



**Securities Depository Centre Company (“Edaa”)**

# **The Depository Centre Procedures**

**Approved by the Board of the Capital Market Authority Pursuant to its Resolution Number (1-2-2022) Dated 30/5/1443 H corresponding to 3/1/2022 G**

**Amended by the Board of the Securities Depository Centre Company (Edaa) Pursuant to its Resolution Number (07-2022) Dated 23/10/1443 H corresponding to 24/05/2022 G**

**Amended by the Board of the Securities Depository Centre Company (Edaa) Pursuant to its Resolution Number (17-2023) Dated 12/03/1445 H corresponding to 27/09/2023 G**

**Arabic is the official language of the Depository Centre**

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## **Section 1: Preliminary Provisions**

### **1. Provisions and Definition**

- 1.1.** This document specifies the Depository Centre Procedures that Depository Centre Members must follow to comply with provisions of the Securities Depository Centre Rules.
- 1.2.** The expressions and terms in these Procedures carry the same meaning as they do in the Capital Market Law and Glossary of Defined Terms Used in the Exchange Rules unless the text explicitly notes an alternate meaning.
- 1.3.** These Procedures will enter into effect as per its approval resolution.

### **2. Conditions for Depository Centre Membership**

- 2.1.** Applicant that wishes to apply for a Depository Centre Membership must meet the conditions set out in the Securities Depository Centre Rules.

### **3. Membership approval and Activation**

- 3.1.** Upon approval by the Depository Centre, the applicant must pay the membership fee. Details of required documentation and relevant deadlines for membership application process shall be published on the Depository Centre's website.
- 3.2.** After the conditions stipulated in (3.1) are fulfilled, the membership will be activated in the Depository and Settlement System.

### **4. Fees, Payment and Invoice**

- 4.1.** The Depository Centre will submit invoice to the Depository Centre Members on a periodic basis and define deadline for payment accordingly.
- 4.2.** The Depository Centre shall publish all fee types and their calculation method on its website.
- 4.3.** The Depository Centre shall notify the Depository Centre Members, at least, **30** days before imposing new fees or changing the fees.

### **5. Notices**

- 5.1.** The Depository Centre shall publish notices on its website for clarification and details related to The Depository Centre Procedure.

## Section 2: Accounts Structure and Types

### 6. Depository Centre Accounts

- 6.1.** Without prejudice to Section (4) of the Securities Depository Centre Rules the Depository Centre Accounts are opened and closed by the relevant Custody Member.
- 6.2.** Investors may open one or more Depository Centre Account with more than one Custody Member. Investors can use the Depository Centre Account with more than one Exchange Member.
- 6.3.** The Depository Centre Accounts are used for the following purposes:
- 6.3.1.** Deposit Securities owned by the Depository Centre Account owner.
  - 6.3.2.** Transactions settlement.
  - 6.3.3.** Registration of restrictions.
- 6.4.** The following table specify the mechanism of opening including, but not limited to, the Depository Centre Accounts:

<b>Account Type</b>	<b>Account Function</b>	<b>The Account opened by</b>
<b>Individual</b>	Investor account	Custody Member
<b>Organization</b>	Investor account	Custody Member
<b>House Account</b>	Custody Member House Account	Custody Member

- 6.5.** The Depository Centre may request any additional documents or information related to the Depository Centre Accounts.

### 7. Special Accounts

- 7.1.** The Custody Member provides Settlement Pool Account for each Exchange Member for the purpose of Securities settlement in accordance with Section (7) of these Procedures.
- 7.2.** The following table specify the mechanism of opening the Special Accounts:

<b>Account Type</b>	<b>Account Function</b>	<b>The Account Opened By</b>
<b>Intermediary Account (mutual fund)</b>	Transitory account between issuance account and investor account	Custody Member with Depository Centre approval
<b>Lead Manager Rights Account</b>	Unsubscribed rights account	Custody Member with Depository Centre approval
<b>Custody Member Client Collateral Account</b>	Transitory account against CCP Client Collateral Account. Safekeeping of Collateral.	Custody Member with Depository Centre approval
<b>Custody Member Collateral Omnibus Account</b>	Transitory account against CCP Collateral Omnibus Account Safekeeping of Collateral.	Custody Member with Depository Centre approval
<b>CCP Collateral Omnibus Account</b>	An account to hold CCP Clearing Members clients commingled Collaterals	CCP
<b>CCP Client Collateral Account</b>	An account to hold CCP Clearing Member client 's Collaterals	CCP
<b>CCP Collateral Account</b>	An account to holds CCP Clearing Members Collaterals	CCP
<b>CCP Settlement Pool Account</b>	Settlement of Transactions against Exchange Member Settlement Pool Account and Exchange Member Clients Settlement Pool Account	CCP
<b>Exchange Member Settlement Pool Account</b>	Settlement of Transactions against CCP Settlement Pool Account	Custody Member with Depository Centre approval

<b>Exchange Member Clients Settlement Pool Account</b>	Settlement of Transactions against CCP Settlement Pool Account	Custody Member with Depository Centre approval
<b>Distribution Account</b>	Transitory account between issuance account and investor account	The Depository Centre
<b>Issuance Account</b>	Issuance of Securities	The Depository Centre
<b>Corporate Action Distribution Account</b>	Corporate Actions distribution	The Depository Centre

**7.3.** The Depository Centre may request any additional documents or information related to the Depository Centre Accounts.

## **8. Accounts attributes**

**8.1.** The Custody Member may activate the Holding settlement mechanism for any settlement instructions for each account opened by the Custody Member. Such instructions cannot be settled until the Custody Member activates the Releasing settlement mechanism.

**8.2.** The Custody Members may enable or prevent their employees to access their accounts opened by the relevant Custody Member.

**8.3.** The Custody Member must ensure that its accounts configured to flag the following activities:

- 8.3.1.** Depository Receipts;
- 8.3.2.** Exchange Traded Funds;
- 8.3.3.** Investment Funds;
- 8.3.4.** Corporate Actions fractions;
- 8.3.5.** Discretionary Portfolio Management;
- 8.3.6.** Employee Incentive Scheme;
- 8.3.7.** Custody Member's Depository Receipts;
- 8.3.8.** Certificates; and
- 8.3.9.** Murabaha.

- 8.4.** The interested parties accounts (guardian account for minor investors or CCP Collateral Accounts) are registered at the Depository and Settlement System for the purpose of reporting and special processing.

## **Section 3: Investors**

### **9. Investors Identification**

- 9.1.** The Investors are identified by the Custody Member.
- 9.2.** The Investor are identified by national identification or resident identification or commercial identification, and Country of residence and Investor type. The identification of an Investor in the Depository and Settlement System shall be by entering the Investor's information, as determined by the Depository Centre. Upon the completion of the identification process, the Investor will be provided with a unique "Identification Number". The creation of the Identification Number shall be as follows:
- 9.2.1.** The National Identification Number for Saudi individuals and resident Identification Number for resident individuals in the Kingdom (10-digits number beginning with 1 or 2) is used as Identification Number.
- 9.2.2.** The commercial number for Saudi companies is used as Identification Number.
- 9.2.3.** 14-digit serial numbers are used as Identification Number for other Saudi Investors.
- 9.2.4.** 14-digit serial numbers are used as Identification Number for other foreign investors (which includes GCC) and the first two digits are as country code.
- 9.2.5.** If there is a conflict between the national Identification Number for Saudi individual and the commercial number for the Saudi companies, an additional code will be added to the Identification Number.
- 9.3.** The Identification Number cannot be changed after it's created.
- 9.4.** The Custody Member may have separate records of Investors that allows having different addresses and contact details from other Custody Members using the same Identification Number. The Depository Centre shall notify Custody Members to confirm and update the provided addresses and contact details.
- 9.5.** The Depository Centre may request any additional documents or information related to the Investors.



## 10. Investor Types and Identification Mechanism

10.1. The following table specifies Investor Identification mechanism:

Investor Category	Investor Types	Identified by
ETF foreign investor	Organization	Custody Member
Foreign fund	Organization	Custody Member
Individual foreign investor	Individual	Custody Member
Foreign institution	Organization	Custody Member
Individual	Individual	Custody Member
Investment Funds	Organization	Custody Member
QFI (Company)	Organization	Custody Member
QFI (Fund)	Organization	Custody Member
QFI (government and related entities)	Organization	Custody Member
Swap agreements	Organization Individual	Custody Member
Asset manager	Organization	Custody Member
Charity	Organization	Custody Member
Company	Organization	Custody Member
Endowments	Organization	Custody Member
Government	Organization	Custody Member
Government funds	Organization	Custody member
Public organizations	Organization	Custody member
Others	Organization, Individual	The Depository Centre

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<b>Special Case</b>	Organization, Individual	The Depository Centre
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## **Section 4: Cash Payments and Cash Accounts**

### **11. Cash Payment**

**11.1.** The Depository Centre use The Payment Systems - SAMA for cash settlement.

**11.2.** The Depository Centre provides cash settlement services for the following activities:

**11.2.1.** CCP instructions related to Securities settlement;

**11.2.2.** CCP instructions related to cash compensation;

**11.2.3.** CCP instructions related to cash substitution;

**11.2.4.** CCP instructions related to Default Management;

**11.2.5.** CCP instructions related to other Clearing activities;

**11.2.6.** The Depository Centre instructions related to corporate action claims;

**11.2.7.** The Depository Centre instructions related to tradeable rights; and

**11.2.8.** The Depository Centre instructions related to SBL.

### **12. Cash accounts**

**12.1.** The Depository Centre shall define The Payment System - SAMA accounts for each Settlement Members.

### **13. Settlement agreements and Cash Settlement Headroom**

**13.1.** The provided settlement agreement by the Depository Centre is defined based on the request from the relevant Settlement Member and Custody Member.

**13.2.** The Cash Settlement Limit is defined and updated by the Settlement Members. The Settlement Member may update the Cash Settlement Limit of the relevant Custody Member permanently or temporarily (effective during adjustment day).

**13.3.** The utilization of the Cash Settlement Limit is reset daily by the Depository and Settlement System.

**13.4.** The available funds that the Settlement Member is ready to settle are determined by calculating the Cash Settlement Headroom as follows:

Cash Settlement Headroom = Cash Settlement Limit – Debited Cash + Credited Cash.

**13.5.** The Cash Settlement Headroom is used for the instructions stipulated in Paragraph (11.2) of these Procedures.

## **14. Cash settlement**

- 14.1.** The Depository Centre shall request the Payment System - SAMA to credit the Depository Centre Account, and the Depository Centre shall credit the Depository Centre Accounts of the relevant Settlement Members.
- 14.2.** The Payment System –SAMA may reject the request, if the relevant Settlement Members has insufficient balance.
- 14.3.** In the event of rejection by the Payment System - SAMA, the Depository and Settlement System will notify the Settlement Member and Custody Members in relation with the relevant Settlement Member. The Depository and Settlement System will reset the relevant Cash Settlement Limit to zero, which shall be updated by the Settlement Members.
- 14.4.** The Depository Centre calculates the total debited/credited amount related to Settlement Members on a daily basis. If the Custody Member cash exceeds its Cash Settlement Headroom, the Settlement Instructions that exceeds the Cash Settlement Headroom will not be settled in The Depository and Settlement System.

## Section 5: Settlement Instructions

### 15. Settlement instructions

**15.1.** The Settlement Instructions are generated by the Custody Members, the Depository Centre and CCP.

**15.2.** The Settlement Instructions require matched Settlement Instructions from the counterparty, except for the following cases:

**15.2.1.** CCP Settlement Instruction related to listed and unlisted Securities settlement and Collateral withdrawal if such Collaterals are Securities; and

**15.2.2.** The relevant Custody Member Settlement Instruction related to the distribution of public offer shares to the Investors accounts.

**15.3.** The following table specifies Settlement Instructions mechanism:

Transaction Type	Instructed by			Beneficial ownership change	Counter Party Account Mandate	Additional Rule Criteria
	The Depository and Settlement System	CCP	Custody Member			
<b>TRAD (Trade)</b>		X		Accept	No	Rejected if the instrument has Mecca/Medina flag set and delivering/receiving securities account holder's citizenship is not Saudi.
<b>BIYI (Buy-in)</b>		X		Accept	No	
<b>SUBS (Subscription)</b>			X	Accept	No	
<b>ISSU (Issuance)</b>			X	Accept	No	
<b>REDM (Redemption)</b>			X	Accept		
<b>CORP (Corporate action)</b>	X			Accept	No	

<b>CLAI (Market claim)</b>	X			Accept	No	
<b>OWNI (Internal account transfer)</b>			X	Reject	Yes	
<b>OWNE (External account transfer)</b>			X	Reject	Yes	
<b>COLI (Collateral in)</b>			X	Reject	Yes	Accepted if Interested Party matches
<b>COLO (Collateral out)</b>		X	X	Reject	Yes	Accepted if Interested Party matches
<b>SECB (Securities borrowing)</b>			X	Accept	No	Rejected if the instrument has Mecca/Medina flag set and delivering/receiving securities account holder's citizenship is not Saudi.
<b>SECL (Securities lending)</b>			X	Accept	No	
<b>CONV (Depository receipt conversion)</b>			X	Accept	No	
<b>RELE (Depository receipt cancellation)</b>			X	Accept	No	
<b>PLCA (Pledge call)</b>			X	Accept	No	

<b>MURA (Murabaha)</b>			X	Accept	Yes	Within same participant (intra transfer) only
<b>GIFT (Gift within family)</b>			X	Accept	Yes	
<b>DONA (Donation to charity)</b>			X	Accept	Yes	
<b>WILL (Will execution)</b>			X	Accept	Yes	
<b>VERD (Verdict)</b>			X	Accept	Yes	
<b>INHE (Inheritance)</b>			X	Accept	Yes	
<b>EDOW (Endowment)</b>			X	Accept	Yes	
<b>AUTA (Approved by authority)</b>			X	Accept	Yes	
<b>EEIP (Employee incentive plan)</b>			X	Accept	Yes	
<b>UNLE (Unlisted Shares settlement)</b>			X	On hold for The Depository and Settlement System validation	Yes	
<b>CTSW (Conversion transfers from Swap to QFI end client )</b>			X	Accept	Yes	

<b>CRSW (Correction transfer from Swap to QFI end client )</b>			X	Accept	Yes	
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15.4. The following table specifies Settlement Instructions Matching criteria mechanism:

Matching field	Matching method	Comment
<b>Mandatory for all instructions</b>		
Securities movement type	Values are matched opposite	Receive vs Deliver
Payment type		FoP, DvP
ISIN code		Same instrument
Trade date		
Settlement quantity		
Intended settlement date		
The Depository Centre of Delivering party		The Depository Centre of counterparty have to match if provided
The Depository Centre of Receiving party		The Depository Centre of counterparty have to match if provided
Delivering (settlement) party		Participant code
Receiving (settlement) party		Participant code
Transaction type		Only additional matching for the transaction types specified below.
<b>Mandatory for instructions involving payments</b>		
Currency		



Settlement amount		May be subject to tolerance matching
Credit/debit indicator	Values are matched opposite	
<b>Additional (have to match if provided by one instruction)</b>		
Opt out indicator		
Cum/Ex indicator		
<b>Optional (have to match if provided by both instructions)</b>		
Common reference		
Client of delivering party		Identification Number
Client of receiving party		Identification Number
Securities account of delivering party (counterparty's account specified in the instruction)	Matched to securities account of the other instruction	For some transactions this field is mandatory.
Securities account of receiving party (counterparty's account specified in the instruction)	Matched to securities account of the other instruction	

- 15.5.** The Depository and Settlement System verifies all settlement instructions generated from CCP or Custody Members. If the Settlement Instructions generated by CCP are rejected, the Depository Centre will notify CCP with rejection reasons.
- 15.6.** The Depository and Settlement System will not verify the availability of cash, securities or Cash Settlement Limit of any Settlement Instructions.
- 15.7.** Settlement Instructions are generated as follows:
- 15.7.1.** FOP – Free of Payment– Transfer of Securities without a corresponding transfer of funds.
  - 15.7.2.** DVP – Delivery versus Payment – a Securities settlement mechanism that links a Securities transfer and a funds transfer in such a way as to ensure that delivery occurs if and only if the corresponding payment occurs.
  - 15.7.3.** FOD – Payment Free of Delivery – Transfer of funds without a corresponding transfer of securities.
- 15.8.** Settlement Instructions statuses are reported by The Depository and Settlement System as the following:
- 15.8.1.** Unmatched: upon receiving Settlement Instruction, without matching counterparty Settlement Instruction.
  - 15.8.2.** Matched: upon receiving Settlement Instruction, with matching counterparty Settlement Instruction. These Settlement Instructions will be settled in the indented settlement date. such Settlement Instructions appears as “accepted” status at CCP.
  - 15.8.3.** Rejected: upon rejecting Settlement Instructions after such Settlement Instruction are verified by The Depository and Settlement System. such Settlement Instructions appears as “failed” status at CCP. The Depository Centre will notify the CCP with the rejection reasons.
  - 15.8.4.** Cancelled: when a CCP, The Depository Centre or a Custody Member cancel matched Settlement Instructions. such instruction appears as “recalled “or “cancelled” status at CCP.
  - 15.8.5.** Settled: when a Settlement Instruction are settled. such Settlement Instruction appears as “completed” status at CCP.

## **16. Holding Settlement**

**16.1.** The Custody Member may hold the settlement instructions in the following cases:

**16.1.1.** if the received information from the related client is incorrect; or

**16.1.2.** If there is insufficient cash to settle a transaction.

**16.2.** CCP can hold the Settlement Instructions if there is insufficient cash, securities or any other event as per Securities Clearing Centre Rules and Procedures.

## **17. Releasing Settlement**

**17.1.** All Settlement instruction received from CCP are in Releasing Settlement status.

The Custody Member may set a Holding Settlement status for all Settlement Instructions received from CCP.

**17.2.** The Custody Member and CCP may Release the Settlement Instructions in the following cases:

**17.2.1.** If a confirmation is received from the clients to settle transaction; and

**17.2.2.** If there is sufficient cash to settle a Transaction.

**17.3.** If the Custody Member or CCP Release Settlement, the Depository and Settlement System will attempt to settle such Released Settlement Instruction on the intended settlement date.

## **18. Request to Cancel**

**18.1.** The Custody Member and CCP may request to cancel any settlement instructions if there is a discrepancy between the client instructions and the settlement instructions generated. The CCP Settlement Instructions related to listed Securities may not be canceled unless such Settlement Instructions are between two different Custody Members.

**18.2.** The Custody Member may request to cancel the Settlement Instructions until the Depository and Settlement System automatically cancel such Settlement Instructions.

**18.3.** If the relevant Custody Members or CCP request to cancel Settlement Instructions on the day before intended settlement date, CCP system allows the relevant Exchange Member to rectify such canceled Settlement Instructions in accordance with the Securities Clearing Centre Rules and Procedures. If the relevant Exchange Member does not rectify such Settlement Instruction in the period specified in this paragraph, CCP will rectify it automatically to relevant Exchange Member own account.

**18.4.** If the relevant Custody Members or CCP request to cancel Settlement Instructions on or after the intended settlement date, the relevant Exchange Member is responsible to settle such Settlement Instructions from its own account.

**18.5.** The relevant Custody Members may request late confirmation transfers from The Depository and Settlement System to settle the canceled Settlement Instructions in which they have requested to cancel after intended settlement date.

## **19. Settlement Instructions cancellation by The Depository Centre**

**19.1.** The Depository and Settlement System will cancel Settlement Instructions based upon the Authority's instruction.

**19.2.** The Depository and Settlement System will cancel the unsettled Settlement Instructions automatically on the date on which the cash substitution process will start as specified by CCP in the relevant Securities Clearing Centre Procedures, except the instructions which CCP is counterparty of.

## **20. Settlement Instructions Amendments**

**20.1.** The generated Settlement Instructions by the relevant Custody Members at Depository and Settlement System can be amended as follows:

**20.1.1.** if the Settlement Instructions are not matched, such Settlement Instructions can be amended unilaterally; or

**20.1.2.** if the Settlement Instructions are matched, such Settlement Instructions can be amended bilaterally.

## **21. Priority of Settlement Instructions**

**21.1.** Settlement Instructions with higher priority are executed before Settlement Instructions with lower priority.

**21.2.** There are four priority levels for the Settlement Instructions as follows:

1. **Reserved priority:** Settlement Instructions generated by the Depository Centre.
2. **Top priority:** Settlement Instructions generated by CCP.
3. **High priority:** The Custody Member may set or update priority level of their Settlement Instructions to high priority.
4. **Normal priority:** Settlement Instructions generated by the Custody Member.

## **22. Partial settlement**

**22.1.** The Custody Member and CCP may define the Settlement Instructions bilaterally to be settled partially.

**22.2.** The relevant Custody Members and CCP must set the partial settlement indicator on the Settlement Instructions to be settled partially.

## **Section 6: Settlement**

### **23. Settlement**

**23.1.** Each Settlement Instructions includes intended settlement date.

**23.2.** The released Settlement Instructions are settled at Depository and Settlement System between 07:00 AM to 16:10 PM. The Delivery Versus Payment (DvP) Settlement Instructions are settled at predetermined time (settlement batches).

### **24. Free of Payment (FoP) Settlement**

**24.1.** The Free of payment Settlement Instructions are settled continuously between 07:00 AM to 16:10 PM.

### **25. Delivery versus Payment Settlement**

**25.1.** Instructions related cash settlement are settled with batches during the day as follows:

**25.1.1.** First settlement batch: all Settlement Instructions generated by CCP.

**25.1.2.** Second settlement batch: all Settlement Instructions generated by the Depository Centre.

**25.2.** Cash settlement timings and updates are disclosed to the Depository Centre Members by the Depository Centre.

## **Section 7: CCP Settlement**

### **26. Settlement related to CCP**

- 26.1.** Transactions are cleared and settled from Exchange Member Settlement Pool Account against CCP Settlement Pool Account. Each Exchange Member must have Exchange Member Settlement Pool Account and Exchange Member Clients Settlement Pool Account, which are linked to Position Account.
- 26.2.** The CCP generate cash compensation and cash substitution instructions to replace the failed Transactions where a CCP is a party with cash.
- 26.3.** In regards to any failure on indented settlement date; any remaining securities at the Exchange Member Settlement Pool Account shall be transferred to the account of the Exchange Member.
- 26.4.** The CCP may generate Settlement Instructions on behalf of the relevant Custody Members. These instructions can be settling against CCP Pool account or across other Depository Centre accounts at Custody Members.
- 26.5.** Settlement Instructions to or from Exchange Member Settlement Pool Account to CCP Settlement Pool account are settled on a net basis.
- 26.6.** Settlement Instructions to or from Exchange Member Client Settlement Pool Account to the Investor Depository Centre account are settled on either gross or net basis and upon information inserted in the Trading Account on CCP.
- 26.7.** The Settlement Instructions on CCP level and different Custody Members are Delivery versus Payment.
- 26.8.** The Settlement Instructions of the same Custody Member are Free of Payment.
- 26.9.** The Settlement Instructions related to the same investor account are settled on a net basis during settlement batches.

## **Section 8: Securities Transfers**

### **27. Transfer of Securities**

- 27.1.** The Settlement Instructions related to changing the beneficial owner are settled with the Depository Centre approval.
- 27.2.** The Settlement Instructions generated by CCP or Depository and Settlement System may change beneficial owner including, but not limited to, trades or Corporate Actions.

### **28. Murabaha**

- 28.1.** The Custody Member transfer Securities related to Murabaha through the Depository and Settlement System without executing a transaction.
- 28.2.** The Settlement Instructions related to Murabaha transfers are generated by the relevant Custody Member through the Exchange Member account defined as Murabaha account within the same Custody Member.

### **29. Collateral transfers**

- 29.1.** The beneficial owners are changed in case the Collaterals are transferred from or to CCP Collateral Account by the Custody Members. Transfer of Collateral to CCP accounts is accepted by The Depository and Settlement System only if the interested party Identification Number is matching with the CCP Collateral Accounts.
- 29.2.** Collaterals are transferred from Custody Member Collateral Omnibus account to CCP Collateral Account through the transitory account at the Depository and Settlement System.
- 29.3.** Withdrawal of Collaterals can be done directly from CCP once the Collaterals are transferred to CCP Collateral Account.

### **30. Unlisted Securities transfers**

- 30.1.** Unlisted deposited Securities and Designated Securities and Transactions shall be transferred without executing a transaction if the transfer instructions have been issued by a CCP, including DvP transfers between the Exchange Member settlement pool account and the Exchange Member's client settlement pool account.



**30.2.** Unlisted deposited Securities shall be transferred without executing a transaction if the transfer instructions have been approved by the Issuer to validate the Settlement Instructions issued by the Depository Centre or the Custody Member in the form prescribed for that purpose to settle at the Depository and Settlement System.

### **31. Transfer of Foreign Securities**

**31.1.** Transfer of Foreign Securities from a Depository Centre account to the Foreign Depository Centre can be initiated by submitting a Securities transfer request form to the Depository Centre.

## **Section 9: Pledge**

### **32. Pledge**

**32.1.** Corporate Actions entitlements, excluding tradeable rights, are reflected in the Securities subject to the pledge.

## **Section 10: Restrictions**

### **33. Restrictions**

**33.1.** All restrictions on conducting any action or ownership on a deposited Securities shall be registered in the Depository and Settlement System through Custody Members or directly by the Depository Centre upon the instructions of the Authority, or the Issuer.

## **Section 11: Corporate actions**

### **34. Corporate action Activities and Dates**

**34.1.1. Eligibility Date:** The day of which Investors who are registered in the issuer's Securities Ownership Register are eligible to attend GA and vote on its decisions.

**34.1.2. Ex-Date:** The day where the securities are traded without the benefits/rights of the corporate actions. Security price is adjusted by the Exchange if the Corporate Actions resulted in (splits, bonus shares or rights issuance).

**34.1.3.** The Exchange does not adjust price in case of cash dividends.

**34.2. Record Date:** The day of which investors who are registered in the issuer's Securities Ownership Register are eligible to receive the benefits/rights of the corporate actions.

**34.3. Payment Date of securities** [one business day after the Record Date] The day of which the Securities resulting from Corporate Actions are credited to the investors' Depository Centre accounts. Securities are credited into Depository Centre account before the start of trading session.

### **35. Corporate Action Event and entitlement**

**35.1.** All Corporate Action events recognized by The Exchange are applicable at the Depository Centre.

**35.2.** Corporate Action events, entitlements, status reporting, distributions and Custody Members subscriptions are available through messaging, The Depository and Settlement System features, and reports.

### **36. Aggregation of Fractions**

**36.1.** Corporate Actions entitlements and distribution are paid on the investor account level.

**36.2.** Issuers are entitled to receive investor information subject to compensation from the Depository Centre. Compensation payments for fractions are completed by issuers outside the Depository Centre systems.

**36.3.** Corporate Actions fractions can be compensated by the issuers as the following;

**36.3.1.** Compensation by rump offer share sale price;

**36.3.2.** Compensation by reference price; or

**36.3.3.** No compensation for fractions.

### **37. Capital Reductions**

**37.1.** If the GA decided on a capital reduction, trading of the issuer's security will be suspended until the end of the second trading day after the GA's relevant decision.

### **38. Bonus Shares Issuance and Capital Reductions**

**38.1.** The Depository Centre adjusts the Trade volume (number of securities) according to the Corporate Action.

**38.2.** The value of the Trade (cash amount) will not change; however, the price is adjusted in accordance to the adjusted volume.

## **39. Tradeable Rights**

**39.1.** The Tradable Rights activities are covered as the following:

**39.1.1.** Rights distribution;

**39.1.2.** Exercise of rights during 9 days and the settlement is Delivery versus Payment; and

**39.1.3.** Conversion of subscribed rights to shares.

**39.2.** Subscription to Tradable Rights are settled in (T+0).

**39.3.** The subscription to Tradable Rights are completed with the Depository and Settlement System settlement batches. Subscription to Tradable Rights cannot be cancelled after settlement of rights.

**39.4.** The Investor may exercise the Tradable Rights during 9 days, or sell the Tradable Rights during 6 days, and if the relevant Investor take no action, the issuer compensates the Investor.

**39.5.** The lapsed Tradable Rights are transferred to the lead manager account for rump offering, and the Investors are compensated after the sale of the Tradable Rights.

## **40. Claims**

**40.1.** The Depository Centre generates Corporate Actions claims instruction for the unsettled exchange Traded Transactions on the intended settlement date. Reverse claims are not applicable.

**40.2.** Corporate Actions claim instructions are generated independently from the underlying unsettled Settlement Instructions.

## **41. Transformation of settlement instructions**

**41.1.** If the Settlement Instructions that are not settled by the end of record date, the Depository Centre cancels the original Settlement Instructions with new Settlement Instructions.

## **42. SBL Agreement**

**42.1.** The Depository Centre generates new Settlement instructions if the relevant SBL agreement is affected by Corporate Actions.

### **43. Corporate Actions Activities on Foreign Securities Listed on The Exchange**

**43.1.** In relation to corporate action's timing and activities of foreign securities, it will be dealt with in accordance to the market where the security is primarily issued.

**43.2.** When the foreign issuer increases its capital by rights issuance, the Depository Centre will allot shares based on the instruction from the foreign issuer.

## **Section 12: Securities Borrowing and Lending (SBL)**

### **44. SBL registration**

**44.1.** Securities borrowing and lending transactions are created by custodians based on SBL Regulations. Settlement Instructions (Section 5) and Transfers (Section 8) procedures shall apply.

**44.2.** Lending Agents if any, or the Custody Members –where applicable- will be the main contact point of lenders/borrowers for the Centre.

**44.3.** Throughout the loan duration, the borrowed securities will be included in the lender's ownership limit (individual and group), and the borrowed securities are included in the borrower's ownership limit.

**44.4.** Registered SBL's can be cancelled by custodians bilaterally between the parties, and the loan and Collaterals returns will be cancelled.

**44.5.** The Securities borrowed by a Broker or Custody Member or Qualified Foreign Investor can be transferred to its Client with Onward Lending.

### **45. Collateral**

**45.1.** SBL transactions may include Collateral transaction. Collateral can be cash or a specific instrument and asset class.

**45.2.** Members can top up or withdrawal the Collateral during the agreement.

### **46. Loan return**

**46.1.** The Depository and Settlement System generates SBL return instructions on the date set on the SBL agreement automatically, or at any time agreed between the parties.

## **Section 13: Reconciliation**

### **47. Reporting and Reconciliation**

**47.1.** Holdings, Transactions reports, and messages are available on scheduled and ad-hoc basis.

**47.2.** Custody Members shall reconcile on a daily basis, and inform the Depository Centre on reconciliation issues at least the following Day of the issue.