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EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

L.D. - B. 172/36.

REGISTERED STOCK AND SECURITIES ORDINANCE (CHAPTER 420)

REGULATION made by the Minister of Finance and Planning under Section 55 of the Registered Stock and Securities Ordinance (Chapter 420).

SARATH LEELANANDA BANDARA AMUNUGANA,
Minister of Finance and Planning.

Colombo,
23rd December, 2004.

Regulation

1. These regulation may be cited as the Scripless Treasury Bonds (Recognition of Trusts) Regulation No. 03 of 2004.

2. The Central Bank may, recognize the existence of a trust in respect of a Scripless Treasury Bond held in a scripless securities account in which a direct participant is recorded as owner, only if –

- (a) the scheme for the creation of such trust, the terms of such trust, the trust instrument and other agreements and documents relating to the same have received the prior approval of the Central Bank ;
- (b) the direct participant has in the manner specified in any directions as are issued from time to time by the Central Bank, notified the Central Bank of the creation of the trust, and that the treasury bonds held in such account are held in trust by such direct participant for the beneficiaries of a specified trust ; and
- (c) the trust as is described above has been created in accordance with the law for the time being in force.

3. Notwithstanding the provisions of regulation 2, the Central Bank may on being notified of the existence of a trust in the manner aforesaid, recognize the existence of a trust expressed, implied or constructive, in respect of a scripless treasury bond held in a scripless securities account of a direct participant, if –

- (a) the primary objective of the direct participant shall be to act as a central depository to a stock exchange licensed under the Securities and Exchange Commission Act, No. 36 of 1987 which has been approved by the Minister in consultation with the Securities and Exchange Commission established by the Securities and Exchange Commission Act ; and
- (b) the Central Bank has satisfied itself of the existence of such trust, on the basis of documents furnished to it.

4. In approving a trust under regulation 2, or determining whether notice should be taken of a trust under regulation 3, the Central Bank shall satisfy itself that the creation of such trust is in the interest of the development of a sound and efficient secondary market in government securities.

5. No obligation shall be imposed on the Central Bank towards the beneficiaries of a trust by the recognition of the existence of a trust in terms of these regulations. Such recognition shall only serve as notice to the Central Bank that the scripless treasury bonds in the account specified in the notice under regulation 2 or 3 are held by a direct participant as trustee and not as beneficial owner.

6. Scripless treasury bonds, which are subject to a trust and recognized in terms of these regulations, shall be held in a Trust Account maintained by a direct participant in the central depository in terms of the Sri Lanka Real-time Gross Settlement (RTGS) and Central Depository Regulations, No. 1 of 2004, published in *Gazette Extraordinary* No. 1331/8 of March 09, 2004 as amended by regulations published in *Gazette Extraordinary* No. 1348/11 of July 08, 2004.

7. A direct participant shall not hold scripless treasury bonds to which it has any beneficial interest or which do not form part of the trust property, in an account in which scripless treasury bonds held in trust by such direct participant are held.

8. A direct participant shall operate an account in which scripless treasury bonds are held in trust by such direct participant only in accordance with and for the purposes stipulated in the trust instrument and/or any other agreements, documents or rules relating to such trust.

9. A direct participant shall utilize any payment received from the Central Bank by way of maturity proceeds and other income arising from scripless treasury bonds held in trust by such direct participant, only in accordance with the terms of such trust.

10. A direct participant shall not make any changes to a scheme, terms, instrument, agreement or other document, unless –

- (a) such direct participant has furnished the Central Bank a schedule of the intended changes, for the information of the Central Bank ; and
- (b) the Central Bank has signified in writing, its approval of the intended changes.

11. The Central Bank may call for such information and documents, as it may consider necessary for implementing the provisions of these regulations or in respect of a beneficiary of a trust.

12. In case of any inconsistency or conflict between the provisions of these regulations and the provisions of any other regulations or directions issued under the Registered Stocks and Securities Ordinance or under any other law, the provisions of these regulations shall prevail.

13. The terms and expressions used in these regulations shall in so far as the same is necessary for the purpose thereof, have the same meanings as are assigned to them in the Registered Stocks and Securities Ordinance (Chapter 420).