out for the Client by such personnel.**

2.5 Client is responsible to check the status of the CDS account periodically and inform non-receipt of the contract notes, CDS statements and statement of accounts in writing, if any, to the Stockbroker under registered post.

### 3. Stockbroker Fees

Transactions up to Rs. 50 Million

Brokerage Fees	- 0.640%
CSE Fees	- 0.084%
CDS Fees	- 0.024%
SEC Fess	- 0.072%
Share Transaction Levy	- 0.300%
Total transaction fee	- 1.12%

Transactions over Rs. 50 Million

Minimum brokerage (floor)	- 0.200%
CSE Fees	- 0.0525%
CDS Fees	- 0.0150%
SEC Fees	- 0.0450%
Share Transaction Levy	- 0.300%

### 4. Risk Disclosure

**4.1 The Stockbroker declares that it has brought the contents of the Risk Disclosure Statement attached as Annex A to this Agreement to the notice of Client and made him aware of the significance of the said document.**

**4.2 The Client agrees that:**

**4.2.1 Client has read and understood the risks involved in trading on a stock exchange;**

**4.2.2 Client shall be wholly responsible for all Client's investment decisions and trades;**

**4.2.3 In case of adverse consequences or loss as a result of trading, Client shall be solely responsible for the same and Client will have no recourse in pleading that adequate disclosure regarding the risks involved was not made.**

**4.3 Stockbroker shall explain the contents of this Risk Disclosure Statement to Client and Client shall specifically execute the Risk Acknowledgement included therein. Annex A is considered part and parcel of this Agreement.**

### 5. Other Rights and Obligations of the Parties

5.1 Without prejudice to the Stockbroker's other rights, the Stockbroker shall be entitled to liquidate/close out all or any of the Client's positions for non-payment of amounts due, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the Client'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 Client.

5.2 The Client agrees to immediately furnish information to the Stockbroker 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.

5.3 The instructions issued by an authorized representative of the Client shall be binding on the Client in accordance with the letter authorizing the said representative to deal on behalf of the said Client.

5.4 The Stockbroker shall maintain complete confidentiality of Client information. Provided however that Stockbroker may disclose Client information with the prior written consent of the Client; and/or if the disclosure is required under any applicable law or under the rules of the Exchange or applicable statutory body.

5.5 The Stockbroker and the Client declare and agree that the transactions executed on the Exchange are subject to the terms of this Agreement, the Securities Account Terms and Conditions as defined in the Client Declaration and applicable Rules,

By-laws and Regulations and circulars issued thereunder of the Exchange, Securities and Exchange Commission and applicable statutory bodies.

- 5.6 If Client has a complaint against Stockbroker such Client shall, in the first instance, refer same in writing to the Compliance Officer of the Stockbroker within a period of three (3) months from the date of the disputed transaction/s. The Compliance Officer shall deal with the complaint and shall ensure that it is resolved expeditiously and satisfactorily. If Client is not satisfied with the decision taken by the Stockbroker or the manner in which the complaint was dealt with by the Stockbroker, the Client may refer the complaint to the Exchange.

## 6. Liability Limitation

Stockbroker agrees and undertakes that it shall indemnify and save harmless Client from all direct losses and damages suffered by Client as a result of gross negligence, deliberate misconduct or reckless act/omission on the part of Stockbroker personnel. It is specifically agreed and understood that this liability is limited to direct losses suffered by Client 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.

## 7. Termination

- 7.1 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.
- 7.2 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;
- 7.2.1 the Stockbroker for any reason ceasing to be a member of the Exchange including cessation of membership by reason of Stockbroker's default, resignation expulsion or other cancellation of license;
- 7.2.2 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;
- 7.2.3 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.
- 7.3 Notwithstanding any such 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.

## 8. Joint Account

- 8.1 Reference to Client in this Agreement shall mean and include Principle Account Holder and Joint Applicants jointly and severally. Client acknowledges and agrees that only Principle Account Holder shall have the right to initiate action against Stockbroker under this Agreement. Joint Account Holders shall have no direct right of claim against Stockbroker for any action, omission, loss or damage except through the Principle Account Holder.
- 8.2 Principal and Joint Account Holders shall jointly nominate the party to operate the securities account and/or instruct Stockbroker to accept instructions from any one of Principle or Joint Account Holder. In the event of conflicting instructions, Stockbroker 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. Client agrees and acknowledges that neither Principle nor Joint Account Holders have any right of action jointly or severally against Stockbroker in respect of any acts or omission in relation to the joint account by the party's authorized representative and Stockbroker shall have no liability in respect of the same.
- 8.3 Client acknowledges and agrees that all correspondence from Stockbroker including contract notes, monthly statements, general correspondence related to policy or interest changes etc. shall be deemed validly given to all account holders if sent by post, facsimile or electronic mail to the address of the Principle Account Holder. Trade confirmations in respect of email instructions shall be made directly to the party making such trading request.

9. Miscellaneous

- 9.1 Any amendments resulting from a change in the applicable rules and regulations and/or policy changes of Stockbroker shall be deemed incorporated herein and the relevant clauses amended or otherwise adjusted upon notification by Stockbroker to Client with no further action, including execution of a deed of amendment being required.
- 9.2 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.
- 9.3 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.
- 9.4 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.
- 9.5 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.
- 9.6 Client acknowledges and agrees that the opening of Client Account is conditional upon the completion and acceptance of the Client Registration Form, KYC Form, CDS Account Opening Application, CDS Declaration, confirmation of Share Investment Account and other requirements mandated by Stockbroker.

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

Capital Alliance Securities (Pvt) Ltd

*(Client Name/  
Principle Account Holder)*

By:

Client Signature:

Name:

Name:

Title:

Title:

Witnessed by:

Witnessed by:

*(Joint Applicant)*

Client Signature:

*(Joint Applicant)*

Client Signature:

Name:

Name:

Title:

Title:

Witnessed by:

Witnessed by:

**RISK DISCLOSURE STATEMENT**

- This Risk Disclosure Statement has been prepared in accordance with the requirements of the Stockbroker Rules Dated February 14, 2012 issued by the Colombo Stock Exchange and contains important information on trading in stocks listed on the Exchange.
- **ALL CLIENTS ARE STRICTLY ADVISED TO READ THIS DOCUMENT BEFORE TRADING ON THE EXCHANGE.**
- Stockbroker hereby specifically discloses the following basic Risks involved in trading on the Exchange (Equity and other instruments) and risk specific to discretionary authority granted by Client to Stockbroker under the Agreement;

**The prices of securities fluctuate, sometimes drastically. The price of a security may move up or down, and may even become valueless. Investment in equity shares, derivative or other instruments traded on the Exchange have varying elements of risk and there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale.**

Other risks involved in trading on the Exchange;

- **Risk of Low Liquidity:** Liquidity refers to the ability of market participants to buy and/or sell securities / contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. There may be a risk of lower liquidity in some securities as compared to active securities. As a result, an order may only be partially executed, not executed or may be executed with relatively greater price difference. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or for any other reason.
- **Risk of News Announcements:** Issuers make news announcements that may impact the price of the securities. These announcements may occur during trading, and may suddenly cause an unexpected positive or negative movement in the price of the security.
- **Risk of rumors:** Rumors about companies at times float in the market through word of mouth, newspapers, websites or news agencies, etc. Investors should be wary of and should desist from acting on rumors.
- **System Risk:** High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.
- **System/Network Congestion:** There exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby it may not be possible to establish access to the trading system/network of the Exchange, which in turn may result in delay in processing or not processing buy or sell orders either in part or in full.
- **Risk of expiry of options to rights and warrants :** An option applicant who neither sells the option nor exercises it prior to its expiration will necessarily lose the entire investment in the option. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires.

**Stockbroker makes no warranty or representation as the accuracy or completeness of this Risk Disclosure Statement. This brief statement does not disclose all risks and other significant aspects of trading.**

**Risk Declaration**

**The undersigned is authorized by the Board of Stockbroker to make declarations on behalf of the Stockbroker and hereby confirms that the Risk Disclosure Statement has been clearly explained to the Client and the Client has been invited to read the Risk Disclosure Statement and Agreement, ask questions and take independent advice if the Client wishes.**

**By**

.....  
**Name**

.....  
**Title**

.....  
**Date**

**Risk Acknowledgement and Declaration**

The Client/Client's authorized representative\* hereby confirms having read and understood the risks involved in trading on a stock exchange as specified in this Risk Disclosure Statement; the risks involved in assigning discretionary management of the Client's account to Stockbroker; that this Risk Disclosure Statement was explained to Client by the authorized representative of the Stockbroker; and that Client was given an opportunity to read the Risk Disclosure Statement and Agreement, to ask questions and take independent advice at Client's discretion.

Client Signature:

Name  
For\*  
Title\*  
NIC/Co. Registration\*  
Date

\* In case of corporate client.

(Joint Applicant)

**Name:**  
**NIC #:**  
**Date:**

(Joint Applicant)

**Name:**  
**NIC#:**  
**Date:**

