CSE CLEAR (PVT) LTD

SEAMLESS | SECURED | RELIABLE

# ARTICLES OF ASSOCIATION

# ARTICLES OF ASSOCIATION

OF

C S E CLEAR (PRIVATE) LIMITED

## PART I – PRELIMINARY

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| 1. | In these Articles, if not inconsistent with the relevant subject or context and where not otherwise expressly and specifically defined, the words standing in the first column of the table shall bear the meanings set opposite to them respectively in the second column: | *Interpretations* |

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| **"Annual General Meeting"** | Means a meeting of shareholders held in terms of article 16 hereof. |
| **"Articles"** | Means these Articles of Association, as may be amended from time to time in accordance with article 4 hereof. |
| **"Board"** | Means the Board of Directors of the Company. |
| **"Commission"** | Means the Securities and Exchange Commission of Sri Lanka in terms of the SEC Act. |
| **"Companies Act"** | Means the Companies Act, No. 7 of 2007, as may be amended from time to time. |
| **"Company"** | Means C S E Clear (Private) Limited, a company duly incorporated under the laws of Sri Lanka bearing company registration No. 112681. |
| **"Director(s)"** | means a member/s of the Board of Directors. |

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| | <table><tr><td>"**Extraordinary General Meeting**"</td><td>Means a meeting of shareholders held in terms of article 17.</td></tr><tr><td>"**General Meeting**"</td><td>Means a meeting of shareholders, whether an Annual General Meeting or Extraordinary General Meeting.</td></tr><tr><td>"**Holding Company**"</td><td>Means the Colombo Stock Exchange, a company duly incorporated under the laws of Sri Lanka bearing company registration No. GL12.</td></tr><tr><td>"**In writing**" and "**Written**"</td><td>Means and includes printing and other such modes of representing or reproducing words in a visible form.</td></tr><tr><td>"**Month**"</td><td>Means a calendar month.</td></tr><tr><td>"**SEC Act**"</td><td>Means the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021, as may be amended from time to time and any rules and regulations made thereunder.</td></tr><tr><td>"**Year**"</td><td>Means a calendar year.</td></tr></table><br>In addition, words importing the singular shall include the plural, words importing any gender shall include every gender and words importing persons shall include bodies corporate, unincorporated bodies and associations of persons. | |
| 2. | The Company is a Private Company and accordingly:<br><br>(a) It shall not make any invitation to the public to subscribe for any shares or other securities issued by the Company;<br><br>(b) It shall not have more than fifty shareholders, which shall | *Private Company* |

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| | however not include persons who are in the employment of the Company or former employees who continued to be shareholders after the determination of that employment.<br><br>(c) It shall restrict the right to transfer its shares in the manner hereinafter provided. | |
| 3. | The Model Articles of Association contained in the First Schedule to the Companies Act shall not apply to the Company. The Company shall instead be governed by the provisions of these Articles and the remaining provisions of the Companies Act. | *Model articles not to apply* |
| 4. | These Articles may only be amended by way of a Special Resolution with the prior written approval of the Commission. | *Alteration of Articles* |
| 5. | The objects for which the Company is established are to:<br><br>(a) operate and maintain a clearing facility for the clearing and settlement of securities transactions of the Colombo Stock Exchange, and<br><br>(b) perform all functions necessary for those purposes in terms of the authority granted under the SEC Act,<br><br>(c) perform any other function that is incidental or conducive thereto. | *Objects of the Company* |

**PART II - SHARES**

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| 6. | No new shares of the Company shall be issued unless:<br><br>(a) with the prior approval of the Holding Company, and<br><br>(b) the prior written approval of the Commission has been obtained, if such issuance of shares results in any person, either individually or together with any other person acting in concert with him or her, acquiring more than five percent (5%) of the total voting rights of the Company post-issuance. | *Issue of Shares* |
| 7. | When the Company issues shares that rank equally with or above | *Pre-emptive* |

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| | existing shares in relation to voting or distribution rights, they shall be offered to the holders of the existing shares in a manner which would, if the offer is accepted, maintain the relative voting and distribution rights of those shareholders. | *rights of shareholders* |
| 8. | Subject to Article 6, the Company may issue redeemable shares. Such shares may be redeemed by the Company at its option or at the option of the holders of such shares or on a date specified by the Board, for consideration specified by the Board at the time of issue or a sum to be calculated by reference to a formula or fixed by a suitably qualified person, who is not associated with or interested in the Company. | *Redeemable Shares* |
| 9. | The Company shall maintain a share register, that complies with the requirements of section 123 of the Companies Act. The share register shall be kept at the registered office of the Company or at any other place in Sri Lanka, notice of which has been given to the Registrar General of Companies in accordance with subsection (4) of section 124 of the Companies Act. | *Share Register* |
| 10. | (a) Share transfers of the Company shall be made by an instrument of transfer in writing executed by or on behalf of the transferor and transferee, or by their legal representative/s and delivered to the Company.<br><br>(b) The Board shall not be bound to inquire into the validity, legal effect or genuineness of any instrument of transfer produced by a person claiming a transfer of any share in accordance with these Articles; and the transferor shall have no claim whatsoever upon the Company or the Directors, in respect of the share except for the dividends previously declared in respect thereof but if at all against the transferee only.<br><br>(c) The Board may decline to register a transfer of a share on which the Company has a lien.<br><br>(d) The Board shall not register a transfer which results in any person, either individually or together with any other person acting in concert with him or her, acquiring more than five percent (5%) of the total voting rights of the Company unless the prior written approval of the Commission is obtained. | *Transfer of Shares* |

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| 11. | (a) When the Company issues shares or registers the transfer of any shares in the share register it shall issue a corresponding share certificate within two (2) months.<br><br>(b) A share certificate which is defaced, lost or destroyed may be re-issued on payment of the cost of issue and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company for investigating evidence as the Directors think fit. | *Share certificates* |
| 12. | The Company may purchase or otherwise acquire its own shares. | *Repurchase of shares* |
| 13. | The Company may consolidate all its shares or the shares in a particular class into a lesser number of shares, in proportion to those shares, leaving unaffected the relative voting and distribution rights of the holders of those shares, by following a procedure as the Board may consider appropriate. | *Consolidation of shares* |
| 14. | The Company may sub divide all of its shares or all of the shares in a particular class into a greater number of shares, in proportion to those shares, leaving unaffected the relative voting and distribution rights of holders of those shares, by adopting a procedure that the Board may consider appropriate. | *Sub-division of shares* |
| 15. | (a) The Board may with the prior approval of the Holding Company authorize distributions to shareholders in accordance with Section 56 of the Companies Act provided it is satisfied that the Company shall satisfy the solvency test immediately after the distribution.<br><br>(b) Before the Directors make any distributions, it may set aside, such sum as they think proper as a reserve fund or funds out of the profits of the Company.<br><br>(c) The Board may with the prior approval of the Holding Company decide to capitalize any part of the amount standing to the credit of any of the Company's reserve funds/accounts or to the credit of the profit and loss account or otherwise | *Reserves and distributions* |

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| | available for distribution and accordingly to set free such sum for distribution amongst the shareholders in shares or debentures of the Company to be allotted, issued and distributed credited as fully paid up to and amongst such shareholders pro rata .<br><br>(d) Any dividend which may be authorized by the Directors, may be paid by means of cash or by the distribution of specific assets and, in particular, of paid-up shares, debentures or debenture stock of the Company or of any other Company or in any other form of specie.<br><br>(e) No dividend shall bear interest against the Company.<br><br>(f) Unless otherwise directed any dividend may be paid by cheque or warrant sent by post to the registered address of the shareholder entitled thereto; but the Company shall not be liable or responsible for the loss of any such cheque or dividend warrant sent through the post.<br><br>(g) All dividends unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for six (6) years after having been declared shall be forfeited and shall revert to the Company. | |

**PART III – MEETINGS OF SHAREHOLDERS**

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| 16. | The Company must convene an Annual General Meeting every calendar year, at such time and place as may be determined by the Board in accordance with section 133 of the Companies Act. | *Annual general meeting* |
| 17. | The Board shall convene a General Meeting of shareholders entitled to vote on an issue on the written request of shareholders holding shares, carrying not less than ten (10) per centum of votes which may be cast on that issue. | *Extraordinary general meeting* |
| 18. | (a) Every shareholder, Director and the Company's Auditor shall be given written notice of the time and place of General | *Notice of meeting* |

Meetings. Such notice shall be given:

(i) not less than fifteen (15) working days before the meeting, if the meeting is an Annual General Meeting or the meeting where a special resolution is to be proposed, and

(ii) not less than five (05) working days before any other General Meeting.

Provided that a General Meeting shall notwithstanding short notice than that specified in this Article be deemed to have been duly called if it is so agreed:

(i) in the case of an Annual General Meeting, by all the shareholders entitled to attend and vote at such meeting; and

(ii) in the case of any other meeting, by shareholders collectively holding shares not less than ninety-five per centum (95%) of the voting rights on each issue to be considered and voted on at that meeting.

(b) The notice shall set out—

(i) the nature of the business to be transacted at the meeting in sufficient detail to enable a shareholder to form a reasoned judgment in relation to it;

(ii) the intention, if any, to propose a resolution as a special resolution; and

(iii) the text of any resolution to be submitted to the meeting.

(c) An irregularity in a notice of a meeting is waived if all the shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such shareholders agree to the waiver.

(d) If a meeting of shareholders is adjourned for less than thirty (30) days, it is not necessary to give notice of the time and place of the adjourned meeting, other than by announcement at the meeting which is adjourned.

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| 19. | A General Meeting may be held:<br><br>(a) by shareholders who constitute a quorum, being assembled togetherat the place, date and time appointed for the meeting; or<br><br>(b) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting. | *Method of holding meetings* |
| 20. | (a) Subject to paragraph (c) of this Article, no business may be transacted at a General Meeting if a quorum is not present.<br><br>(b) A quorum for a General Meeting shall be a shareholder holding not less than fifty one percent (51%) of the fully paid shares in the Company present in person or by proxy or by a duly authorized representative.<br><br>(c) If a quorum is not present within thirty (30) minutes after the time appointed for the meeting it shall be adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the Directors may appoint. If a quorum is not present within thirty (30) minutes after the time appointed for the adjourned meeting, the shareholders present or their proxies shall be deemed to form a quorum. | *Quorum* |
| 21. | (a) The Chairperson of the Board shall chair General Meetings.<br><br>(b) If the Chairperson of the Board is not present within fifteen minutes of the time appointed for the commencement of the General Meeting or is unwilling to act, the directors present shall elect one of their number to preside at the such meeting.<br><br>(c) If no director is willing to preside at the General Meeting or no director is present within fifteen minutes after the time appointed for holding the meeting, the shareholders present may choose one of their number to preside thereat. | *Chair of the meeting* |

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| 22. | (a) The Chairperson of a General Meeting may decide on the manner of determining voting at the meeting.<br><br>(b) Such methods may include voting by acclamation or by a show of hands. A declaration by the Chairperson of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact.<br><br>(c) At a General Meeting, a poll may be demanded by:<br><br>(i) the Chairperson;<br><br>(ii) not less than five (5) shareholders having the right to vote at the meeting; or<br><br>(iii) a shareholder or shareholders representing not less than ten per centum (10%) of the total voting rights at the meeting.<br><br>(d) A poll may be demanded before or after the vote is taken on a resolution. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.<br><br>(e) No objection shall be made to the validity of any vote except at the meeting at which such vote was taken. | *Method of voting* |
| 23. | (a) A shareholder may exercise the right to vote either by being present in person or by proxy.<br><br>(b) A proxy holder shall be entitled to attend and be heard at a meeting in the same manner as the shareholder.<br><br>(c) A proxy shall be appointed by notice in writing signed by the shareholder.<br><br>(d) No proxy is effective in relation to a meeting, unless a copy of the notice of appointment is given to the Company not less than forty-eight (48) hours before the start of the meeting.<br><br>(e) An instrument of proxy shall substantially be in the following form: | *Proxy* |

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| | *C S E Clear (Private) Limited*<br><br>*I / We [•] of [•] being a shareholder of C S E Clear (Private) Limited hereby appoint [•] of [•] or failing him [•] as my / our proxy to attend and vote at the (Annual or Extraordinary, as the case may be) General Meeting of the Company to be held on the [•] day of [•] 20[•] and at any adjournment thereof.*<br><br>*Signed this [•] day of [•] 20[•].*<br><br>(f) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the registered office before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used. | |
| 24. | A body corporate which is a shareholder may appoint a representative to attend a meeting of shareholders on its behalf in the same manner as it could appoint a proxy. | *Corporations may act by representatives* |
| 25. | (a) A resolution in writing (whether ordinary or special) signed by such number of shareholders who together hold not less than eighty-five per centum (85%) of the votes entitled to be cast on that resolution, shall be as valid as if it had been passed at a General Meeting. The Company need not hold an Annual General Meeting if everything required to be done at the meeting (by resolution or otherwise) is done by resolution in accordance with this Article.<br><br>(b) Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form; each signed or assented to by one or more shareholders.<br><br>(c) A copy of any such resolution shall be entered in the minute book kept for the purpose of entering general meetings of the | *Resolution in lieu of a meeting* |

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| | Company. | |
| | (d) Within five (05) working days of a resolution being passed under paragraph (3) of this Article the Company shall send a copy of the resolution to every shareholder who did not sign it. | |
| | (e) A resolution may be passed under paragraph (a) of this Article without any prior notice being given to shareholders. | |
| 26. | (a) Any shareholder whose registered address is not within Sri Lanka, may name an address within Sri Lanka which for the purpose of notice, shall be considered as his registered address.<br><br>(b) Where the Company is required to send any document to a shareholder or to give notice of any matter to a shareholder, it shall be sufficient for the Company to send the document or notice to the registered address of the shareholder, by ordinary post and/or courier or to a designated email address of the shareholder.<br><br>(c) Any document or notice so sent is deemed to have been received by the shareholderon the day following the dispatch of a properly addressed and prepaid letter containing the document or notice or upon dispatching the relevant email. | *Notice to shareholders* |

**PART IV – DIRECTORS**

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| 27. | The Board shall consist of not less than five (05) and not more than ten (10) directors. | *Number of directors* |
| 28. | The Directors shall be appointed by the Holding Company with the prior approval of the Commission. | *Appointment of directors* |
| 29. | The Holding Company shall be entitled to name the Chairman of the Board and replace and appoint another person in his or her place or to fill any vacancy in such office howsoever created. | *Chairman of the Board* |
| 30. | The office of a Director shall, *ipso facto*, be vacated in the | *Vacation of* |

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| | instances specified in the Companies Act or if -<br><br>(a) removed by the Holding Company;<br><br>(b) the Director is absent from three (03) consecutive meetings of the Board, without special leave of absence and the Board resolves that his office is vacated;<br><br>(c) makes an arrangement or composition with his or her creditors generally;<br><br>(d) resigns from the Board by written notice to the Company;<br><br>(e) is directly or indirectly interested in any contract with the Company and fails to declare the nature of such interest in any manner required in terms of section 192 of the Companies Act; or<br><br>(f) fails to maintain the compliance with the fit and proper criteria specified or mandated by the Commission (including but not limited to those specified in section 68 (2) of the SEC Act) when approval was granted for the appointment of that person as a Director of the Company. | *office* |
| 31. | The duties of a director as set out in sections 187 to 197 of the Companies Act and section 37 of the SEC Act shall apply to Directors. | *Duties of a director* |
| 32. | The day-to-day management of the Company shall be delegated by the Board to the Chief Executive Officer who shall be appointed by the Board on such terms and conditions and for such period as the Board shall determine and shall hold salaried office in the Company.<br><br>No person may be appointed as the Chief Executive Officer or the Chief Regulatory Officer of the Company without the prior approval of the Commission. | *Chief Executive Officer* |
| 33. | (a) The Board shall be responsible for the management or direction or supervision of the business and affairs of the Company and shall ensure that all reasonable steps are taken | *Powers of the Board* |

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| | for the Company to comply with its functions, responsibilities and duties under the SEC Act.<br><br>(b) The Board shall have the power to make amend and implement rules to govern the general and specific duties of a licensed clearing house as detailed in the SEC Act, subject to obtaining the prior written approval of the Commission. | |
| 34. | The Board may delegate any of its powers to committees consisting of persons it thinks fit. Every committee shall exercise the powers so delegated in conformity with directions that may be imposed on them by the Board. The results of the deliberations of committees shall be submitted to the Board which may approve, modify or reject the same at its discretion. | *Delegation of powers to committees* |
| 35. | (a) The Board may approve the payment of any remuneration and / or other benefits by the Company to a Director for services as a Director, or for services rendered to the Company in any other capacity, if the Board is of the opinion that it is fair and reasonable to the Company.<br><br>(b) The Directors shall also be entitled to be repaid all traveling, hotel or other expenses properly incurred by them in or with a view to the performance of their duties including attendance at Board meetings.<br><br>(c) Nothing in these Articles shall prevent the payment to a Director of any further remuneration for services performed by him by virtue of any other office or position held by him in conjunction with his directorship. | *Remuneration of directors* |

**PART V – BOARD MEETINGS**

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| 36. | (a) The Board shall meet as often as necessary and shall regulate its meetings as it thinks fit.<br><br>(b) Any Director may, and the Secretary shall on the requisition of a Director, convene a Board Meeting at any time. | *Board meetings* |

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| 37. | Notice of Board Meetings must be given to all Directors. Such notices must be accompanied by an agenda and all documents that may be relevant to the meeting. | *Notice of meetings* |
| 38. | Board Meetings may be held either:<br><br>(a) Physically, where Directors constituting a quorum assemble together at the place, date and time appointed for the meeting; or<br><br>(b) by audio or audio / visual means where all Directors who wish to participate and constituting a quorum can simultaneously hear and be heard throughout the meeting at a time appointed by the notice of meeting. | *Methods of holding meetings* |
| 39. | The quorum for a Board Meeting shall be three (03) Directors. | *Quorum* |
| 40. | (a) The Chairperson shall preside at Board Meetings.<br><br>(b) If the Chairperson is not present at the meeting the Directors present may choose any of the Directors present to preside at the meeting. | *Chair of meeting* |
| 41. | Board decisions shall be decided by a majority of votes. If there is an equality of votes the Chairperson of the Board or the meeting (as the case may be) shall have a second or casting vote. | *Voting* |
| 42. | (a) A resolution in writing, signed by all the Directors present in Sri Lanka at the time shall be valid and effectual as if it had been passed at a Board Meeting duly convened and held, provided that such number of Directors would have constituted a quorum at a Board Meeting.<br><br>(b) Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form; each signed or assented to by one or more Directors. | *Resolution in lieu of a meeting* |

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| | (c) A copy of any such resolution shall be entered in the minute book of Board proceedings.<br><br>(d) Any such resolution assented to by all Directors entitled to receive notice of a Board meeting shall, upon being reduced to writing by the person appointed to do so at such meeting, be as valid and effectual as if the same had been passed at a meeting of Directors held on the day on which and at the time at which the meeting was held and at the place where the Chairman was located during the course of that meeting.<br><br>(e) If a Director of the Board is abstaining from signing the resolution, such Director shall indicate the reason therefor. | |
| 43. | All acts done by the Board at a Board Meeting or a committee shall be as valid as if such members had been duly appointed in respect of all persons dealing in good faith with the Company notwithstanding that there was some defect in the appointment of any such Director or committee acting as aforesaid. | *Validity of acts done by the Board* |

**PART VI – OTHER**

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| 44. | The Company shall at all times have a secretary who shall be appointed by the Board for such term and on such conditions as it thinks fit. | *Company Secretary* |
| 45. | The Board shall cause minutes to be made in books provided for the purpose:<br><br>(a) of all appointments made by the Board;<br><br>(b) of the names of the Members present at each General Meeting, Board Meetings and committee meetings; and<br><br>(c) of all resolutions and proceedings at all General Meetings and Board Meetings.<br><br>(d) Minutes which have been signed by the chairperson of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting, shall be prima facie | *Minutes of meetings* |

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| | evidence of the proceedings. | |
| 46. | Shareholder(s) and Directors are entitled to inspect the records of the Company in accordance with the provisions of the Companies Act. | *Inspection of Company records* |
| 47. | (a) The Company may indemnify a Director or employee of the Company in the circumstances specified in subsections (2) and (3) of section 218 of the Companies Act.<br><br>(b) The Company may effect insurance for a Director or employee of the Company in the circumstances specified in subsection (4) of section 218 of the Companies Act, with the prior approval of the Board. | *Insurance and indemnity* |
| 48. | A general meeting of the Company may be convened by any contributory or by the continuing liquidators, as the case maybe, in terms of the Companies Act by giving notice in the manner set out herein for convening a Extraordinary General Meeting.<br><br>The liquidator may with the approval of a special resolution, divide the surplus assets of the Company among the shareholders in kind. For this purpose, he may set such value as he considers fair on any property to be divided and may determine how the division will be carried out as between the shareholders or different classes of shareholders. | *Winding up* |

IN WITNESS WHEREOF we, the initial shareholders of the Company have hereunto set our name to the foregoing Articles of Association at the place and on the date hereafter written.

| **Name of Initial Shareholder** | **Signature** |
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| THE COLOMBO STOCK EXCHANGE,<br>#04-01, WEST BLOCK,<br>WORLD TRADE CENTRE, ECHELON SQUARE,<br>COLOMBO 01. | |

At Colombo, on this 19th day of September 2024.