

CUSTOMER CHARTER  
FOR THE PRIMARY DEALER INDUSTRY IN SRI LANKA

**1. Introduction**

- 1.1. Customer service has great significance in the Government Debt Securities market. The Primary Dealer System in Sri Lanka today is the largest organized outreach for delivery of debt instruments and is also serving as an important conduit for delivery of financial services. While the coverage has been expanding day by day, the quality and content of dispensing of Customer service is expected to be further improved to ensure meeting the demands and expectations of the Customer.
- 1.2. The interest of investors in Government Securities, the Primary Dealer System and the national economy forms the focal point of the regulatory framework for activities in Government Securities market in Sri Lanka. The Central Bank of Sri Lanka (CBSL), as the regulator of the Government Securities market, has been actively engaged in the review, examination and evaluation of Customer service of Primary Dealers in Government Securities.
- 1.3. ‘Customer’ for the purpose of this Charter means any person who purchases or sells or otherwise acquires or disposes of any product or any service therein or an interest therein through a Primary Dealer or who negotiates with a Primary Dealer for the possible acquisition or disposition of such product or any service therein or interest and shall include where the context so permits a legal representative of such Customer or of the estate of such Customer.
- 1.4. In order to ensure a consistent level of protection for investors in Government Securities regardless of the Primary Dealer they choose, this Charter sets key standards envisaged by CBSL in the interest of maintaining a stable relationship between Primary Dealers and their Customers. This includes fair practices to be adopted by Primary Dealers when investors in Government Securities undertake transactions with them. Further, this provides guidance to Primary Dealers on ensuring Customer protection and handling Customer complaints while emphasizing on the Customer obligations towards Primary Dealers.

**2. Applicable Legal Provisions**

- 2.1. In terms of the provisions of the Local Treasury Bills Ordinance No. 8 of 1923 (LTBO) and the Registered Stock and Securities Ordinance No 7 of 1937 (RSSO), CBSL is authorized to appoint Primary Dealers from time to time, and to regulate, supervise or monitor such Primary Dealers with respect to their transactions in Scripless Treasury Bills and Treasury Bonds and performance of their duties as Primary Dealers in Government Securities.



2.2. In terms of the Local Treasury Bills (Primary Dealers) Regulations No. 01 of 2009 made under section 16 of the LTBO and the Registered Stock and Securities (Primary Dealers) Regulations No. 01 of 2009 made under section 55 of the RSSO, by the Minister of Finance, the CBSL has the authority to issue Directions to Primary Dealers on any matter considering the development of the Government Securities Market, Primary Dealer System and Customer Protection.

2.3. **In this Customer Charter, unless the text otherwise requires:-**

“product/service” means authorized activities that Primary Dealer Companies can undertake in terms of Schedule III of the Local Treasury Bills (Primary Dealers) Regulations No. 01 of 2009 and the Registered Stock and Securities (Primary Dealers) Regulations No. 01 of 2009 and any other transaction that may be approved by the Central Bank of Sri Lanka from time to time.

### 3. **Application**

This Charter applies to all Primary Dealers duly appointed by CBSL and the Customers of such Primary Dealers.

### 4. **General Principles**

A Primary Dealer must ensure that in all its dealing with Customers and within the context of its authorization it:

- (a) acts honestly, fairly and professionally in the best interests of its Customers and the integrity of the market;
- (b) acts with due skill, care and diligence in the best interests of its Customers;
- (c) does not recklessly, negligently or deliberately mislead a Customer as to the real or perceived advantages or disadvantages of any product/service;
- (d) has and employs effectively the resources, policies and procedures, systems and control checks, including compliance checks, and staff training that are necessary for compliance with this Charter;
- (e) seeks from its Customers information relevant to the product/service requested;
- (f) makes full disclosure of all relevant material information, including all charges, in a way that seeks to inform the Customer;
- (g) seeks to avoid conflicts of interest;
- (h) corrects errors and handles complaints speedily, efficiently and fairly;
- (i) does not exert undue pressure or undue influence on a Customer;

- (j) ensures that any outsourced activity complies with the requirements of this Charter;
- (k) without prejudice to the pursuit of its legitimate commercial aims, does not, through its policies, procedures, or working practices, prevent access to basic financial services; and
- (l) complies with the letter and spirit of this Charter.

## 5. General Requirements

- 5.1. Where a Primary Dealer has identified that a personal Customer is a Vulnerable Customer, the Primary Dealer must ensure that such Customer is provided with such reasonable arrangements and/or assistance that may be necessary to facilitate him or her in his or her dealings with the Primary Dealer. A Vulnerable Customer means a natural person who:
- (a) has the capacity to make her/his own decisions but who, because of individual circumstances, may require assistance to do so (for example hearing impaired persons); and/or
  - (b) has limited capacity to make his or her own decisions and who requires assistance to do so (for example, persons with intellectual disabilities or mental health difficulties).
- 5.2. A Primary Dealer must ensure that the name of a product/service is not misleading in terms of the benefits that the product/service can deliver to a Customer.
- 5.3. A Primary Dealer must ensure that all instructions from or on behalf of a Customer are processed properly and promptly.
- 5.4. A Primary Dealer must ensure that any funds received by it in favour of a Customer is credited/invested in favour of the customer, by the close of the business day on which the funds are received, provided the operational/documentation requirements pertaining to the Customer is met. Where the funds are not credited/invested in favour of a Customer, Primary Dealer must refrain from utilizing such funds for its own benefit.
- 5.5. A Primary Dealer that is in direct receipt of a payment from or on behalf of a Customer for a product/service must provide that Customer with a receipt/confirmation. This receipt/confirmation must include the following information:
- (a) the name and account number of the Primary Dealer;
  - (b) the name of the Customer who provided the payment, or on whose behalf the payment is provided;

- (c) the value of the deposit/payment by the Customer and the date on which the money was received and invested; and
  - (d) the purpose of the payment.
- 5.6. A Primary Dealer must ensure that necessary entries in the Central Depository System for Scripless Government Securities (CDS) are duly entered confirming ownership rights of the Customer on the same day, as required under the extant statutory and regulatory requirements.
- 5.7. Where a Primary Dealer deals with a person who is acting for a Customer under a power of attorney, the Primary Dealer must:
- (a) obtain a certified copy of the power of attorney;
  - (b) ensure that the power of attorney allows the person to act on the Customer's behalf; and
  - (c) operate within the limitations set out in the power of attorney.
- 5.8. A Primary Dealer must not, in any communication or agreement with a Customer (except where permitted by applicable legislation), exclude or restrict, or seek to exclude or restrict:
- (a) any legal liability or duty of care to a Customer which it has under applicable law, extant regulatory requirements, or under this Charter;
  - (b) any other duty to act with skill, care and diligence which is owed to a Customer in connection with the provision to that Customer of products/services; or
  - (c) any liability owed to a Customer for failure to exercise the degree of skill, care and diligence that may reasonably be expected of it in the provision of a product/service.
- 5.9. Where a Primary Dealer intends to amend or alter the range of services it provides, it must give notice to affected Customers at least one month in advance of the amendments being introduced.
- 5.10. Where a Primary Dealer intends to cease operating, merge with another, or to transfer all or part of its Primary Dealer activities to another Primary Dealer, it must:
- (a) notify CBSL immediately;
  - (b) provide at least two months notice to affected Customers to enable them to make alternative arrangements;
  - (c) ensure all outstanding business is properly completed prior to the transfer, merger or cessation of operations or, alternatively in the case of a transfer or merger, inform the

Customer of how continuity of service will be provided following the transfer or merger; and

- (d) in the case of a merger or transfer of Primary Dealer activities, inform the Customer that their details are being transferred to the other Primary Dealer, if that is the case.

5.11. When intending to close, merge or move a branch, a Primary Dealer must:

- (a) notify CBSL immediately;
- (b) provide at least two months notice to affected Customers to enable them to make alternative arrangements;
- (c) ensure all business of the branch is properly completed prior to the closure, merger or move, or alternatively inform the Customer of how continuity of service will be provided; and
- (d) notify the wider community of the closure, merger or move in the local press in advance.

5.12. A Primary Dealer must ensure the use of Sinhala or Tamil or English language as desired by the Customer in transacting business by Primary Dealers with the Customers, including communications to Customers.

5.13. At the time of transacting a product/service with a Customer, the Primary Dealer shall get clear written instructions from the Customer in respect of the maturity proceeds of the product/service to be followed at the time of the maturity of the product/service. If the product/service matures more than one time during a year, the Primary Dealer shall obtain new written instructions from the Customer on a yearly basis. If the maturity of product/service happens in more than one-year cycle, and there are no clear instructions from the customer about the maturity proceeds, Primary Dealer shall not allow automatic roll-overs and shall obtain such instructions at the time of each and every maturity.

5.14. A Primary Dealer must ensure that the Customer is informed of the facility made available by the Public Debt Department of CBSL for them to receive periodic statements on their Government Securities account at the CDS in an electronic form through email or in printed form through the postal system. In addition, the Customer should also be informed of the facility available to view their Government Securities account at the CBSL through the Internet.

## 6. Restrictions

### 6.1. Credit:

- (a) A Primary Dealer must not offer unsolicited pre-approved credit to a Customer.
- (b) A Primary Dealer may only increase a Customer's credit limit with the agreement of the Customer.
- (c) Where a Primary Dealer intends to impose a charge in respect of the provision or arrangement of a credit to a Customer, and it is proposed that this charge is incorporated into the credit amount advanced to the Customer, the Primary Dealer must give the Customer the right to pay this charge separately and not include it in the credit.

### 6.2. Bundling and Contingent Selling

- (a) A Primary Dealer must not make the sale of a product/service contingent on the Customer purchasing another product/service from the Primary Dealer or any other third party. This provision does not prevent a Primary Dealer from offering additional products/services to a Customer who is an existing Customer which is not available to potential Customers.
- (b) A Primary Dealer is prohibited from bundling except where it can be shown that there is a cost saving for the Customer.
- (c) Prior to offering, recommending, arranging or providing a bundled product/service, a Primary Dealer must provide the Customer with the following information on paper or on another durable medium:
  - (i) the overall cost to the Customer of the bundle;
  - (ii) the cost to the Customer of each product/service separately;
  - (iii) how to switch products/services within the bundle;
  - (iv) the cost to the Customer of switching products/services within the bundle;
  - (v) how to exit the bundle; and
  - (vi) the cost to the Customer of exiting the bundle.
- (d) Where a Customer wishes to switch one or more products/services in a bundle or exit a bundle, the Primary Dealer must:
  - (i) provide the Customer with the information set out in Provision 6.2.(c)(iii) and (iv) or 6.2.(c)(v) and (vi) as appropriate, in writing, and

- (ii) allow the Customer to retain any products/services in the bundle that the Customer wishes to keep, without penalty or additional charge, apart from the loss of any discount.
- (e) Where a Primary Dealer offers an option to a Customer in conjunction with a product/service, the Primary Dealer:
- (i) must inform the Customer in writing:
    - that the Customer does not have to purchase the option in order to buy the main product/service;
    - of the cost of the basic product/service (excluding the option); and
    - of the cost of the option.
  - (ii) must not charge the Customer a fee for any option offered in conjunction with a product/service unless the Customer has confirmed that he or she wishes to purchase the optional extra.
- (f) In relation to Provisions 6.2.(c) to 6.2.(e), if the means of communication between the Primary Dealer and the Customer is by way of telephone only, the Primary Dealer must:
- (i) provide this information orally at the time of offering, recommending, arranging or providing a bundled product/service; and
  - (ii) provide this information to the Customer in writing immediately after arranging or providing a bundled product/service.

## 7. **Conflict of Interest**

- 7.1. A Primary Dealer must have in place and operate in accordance with a written conflicts of interest policy appropriate to the nature, scale and complexity of the Primary Dealer activities carried out by the Primary Dealer. The conflicts of interest policy must:
- (a) identify, with reference to the Primary Dealer activities carried out by or on behalf of the Primary Dealer, the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of its Customers; and
  - (b) specify procedures to be followed, and measures to be adopted, in order to manage such conflicts.
- 7.2. Where conflicts of interest arise and cannot be reasonably avoided, a Primary Dealer must:

- (a) disclose the general nature and/or source of the conflicts of interest to the Customer. A Primary Dealer may only undertake business with or on behalf of a Customer where there is directly or indirectly a conflicting interest, where that Customer has acknowledged, in writing that he or she is aware of the conflict of interest and still wants to proceed; and
  - (b) ensure that the conflict does not result in damage to the interests of the Customer.
- 7.3. Where a Primary Dealer distributes its products/services to Customers through an intermediary and pays commission to an intermediary based on levels of business introduced, the Primary Dealer must be able to demonstrate that these arrangements:
- (a) do not impair the intermediary's duty to act in the best interests of Customers; and
  - (b) do not give rise to a conflict of interest between the intermediary and the Customer.
- 7.4. A Primary Dealer must ensure that its remuneration arrangements with employees in respect of providing, arranging or recommending a product/service to a Customer, are not structured in such a way as to have the potential to impair the Primary Dealer's obligations:
- (a) to act in the best interests of Customers; and
  - (b) to satisfy the knowing the Customer and Suitability requirements set out in Section 11 of this Charter.
- 7.5. A Primary Dealer must ensure that there are effective fire walls in place between the different business areas of the Primary Dealer, and between the Primary Dealer and its connected parties, in relation to information which could potentially give rise to a conflict of interest or be open to abuse.
- 7.6. A Primary Dealer must ensure that it has written procedures in place relating to the maintenance of fire walls, and the consequences of breaches of fire walls. These procedures must be notified to all relevant officers and employees of the Primary Dealer.
- 7.7. A Primary Dealer must take reasonable steps to ensure that it or any of its officers or employees do not offer, give, solicit or accept any gifts or rewards (monetary or otherwise) likely to conflict with any duties of the recipient in relation to his or her activities in the Primary Dealer business, or the Primary Dealer.
- 8. Personal Visits and Contact with Customers**
- 8.1. A Primary Dealer must not make an unsolicited personal visit, at any time, to an existing/prospective Customer. All such visits shall be subjected to prior appointments.



- 8.2. A Primary Dealer may only make a personal visit to a Customer who is an individual if that Customer has given informed consent to being contacted by the Primary Dealer by means of a personal visit. A Primary Dealer must obtain informed consent separately for each personal visit and must maintain a record of this consent.
- 8.3. In order to comply with Provision 8.2. above, a Primary Dealer must have obtained the informed consent of a Customer who is an individual in relation to:
- (a) the purpose(s) for which a personal visit is to be made, including in the case of sales and marketing, the types of product/service to be discussed during the personal visit, and
  - (b) the time and date for the personal visit.
- 8.4. A Primary Dealer may make telephone contact with a Customer who is an existing Customer, only if:
- (a) the Customer holds a product/service, which requires the Primary Dealer to maintain contact with the Customer in relation to that product/service, and the contact is in relation to that product/service, and
  - (b) the Customer has given his or her consent to being contacted in this way by the Primary Dealer.
- 8.5. A Primary Dealer may make telephone contact with a Customer other than an existing Customer, if the Customer has signed a statement, within the previous twelve months, giving the Primary Dealer permission to make telephone calls to him or her for specified purposes and the contact is in respect of such specified purposes;
- 8.6. When making a personal visit or telephone contact in accordance with this Charter, the representative of a Primary Dealer must make it in the following order:
- (a) identify himself or herself by name, and state the name of the Primary Dealer on whose behalf he or she is being contacted and the commercial purpose of the contact;
  - (b) inform the Customer that the telephone contact is being recorded, if this is the case;
  - (c) where relevant, disclose to the Customer, the source of the business lead or referral supporting the telephone contact; and
  - (d) establish if the Customer wishes the personal visit or telephone contact to proceed and, if not, end the contact immediately.



8.7. A Primary Dealer must abide by a request from a Customer not to make a personal visit or telephone contact to him or her again for sales and marketing purposes and this request must be recorded by the Primary Dealer.

## 9. **Product/Service Procedure Responsibilities**

9.1. In relation to a new product/service designed by a Primary Dealer to be sold to Customers through an intermediary channel, the Primary Dealer must provide the following details to the intermediary:

- (a) the key characteristics and features of the product/service;
- (b) the target market of Customers for the product/service; and
- (c) the nature and extent of the risks inherent in the product/service.

9.2. When selling a product/service to Customers through an intermediary channel, a Primary Dealer must provide information to the intermediary about the product/service that is clear, accurate, up to date and not misleading.

## 10. **Provision of Information**

10.1. A Primary Dealer must supply information to a Customer in Sinhala, Tamil or English, as desired, by the Customer.

10.2. A Primary Dealer must ensure that all information it provides to a Customer is clear, accurate, up to date, and written in plain Sinhala, Tamil or English. Key information must be brought to the attention of the Customer. The method of presentation must not disguise, diminish or obscure important information.

10.3. A Primary Dealer must supply information to a Customer on a timely basis. In doing so, the Primary Dealer must have regard to the following:

- (a) the urgency of the situation; and
- (b) the time necessary for the Customer to absorb and react to the information provided.

10.4. A Primary Dealer must ensure that, where it communicates with a Customer using electronic media, it has in place appropriate arrangements to ensure the security of information received from the Customer and the secure transmission of information to the Customer.



- 10.5. A Primary Dealer must ensure that the font size used in all printed information provided to Customers is:
- (a) clearly legible, and
  - (b) appropriate to the type of document and the information contained therein.
- 10.6. When a Primary Dealer publishes a notice regarding a change in term or condition already agreed upon with its Customers, the notice must state the old term or condition and the new term or condition and the date from which the changes will apply.
- 10.7. Where a Primary Dealer publishes term or condition on its information services, including telephone helplines and websites, the Primary Dealer must update such information services as soon as the change of term or condition comes into effect.
- 10.8. A Primary Dealer must draw up its terms and conditions, in Sinhala, Tamil, and English, and provide each Customer with a copy in the language desired by the Customer, prior to providing the first product/service to that Customer.
- 10.9. The terms of business must set out the basis on which the Primary Dealer provides its Primary Dealer activities and must include at least the following:
- (a) the legal name, trading name(s), address, and contact details of the Primary Dealer;
  - (b) if the Primary Dealer is part of a group, the name of the group to which the Primary Dealer belongs;
  - (c) confirmation that the Primary Dealer is authorised, licensed or registered and the name of the competent authority that has authorised, licensed or registered it;
  - (d) a statement that it is subject to this Customer Charter which offers protection to Customers and that the Charter can be found in Sinhala, Tamil and English languages on the CBSL's website [www.cbsl.gov.lk](http://www.cbsl.gov.lk).
  - (e) a description of the Primary Dealer activities that the Primary Dealer provides;
  - (f) a general statement of the charges imposed directly by the Primary Dealer;
  - (g) a summary of the Primary Dealer's policy in relation to how it will use a Customer's personal data;
  - (h) a summary of the Primary Dealer's policy in relation to conflicts of interest;
  - (i) an outline of the action and remedies which the Primary Dealer may take in the event of default by the Customer;



- (j) a summary of the complaints procedure operated by the Primary Dealer; and
- (k) the effective date of the terms of business document.

10.10. A Primary Dealer must provide its terms of business to a Customer as a stand-alone document.

10.11. Prior to offering, recommending, arranging or providing a product/service, a Primary Dealer must provide information to the Customer, in writing in one of the three languages (Sinhala, Tamil or English) as desired by the Customer, about the main features and assist the Customer in understanding the product/service.

10.12. A Primary Dealer must provide each Customer with the terms and conditions attaching to a product/service, in writing in one of the three languages (Sinhala, Tamil or English) as desired by the Customer, before the Customer enters into a contract for that product/service.

10.13. Prior to offering, recommending, arranging or providing a product/service a Primary Dealer must provide a Customer with information on the following, where relevant:

- (a) capital security;
- (b) any limitations on the sale or disposal of the product/service;
- (c) restrictions on access to funds invested;
- (d) restrictions on the redemption of the product/service;
- (e) the impact, including the cost, of exiting the product/service early;
- (f) the minimum recommended investment period; and
- (g) the risk, if any, that the estimated or anticipated return on the product/service will not be achieved.

10.14. The potential effects of volatility in price, fluctuation in interest rates, and/or movements in exchange rates on the value of the product/service.

10.15. Prior to providing a product/service to a Customer, a Primary Dealer must:

- (a) provide the Customer, in writing in one of the three languages (Sinhala, Tamil or English) as desired by the Customer, with a breakdown of all charges, including third party charges, if any, which will be passed on to the Customer; and



- (b) where such charges cannot be ascertained in advance, notify the Customer that such charges will be levied as part of the transaction.

- 10.16. It is the responsibility of the Primary Dealer to communicate to the Customer at the beginning of the relationship that there will be compensation/discount/fines at the market rate applicable in the event of premature withdrawal/termination of the product/service.
- 10.17. A Primary Dealer must include in its Application Form, in a manner that is easily readable to Customers, a schedule of fees and charges imposed by that Primary Dealer. If the Primary Dealer has a website, its schedule of fees and charges must also be made publicly available through placing this schedule on its website.
- 10.18. A Primary Dealer must notify affected Customers of increases in charges, specifying the old and new charge, or the introduction of any new charges, at least 30 days prior to the change taking effect.

## 11. **Knowing the Customer and Suitability**

- 11.1. A Primary Dealer must gather and record sufficient information from the Customer prior to offering, recommending, arranging or providing a product/service appropriate to that Customer. The level of information gathered should be appropriate to the nature and complexity of the product/service being sought by the Customer, but must be to a level that allows the Primary Dealer to provide a professional service.
- 11.2. Where a Customer refuses to provide information sought in compliance with Provision 11.1, the Primary Dealer must inform the Customer in writing that, as it does not have the relevant information necessary to assess suitability, it cannot offer the Customer the product/ service sought.
- 11.3. When assessing the suitability of a product/service for a Customer, the Primary Dealer must, at a minimum, consider and document whether, on the basis of the information gathered under Provision 11.1:
  - (a) the product/service meets that Customer's needs and objectives;
  - (b) the Customer:
    - (i) is likely to be able to meet the financial commitment associated with the product/ service on an ongoing basis;
    - (ii) is financially able to bear any risks attaching to the product/service; and,



- (c) the product/service is consistent with the Customer's attitude to risk.
- 11.4. A Primary Dealer must ensure that any product/service offered to a Customer is suitable to that Customer, having regard to the facts disclosed by the Customer and other relevant facts about that Customer of which the Primary Dealer is aware.
12. **Advertising**
- 12.1. A Primary Dealer must ensure that:
- (a) the design, presentation and content of an advertisement is clear, fair, accurate and not misleading;
  - (b) an advertisement does not seek to influence a Customer's attitude to the advertised product/service or the Primary Dealer either by ambiguity, exaggeration or omission; and
  - (c) the nature and type of the advertised product/service is clear and not disguised in any way.
- 12.2. Without limiting the generality of Provision 12.1. a Primary Dealer must ensure that an advertisement is not misleading in particular in relation to:
- (a) the Primary Dealer's independence or the independence of the information it provides; and
  - (b) the Primary Dealer's ability to provide the advertised product/service.
- 12.3. A Primary Dealer must ensure when publishing an advertisement that its name is clearly shown in all advertisements.
- 12.4. A Primary Dealer must ensure that an advertisement is designed and presented so that any Customer can reasonably be expected to know immediately that it is an advertisement.
- 12.5. A Primary Dealer must ensure that:
- (a) key information, in relation to the advertised product/service, is prominent and is not obscured or disguised in any way by the content, design or format of the advertisement; and
  - (b) small print or footnotes are only used to supplement or elaborate on the key information in the main body of the advertisement and must be of sufficient size and prominence to be clearly legible.

- 12.6. A Primary Dealer must ensure that an advertisement that uses promotional or introductory interest rates or any other promotional features clearly states the expiry date of that interest rate and provides an indication of the rate and any other condition/s that will apply thereafter.
- 12.7. A Primary Dealer must ensure that any assumptions, on which a statement, promise or forecast contained in an advertisement is based, are clearly stated, reasonable and up to date.
- 12.8. A Primary Dealer must ensure that an advertisement that promotes more than one product/service sets out clearly the key information relating to each product/service in such a way that a Customer can distinguish between the products/services.
- 12.9. A Primary Dealer must ensure that comparisons or contrasts are based either on facts verified by the Primary Dealer, or on reasonable assumptions stated within the advertisement. They should be presented in a clear, fair and balanced way and not omit anything material to the comparison or contrast. Material differences between the products/services must be set out clearly.

### 13. **Errors Resolution**

- 13.1. A Primary Dealer must have written procedures in place for the effective handling of errors which affect Customers. At a minimum, these procedures must provide for the following:
- (a) the identification of the cause of the error;
  - (b) the identification of all affected Customers;
  - (c) the appropriate analysis of the patterns of the errors, including investigation as to whether or not it was an isolated error;
  - (d) proper control of the correction process; and
  - (e) escalation of errors to compliance/risk functions and senior management.
- 13.2. A Primary Dealer must resolve all errors speedily and not later than two months after the date the error was first discovered, including:
- (a) correcting any systems failures;
  - (b) ensuring effective controls are implemented to prevent any recurrence of the identified error;

- (c) effecting a refund (with appropriate interest) to all Customers who have been affected by the error, where possible; and
  - (d) notifying all affected Customers, both current and former, in a timely manner, of any error that has impacted or may impact negatively on the cost of the service, or the value of the product/service, provided, where possible.
- 13.3. Where an error which affects Customers has not been fully resolved (as outlined in Provision 13.2) within two months of the date the error was first discovered, a Primary Dealer must inform CBSL, on paper or on another durable medium, within one month of that deadline.
- 13.4. A Primary Dealer must maintain a log of all errors which affect Customers. This log must contain:
- (a) details of the error;
  - (b) the date the error was discovered;
  - (c) an explanation of how the error was discovered;
  - (d) the period over which the error occurred;
  - (e) the number of Customers affected;
  - (f) the monetary amounts involved;
  - (g) the status of the error;
  - (h) the date the error was resolved;
  - (i) the number of Customers refunded; and
  - (j) the total amount refunded.
- 13.5. A Primary Dealer must maintain a record of all steps taken to resolve an error which affects Customers, including details of the steps taken where:
- (a) any affected Customers were dissatisfied with the outcome;
  - (b) there were difficulties contacting affected Customers; and
  - (c) a refund could not be repaid.





## 14. **Complaints Resolution**

- 14.1. A Primary Dealer must seek to resolve any complaints with Customers.
- 14.2. When a Primary Dealer receives an oral complaint, it must offer the Customer the opportunity to have this handled in accordance with the Primary Dealer's complaints process.
- 14.3. A Primary Dealer must have in place a written procedure for the proper handling of complaints. This procedure needs not apply where the complaint has been resolved to the complainant's satisfaction within five business days, provided however that a record of this fact is maintained. At a minimum this procedure must provide that:
- (a) the Primary Dealer must acknowledge each complaint in writing within five business days of the complaint being received;
  - (b) the Primary Dealer must provide the complainant with the name of one or more individuals appointed by the Primary Dealer to be the complainant's point of contact in relation to the complaint until the complaint is resolved or cannot be progressed any further;
  - (c) the Primary Dealer must provide the complainant with a regular update, in writing, on the progress of the investigation of the complaint at intervals of not greater than 20 business days, starting from the date on which the complaint was made;
  - (d) the Primary Dealer must attempt to investigate and resolve a complaint within 40 business days of having received the complaint; where the 40 business days have elapsed and the complaint is not resolved, the Primary Dealer must inform the complainant of the anticipated timeframe within which the Primary Dealer intends to resolve the complaint and must inform the Customer that they can refer the matter to the Financial Ombudsman, and must provide the Customer with the contact details of such Ombudsman; and
  - (e) within five business days of the completion of the investigation, the Primary Dealer must advise the Customer in writing, of:
    - (i) the outcome of the investigation;
    - (ii) where applicable, the terms of any offer or settlement being made;
    - (iii) that the Customer can refer the matter to the Financial Ombudsman, and
    - (iv) the contact details of Financial Ombudsman.



- 14.4. A Primary Dealer must maintain an up-to-date log of all complaints from Customers subject to the complaints procedure. This log must contain:
- (a) details of each complaint;
  - (b) the date the complaint was received;
  - (c) a summary of the Primary Dealer's response(s) including dates;
  - (d) details of any other relevant correspondence or records;
  - (e) the action taken to resolve each complaint;
  - (f) the date the complaint was resolved; and
  - (g) where relevant, the current status of the complaint which has been referred to the Financial Ombudsman.
- 14.5. A Primary Dealer must maintain up to date and comprehensive records for each complaint received from a Customer.
- 14.6. A Primary Dealer must undertake an appropriate analysis of the patterns of complaints from Customers on a regular basis including investigating whether complaints indicate an isolated issue or a more widespread issue for Customers. This analysis of Customer complaints must be escalated to the Primary Dealer's compliance/risk function and senior management.

## 15. **Records and Compliance**

- 15.1. A Primary Dealer must ensure that all instructions from or on behalf of a Customer, including the date of both the receipt and transmission of the instruction are recorded.
- 15.2. A Primary Dealer must ensure that any decision in the exercise of its discretion on behalf of a Customer with respect to a product/service is recorded.
- 15.3. A Primary Dealer must maintain up-to-date records containing at least the following:
- (a) a copy of all documents required for Customer identification and profile;
  - (b) the Customer's contact details;
  - (c) all information and documents prepared in compliance with this Charter;

- (d) details of products/services provided to the Customer;
- (e) all correspondence with the Customer and details of any other information provided to the Customer in relation to the product/service;
- (f) all documents or applications completed or signed by the Customer;
- (g) copies of all original documents submitted by the Customer in support of an application for the provision of a product/service; and
- (h) all other relevant information and documentation concerning the Customer.

15.4. A Primary Dealer must retain details of individual transactions for five years after the date on which the particular transaction is discontinued or completed. A Primary Dealer must retain all other records for five years from the date on which the Primary Dealer ceased to provide any product/service to the Customer concerned.

15.5. A Primary Dealer must maintain complete and readily accessible records, fully protected with necessary backup records of the same in different locations as required, to ensure customer protection.

## 16. **Compliance with this Charter**

16.1. Where the Superintendent of Public Debt requires a Primary Dealer to provide information in respect of the Primary Dealer's compliance with this Charter, such Primary Dealer is required to provide information which is full, fair and accurate in all respects and not misleading and to do so in any period of time or format that may be specified by the Superintendent of Public Debt.

16.2. Where the Superintendent of Public Debt requires information in respect of a Primary Dealer's compliance with this Charter, and the Superintendent of Public Debt is of the opinion that a meeting with personnel of the Primary Dealer should take place in order to procure such information in a satisfactory manner, the Primary Dealer must arrange for appropriate personnel to participate in such a meeting in order to provide the required information to the Superintendent of Public Debt.

16.3. A Primary Dealer must, upon being required by the Superintendent of Public Debt to do so, provide, to the Superintendent of Public Debt, records evidencing compliance with this Charter for a period which the Superintendent of Public Debt may specify (up to a maximum period of six years).



**17. A Customer's obligations toward a Primary Dealer**

A Customer of a Primary Dealer should foster the relationship with the Primary Dealer fulfilling its obligations. In this regard:

- (a) The Customer should not advise the Primary Dealer to avoid recording their title in the CDS when they have purchased Government Securities from a Primary Dealer in return of any undue financial benefit.
- (b) If a Customer intends to withdraw/terminate the product/service before the end of the maturity period, she/he has to bear the compensation/discount/fines at the market rate prevailing at the time of such decision.
- (c) If the Customer is unable to settle any financial obligation to the Primary Dealer, as agreed, the Primary Dealer will have the right to recover the amount owing to it through any collateral. If the Primary Dealer is unable to settle the financial obligation as agreed, the Customer will have the right to recover the amount owing to them through any collateral.
- (d) If a Customer finds herself/himself in financial difficulties, she/he should let the Primary Dealer know as early as possible.
- (e) It is imperative that the Customer inform the Primary Dealer at all times of any changes to her/his address and contact details to facilitate to contact the Customer at any time and to ensure that Customer registration details in the CDS are current and accurate.
- (f) The Customer should have the complete understanding of the product/service offered by the Primary Dealer before entering into the contract.
- (g) The Customer should duly fill and submit the required application forms and supporting documents in time.
- (h) The Customer should exercise due care in all transactions with the Primary Dealer.
- (i) The Customer should ensure that she/he receives an acknowledgement/account statement from the Primary Dealer for her/his transactions with the Primary Dealer. The Customer then should carefully peruse acknowledgement/statement received from the Primary Dealer and notify the Primary Dealer promptly of any errors/ omissions/ suspected transaction/s in a prompt manner.

