

STOCKBROKER AGREEMENT

This Agreement is made and entered into on this..... day of..... Two Thousand and at.....

By and Between

- (1)<Name> [bearing National Identity Card No./Company registration No.....] of<Address>
- (2)<Name> [bearing National Identity Card No./Company registration No.....] of<Address>
- (3)<Name> [bearing National Identity Card No./Company registration No.] of<Address>
- (hereinafter referred to as the "**Clients**") of the **One Part**

And

NDB Securities (Private) Limited, a company duly incorporated under the laws of Sri Lanka bearing Company registration No. PV 1961 and having its registered office at No 40, Nawam Mawatha, Colombo 02 and having its business address at Level 2, NDB Capital Building, 135, Baudhaloka Mawatha, Colombo 04 (hereinafter referred to as the "**Stockbroker Firm**" which term or expression as herein used shall where the context requires or admits mean and include the said NDB Securities (Private) Limited, its successors and permitted assigns) of the **Other Part**;

The Clients and the Stockbroker Firm shall hereinafter be collectively referred to as "Parties" and each individually as "Party".

WHEREAS the Stockbroker Firm is a Member of the Colombo Stock Exchange (hereinafter referred to as the 'CSE') and is licensed by the Securities and Exchange Commission of Sri Lanka (hereinafter referred to as the 'SEC') to operate as a Stockbroker;

AND WHEREAS the Clients are desirous of trading on the securities listed on the CSE through the said Stockbroker Firm and the Stockbroker Firm agrees to provide such services to the Clients in accordance with the applicable Rules of the CSE, SEC, Central Depository Systems (Pvt) Limited (CDS) and other applicable laws of Sri Lanka.

NOW THEREFORE THIS AGREEMENT WITNESSETH and it is hereby agreed by and between the Parties hereto as follows:

1.0 RIGHTS AND RESPONSIBILITIES OF THE CLIENT/S

1.1 Subject to clause 1.5 below;

a) In a Joint Account, the Clients shall provide to the Stockbroker Firm, the name/s of the person/s;

- Authorized to give trading orders and settlement instructions; and,
- To whom payments by the Stockbroker Firm are to be made.

The aforesaid person/s shall hereinafter be referred to as 'authorized person/s'.

1.2 The Clients shall notify the Stockbroker Firm in writing, if there is any change in the contact and/or other information provided by the Clients to the Stockbroker Firm, within seven (7) calendar days of such change.

1.3 Subject to clause 1.5 below, in the event the Client/authorized person(s) (as applicable) intends to purchase and/or sell securities, the Client/authorized person(s) (as applicable) shall give specific order instructions to the Registered Investment Advisor. A Registered Investment Advisor means an employee of the Stockbroker Firm dealing with clients, having successfully completed the training component specified by the SEC and certified as a Registered Investment Advisor.

1.4 The Client/authorized person(s) (as applicable) authorize/s the Stockbroker Firm to accept order instructions given by the Client/authorized person(s) (as applicable) to the Stockbroker Firm pertaining to the CDS Account of the Clients through electronic means and other means including telephone, Short Message Service (SMS), E-mail and Fax. The order instructions provided by the Client/authorized person(s) (as applicable) through aforesaid means shall not be revoked or withdrawn by the Client/authorized person(s) (as applicable) after the execution of the order and shall therefore be confirmed.

1.5 If the Clients intend the Stockbroker Firm to use the Stockbroker Firm's own judgment, expertise and discretion to buy or sell securities on behalf of the Clients, the Clients shall provide the prior written authorization to the Stockbroker Firm for same.

The said written authorization provided by the Clients to the Stockbroker Firm shall clearly include the following;

- Name of the Clients and the CDS Account Number;
- Effective Date of the authorization;
- Applicable period of the authorization;
- Investment objective (short term, long term, trading in any specific industry, any other specifications); and,
- Purpose of giving discretion to the Registered Investment Advisor.

1.6 The Clients shall ensure that cleared funds are made available to the Stockbroker Firm in respect of the securities purchased by the Stockbroker Firm on behalf of the Clients, by 09.00 hours on the Settlement date (which means the Trade Day plus three Market days (T+3) or as may be determined by the CSE from time to time) of such purchase

transaction and if the Clients fail to make payment as aforesaid, the Stockbroker Firm may, at its absolute discretion, charge an interest commencing from the day after the Settlement date at a rate decided by the Stockbroker Firm, but not exceeding 0.1% per day as specified in the Stockbroker Rules of the CSE.

The Clients shall accept the liabilities arising from all authorized transactions executed in the CDS Account of the Client/authorized person(s) (as applicable) by the Registered Investment Advisor.

- 1.7** If the Clients have a complaint against the Stockbroker Firm relating to a particular transaction/s, the Clients shall first refer such complaint to the Compliance Officer of the Stockbroker Firm, in writing, within a period of three (3) months from the date of the transaction/s.

Where the Clients are not satisfied with the decision given by the Stockbroker Firm or the manner in which the complaint was dealt with by the Stockbroker Firm, the Clients may refer the complaint to the CSE, in writing, in accordance with the Procedure set out by the CSE (which is available on the CSE website, www.cse.lk)

- 1.8** The Clients agree that the Stockbroker Firm may, at its absolute discretion, sell not only the securities in respect of which payment has been defaulted by the Clients, but also any other securities lying in the CDS Account of the Clients in respect of which payment has been made by the Clients, in full or part, in order to enable the Stockbroker Firm to recover the monies due to the Stockbroker Firm from the Clients including interest and other applicable charges.

- 1.9** (i) Where the Clients fail to make clear funds available by and including Settlement date the Stockbroker Firm may at its sole discretion provide an extended period for settlement of payments due for purchase of securities to the Client up to a maximum of fifty percent (50%) of the market value of the securities portfolio of the Client subject to the payment of interest at a rate as may be decided by the Stockbroker Firm in terms of clause 1.6. The “market value” means the value of the listed securities marked to market at the end of each market day.

(ii) Where the market value of the Clients’ portfolio falls by ten percent (10%), the Clients shall immediately meet the short fall in a manner specified by the Stockbroker Firm and where the Clients fails to do so the Clients understand that the Stockbroker Firm shall sell any listed securities lying in the CDS Account of the Clients to meet such shortfall.

- 1.10** The Clients agree that the Stockbroker Firm shall only provide an extended period for settlement in accordance with clause 1.9 by holding Clients’ portfolio of securities by the Stockbroker Firm as collateral until the Clients settlement is finalized.

- 1.11** The Clients agree that the Stockbroker Firm shall hold sales proceeds for future transactions where such settlement instructions have been provided in writing or where

monies are due and payable to the Stockbroker Firm by the Clients in settlement of a securities transaction, charges or interest payable by the Clients at any given time.

1.12 The Clients shall not;

- a. Use any funds derived through illegal activity for the purpose of settling purchases of securities to the Clients' CDS Account.
- b. Enter into any verbal or written agreement/s with the employee/s of the Stockbroker Firm to share profits arising from the transactions carried out on behalf of the Clients by the Stockbroker Firm.

2.0 RIGHTS AND RESPONSIBILITIES OF THE STOCKBROKER FIRM

2.1 Subject to clause 2.3 below;

- a) In a Joint Account, the Stockbroker Firm shall obtain from the Clients, the name/s of the persons;
 - Authorized to give trading orders and settlement instructions; and,
 - To whom payments by the Stockbroker Firm are to be made.
- b) The Stockbroker Firm shall carry out all transactions based on the specific order of instructions provided by the Client/authorized person(s) (as applicable) through the communications channels specified in clause 1.4 of this Agreement.

2.2 Prior to accepting any orders from a third party on behalf of the Clients, the Stockbroker Firm shall first obtain the written authorization of the Clients empowering the third party to trade on behalf of the Clients through the Clients' CDS Account.

2.3 The Stockbroker Firm shall not exercise the discretion to buy or sell securities on behalf of the Clients, unless the Clients have given prior written authorization to the Stockbroker Firm to effect transactions for the Clients without their specific order instructions as set out in clause 1.5 of this Agreement.

2.4 The Stockbroker Firm shall send to the Clients a note confirming the purchase and/or sale of securities (bought/sold note) by the end of the trade day (T). Upon obtaining the prior consent of the Clients, the Stockbroker Firm may send the bought/sold notes to the Clients in electronic form to the e-mail address provided by the Clients for such purpose.

2.5 The Stockbroker Firm shall send a Statement of Accounts to the Clients who are debtor/s over Settlement date, on a fortnightly basis or as directed by CSE from time to time. This should apply when the clients have had transactions during the month and the "interest charged on delayed payment" should also be considered as a transaction for this purpose. Such Statement of Accounts shall specify the transactions in the account including receipts and payments during the month under reference.

2.6 In the event the Statements of Accounts are issued electronically, the Stockbroker Firm shall obtain the consent of the Clients and retain evidence of such consent.

- 2.7** The Stockbroker Firm shall communicate in writing, directly with its Clients in respect of statements, bought/sold notes or any other information unless the Clients have authorized the Stockbroker Firm otherwise in writing.
- 2.8** The Stockbroker Firm shall ensure that 'cleared funds' are made available to the Client(s) /authorized person(s) (as applicable) on the Settlement date, unless the Clients have expressly permitted the Stockbroker Firm, in writing, to hold the sales proceeds for future purchases.
- 2.9** Where a margin requirement is imposed by the CDS on the Stockbroker Firm for any or all transactions carried out on the CSE in terms of the CDS rules, the Stockbroker Firm shall be entitled to obtain collateral from the Client in the form of Cash or Government Securities or otherwise and in a manner specified by the CDS rules from time to time.
- 2.10** Where the Client has authorized the Stockbroker Firm in writing to retain sales proceeds for future sales, the Stockbroker Firm shall reconcile the Client account and send the Statement of Account indicating the outstanding balances.
- 2.11** Upon the request of the Clients, the Stockbroker Firm may:
- a) Extend credit facilities to the Clients solely for the purpose of purchasing securities on the CSE and in accordance with the applicable Rules set out in the CSE Stockbroker Rules and terms and condition mutually agreed to between the Clients and the Stockbroker Firm subject to the Clients entering into a written agreement with the Stockbroker Firm for extension of such facilities.
 - b) Provide internet trading facilities to such Clients based on a written agreement mutually agreed upon between the Clients and the Stockbroker Firm, in accordance with the requirements applicable to Internet Trading published by the CSE from time to time.
- 2.12** The Stockbroker Firm shall assign a Registered Investment Advisor to deal with the Clients and shall inform such Clients regarding the name and contact details of the Registered Investment Advisor assigned to such Clients. Further, the Stockbroker Firm shall inform the Client in writing regarding any change to the Registered Investment Advisor within seven (7) Calendar Days of such change.
- 2.13** The Stockbroker Firm shall assign a Registered Investment Advisor to deal with the Clients and shall inform such Clients regarding the name and contact details of the Registered Investment Advisor assigned to such Clients. Further, the Stockbroker Firm shall inform the Client in writing regarding any change to the Registered Investment Advisor within seven (7) Calendar Days of such change.
- 2.14** The Stockbroker Firm undertakes to maintain all information of the Clients in complete confidence and the Stockbroker Firm shall not disclose such information to any person except in accordance with the Stockbroker Rules of the CSE or in accordance with the requirements of the SEC.
- 2.15** The Stockbroker Firm may recover any outstanding balance arising from the purchase of securities of the Clients from the sales proceeds due to the buyer only in the circumstances set out in the Stockbroker Rules of the CSE.

2.16 The Stockbroker Firm shall provide services to the Clients in compliance with the applicable Rules of the CSE, CDS, SEC and other applicable laws of Sri Lanka.

3.0 RISK DISCLOSURE STATEMENT

3.1 The Stockbroker Firm agrees that Registered Investment Advisors of the Stockbroker Firm shall be authorized by its Board of Directors to make declarations on behalf of the Stockbroker Firm confirming that such Registered Investment Advisor has explained the applicable Risk Disclosures to the Clients and has executed the declaration set out in Schedule 1 hereto in proof of same and such Schedule 1 shall form part and parcel of this Agreement.

3.2 The Clients agree and acknowledge that they have understood the Risk Disclosures explained by the Stockbroker Firm and executed the Acknowledgement set out in Schedule 2 hereto and such Schedule 2 shall form part and parcel of this Agreement.

3.3 The Clients acknowledge that trading over telephone and electronically involves many uncertain factors and complex hardware, software systems and communication lines, which are susceptible to interruptions, disturbances and dislocations and the Stockbroker Firm makes no representation or warranty that the services will be available to the Clients at all times without interruption, disturbance or dislocation. The services are provided by the Stockbroker Firm on an "as available" basis without warranties of any kind, either express or implied.

4.0 LIABILITY FOR DEFAULTED OR FAILED SETTLEMENT

4.1 The Clients shall be liable to the Stockbroker Firm for any payment due and payable to the Stockbroker Firm in respect of any securities transaction carried out by the Stockbroker Firm on behalf of the Clients, costs, charges, and penalties (including but not limited to brokerage, commissions, transfer fees, registration fees, administrative fees, compensation payable under CDS rules, stamp duties, taxes, legal fees and other lawful liabilities) (collectively, "Costs, Charges and Penalties") incurred by or imposed on the Stockbroker Firm that results from the default, failed settlement, negligence, wrongful acts or omission of the Clients, in respect of any losses incurred, or any matter or event whatsoever arising out of, in the course of, by reason or in respect of any breach of the Rights and Obligations.

4.2 A certificate issued by the Stockbroker Firm as to the nature and amount of any Costs, Charges and Penalties shall be conclusive evidence of such amounts stated therein. The provisions of this clause shall survive the termination of the Rights and Responsibilities of the Clients.

5.0 INDEMNITY AND LIMITATION OF LIABILITY

5.1 Each Party hereto, agrees to indemnify, defend and hold harmless the other Party against any loss, liability, damages, claims and costs, which each such Party may sustain by

reason of negligence and/or breach of the terms and conditions hereof committed by the other Party hereto or its representatives. The aggrieved Party shall be entitled to enforce their indemnity rights by injunction or other equitable relief in any competent court of law in Sri Lanka.

- 5.2** The Clients agree that the Stockbroker Firm shall not be liable for any losses arising out of or relating to any cause which is beyond the control of the Stockbroker Firm.

6.0 DEFAULT EVENTS

- 6.1** Without prejudice to any other rights of the Stockbroker Firm under this Agreement, any other agreement or otherwise at law, the Stockbroker Firm may at any time after the occurrence of a Default, do any one or more of the following by giving notice to Clients to:

- (a) Satisfy any obligation the Clients may have to the Stockbroker Firm, in such manner and upon such terms as the Stockbroker Firm may in its discretion decide, of and from all or any part of any assets of the Clients held by the Stockbroker Firm; and/or
- (b) Immediately suspend, cancel or terminate any or all services or transactions entered into or effected with or for the Clients including any open positions of the Clients for the purchase and sale of securities at prevailing market prices or at prices regarded by the Stockbroker Firm in good faith at the best prices available at such time; and/or
- (c) Accelerate any and all liabilities (whether actual or contingent at that time) of the Clients to the Stockbroker Firm so that they shall become immediately due and payable; and/or
- (d) Suspend or terminate the Rights and Obligations.
- (e) Seek recourse through legal action in order to recover any and all dues from the Clients.

- 6.2** For the purposes of Clause 6.1 a “Default” shall be deemed to occur in the event that:

- (a) The Clients fail to comply with or observe any provision of the Rights and Obligations or any other lawful obligation owed to the Stockbroker Firm;
- (b) A petition in bankruptcy is filed against the Clients or an order is made or resolution passed for the Clients’ voluntary or compulsory winding up or a meeting is convened for the purpose of considering a resolution that the Clients should be so wound up;
- (c) The Stockbroker Firm reasonably believes that the Clients have given the Stockbroker Firm false information at any time;
- (d) Any representation, warranty, covenant or undertaking made by the Clients in any document delivered to the Stockbroker Firm in connection with the Agreement was when given or hereafter becomes incorrect in any respect;
- (e) If the Stockbroker Firm considers it necessary for compliance with any rules or regulations of the relevant Exchange;

- (f) In the event that any warrant or order of attachment or distress or equivalent order is issued against any of the Clients' accounts with the Stockbroker Firm; or
- (g) Any other matter or event arises including any regulatory requirement, which in the Stockbroker Firm's good faith opinion renders termination necessary or advisable in the interests of the Stockbroker Firm.

7.0 TERMINATION

- 7.1** This Agreement shall forthwith terminate, if the Stockbroker Firm for any reason ceases to be a Member of the CSE or if the license issued to the Stockbroker Firm by the SEC is cancelled.
- 7.2** The Parties shall be entitled to terminate this Agreement upon giving notice in writing of not less than fourteen (14) calendar days to the other Party.
- 7.3** Notwithstanding such termination, all rights, liabilities and obligations of the Parties arising out of or in respect of the transactions entered into prior to the termination of this Agreement shall continue to be in force.

8.0 NOTICES

Any communication or notice required or permitted to be given under this Agreement shall be made in writing and shall be deemed to have been duly and validly given (i) in the case of notice sent by letter or cable, upon receipt of same, and (ii) in the case of notice sent by e-mail, upon express acknowledgement of receipt of transmission by the recipient, addressed, in each case, as follows:

To the Stockbroker Firm:

Attention: Mr. Gihan Cooray, Chief Executive Officer

Level 2, NDB Capital Building

135, Bauddhaloka Mawatha

Colombo 04

Email: gihan@ndbs.lk

Phone: +94 (11)2131000

To the Client

Attention: [Name]

[Address]

[Email]

[Phone]

9.0 GOVERNING LAW AND JURISDICTION

- 9.1 This agreement shall be governed by and construed in accordance with the laws of Sri Lanka.
- 9.2 The Courts of Colombo shall have jurisdiction over any dispute or disagreement arising out of or in relation to this Agreement.

10.0 GENERAL

- 10.1 Words and expressions which are used in this Agreement, but which are not defined herein shall, unless the context otherwise requires, have the same meaning as assigned thereto in the Rules of the CSE, SEC and other applicable laws of Sri Lanka.
- 10.2 The terms and conditions contained in this Agreement shall be subject to the applicable Rules, Regulations, Guidelines and Directions issued by SEC, Rules and Circulars of the CSE and other applicable laws of Sri Lanka.
- 10.3 In the event of any contradiction between the terms and conditions hereof and the applicable Rules, Regulations, Guidelines and Directions issued by SEC, Rules and Circulars of the CSE or other applicable laws of Sri Lanka, the applicable Rules, Regulations, Guidelines and Directions issued by SEC, Rules and Circulars of the CSE or other applicable laws of Sri Lanka (as applicable) shall prevail.

IN WITNESS WHEREOF the Parties to the Agreement have set their respective hands hereto and to one (01) other of the same tenor and date as herein above mentioned.

1).....

2).....

3).....

Signatures of the Clients

Witness:

1.

2.

.....

Authorized Signatory of NDB Securities (Private) Limited

Witness:

1.

2.

SCHEDULE 1

DECLARATION – Risk Disclosure Statement

I,<Full name of the Registered Investment Advisor in block letters>, an employee of NDB Securities (Pvt) Ltd, who is duly authorized by the Board of Directors of the Stockbroker Firm to make declarations on its behalf hereby confirm that the following risks involved in investing/trading in securities listed on the Colombo Stock Exchange ('Risk Disclosure Statements') were clearly explained by me to<Names of the Clients> ('the Clients') and invited the Clients to read the below mentioned Risk Disclosure Statements, ask questions and take independent advice if the Clients wish to:

- a) The prices of securities fluctuate, sometimes drastically and the price of a security may depreciate in value and may even become valueless.
- b) It is possible that losses may be incurred rather than profits made as a result of transacting in securities.
- c) It is advisable to invest funds that are not required in the short term to reduce the risk of investing.

Signed on behalf of the Stockbroker Firm by<Name of the Registered Investment Advisor>:

Signature	_____
Name	_____
Designation	_____
Date	_____
NIC No.	_____

SCHEDULE 2

ACKNOWLEDGEMENT

We, (1).....<Name> [bearing National Identity Card No./Company registration No.....] of<Address>,

(2).....<Name> [bearing National Identity Card No./Company registration No.....] of<Address> and

(3)<Name> [bearing National Identity Card No./Company registration No.....] of<Address>

agree and acknowledge that the following risks involved in investing/trading in securities listed on the Colombo Stock Exchange ('Risk Disclosure Statements') were explained to us by.....<Name>, an employee of NDB Securities (Pvt) Ltd ('Stockbroker Firm'), and we were invited to read the below mentioned Risk Disclosure Statements, ask questions and take independent advice if we wished to.

Additionally, we acknowledge that we understood the following Risk Disclosure Statements;

- a) The prices of securities fluctuate, sometimes drastically and the price of a security may depreciate in value and may even become valueless.
- b) It is possible that losses may be incurred rather than profits made as a result of transacting in securities.
- c) It is advisable to invest funds that are not required in the short term to reduce the risk of investing.

1).....

2).....

3).....

Signatures of the Clients

Date: