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The Gazette of the Democratic Socialist Republic of Sri Lanka  
EXTRAORDINARY

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**PART I : SECTION (I) — GENERAL**

**Government Notifications**

**THE MONETARY LAW ACT, (CHAPTER 422)**

REGULATIONS made by the Monetary Board of the Central Bank of Sri Lanka under Section 10 (c) read with Section 112A (c) of the Monetary Law Act (Chapter 422).

SUNIL MENDIS,  
Chairman,  
Monetary Board of the Central Bank  
of Sri Lanka.

Colombo,  
06th July, 2004.

**Regulations**

Sri Lanka Real-Time Gross Settlement (RTGS) and Central Depository Regulations No. 1 of 2004 published in *Gazette* No. 1331/8 dated 09.03.2004 are hereby amended as follows :

1. By the insertion of the following as item (m) of paragraph (2) of regulation 5.

“ (m) Trust Accounts ”

2. By the insertion of the words “ Subject to the provisions of regulation 7 ” at the beginning of paragraph (3) of regulation 5.

3. By the insertion of the following as item (m) of paragraph (3) of regulation 5.

“ (m) Trust Accounts.—A Trust Account shall be maintained by a Direct Participant to record scripless treasury bonds and scripless treasury bills which are held by it as legal owner and which are subject to a trust as recognized in terms of Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, respectively. The legal ownership to securities held in a Trust Account shall vest in the Direct Participant while the beneficial ownership to securities held in a Trust Account shall vest in the person or persons for whose benefit such securities are held in terms of the relevant trust. ”

4. By the inclusion of the following after regulation 5 as regulations 6 and 7, respectively :

“ 6. Transactions in scripless treasury bills and scripless treasury bonds shall be carried out as provided in Scripless Treasury Bills (Transactions) Regulations No. 2 of 2004 and Scripless Treasury Bonds (Transactions) Regulations No. 2 of 2004 respectively.

7. Notwithstanding anything in these Regulations or Scripless Treasury Bills (Transactions) Regulations No. 2 of 2004 or Scripless Treasury Bonds (Transactions) Regulations No. 2 of 2004, a transferee acquires rights to the extent of the interest transferred in the security that the transferor had or had the power to transfer. Except where a transfer of a security is out of a designated securities account, the transferee acquires the transferor's interest in the security free of any adverse claims where the security in which such interest was acquired was posted to the transferee's securities account, and the transferee gave value, without notice of any adverse claim. In the case of a securities account which is subject to a trust recognized in terms of regulations made under the Local Treasury Bills Ordinance and the Registered Stock and Securities Ordinance, the mere notice that the transferor acts as a trustee is not a breach of trust or authority, and is not notice of an adverse claim for the purpose of this regulation.

For the purposes of this regulation, “ designated securities account ” means a securities account in which title to securities held in it is stated to be subject to adverse claims, and the following account types shall be deemed to be designated securities accounts :

- Pledge account
- Tradable repurchase account
- Non-tradable repurchase account
- Tradable customer reverse repurchase account
- Non-tradable customer reverse repurchase account
- ILF account
- Domestic Operations Repurchase Account
- Domestic Operations Reverse Repurchase Account
- Trust Accounts ”.

5. By the renumbering of the existing regulations 6, 7, 8, 9 and 10 as regulations 8, 9, 10, 11 and 12 respectively.

6. By the inclusion of the following in the renumbered regulation 10 between the definitions of “ Accession Agreement” and “ Central Bank ” :

“ Adverse claim ” means a claim to a property interest in a security credited to the securities account of a person other than that of the claimant, including to secure payment of a debt and a beneficial interest under trust . ”