The SEC/CSE Joint Committee was formed by the Securities and Exchange Commission of Sri Lanka and Colombo Stock Exchange with the objective of Digitizing all stakeholder touchpoints enabling end to end connectivity electronically with an interactive user interface and user experience. The CSE identified and recommended the Committee following projects as a Master Plan in order to achieve the said objective.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Projects</th>
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| 1     | • Conversion of paper-based delivery to electronic based delivery.  
       | • Convert all dividend payments to electronic form. |
| 2     | • Enabling the opening of online CDS Accounts with a Stockbroker of choice eliminating the need for a physical visit to a branch office of a stockbroker and commence trading instantly.  
       | • Development of Data package for account holders. |
| 3     | • Digitize all other the interactions between the Stockbrokers and their clients through the CDS e-Portal.  
       | • Digitalize all other corporate Actions. |
CONTRIBUTION THE CDS TO SEC/CSE DIGITALIZATION JOINT COMMITTEE

1. The CDS has been developing its service offering in an incremental manner and have introduced many new.

2. This Digitization joint committee gave leadership to an industrywide digitalisation for the stock market, and this involved the CDS as well.

3. The Committee’s initiatives and innovative thinking facilitated uninterrupted business operations even during lockdown periods.
DIGITALIZATION PROGRESS OF THE CDS

- Digital onboarding of Local Individuals to open CDS accounts online and initiation of e-KYC via access to the database of Department of Registrar of Persons Department (DRP) in Sri Lanka.
- **CDS e-Connect.**
  - Balance view.
  - Transaction history view.
  - Monthly statements for past six months.
  - Masterfile change instructions directly/online from the client.
  - Intra account transfer requests directly/online from the client.
  - Digital CDS 28
  - Research portal access.

- Establishment of public/private research portal (where the stockbroker can upload).
- e-IPOs
- Digital onboarding of Local Companies to open CDS accounts online.
DIGITAL ONBOARDING OF LOCAL INDIVIDUALS

HYPER-LEAP TO THE FUTURE
DIGITALIZATION OF THE SRI LANKAN STOCK MARKET
User Initial Registration Process Via Authnex

1. Client clicks on the App
2. Client Enters password, phone No Email Details
3. Email Verification
   - Client verifies the Email
4. SMS OTP
   - Client verifies the OTP Password
5. Registered Client in the Portal
Customer Proceeds with New Registration to CDS

1. Registered Client in the Portal
2. Client enters KYC Details in the online form.
3. Capturing Client Photo
4. Upload NIC, Billing Proof, Bank Account Number Proof, other supporting documents
5. Client Places e-Sign by clicking “Agree” for the Terms and Conditions
7. Stockbroker opens the account
8. Stockbroker makes the decision to onboard the client.
CDS e-Connect
The CDS at Your Fingertips
(CDS Operational Interactions with Client/Broker)
INDIVIDUAL USERS

• Local Individuals.

• Foreign Individuals.
CORPORATE USERS

Local Companies.

Foreign Companies.

Margin providers.

Wealth Managers
OPTIONS FOR OPENING OF e-CONNECT PROFILE FOR INDIVIDUALS

OPTION A
If already has a CDS Account opened via mobile App
Seamless Login to e-connect using same Credentials

OPTION B
If already has a manually opened CDS Account, And if Mobile number and email used for mobile registration tally with CDS DB
Seamless Login to e-connect using same Credentials

OPTION C
If Already Had a Manually opened CDS Account, And if Mobile number and email used for mobile registration DOES NOT tally with CDS DB
Request Access by Updating email / phone request sent via the mobile app
(Stockbroker needs to approve similar to CDS 28)
Masterfile Change Process flow (Name, Address, DoB, and TIN Number)

User enters the request in the given space and uploads the supporting documents.

Broker receives the request for approval.

Broker verifies the request and documents uploaded.

Broker approves/rejects the documents submitted.

CDS
Central Depository Systems (Pvt) Limited
CONVENIENT ; DEDICATED ; SECURE

Change updated in the CDS.

**Masterfile Change Process flow (Bank Account Number)**

1. **User enters the “Bank Account Number”**
2. **Broker receives the request for approval**
3. **Broker verifies the request and documents uploaded.**
4. **Broker approves/ rejects the documents submitted.**
   - Change updated in the CDS.
Intra Account Transfers

User initiates the transfer request and submit the same to Receiving participant.

Sending participant verifies and confirms/rejects the request.

Receiving participant confirms the request.

Transfer effected in the CDS system.
Stockbroker participants are able to upload their Research reports privately and publicly.
BENEFITS OF THE RESEARCH PORTAL

For Investors

- Ability to access frequent research reports with ease.
- Ability to view research reports of other stockbroker firms which the investor is not registered with.
- Information available centrally.

For Stockbrokers

- Ability to attract financially literate clientele.
- Stockbroker firms can reach a larger clientele with their publications.
e-IPO
CDS Accountholder logs in to the CSE Mobile App

Selects the e-IPO function

Fills the application with relevant details and quantity applied

Accepting Terms and Conditions.

The CDS receives the application
DIGITAL ONBOARDING OF LOCAL COMPANIES TO OPEN CDS ACCOUNTS ONLINE
An authorized person (Company Secretary/ Director) initiates the account opening via Web application by entering his/her official capacity.

Authorized person enters password, phone No Email Details.

Initiator verifies the Email

Registration
Account Details Entry via CSE/CDS Web Portal

Client enters KYC Details in the online form.

Upload Certificate of Incorporation
If the name has been changed, the certificate/s of name change, Copy of the board resolution, A drop down whether the company is listed in the CSE. If No - Top 10 shareholders' list, Directors 'list. If YES, no requirement to upload. Articles of association and other supporting documents.

Entry of Signatory details.
If signatories are persons other than specified in the articles of association, the relevant board resolution should be attached. If there is only one signatory that has to be supported by the copy of relevant section of the articles of association.

Company secretary/director confirms the declarations/terms and conditions, and agreements.

Initiator downloads the pdf version of filled applications and get the directors to sign physically.

Forwarding the printed copy to the stockbroker.
Stockbroker’s approval process

Stockbroker conducting KYC verification.

Stockbroker receiving the signed hard copy from the client.

Stockbroker makes the decision to onboard the client.

Stockbroker conducting further KYC verification with e-ROC.

Stockbroker opens the account.
Out of Total Local Individual Accounts **97%** of Local Individual Accounts Opened via Online since 17th September 2020 to date.

Out of Total Accounts opened in 2020, 50% of CDS accounts opened after September 2020.
Age Group Analysis of Clients Opened CDS Accounts via CSE Mobile App

- **14-10-2020 (%):**
  - (18-24): 17.46
  - (25-29): 33.29
  - (30-39): 38.44
  - (40-54): 9.3
  - 55+: 1.51

- **30-06-2021 (%):**
  - (18-24): 22.14
  - (25-29): 26.25
  - (30-39): 35.5
  - (40-54): 12.79
  - 55+: 3.32

*Graph showing the percentage of clients opened CDS accounts via CSE Mobile App by different age groups.*