

TERMS OF REFERENCE

PREPARING AN INDEX FOR SELECTED TRADED SHARES

I. INTRODUCTION

1. Almas Group has been creating value for nearly three decades in multiple business fronts both locally & overseas. The Group's most recent addition was the 100% acquisition of ownership of "Assetline Stock Brokers" one of the founding members of the Colombo Stock Exchange. The company was recently rebranded as "Almas Equities" and the same is within the regulation of the Securities and Exchange Commission of Sri Lanka and operating within the regulations of the Colombo Stock Exchange. To provide more practical and industry-relevant information to stakeholders, Almas Equities is planning to prepare an "Index" for selected shares categorized as 'White List' by Almas Equities for the use of stakeholders.

2. White List shares are categorized based on criteria adopted by international Whitelist prepares. Almas equities use the following five (5) whitelist criteria to capture international dynamics.

- A. AAOIFI from Middle Eastern region,
- B. Meezan from Pakistan,
- C. Dow Jones from USA,
- D. Securities Commission Malaysia and
- E. BSE India & NIFTI India to represent Indian approach.

The Index based on White List will facilitate both local & foreign investors to have a better understanding of the movement of prices of selected shares.

3. Therefore, in order to create awareness & popularize the use of indexes, Almas is kindly requesting to share the knowledge of the Institute of Applied Statistics, Sri Lanka on the following areas

- (a) Preparation of the index based on daily prices
- (b) Admission of new constituents into the index & removal of existing constituents with 'capping' where applicable, to minimize over-representation
- (c) Any other areas to improve the accuracy of the calculation.

Once the methodology of preparing the index is finalized with the input of the Institute of Applied Statistics Sri Lanka, the details of the expected engagement are as follows,

i) For the 1st three days of live Index publication, on a daily basis to validate the Index accuracy.

ii) For the next 4 weeks of live Index publication, validate the Index accuracy on a weekly basis on the last day of the week for the preceding week (Week 1,2,3,4).

iii) For the next 3 months of live Index publication, validate the Index accuracy on a monthly basis on the last day of the month for the preceding month (Month 2, Month 3, Month 4) and

iv) Thereafter on quarterly basis to validate the Index accuracy on a quarterly basis on the last day of the quarter for the preceding quarter. (Month 7, Month 10... etc).

(Upon completing the index calculation, Almas will email the data file for the respective period for verification purposes. If any index calculation is identified as incorrect, the Institute to assist with the correction by providing necessary guidance with the revised calculation in a Spreadsheet worksheet).

II. IMPLEMENTATION

Almas expects the Index to gain acceptance & popularity among stakeholders as an Index is a very useful tool. Further in today's digital economy, Almas would like the index to be available on a real-time basis through the use of digital technology. Therefore, Almas wishes to implement the Index in stages.


1. Phase One: index is calculated without automation & published on a daily basis
2. Phase Two: index calculation is automated & published in real-time.

Based on the guidance received from the Institute of Applied Statistics, Sri Lanka, Almas will do all the necessary implementations & calculations relating to the Index. Index calculation details could be made available to the Institute of Applied Statistics, Sri Lanka on a periodic basis for review of the methodology used and the accuracy of calculations.

III. OTHER DETAILS

Almas will be making the Index available to the public & business FREE OF CHARGE at no cost in order to promote the use of the index for practical business & investment decision-making purposes.

As a stock brokering firm licensed by the Securities and Exchange Commission of Sri Lanka and operated within the regulations of the Colombo Stock Exchange, Almas is provided with accurate input data from the Colombo Stock Exchange on a daily basis.



IV. TIMELINE

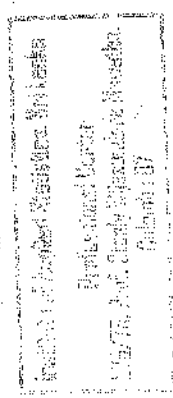
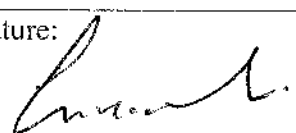
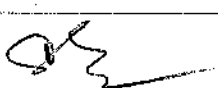

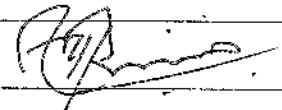
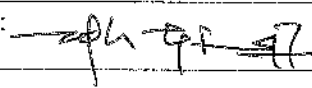
Almas is intending to implement the Index at the earliest possible time with the necessary input from the Institute of Applied Statistics, Sri Lanka.

Once the trial run of producing the index is successfully completed with the input of the Institute of Applied Statistics, Sri Lanka, Almas wishes to inform the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange of the availability of the index before end of January 2023.

V. EFFECTIVE PERIOD

This MOU is to be valid for an effective period of one year from the date of commencement with a provision to renew on a yearly basis.

Signed and agreed On 2nd February 2023.

| | | | | | |
|--|--|--------------|---|---|--|
| For & on behalf of the Institute of Applied Statistics, Sri Lanka | | | | Common Seal | |
| Authorized Representative | | Witnessed by | |  | |
| 1 | Signature:  | 5 | Signature:  | | |
| 2 | Name: Dr D.C. Wickramarachchi | 6 | Name: A.P.G.S. De Silva | | |
| 3 | NIC number: 723501490V | 7 | NIC number: 542621770V | | |
| 4 | Designation: President IASSL | 8 | Designation: EXCO member | | |
| For & on behalf of Almas Equities (Pvt) Ltd. | | | | Common Seal | |
| Authorized Representative | | Witnessed by | |  | |
| 9 | Signature:  | 4 | Signature:  | | |
| 10 | Name: A.M.M. Rishi | 5 | Name: Dr. H.P. Suriyapperuma | | |
| 3 | NIC number: 702280893V | 7 | NIC number: 730463022V | | |
| 3 | Designation: DIRECTOR | 6 | Designation: Director | | |