

WFC Single Disclosure Report 2023

AGC and PFMI answers

Date submitted
11/09/2023 03:10:41

General information

<p>G01Q001 Please indicate the full name of the responding institution:</p> <p><i>PFMI: Annex A - CSD disclosure template [CSD name]</i> <i>AGC: 0a</i></p>
Securities Depository Center Company ("Edaa")

<p>G01Q002 Registered address:</p> <p><i>PFMI: n/a</i> <i>AGC: 0c</i></p>
6897 King Fahd Road - Al Olaya Unit Number: 11 Riyadh 12211 – 3388 Kingdom of Saudi Arabia

<p>G01Q003 Country of registered address:</p> <p><i>PFMI: n/a</i> <i>AGC: 0d</i></p>
Saudi Arabia

<p>G01Q004 Official website of the respondent institution:</p> <p><i>PFMI: Annex A - CSD disclosure template [website]</i> <i>AGC: n/a</i></p>
https://www.edaa.sa/

<p>G01Q005 The date of this disclosure is:</p> <p><i>PFMI: Annex A - CSD disclosure template [date]</i> <i>AGC: n/a</i></p>
27/08/2023

<p>G01Q006 The WFC, the AGC, CPMI and IOSCO encourage respondents to make their disclosure reports publicly available. Do you agree to make your response publicly available?</p> <p><i>PFMI: n/a</i> <i>AGC: 99</i></p>
<p><input checked="" type="radio"/> Yes, my full response will be publicly available. I agree that my response can be published on the website of the WFC and on the website of the regional CSD association(s) which my CSD is a member of.</p> <p><input type="radio"/> Yes, my response will be public, but only for my answers to AGC questions.</p> <p><input type="radio"/> Yes, my response will be public, but only for my answers to PFMI questions.</p> <p><input type="radio"/> No, I do not wish my response to be publicly available.</p>

<p>G01Q007 How will you be making your answers publicly available?</p> <p><i>PFMI: n/a</i> <i>AGC: 99a</i></p>
<p><input checked="" type="checkbox"/> Website</p> <p><input type="checkbox"/> Upon request</p> <p><input type="checkbox"/> OTHER:</p>

<p>G01Q008 This disclosure can also be found at the following web address(es):</p> <p><i>PFMI: Annex A - CSD disclosure template [website URL]</i> <i>AGC: 99b</i></p>
https://www.edaa.sa/

<p>G01Q009 First and Last Name of the contact person:</p> <p><i>PFMI: Annex A - CSD disclosure template [contact details]</i> <i>AGC: 99c</i></p>
Bander Alotaibi

<p>G01Q009A Disclosure submission authorisation</p>
<input checked="" type="checkbox"/> I hereby certify that I am authorised to submit this disclosure report on behalf of my institution.

G01Q010 Email address of the contact person: <i>PFMI: Annex A - CSD disclosure template [contact details]</i> <i>AGC: 99h</i>
bandar.otaibi@edaa.sa
G01Q011 Telephone number (please include the international country code): <i>PFMI: n/a</i> <i>AGC: 99e</i>
(+966) 920026000
G01Q012 How do you prefer to be contacted? <i>PFMI: n/a</i> <i>AGC: 99d</i>
<input type="checkbox"/> Telephone <input type="checkbox"/> Fax <input type="checkbox"/> mail/air courier <input checked="" type="checkbox"/> e-mail
G01Q013 Fax number <i>PFMI: n/a</i> <i>AGC: 99f</i>
+966 (0)11 218 9514
G01Q014 What is the preferred street address for mailing requests? <i>PFMI: n/a</i> <i>AGC: 99g</i>
6897 King Fahd Road, Al Olaya, Unit 11 Riyadh 12211-3388, Kingdom of Saudi Arabia
G01Q015 Please list the jurisdiction(s) in which the CSD operates: <i>PFMI: Annex A - CSD disclosure template [list jurisdictions]</i> <i>AGC: n/a</i>
Kingdom of Saudi Arabia
G01Q016 Please list the authority(ies) regulating, supervising or overseeing the CSD: <i>PFMI: Annex A - CSD disclosure template [list authorities]</i> <i>AGC: n/a</i>
Capital Market Authority (CMA) Saudi Central Bank (SAMA) Ministry of Commerce (MC) Ministry of Investment (MISA) Saudi Organization for Chartered and Professional Accountants (SOCPA) Zakat, Tax and Custom Authority (ZATCA) Ministry of Human Resources and Social Development (HRSD) General Bureau for Auditing
G01Q017 Executive summary (This section should summarise the key points from the disclosure framework, including a brief overview of the CSD, its participants, its legal and regulatory framework, its primary risks, and its key risk management and other relevant practices.) <i>PFMI: I.</i> <i>AGC: n/a</i>
G01Q018 Summary of major changes since the last update of the disclosure (This section should summarise the major changes to the CSD's organisation, services, design, rules, markets served and regulatory environment since its last disclosure. The CSD should note the sections in its disclosure where such changes are reflected.) <i>PFMI: II.</i> <i>AGC: n/a</i>
G01Q019 General description of the CSD and the markets it serves (This section should provide basic, concise descriptions of the services offered and functions performed by the CSD? It should also provide an overview of the markets the CSD serves and the role it fulfils within those markets. Further, the section should include basic data and performance statistics on its services and operations. A CSD should provide, for example, basic volume and value statistics by product type, average aggregate intraday exposures of the CSD to its participants, and statistics on the CSD's operational reliability.) <i>PFMI: III.1.</i> <i>AGC: n/a</i>
G01Q020 General organisation of the CSD (This section should provide an overview of the organisational and governance structure of the CSD? including a description of the CSD's governance policies, governance structure and management structure.) <i>PFMI: III.2</i> <i>AGC: n/a</i>
G01Q021 Legal and regulatory framework (This section should provide an overview of the CSD's legal and regulatory framework, including the legal and ownership structure of the CSD, the legal basis for each material aspect of the CSD's activities, and the regulatory, supervisory and oversight framework for the CSD.) <i>PFMI: III.3</i> <i>AGC: n/a</i>

G01Q022
 System design and operations (This section should explain the CSD's design and operations. It should include a clear description of the typical lifecycle of the transaction process. The information should highlight how the CSD processes a transaction, including the timeline of events, the validation and checks to which a transaction is subjected, and the responsibilities of the parties involved.)
 PFMI: III.4
 AGC: n/a

G01Q023
 filecount - Add relevant appendices for this group.
 PFMI: n/a
 AGC: n/a
 0

G01Q024
 I am submitting up-to-date information in response to:

The AGC questions and a report with only AGC answers will be generated

The PFMI questions and a report with only PFMI answers will be generated

Both the AGC and PFMI questions and a report with answers to both questionnaires will be generated

Legal Basis (PFMI Principle 1)

G02Q001
 Summary narrative for PFMI Principle 1. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)
 PFMI: Annex A - CSD disclosure template - IV.P1
 AGC: n/a

Edaa is established and operates activities in accordance with the Capital Market Law, Sharia Law, Companies Laws and other laws of KSA.

Edaa is currently the sole entity in the KSA to perform SSS and CSD services. This license was granted to Edaa through the Capital Market Law (CML) and the CMA acting as national securities market regulator. Edaa is the sole entity in the Kingdom authorized to:

- Practice the operations of deposit, transfer, settlement, and registering ownership of Saudi securities traded on the Exchange (Article 27, Capital Market Law).
- Register all property rights in securities traded on the Exchange. Ownership of securities traded on the Exchange must be registered with the Depository Centre in order to be protected against third party claims. (Article 27, Capital Market Law).

Edaa relies upon and closely cooperates with CMA that its legal basis provides a high degree of legal certainty for each material aspect of Edaa's activities. All relevant rules and procedures defined by Edaa are subject to approval by CMA.

All material aspects of Edaa's activities are governed by the Saudi CML and the CMA CSD Regulations (currently as a public consultation draft).

G02Q002
 Under what regulation or statute is the CSD established and governed?
 PFMI: n/a
 AGC: 7
 The establishment was upon the Capital Market Authority (CMA) approval of Saudi Tadawul Group Board of Directors request in relation to converting the Securities Depository Center into a joint stock company in accordance with the Capital Market Law (CML) issued by Royal Decree No. M/30 dated on 2/6/1424H.

G02Q003
 Is the regulation or statute electronically available?
 PFMI: n/a
 AGC: 7a

Yes

No

G02Q004
 If regulation or statute is electronically available, please supply web address(es) here or upload document(s).
 PFMI: n/a
 AGC: 7b
https://www.edaa.sa/wps/portal/sdccc/About%20Us/Bylaw/lut/p/z/1/04_Sj9CPykssy0xPLMnMz0vMAfjjo8ziPQPcTQw9LYy8DQJNjQ0c_TwdTZxDTQzcA0z0w8EK_Dx8nD0MgAr8X

G02Q005
 filecount - Please supply document(s) here:
 PFMI: n/a
 AGC: 7c
 0

G02Q006
 What are the material aspects of the CSD's activities that require a high degree of legal certainty (for example, rights and interests in financial instruments, settlement finality, netting, interoperability, immobilisation and dematerialisation of securities, arrangements for DvP, PvP or DvD, collateral arrangements (including margin arrangements), and default procedures)?
 PFMI: Q.1.1.1
 AGC: n/a

G02Q007

What are the relevant jurisdictions for each material aspect of the CSD's activities?

PFMI: Q.1.1.2
AGC: n/a

G02Q008

How does the CSD ensure that its legal basis (that is, the legal framework and the CSD's rules, procedures and contracts) provides a high degree of legal certainty for each material aspect of the CSD's activities in all relevant jurisdictions? In particular, how does the CSD ensure that its legal basis supports the immobilisation or dematerialisation of securities and the transfer of securities by book entry? In addition, if the CSD has a netting arrangement, how does the CSD ensure that its legal basis supports the enforceability of that arrangement? Where settlement finality occurs in the CSD, how does the CSD ensure that its legal basis supports the finality of transactions, including those of an insolvent participant? Does the legal basis for the external settlement mechanisms the CSD uses, such as funds transfer or securities transfer systems, also support this finality?

PFMI: Q.1.1.3
AGC: n/a

G02Q009

How has the CSD demonstrated that its rules, procedures and contracts are clear and understandable?

PFMI: Q.1.2.1
AGC: n/a

G02Q010

How does the CSD ensure that its rules, procedures and contracts are consistent with relevant laws and regulations (for example, through legal opinions or analyses)? Have any inconsistencies been identified and remedied?

PFMI: Q.1.2.2
AGC: n/a

G02Q011

Are the CSD's rules, procedures and contracts reviewed or assessed by external authorities or entities?

PFMI: Q.1.2.2
AGC: n/a

G02Q012

Do the CSD's rules, procedures and contracts have to be approved before coming into effect? If so, by whom and how?

PFMI: Q.1.2.3
AGC: n/a

G02Q013

How does the CSD articulate the legal basis for its activities to relevant authorities, participants and, where relevant, participants' customers?

PFMI: Q.1.3.1
AGC: n/a

G02Q014

How does the CSD achieve a high level of confidence that the rules, procedures and contracts related to its operations are enforceable in all relevant jurisdictions identified in PFMI Principle 1 key consideration 1 (for example, through legal opinions and analyses)?

PFMI: Q.1.4.1
AGC: n/a

G02Q015

How does the CSD achieve a high degree of certainty that its rules, procedures and contracts will not be voided, reversed or subject to stays? Are there any circumstances in which a CSD's actions under its rules, procedures or contracts could be voided, reversed or subject to stays? If so, what are those circumstances?

PFMI: Q.1.4.2
AGC: n/a

G02Q016

Has a court in any relevant jurisdiction ever held any of the CSD's relevant activities or arrangements under its rules and procedures to be unenforceable?

PFMI: Q.1.4.3
AGC: n/a

G02Q017

If the CSD is conducting business in multiple jurisdictions, how does the CSD identify and analyse any potential conflict-of-laws issues? When uncertainty exists regarding the enforceability of a CSD's choice of law in relevant jurisdictions, has the CSD obtained an independent legal analysis of potential conflict-of-laws issues? What potential conflict-of-laws issues has the CSD identified and analysed? How has the CSD addressed any potential conflict-of-laws issues?

PFMI: Q.1.5.1
AGC: n/a

G02Q018

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Governance and ownership (PFMI Principle 2)

G03Q001
 Summary narrative for PFMI Principle 2. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P2
AGC: n/a

Although Edaa has basic principles of governance specified in its bylaws and other related internal documents, these documents are not detailed enough and do not fully satisfy all key considerations.

Draft CMA CSD Regulations adds the required guidelines for governance arrangements on regulatory level corresponding to PFMI principles.

Edaa's bylaws identify the following bodies: Assembly (shareholder meetings) (Section IV.), Board of Directors (Section III), possibility to appoint a Managing Director (Article 17) and establish an Audit Committee (Section V.).

Bylaws clearly define the authority of the Board of Directors, but not for other governing bodies (e.g. the Audit Committee).

Edaa's Board of Directors Charter expands the list of authorities granted to the Board of Directors, however accountability is not defined in neither of the Board Charter and the Bylaws. Also, both documents do not clearly define establishment, responsibilities and reporting lines for Edaa's committees (Nomination and Remuneration Committee, Risk Management Committee, Regulatory Policy and Oversight Committee and Audit Committee).

(Articles 16, 17, 18, 19 and 22) of the Draft CMA CSD Regulations provide more specific requirements that match this Key Consideration.

Edaa's Chief Executive Officer authorities are specified in the document "The Chief Executive Officer Mandates" that clearly define authorities of CEO, although accountability and reporting lines are not clearly defined.

G03Q002
 What type of legal entity is the institution?

PFMI: n/a
AGC: 3

Public Company

Private Company

Central Bank (or part thereof)

Stock Exchange (or part thereof)

OTHER: Edaa is part of the Saudi Tadawul Group (STG), as 100% subsidiary of the Saudi Tadawul Group holding company.

G03Q003
 Is the institution operated as a "for profit" or a "not for profit" organization?"

PFMI: n/a
AGC: 4

For profit

Not for profit

G03Q004
 Please provide the names of the owners and their ownership interest percentages.

PFMI: n/a
AGC: 5

The largest Group (STG) shareholder as of 13 September 2022 is the following:

Name: Public Investment Fund (Investment Company)

Equities: 84,000,000

%: 70.0%

G03Q005
 What is the date of establishment of the CSD?

Please enter the answer in DD/MM/YYYY format.

If you are filling the survey for more than one organization, please enter the name of each organization in different lines and in front of each one the corresponding date.

PFMI: n/a
AGC: 6a

Securities Depository Center Company ("Edaa") was established in 2016 as a closed joint stock company in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437, with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal share value of SAR 10, and is fully owned by Saudi Tadawul Group.

G03Q006

What is the date that the CSD's operations began?

Please enter the answer in DD/MM/YYYY format.

If you are filling the survey for more than one organization, please enter the name of each organization in different lines and in front of each one the corresponding date.

PFMI: n/a
AGC: 6b

Edaa as joint stock company started its operations in 2016. On the other hand, the depository function was operated by the Saudi Exchange since 2007.

G03Q007

Are participants required to contribute capital to the CSD that would result in ownership of the CSD?

PFMI: n/a
AGC: 18

Yes

No

Not applicable

G03Q008

If yes, what fixed amount is required or what formula is used to determine the appropriate contribution level?

PFMI: n/a
AGC: 18a.

G03Q009

What are the CSD's objectives, and are they clearly identified?

PFMI: Q.2.1.1
AGC: n/a

G03Q010

How does the CSD assess its performance in meeting its objectives?

PFMI: Q.2.1.1
AGC: n/a

G03Q011

How do the CSD's objectives place a high priority on safety and efficiency? How do the CSD's objectives explicitly support financial stability and other relevant public interest considerations?

PFMI: Q.2.1.2
AGC: n/a

G03Q012

What are the governance arrangements under which the CSD's board of directors (or equivalent) and management operate? What are the lines of responsibility and accountability within the CSD? How and where are these arrangements documented?

PFMI: Q.2.2.1
AGC: n/a

G03Q013

For central bank-operated systems, how do governance arrangements address any possible or perceived conflicts of interest? To what extent do governance arrangements allow for a separation of the operator and oversight functions?

PFMI: Q.2.2.2
AGC: n/a

G03Q014

How does the CSD provide accountability to owners, participants and other relevant stakeholders?

PFMI: Q.2.2.3
AGC: n/a

G03Q015

How are the governance arrangements disclosed to owners, relevant authorities, participants and, at a more general level, the public?

PFMI: Q.2.2.4
AGC: n/a

G03Q016

What are the roles and responsibilities of the CSD's board of directors (or equivalent), and are they clearly specified? Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the CSD. What are the qualifications to become a board member?

PFMI: Q.2.3.1
AGC: 7d

G03Q017

What are the board's procedures for its functioning, including procedures to identify, address and manage member conflicts of interest? How are these procedures documented, and to whom are they disclosed? How frequently are they reviewed?

PFMI: Q.2.3.2
AGC: n/a

G03Q018

What are the election procedures?

PFMI: Q.2.3.2
AGC: 7e

G03Q019

What is the maximum length of time a board member can serve?

PFMI: Q.2.3.2

AGC: 7f

G03Q020

How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

PFMI: Q.2.3.2

AGC: 7g

G03Q021

Describe the board committees that have been established to facilitate the functioning of the board. What are the roles, responsibilities and composition of such committees?

PFMI: Q.2.3.3

AGC: n/a

G03Q022

What are the procedures established to review the performance of the board as a whole and the performance of the individual board members? Who is responsible for regulating the board members?

PFMI: Q.2.3.4

AGC: 7h

G03Q023

To what extent does the CSD's board have the appropriate skills and incentives to fulfil its multiple roles? How does the CSD ensure that this is the case?

PFMI: Q.2.4.1

AGC: n/a

G03Q024

What incentives does the CSD provide to board members so that it can attract and retain members of the board with appropriate skills? How do these incentives reflect the long-term achievement of the CSD's objectives?

PFMI: Q.2.4.2

AGC: n/a

G03Q025

Does the board include non-executive or independent board members?

PFMI: Q.2.4.3

AGC: n/a

 Yes No

G03Q026

If yes, how many?

PFMI: Q.2.4.3

AGC: n/a

G03Q027

If the board includes independent board members, how does the CSD define an independent board member? Does the CSD disclose which board member(s) it regards as independent?

PFMI: Q.2.4.4

AGC: n/a

G03Q028

What are the roles and responsibilities of management, and are they clearly specified?

PFMI: Q.2.5.1

AGC: n/a

G03Q029

How are the roles and objectives of management set and evaluated?

PFMI: Q.2.5.2

AGC: n/a

G03Q030

To what extent does the CSD's management have the appropriate experience, mix of skills and the integrity necessary for the operation and risk management of the CSD? How does the CSD ensure that this is the case?

PFMI: Q.2.5.3

AGC: n/a

G03Q031

What is the process to remove management if necessary?

PFMI: Q.2.5.4

AGC: n/a

G03Q032

What is the risk management framework that has been established by the board?

PFMI: Q.2.6.1

AGC: n/a

<p>G03Q033 How is it documented?</p> <p><i>PFMI: Q.2.6.1</i> <i>AGC: n/a</i></p>
<p>G03Q034 How does this framework address the CSD's risk tolerance policy, assign responsibilities and accountability for risk decisions (such as limits on risk exposures), and address decision-making in crises and emergencies?</p> <p><i>PFMI: Q.2.6.2</i> <i>AGC: n/a</i></p>
<p>G03Q035 What is the process for determining, endorsing and reviewing the risk management framework?</p> <p><i>PFMI: Q.2.6.3</i> <i>AGC: n/a</i></p>
<p>G03Q036 What are the roles, responsibilities, authority, reporting lines and resources of the risk management and audit functions?</p> <p><i>PFMI: Q.2.6.4</i> <i>AGC: n/a</i></p>
<p>G03Q037 How does the board ensure that there is adequate governance surrounding the adoption and use of risk management models? How are these models and the related methodologies validated?</p> <p><i>PFMI: Q.2.6.5</i> <i>AGC: n/a</i></p>
<p>G03Q038 How does the CSD identify and take account of the interests of the CSD's participants and other relevant stakeholders in its decision-making in relation to its design, rules, overall strategy and major decisions?</p> <p><i>PFMI: Q.2.7.1</i> <i>AGC: n/a</i></p>
<p>G03Q039 How does the board consider the views of direct and indirect participants and other relevant stakeholders on these decisions, for example, are participants included on the risk management committee, on user committees such as a default management group or through a public consultation?</p> <p><i>PFMI: Q.2.7.2</i> <i>AGC: n/a</i></p>
<p>G03Q040 How are conflicts of interest between stakeholders and the CSD identified, and how are they addressed?</p> <p><i>PFMI: Q.2.7.2</i> <i>AGC: n/a</i></p>
<p>G03Q041 To what extent does the CSD disclose major decisions made by the board to relevant stakeholders and, where appropriate, the public?</p> <p><i>PFMI: Q.2.7.3</i> <i>AGC: n/a</i></p>
<p>G03Q042 filecount - Add relevant appendices for this group.</p> <p><i>PFMI: n/a</i> <i>AGC: n/a</i></p>
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Comprehensive risk management (PFMI Principle 3)

G04Q001
 Summary narrative for PFMI Principle 3. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)
 PFMI: Annex A - CSD disclosure template - IV.P3
 AGC: n/a

Draft CMA CSD Regulations (Articles 49-53) specify key elements in sufficient details for risk management framework with the obligation to be implemented by CSD.
 Enterprise Risk Management policy is the main document approved by Edaa's Board of Directors that "governs the processes to identify, evaluate and prioritize the key risks" using the standard Three Lines of Defense Model and describes responsibilities of BoD, Risk Management Committee and CEO. The policy also identifies 7 categories of risks:
 Operational risks
 Technology risks
 Corporate risks
 Financial risks
 Information Security risks
 Business Continuity risks
 Business Environment risks
 Each category of risks is governed by its own procedure where each risk in this category is identified and methodology for assessment is described. In accordance with this risk management framework, a periodical RCSA report is the instrument to assess impact, likelihood and business continuity risk scoring for each identified risk to be reviewed by Risk Management Committee.
 RCSA report is conducted at least annually, in addition to continuous monitoring of Key Risk Indicators (KRI). KRIs are a crucial part of risk management system and a useful tool that enables efficient monitoring of risks. KRIs should cover all 7 categories of risks listed above, although in Edaa's Risk Register it appears that there are just 5 Edaa specific KRIs identified.
 Internal Audit, that in accordance with Audit Committee Charter (Article 4.2) provides reports directly to Edaa's BoD, performs periodical reviews of Edaa's activities and performance. On top of that, Edaa assigns individual KPIs that cover monitoring and controlling Edaa's financial performance.

G04Q002
 What types of risk arise in or are borne by the CSD?
 PFMI: Q.3.1.1
 AGC: n/a

G04Q003
 Any direct damages or losses to participants caused by the CSD as a result of force majeure events, acts of God, or political events, etc.?
 PFMI: Q.3.1.1
 AGC: 66x.
 Yes
 No
 Not applicable

G04Q004
 If yes, please check all of the following that apply:
 PFMI: Q.3.1.1
 AGC: 66y.
 Financial limits are imposed on the amount of liability assumed by the CSD
 The CSD assumes liability for direct losses
 The CSD assumes liability for indirect or consequential losses
 OTHER:

G04Q005
 In all cases where the CSD assumes responsibility for direct or indirect or consequential losses, is the CSD's liability limited by a standard of care determination?
 PFMI: Q.3.1.1
 AGC: 66+
 Yes
 No
 Not applicable

G04Q006
 Please define the standard of care applied:
 PFMI: Q.3.1.1
 AGC: 66*

G04Q007
 What are the CSD's policies, procedures and controls to help identify, measure, monitor and manage the risks that arise in or are borne by the CSD?
 PFMI: Q.3.1.2
 AGC: n/a

G04Q008
What risk management systems are used by the CSD to help identify, measure, monitor and manage its range of risks?

PFMI: Q.3.1.3
AGC: n/a

G04Q009
How do these systems provide the capacity to aggregate exposures across the CSD and, where appropriate, other relevant parties, such as the CSD's participants and their customers?

PFMI: Q.3.1.4
AGC: n/a

G04Q010
What is the process for developing, approving and maintaining risk management policies, procedures and systems?

PFMI: Q.3.1.5
AGC: n/a

G04Q011
How does the CSD assess the effectiveness of risk management policies, procedures and systems?

PFMI: Q.3.1.6
AGC: n/a

G04Q012
How frequently are the risk management policies, procedures and systems reviewed and updated by the CSD? How do these reviews take into account fluctuation in risk intensity, changing environments and market practices?

PFMI: Q.3.1.7
AGC: n/a

G04Q013
What information does the CSD provide to its participants and, where relevant, their customers to enable them to manage and contain the risks they pose to the CSD?

PFMI: Q.3.2.1
AGC: n/a

G04Q014
What incentives does the CSD provide for participants and, where relevant, their customers to monitor and manage the risks they pose to the CSD?

PFMI: Q.3.2.2
AGC: n/a

G04Q015
How does the CSD design its policies and systems so that they are effective in allowing their participants and, where relevant, their customers to manage and contain their risks?

PFMI: Q.3.2.3
AGC: n/a

G04Q016
How does the CSD identify the material risks that it bears from and poses to other entities as a result of interdependencies? What material risks has the CSD identified?

PFMI: Q.3.3.1
AGC: n/a

G04Q017
How are these risks measured and monitored? How frequently does the CSD review these risks?

PFMI: Q.3.3.2
AGC: n/a

G04Q018
What risk management tools are used by the CSD to address the risks arising from interdependencies with other entities?

PFMI: Q.3.3.3
AGC: n/a

G04Q019
How does the CSD assess the effectiveness of these risk management tools? How does the CSD review the risk management tools it uses to address these risks? How frequently is this review conducted?

PFMI: Q.3.3.4
AGC: n/a

G04Q020
How does the CSD identify scenarios that may potentially prevent the CSD from providing its critical operations and services? What scenarios have been identified as a result of these processes?

PFMI: Q.3.4.1
AGC: n/a

G04Q021
How do these scenarios take into account both independent and related risks to which the CSD is exposed?

PFMI: Q.3.4.2
AGC: n/a

G04Q022
What plans does the CSD have for its recovery or orderly wind-down?

PFMI: Q.3.4.3
AGC: n/a

G04Q023
How do the CSD's key recovery or orderly wind-down strategies enable the CSD to continue to provide critical operations and services?

PFMI: Q.3.4.4
AGC: n/a

G04Q024
How are the plans for the CSD's recovery and orderly wind-down reviewed and updated? How frequently are the plans reviewed and updated?

PFMI: Q.3.4.5
AGC: n/a

G04Q025
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Credit risk (PFMI Principle 4)

G05Q001
Summary narrative for PFMI Principle 4. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P4
AGC: n/a

Principle 4 Not applicable to Edda.

G05Q002
Does the CSD have a banking license?

PFMI: n/a
AGC: n/a

- Yes
 No

G05Q003
Irrespective of whether or not the CSD has a banking license, can it offer cash accounts and/or credit to its participants?

PFMI: n/a
AGC: n/a

- Yes
 No

G05Q004
Please explain:

PFMI: n/a
AGC: n/a

G05Q005
What is the CSD's framework for managing credit exposures, including current and potential future exposures, to its participants and arising from its payment, clearing and settlement processes?

PFMI: Q.4.1.1
AGC: n/a

G05Q006
How frequently is the framework reviewed to reflect the changing environment, market practices and new products?

PFMI: Q.4.1.2
AGC: n/a

G05Q007
How does the CSD identify sources of credit risk? What are the sources of credit risk that the CSD has identified?

PFMI: Q.4.2.1
AGC: n/a

G05Q008
How does the CSD measure and monitor credit exposures? How frequently does and how frequently can the CSD recalculate these exposures? How timely is the information?

PFMI: Q.4.2.2
AGC: n/a

G05Q009
What tools does the CSD use to control identified sources of credit risk (for example, offering an RTGS or DvP settlement mechanism, limiting net debits or intraday credit, establishing concentration limits, or marking positions to market on a daily or intraday basis)? How does the CSD measure the effectiveness of these tools?

PFMI: Q.4.2.3
AGC: n/a

G05Q010

How does the SSS cover its current and, where they exist, potential future exposures to each participant? What is the composition of the CSD's financial resources used to cover these exposures? How accessible are these financial resources?

PFMI: Q.4.3.1
AGC: n/a

G05Q011

Does the CSD have a guaranty fund independent of stock exchange or other market guarantees?

PFMI: Q.4.3.1
AGC: 78

- Yes
- No
- Not applicable

G05Q012

If yes, please respond to the following questions: What is the size of the fund?

PFMI: Q.4.3.1
AGC: 78a.

G05Q013

How is the size of the fund determined?

PFMI: Q.4.3.1
AGC: 78b.

- By participant volume
- By asset value
- A fixed amount

G05Q014

How is the fund financed?

PFMI: Q.4.3.1
AGC: 78d.

- Contributions from owner
- Contributions from participants
- Funding from retained earnings

G05Q015

If so, what is the amount or percentage per owner?

PFMI: Q.4.3.1
AGC: 78e.

G05Q016

If so, what is the amount or percentage per participant?

PFMI: Q.4.3.1
AGC: 78f.

G05Q017

Who is covered by the fund?

PFMI: Q.4.3.1
AGC: 78h.

- Direct CSD participants only
- The beneficial owner also
- OTHER:

G05Q018

When is the guaranty fund used?

PFMI: Q.4.3.1
AGC: 78j.

- When a broker defaults
- When a direct participant defaults
- OTHER:

G05Q019

To what extent do these financial resources cover the payment system's or SSS's current and potential future exposures fully with a high degree of confidence? How frequently does the payment system or SSS evaluate the sufficiency of these financial resources?

PFMI: Q.4.3.2
AGC: n/a

G05Q020
 If the payment system or SSS is a DNS system in which there is no settlement guarantee, do its participants face credit exposures arising from the payment, clearing and settlement processes? If there are credit exposures in the system, how does the system monitor and measure these exposures?
 PFMI: Q.4.3.3
 AGC: n/a

G05Q021
 Does the CSD have insurance to cover losses in the event of Default on settlement commitments by the CSD or a participant?
 PFMI: Q.4.3.3
 AGC: 91

- Yes
- No
- Not applicable

G05Q022
 What is the amount of the coverage?
 PFMI: Q.4.3.3
 AGC: 91a

G05Q023
 What is the amount of the deductible?
 PFMI: Q.4.3.3
 AGC: 91b

G05Q024
 Please explain other loss or default protections:
 PFMI: Q.4.3.3
 AGC: 79a

G05Q025
 Does the CSD accept liability (independent of any insurance coverage) for the following: Any direct damages or losses to participants caused by the CSD in its capacity as a central counterparty?
 PFMI: Q.4.3.3
 AGC: 66q.

- Yes
- No
- Not applicable

G05Q026
 If yes, please check all of the following that apply:
 PFMI: Q.4.3.3
 AGC: 66r.

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

G05Q027
 If the payment system or SSS is a DNS system in which there is no settlement guarantee and has credit exposures among its participants, to what extent does the payment system's or SSS's financial resources cover, at a minimum, the default of the two participants and their affiliates that would create the largest aggregate credit exposure in the system?
 PFMI: Q.4.3.4
 AGC: n/a

G05Q028
 How do the CSD's rules and procedures explicitly address any credit losses it may face as a result of any individual or combined default among its participants with respect to any of their obligations to the CSD? How do the CSD's rules and procedures address the allocation of uncovered credit losses and in what order, including the repayment of any funds a CSD may borrow from liquidity providers?
 PFMI: Q.4.7.1
 AGC: n/a

G05Q029
 What are the CSD's rules and procedures on the replenishment of the financial resources that are exhausted during a stress event?
 PFMI: Q.4.7.2
 AGC: n/a

G05Q030
 filecount - Add relevant appendices for this group.
 PFMI: n/a
 AGC: n/a
 0

G06Q001

Summary narrative for PFMI Principle 5. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P5
AGC: 35c

Principle 5 Not applicable to Edda.

G06Q002

How does the CSD determine whether a specific asset can be accepted as collateral, including collateral that will be accepted on an exceptional basis? How does the CSD determine what qualifies as an exceptional basis? How frequently does the CSD adjust these determinations? How frequently does the CSD accept collateral on an exceptional basis, and does it place limits on its acceptance of such collateral?

PFMI: Q.5.1.1
AGC: n/a

G06Q003

How does the CSD monitor the collateral that is posted so that the collateral meets the applicable acceptance criteria?

PFMI: Q.5.1.2
AGC: n/a

G06Q004

How does the CSD identify and mitigate possible specific wrong-way risk, for example, by limiting the collateral it accepts (including collateral concentration limits)?

PFMI: Q.5.1.3
AGC: n/a

G06Q005

How frequently does the CSD mark its collateral to market, and does it do so at least daily?

PFMI: Q.5.2.1
AGC: n/a

G06Q006

To what extent is the CSD authorised to exercise discretion in valuing assets when market prices do not represent their true value?

PFMI: Q.5.2.2
AGC: n/a

G06Q007

How does the CSD determine haircuts?

PFMI: Q.5.2.3
AGC: n/a

G06Q008

How does the CSD test the sufficiency of haircuts and validate its haircut procedures, including with respect to the potential decline in the assets' value in stressed market conditions involving the liquidation of collateral? How frequently does the CSD complete this test?

PFMI: Q.5.2.4
AGC: n/a

G06Q009

How does the CSD identify and evaluate the potential procyclicality of its haircut calibrations? How does the CSD consider reducing the need for procyclical adjustments – for example, by incorporating periods of stressed market conditions during the calibration of haircuts?

PFMI: Q.5.3.1
AGC: n/a

G06Q010

What are the CSD's policies for identifying and avoiding concentrated holdings of certain assets in order to limit potential adverse price effects at liquidation? What factors (for example, adverse price effects or market conditions) are considered when determining these policies?

PFMI: Q.5.4.1
AGC: n/a

G06Q011

How does the CSD review and evaluate concentration policies and practices to determine their adequacy? How frequently does the CSD review and evaluate these policies and practices?

PFMI: Q.5.4.2
AGC: n/a

G06Q012

What are the legal, operational, market and other risks that the CSD faces by accepting cross-border collateral? How does the CSD mitigate these risks?

PFMI: Q.5.5.1
AGC: n/a

G06Q013

How does the CSD ensure that cross-border collateral can be used in a timely manner?

PFMI: Q.5.5.2
AGC: n/a

G06Q014

What are the primary features of the CSD's collateral management system?

PFMI: Q.5.6.1
AGC: n/a

G06Q015
How and to what extent does the CSD track the reuse of collateral and its rights to the collateral provided?

PFMI: Q.5.6.2
AGC: n/a

G06Q016
How and to what extent does the CSD's collateral management system accommodate changes in the ongoing monitoring and management of collateral?

PFMI: Q.5.6.3
AGC: n/a

G06Q017
To what extent is the collateral management system staffed to ensure smooth operations even during times of market stress?

PFMI: Q.5.6.4
AGC: n/a

G06Q018
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Liquidity risk (PFMI Principle 7)

G07Q001
Summary narrative for PFMI Principle 7. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P7
AGC: n/a

Principle 7 Not applicable to Edda.

G07Q002
What is the CSD's framework for managing its liquidity risks, in all relevant currencies, from its participants, settlement banks, nostro agents, custodian banks, liquidity providers and other entities?

PFMI: Q.7.1.1
AGC: n/a

G07Q003
What are the nature and size of the CSD's liquidity needs, and the associated sources of liquidity risks, that arise in the CSD in all relevant currencies?

PFMI: Q.7.1.2
AGC: n/a

G07Q004
How does the CSD take into account the potential aggregate liquidity risk presented by an individual entity and its affiliates that may play multiples roles with respect to the CSD?

PFMI: Q.7.1.3
AGC: n/a

G07Q005
What operational and analytical tools does the CSD have to identify, measure and monitor settlement and funding flows?

PFMI: Q.7.2.1
AGC: n/a

G07Q006
How does the CSD use those tools to identify, measure and monitor its settlement and funding flows on an ongoing and timely basis, including its use of intraday liquidity?

PFMI: Q.7.2.2
AGC: n/a

G07Q007
How does the payment system or SSS determine the amount of liquid resources in all relevant currencies to effect same day settlement and, where appropriate, intraday or multiday settlement of payment obligations? What potential stress scenarios (including, but not limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation in extreme but plausible market conditions) does the payment system or SSS use to make this determination?

PFMI: Q.7.3.1
AGC: n/a

G07Q008
What is the estimated size of the liquidity shortfall in each currency that the payment system or SSS would need to cover?

PFMI: Q.7.3.2
AGC: n/a

G07Q009
How does the CCP determine the amount of liquid resources in all relevant currencies to settle securities-related payments, make required variation margin payments and meet other payment obligations on time? What potential stress scenarios (including, but not limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation in extreme but plausible market conditions) does the CCP use to make this determination?

PFMI: Q.7.4.1
AGC: n/a

G07Q010
What is the estimated size of the liquidity shortfall in each currency that would need to be covered, following the default of the participant and its affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions? How frequently does the CCP estimate this?

PFMI: Q.7.4.2
AGC: n/a

G07Q011

Do any of the CCP's activities have a more complex risk profile (such as clearing financial instruments that are characterised by discrete jump-to-default price changes or that are highly correlated with potential participant defaults)? Is the CCP systemically important in multiple jurisdictions?

PFMI: Q.7.4.3
AGC: n/a

G07Q012

If the CCP is involved in activities with a more complex risk profile or is systemically important in multiple jurisdictions, has the CCP considered maintaining additional resources sufficient to cover a wider range of stress scenarios that would include the default of the two participants and their affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions?

PFMI: Q.7.4.4
AGC: n/a

G07Q013

What is the size and composition of the CSD's qualifying liquid resources in each currency that is held by the CSD? In what manner and within what time frame can these liquid resources be made available to the CSD?

PFMI: Q.7.5.1
AGC: n/a

G07Q014

What prearranged funding arrangements has the CSD established to convert its readily available collateral and investments into cash? How has the CSD established that these arrangements would be highly reliable in extreme but plausible market conditions? Has the CSD identified any potential barriers to accessing its liquid resources?

PFMI: Q.7.5.2
AGC: n/a

G07Q015

If the CSD has access to routine credit at the central bank of issue, what is the CSD's relevant borrowing capacity for meeting its minimum liquid resource requirement in that currency?

PFMI: Q.7.5.3
AGC: n/a

G07Q016

To what extent does the size and the availability of the CSD's qualifying liquid resources cover its identified minimum liquidity resource requirement in each currency to effect settlement of payment obligations on time?

PFMI: Q.7.5.4
AGC: n/a

G07Q017

What is the size and composition of any supplemental liquid resources available to the CSD?

PFMI: Q.7.6.1
AGC: n/a

G07Q018

How and on what basis has the CSD determined that these assets are likely to be saleable or acceptable as collateral to obtain the relevant currency, even if this cannot be reliably prearranged or guaranteed in extreme market conditions?

PFMI: Q.7.6.2
AGC: n/a

G07Q019

What proportion of these supplemental assets qualifies as potential collateral at the relevant central bank?

PFMI: Q.7.6.3
AGC: n/a

G07Q020

In what circumstances would the CSD use its supplemental liquid resources in advance of, or in addition to, using its qualifying liquid resources?

PFMI: Q.7.6.4
AGC: n/a

G07Q021

To what extent does the size and availability of the CSD's supplemental liquid resources, in conjunction with its qualifying liquid resources, cover the relevant liquidity needs identified through the CSD's stress test programme for determining the adequacy of its liquidity resources (see key consideration 9)?

PFMI: Q.7.6.5
AGC: n/a

G07Q022

Does the CSD use a liquidity provider to meet its minimum required qualifying liquidity resources? Who are the CSD's liquidity providers? How and on what basis has the CSD determined that each of these liquidity providers has sufficient information to understand and to manage their associated liquidity risk in each relevant currency on an ongoing basis, including in stressed conditions?

PFMI: Q.7.7.1
AGC: n/a

G07Q023

How has the CSD determined that each of its liquidity providers has the capacity to perform on its commitment in each relevant currency on an ongoing basis?

PFMI: Q.7.7.2
AGC: n/a

G07Q024

How does the CSD take into account a liquidity providers potential access to credit at the central bank of issue?

PFMI: Q.7.7.3
AGC: n/a

G07Q025

How does the CSD regularly test the timeliness and reliability of its procedures for accessing its liquid resources at a liquidity provider?

PFMI: Q.7.7.4
AGC: n/a

G07Q026

To what extent does the CSD currently have, or is the CSD eligible to obtain, access to accounts, payment services and securities services at each relevant central bank that could be used to conduct its payments and settlements and to manage liquidity risks in each relevant currency?

PFMI: Q.7.8.1
AGC: n/a

G07Q027

To what extent does the CSD use each of these services at each relevant central bank to conduct its payments and settlements and to manage liquidity risks in each relevant currency?

PFMI: Q.7.8.2
AGC: n/a

G07Q028

If the CSD employs services other than those provided by the relevant central banks, to what extent has the CSD analysed the potential to enhance the management of liquidity risk by expanding its use of central bank services?

PFMI: Q.7.8.3
AGC: n/a

G07Q029

What, if any, practical or other considerations to expanding its use of relevant central bank services have been identified by the CSD?

PFMI: Q.7.8.4
AGC: n/a

G07Q030

How does the CSD use stress testing to determine the amount and test the sufficiency of its liquid resources in each currency? How frequently does the CSD stress-test its liquid resources?

PFMI: Q.7.9.1
AGC: n/a

G07Q031

What is the process for reporting on an ongoing basis the results of the CSD's liquidity stress tests to appropriate decision-makers at the CSD? for the purpose of supporting their timely evaluation and adjustment of the size and composition of the CSD's liquidity resources and liquidity risk management framework?

PFMI: Q.7.9.2
AGC: n/a

G07Q032

What scenarios are used in the stress tests, and to what extent do they take into account a combination of peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions?

PFMI: Q.7.9.3
AGC: n/a

G07Q033

To what extent do the scenarios and stress tests take into account the CSD's particular payment and settlement structure (for example, real-time gross or deferred net, with or without a settlement guarantee, DVP model 1, 2 or 3 for SSSs), and the liquidity risk that is borne directly by the CSD? by its participants, or both?

PFMI: Q.7.9.4
AGC: n/a

G07Q034

To what extent do the scenarios and stress tests take into account the nature and size of the liquidity needs, and the associated sources of liquidity risks, that arise in the CSD to settle its payment obligations on time, including the potential that individual entities and their affiliates may play multiples roles with respect to the CSD?

PFMI: Q.7.9.5
AGC: n/a

G07Q035

How frequently does the CSD assess the effectiveness and appropriateness of stress test assumptions and parameters? How does the CSD's stress test programme take into account various conditions, such as a sudden and significant increase in position and price volatility, position concentration, change in market liquidity, and model risk including shift of parameters?

PFMI: Q.7.9.6
AGC: n/a

G07Q036

How does the CSD validate its risk management model? How frequently does it perform this validation?

PFMI: Q.7.9.7
AGC: n/a

G07Q037

Where and to what extent does the CSD document its supporting rationale for, and its governance arrangements relating to, the amount and form of its total liquid resources?

PFMI: Q.7.9.8
AGC: n/a

G07Q038

How do the CSD's rules and procedures enable it to settle payment obligations on time following any individual or combined default among its participants?

PFMI: Q.7.10.1
AGC: n/a

G07Q039

How do the CSD's rules and procedures address unforeseen and potentially uncovered liquidity shortfalls and avoid unwinding, revoking or delaying the same day settlement of payment obligations?

PFMI: Q.7.10.2

AGC: n/a

G07Q040

How do the CSD's rules and procedures allow for the replenishment of any liquidity resources employed during a stress event?

PFMI: Q.7.10.3

AGC: n/a

G06Q041

filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Settlement finality (PFMI Principle 8)

G08Q015

filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

G08Q001

Summary narrative for PFMI Principle 8. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P8

AGC: n/a

The PFMI Principle 8 requires FMIs to provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.

The CML and the draft CMA CSD Regulations are silent on settlement finality. (Article 27 (a) and (b)) of the CML does state that the Depository Centre shall be the sole entity to register all property rights in securities traded on the Exchange, therefore operate dematerialised securities settlement and registry system (see also Principle 11, Key Consideration 3) It is also clear and regulated under the (Article 109) of the Companies Law (1437H/2015G) that the shares of listed companies shall be traded in accordance with the provisions of the Capital Market Law.

However,

- Although it is clear that (Article 27 (a) and (b)) regulates dematerialised system, next paragraph (c) seems to relate to physical securities (authenticity of the ownership documents) which does not make sense,
- the CMA in (Article 27 (c)) does not specify when such property rights are created. In other words, (Article 27 (c)) potentially creates legal uncertainty (as described below), in terms when under (Article 27 (b)) "final entries reported in the records of the DC serve as conclusive evidence and proof of ownership". The requirement under the paragraph (c) to "take appropriate measure".

Regarding the term "finality" a clear distinction has to be made between two concepts, which occur at different points in time, (i) the finality of transfer orders/instructions, which are protected from insolvency or other unwinding risks (for example, this is the sole concept used in the EU; Settlement Finality Directive), and (ii) the finality of an acquisition or disposition of securities.

Only the latter concept is of direct relevance for the present analysis of effectiveness of credits and book-entries. The finality of transfer orders is relevant when assessing CCP and whether a valid and enforceable instruction has been given to an account provider.

As per the above, the settlement finality rules require the operator of a settlement system to define in its rules the following moments related to the aforementioned steps of the settlement process:

1. The moment of entry of a transfer order into the system (Settlement finality 1 (SF 1), i.e., the moment at which a transfer order becomes legally enforceable and, even in the event of insolvency proceedings against a participant, binding on third parties,
2. The moment of the irrevocability of a transfer order (Settlement finality 2 SF 2), i.e., the moment at which a transfer order may not be revoked either by a participant in a system or by a third party,
3. The moment of irrevocability and enforceability of settlement itself, i.e., securities transfers (Settlement finality 3 (SF 3)). The same applies also to securities if the issuer decides to perform the initial recording in a CSD.

For the CSDs, SF3 is relevant. For example, in the EU - CSDs using the T2S platform are bound to ensure settlement finality with the unconditionally, irrevocability and enforceability of the settlement processed on the T2S platform (SF3) and relevant provision in the T2S Framework Agreement.

Once booked by T2S on the T2S parties' security accounts and T2S dedicated accounts, cash and securities debits and credits are final, i.e., irrevocable and unconditional. The booking must not be conditional on any external event (e.g., such as another booking in the payment or settlement system/arrangement of an external registrar, commercial bank or CSD), this means that any such condition must have been resolved before the booking in T2S is undertaken. Because bookings are final, T2S will not automatically unwind credit or debit even if it was done incorrectly.

To that regard, the CML is regulating (Article 27(c)) that "if the Depository Center has reason to doubt actual or legal facts or consequences related to the registration of ownership, or if the Depository Center receives any notice that registration will harm the rights of third parties, the Depository Center may make a preliminary registration".

That potentially means transfers in Edaa are conditional. On the other hand, as explained above, unconditionally is one of key points of the settlement finality concept. Therefore, this requirement in the CML (Article 27 (c)) in terms of settlement finality, must be clarified:

1. if it applies only to physical securities. In such case, it may not be relevant for imposing any additional legal restrictions or conditions to settlement finality,
2. if (in third sentence) it creates legally conditional, preliminary registration of ownership, and as such potentially "revocable".

In our opinion, third sentence of the CML (Article 27(c)) has opposite rationale as to settlement finality (irrevocability), so it may be considered to be removed.

The draft CMA CSD Regulations are silent on settlement finality.

Edaa rules is regulating (in Article 32) that settlement of a settlement instructions related to securities will be considered final upon transferring the relevant securities to the account:

1. According to (Article 29): from/to a settlement pool account, or directly from the account of the seller to the account of the buyer;
2. According to (Article 30): according to multiple settlement batches;
3. According to (Article 36): for approved off-exchange trades directly between investors and their accounts (free of payment transfers);
4. According to (Article 37): for unlisted securities.

Under Edaa rules, it is not completely clear and insufficient compared to the international standards (T2S as shown above):

1. When the final delivery to the account of the legal holder is created, as Edaa rules are regulating different types of securities accounts and it seems that the beneficiary's (transferee's) securities account is a "Depository Centre Account" regulated under (Article 39) of Edaa rules;
2. What are the legal attributes of finality – what is meant by the delivery of securities – i.e., the rules need to specifically mention that a credit to a transferee's securities account - may not be revoked and is unconditional, and that credit is on an account under (Article 39) of Edaa rules and regulations (Depository Centre Account as investor's account). That should mean must not be reversed, and are incapable of being prevented or interfered with by any person including an insolvency administrator.

As well, Edaa Procedures are not clear about the cancellation of settlement instructions, which may affect the settlement finality in terms of irrevocability. (Article 18) of Edaa Procedures regulates that settlement instructions may be cancelled 3 days after the intended settlement date by Edaa member. As well, (Article 19) of Edaa Procedures regulates that settlement instructions may be cancelled based upon CMA instructions. Such requirements seriously impede settlement finality and are inconsistent with the model for immediate sell and buy securities. Such provisions should be removed.

Therefore, it would be beneficial if clear and comprehensive rules on settlement finality to elaborate final, unconditional and irrevocable settlement and transfers of book-entry securities would be added to the draft CMA CSD Regulations. They are needed for the implementation of (Article 27(c)) of the CML (as potentially amended or interpreted).

The Draft CMA CSD Regulations also needs to be supplemented to dis-apply any revocation of settlement in the case of bankruptcy according to the Saudi Bankruptcy Law. This is noted in the PFMI section 3.8.4. - that both legal framework and FMIs rules generally determine finality, including the insolvency law must acknowledge the discharge transfer instruction, or for the transaction to be considered final.

G08Q002

At what point is the settlement of a payment, transfer instruction or other obligation final, meaning irrevocable and unconditional? Is the point of settlement finality defined and documented? How and to whom is this information disclosed?

PFMI: Q.8.1.1
AGC: n/a

G08Q003

How does the CSD's legal framework and rules, including the applicable insolvency law(s), acknowledge the discharge of a payment, transfer instruction or other obligation between the CSD and its participants, or between participants?

PFMI: Q.8.1.2
AGC: n/a

G08Q004

How does the CSD demonstrate that there is a high degree of legal certainty that finality will be achieved in all relevant jurisdictions (for example, by obtaining a well reasoned legal opinion)?

PFMI: Q.8.1.3
AGC: n/a

G08Q005

How does the CSD ensure settlement finality in the case of linkages with other CSD?? a) For an SSS, how is consistency of finality achieved between the SSS and, if relevant, the LVPS where the cash leg is settled? b) For a CCP for cash products, what is the relation between the finality of obligations in the CCP and the finality of the settlement of the CCP claims and obligations in other systems, depending on the rules of the relevant CSD/SSS and payment system?

PFMI: Q.8.1.4
AGC: n/a

G08Q006

Is the CSD designed to complete final settlement on the value date (or same day settlement)? How does the CSD ensure that final settlement occurs no later than the end of the intended value date?

PFMI: Q.8.2.1
AGC: n/a

G08Q007

Has the CSD ever experienced deferral of final settlement to the next business day that was not contemplated by its rules, procedures or contracts? If so, under what circumstances? If deferral was a result of the CSD's actions, what steps have been taken to prevent a similar situation in the future?

PFMI: Q.8.2.2
AGC: n/a

G08Q008

Does the CSD provide intraday or real-time final settlement? If so, how? How are participants informed of the final settlement?

PFMI: Q.8.2.3
AGC: n/a

G08Q009

If settlement occurs through multiple-batch processing, what is the frequency of the batches and within what time frame do they operate? What happens if a participant does not have enough funds or securities at the settlement time? Are transactions entered in the next batch? If so, what is the status of those transactions and when would they become final?

PFMI: Q.8.2.4
AGC: n/a

G08Q010

If settlement does not occur intraday or in real time, how has the LVPS or SSS considered the introduction of either of these modalities?

PFMI: Q.8.2.5
AGC: n/a

G08Q011

How does the CSD define the point at which unsettled payments, transfer instructions or other obligations may not be revoked by a participant? How does the CSD prohibit the unilateral revocation of accepted and unsettled payments, transfer instructions or obligations after this time?

PFMI: Q.8.3.1
AGC: n/a

G08Q012

Under what circumstances can an instruction or obligation accepted by the system for settlement still be revoked (for example, queued obligations)? How can an unsettled payment or transfer instruction be revoked? Who can revoke unsettled payment or transfer instructions?

PFMI: Q.8.3.2
AGC: n/a

G08Q013

Under what conditions does the CSD allow exceptions and extensions to the revocation deadline?

PFMI: Q.8.3.3
AGC: n/a

G08Q014

Where does the CSD define this information? How and to whom is this information disclosed?

PFMI: Q.8.3.4
AGC: n/a

Money settlements (PFMI Principle 9)

G09Q001

Summary narrative for PFMI Principle 9. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P9
AGC: n/a

Edaa conducts cash settlement transactions in central bank money (SAMA payment system).

G09Q002

How does the CSD conduct money settlements? If the CSD conducts settlement in multiple currencies, how does the CSD conduct money settlement in each currency?

PFMI: Q.9.1.1
AGC: n/a

G09Q003

Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions?

PFMI: Q.9.1.1
AGC: 31

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

G09Q004

Please indicate the name of the banks appointed by the CSD

PFMI: Q.9.1.1
AGC: 31a

G09Q005

Who processes cash clearing (or draws on credit lines, if applicable) for CSD transactions?

PFMI: Q.9.1.1
AGC: 32

- CSD
- Central Bank
- Banks appointed by the CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

G09Q006

Please name banks appointed by the CSD

PFMI: Q.9.1.1
AGC: 32a

G09Q007

Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)?

PFMI: Q.9.1.1
AGC: 33, 33b

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

G09Q008

Please name banks appointed by the CSD

PFMI: Q.9.1.1
AGC: 33a

G09Q009

Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)?

PFMI: Q.9.1.1
AGC: 34

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

G09Q010
Please name banks appointed by CSD

PFMI: Q.9.1.1
AGC: 34a

G09Q011
If the CSD does not settle in central bank money, why is that?

PFMI: Q.9.1.2
AGC: n/a

G09Q012
If central bank money is not used, how does the CSD assess the credit and liquidity risks of the settlement asset used for money settlement?

PFMI: Q.9.2.1
AGC: n/a

G09Q013
If the CSD settles in commercial bank money, how does the CSD select its settlement banks? What are the specific selection criteria the CSD uses?

PFMI: Q.9.2.2
AGC: n/a

G09Q014
How does the CSD monitor the settlement banks adherence to criteria it uses for selection? For example, how does the CSD evaluate the banks regulation, supervision, creditworthiness, capitalisation, access to liquidity and operational reliability?

PFMI: Q.9.3.1
AGC: n/a

G09Q015
How does the CSD monitor, manage and limit its credit and liquidity risks arising from the commercial settlement banks? How does the CSD monitor and manage the concentration of credit and liquidity exposures to these banks?

PFMI: Q.9.3.2
AGC: n/a

G09Q016
How does the CSD assess its potential losses and liquidity pressures as well as those of its participants if there is a failure of its largest settlement bank?

PFMI: Q.9.3.3
AGC: n/a

G09Q017
If an CSD conducts money settlements on its own books, how does it minimise and strictly control its credit and liquidity risks?

PFMI: Q.9.4.1
AGC: n/a

G09Q018
Do the CSD's legal agreements with its settlement banks state when transfers occur, that transfers are final when effected, and that funds received are transferable?

PFMI: Q.9.5.1
AGC: n/a

G09Q019
Are funds received transferable by the end of the day at the latest? If not, why? Are they transferable intraday? If not, why?

PFMI: Q.9.5.2
AGC: n/a

G09Q020
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

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Physical deliveries (PFMI Principle 10)

G10Q001
Summary narrative for PFMI Principle 10. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P10
AGC: n/a

Principle 10 Not applicable to Edda.

G10Q002
Which asset classes does the CSD accept for physical delivery?

PFMI: Q.10.1.1
AGC: n/a

G10Q003
How does the CSD define its obligations and responsibilities with respect to the delivery of physical instruments or commodities? How are these responsibilities defined and documented? To whom are these documents disclosed?

PFMI: Q.10.1.2
AGC: n/a

G10Q004

How does the CSD engage with its participants to ensure they have an understanding of their obligations and the procedures for effecting physical delivery?

PFMI: Q.10.1.3
AGC: n/a

G10Q005

How are eligible securities lodged in the CSD system?

PFMI: Q.10.1.3
AGC: 57, 57a

- A registered certificate in the name of the CSD is delivered to the CSD.
- A participant delivers the security with a valid transfer deed or stock power or other transfer document to the CSD which then effects registration.
- A registrar re-registers the security in the name of the CSD.
- Not applicable
- OTHER: Securities are registered in Edaa system and there is no handling outside of the system.

G10Q006

When are securities lodged into the CSD reflected in a participant's CSD account?

PFMI: Q.10.1.3
AGC: 58, 58a

- Securities are reflected in the participant's CSD account immediately upon delivery to the CSD.
- Securities are re-registered prior to being reflected in the participant CSD account.
- Not applicable
- OTHER:

G10Q007

How long does it usually take to lodge securities with the CSD?

PFMI: Q.10.1.3
AGC: 59, 59b

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks
- Not applicable

G10Q008

Please specify

PFMI: Q.10.1.3
AGC: 59a

G10Q009

During the process of lodging securities into the CSD, can the securities be traded?

PFMI: Q.10.1.3
AGC: 60

- Yes
- No
- Not applicable

G10Q010

During the process of lodging securities into the CSD, can the securities be settled?

PFMI: Q.10.1.3
AGC: 60a

- Yes
- No
- Not applicable

G10Q011
During the process of lodging securities into the CSD, can the securities have ownership transferred?

PFMI: Q.10.1.3
AGC: 60b

- Yes
- No
- Not applicable

G10Q012
If they cannot be traded, or if you answered other, please explain

PFMI: Q.10.1.3
AGC: 60c

G10Q013
If they cannot be settled, or if you answered other, please explain

PFMI: Q.10.1.3
AGC: 60d

G10Q014
If ownership cannot be transferred, or if you answered other, please explain

PFMI: Q.10.1.3
AGC: 60e

G10Q015
Are securities immediately available for delivery upon transfer to the CSD?

PFMI: Q.10.1.3
AGC: 61, 61d

- Yes
- No
- Not applicable

G10Q016
If no: Securities are unavailable for

PFMI: Q.10.1.3
AGC: 61a

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks
- Not applicable

G10Q017
If more than 4 weeks, please specify

PFMI: Q.10.1.3
AGC: 61b

G10Q018
If not applicable, please explain

PFMI: Q.10.1.3
AGC: 61c

G10Q019
What transfer process steps are involved when eligible securities are withdrawn from the CSD for safekeeping?

PFMI: Q.10.1.3
AGC: 63, 63a

- Securities are re-registered into the name of the beneficial owner or a nominee.
- Securities are re-certificated and re-registered into the name of the beneficia
- Securities are re-certificated and delivered as bearer instruments.
- Securities are transferred as is any physical delivery in the market.
- Not applicable

G10Q020
How long does it usually take to remove securities from the CSD?

PFMI: Q.10.1.3
AGC: 64, 64b

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks
- Not applicable

G10Q021
If more than 4 weeks, please specify

PFMI: Q.10.1.3
AGC: 64a

G10Q022
While the securities are being removed from the CSD, can they be traded? (Choose one)

PFMI: Q.10.1.3
AGC: 65a

- No
- Not applicable
- Yes

G10Q023
If they cannot be traded please explain

PFMI: Q.10.1.3
AGC: 65b

During the process of removal from the depository and registrar, securities are suspended.

G10Q024
While the securities are being removed from the CSD, can they be settled? (Choose one)

PFMI: Q.10.1.3
AGC: 65c

- No
- Not applicable
- Yes

G10Q025
If they cannot be settled, please explain

PFMI: Q.10.1.3
AGC: 65d

During the process of removal from the depository and registrar, securities are suspended.

G10Q026
While the securities are being removed from the CSD, can they have ownership transferred? (Choose one)

PFMI: Q.10.1.3
AGC: 65e

- No
- Not applicable
- Yes

G10Q027
If ownership cannot be transferred, please explain

PFMI: Q.10.1.3
AGC: 65f

During the process of removal from the depository and registrar, securities are suspended.

G10Q028
How does the CSD identify the risks and costs associated with storage and delivery of physical instruments or commodities? What risks and costs has the CSD identified?

PFMI: Q.10.2.1
AGC: n/a

G10Q029
 What are the vault security procedures for the safekeeping of physical paper?
 PFMI: Q.10.2.1
 AGC: 75

- Not applicable, no vault is maintained
- Electronic keys or combinations
- Dual access control
- Visitor logs
- Vault counts
- Intrusion alarms
- Fire alarms
- Guards
- OTHER:

G10Q030
 Please indicate frequency of vault counts:
 PFMI: Q.10.2.1
 AGC: 75a.

G10Q031
 Please explain:
 PFMI: Q.10.2.1
 AGC: 75b

G10Q032
 What processes, procedures and controls does the CSD have to monitor and manage any identified risks and costs associated with storage and delivery of physical instruments or commodities?
 PFMI: Q.10.2.2
 AGC: n/a

G10Q033
 If an CSD can match participants for delivery and receipt, under what circumstances can it do so, and what are the associated rules and procedures? Are the legal obligations for delivery clearly expressed in the rules and associated agreements?
 PFMI: Q.10.2.3
 AGC: n/a

G10Q034
 How does the CSD monitor its participants' delivery preferences and, to the extent practicable, ensure that its participants have the necessary systems and resources to be able to fulfil their physical delivery obligations?
 PFMI: Q.10.2.4
 AGC: n/a

G10Q035
 filecount - Add relevant appendices for this group.
 PFMI: n/a
 AGC: n/a

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Central Securities Depositories (PFMI Principle 11)

G11Q001
 Summary narrative for PFMI Principle 11. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)
 PFMI: Annex A - CSD disclosure template - IV.P11
 AGC: n/a

G11Q002
 CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution. For which of the following security types do you serve as a CSD or clearing system?
 PFMI: n/a
 AGC: 26

- Government securities
- Equities
- Corporate bonds
- Corporate money market
- Not applicable
- OTHER:

G11Q003
Please name the other security types:

PFMI: n/a
AGC: 26a.

G11Q004
Is the use of the CSD in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc).

PFMI: n/a
AGC: 27, 27c

- Yes by law for settlement of all instrument types
- Yes by law for safekeeping of all instrument types
- Yes by market practice for settlement of all instrument types
- Yes by market practice for safekeeping of all instrument types
- Yes by law for settlement, but not for all instrument types
- Yes by law for safekeeping, but not for all instrument type
- Yes by market practice for settlement, but not for all instrument types
- Yes by market practice for safekeeping, but not for all instrument types
- Neither
- OTHER:

G11Q005
Please list the instrument types for which it is not compulsory by law to: (i) settle in your CSD

PFMI: n/a
AGC: 27a. (i)

G11Q006
(ii) safekeep in your CSD:

PFMI: n/a
AGC: 27a. (ii)

G11Q007
Please list the instrument types for which it is not compulsory by market practice to: (i) settle in your CSD

PFMI: n/a
AGC: 27b. (i)

G11Q008
(ii) safekeep in your CSD:

PFMI: n/a
AGC: 27b. (ii)

G11Q009
Settlement and Safekeeping Percentages 28a Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.

PFMI: n/a
AGC: 28 28a

G11Q010
Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

PFMI: n/a
AGC: 28b.

G11Q011
How are the rights of securities issuers and holders safeguarded by the rules, procedures and controls of the CSD?

PFMI: Q.11.1.1
AGC: n/a

G11Q012
In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible: By the participant's clients?

PFMI: Q.11.1.1
AGC: 44a

- Yes
- No
- Not applicable

G11Q013
If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:

PFMI: Q.11.1.1
AGC: 44b

G11Q014
By the intervening authorities controlling insolvency or other proceedings?

PFMI: Q.11.1.1
AGC: 44d.

- Yes
- No
- Not applicable

G11Q015
If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

PFMI: Q.11.1.1
AGC: 44e.

G11Q016
By the participant's creditors?

PFMI: Q.11.1.1
AGC: 44g, 44i

- Yes
- No
- Not applicable

G11Q017
If yes, please describe briefly under what conditions access would be granted to the participant's creditors:

PFMI: Q.11.1.1
AGC: 44h

G11Q018
By the CSD's creditors?

PFMI: Q.11.1.1
AGC: 44j.

- Yes
- No
- Not applicable

G11Q019
If yes, please describe briefly under what conditions access would be granted to the CSD's creditors:

PFMI: Q.11.1.1
AGC: 44k.

G11Q020
What is your document and record retention policy for documents and records described above in this section?

PFMI: Q.11.1.1
AGC: 47, 47a

- 6 months or less
- 1 year
- 3 years
- 5 years
- 7 years

G11Q021
Does the law protect participant assets from claims and liabilities of the CSD?

PFMI: Q.11.1.1
AGC: 54

- Yes
- No
- Not applicable

G11Q022

Can the CSD assess a lien on participant accounts? (A lien would entitle the CSD to take and hold or sell the securities of the participant in payment of a debt.)

PFMI: Q.11.1.1
AGC: 55

- Yes
- No
- Not applicable

G11Q023

If yes, for what reasons are liens or similar claims imposed?

PFMI: Q.11.1.1
AGC: 55a

- Fees and expenses
- Collateralization of overdrafts
- To secure payment for purchased securities
- OTHER:

G11Q024

Please describe:

PFMI: Q.11.1.1
AGC: 55b

G11Q025

Please indicate the limits of this lien as indicated below:

PFMI: Q.11.1.1
AGC: 55c

- The lien is limited to securities in the participant's proprietary account
- The lien is limited to securities in the course of purchase and sale transactio
- The lien may extend to settled client positions

G11Q026

Please explain:

PFMI: Q.11.1.1
AGC: 55d

G11Q027

If a lien is placed on a participant's account which has been designated for its clients, will the CSD select certain securities to be subject to the lien?

PFMI: Q.11.1.1
AGC: 55e

- Yes
- No

G11Q028

If yes, please indicate whether:

PFMI: Q.11.1.1
AGC: 55f

- The lien is placed on the most liquid securities in the account
- The lien is placed on the securities with the greatest value in the account

G11Q029

Please explain:

PFMI: Q.11.1.1
AGC: 55g

G11Q030

If no, please indicate whether the entire account will be subject to the lien.

PFMI: Q.11.1.1
AGC: 55h

- Yes
- No

G11Q031

For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?

PFMI: Q.11.1.1
AGC: 55j

- Yes
 No

G11Q032

If yes, are the restrictions accomplished by:

PFMI: Q.11.1.1
AGC: 55k

- Contract between the CSD and the participant

G11Q033

Please explain:

PFMI: Q.11.1.1
AGC: 55l

G11Q034

Transfer of Legal Ownership. Does the CSD have legal authority to transfer title to securities?

PFMI: Q.11.1.1
AGC: 56, 56e

- Yes
 No
 Not applicable

G11Q035

When does title or entitlement to CSD securities pass between participants?

PFMI: Q.11.1.1
AGC: 56a

- At the end of the business day on which the transfer occurs
 When corresponding money or other consideration is transferred
 When the transaction is processed on an intra-day basis

G11Q036

Please describe:

PFMI: Q.11.1.1
AGC: 56b

G11Q037

Where does title or entitlement to CSD securities pass between participants?

PFMI: Q.11.1.1
AGC: 56c

- On the CSD books
 On the registrars books

G11Q038

Please describe:

PFMI: Q.11.1.1
AGC: 56d

G11Q039

How do the CSD's rules, procedures and controls ensure that the securities it holds on behalf of participants are appropriately accounted for on its books and protected from risks associated with the other services the CSD may provide?

PFMI: Q.11.1.2
AGC: n/a

G11Q040
In what form does the CSD maintain records identifying the assets of each participant?

PFMI: Q.11.1.2
AGC: 45

- Computer file
- Microfiche
- Hard copy
- Computer tape
- OTHER:

G11Q041
In which format is the source data maintained?

PFMI: Q.11.1.2
AGC: 45b

G11Q042
How does the CSD ensure that it has robust accounting practices? Do audits review whether there are sufficient securities to satisfy customer rights? How frequently are end-to-end audits conducted to examine the procedures and internal controls used in the safekeeping of securities?

PFMI: Q.11.1.3
AGC: n/a

G11Q043
What are the CSD's internal procedures to authorise the creation and deletion of securities? What are the CSD's internal controls to prevent the unauthorised creation and deletion of securities?

PFMI: Q.11.1.4
AGC: n/a

G11Q044
Does the CSD conduct periodic and at least daily reconciliation of the totals of securities issues in the CSD for each issuer (or its issuing agent)? How does the CSD ensure that the total number of securities recorded in the CSD for a particular issue is equal to the amount of securities of that issue held on the CSD's books?

PFMI: Q.11.1.5
AGC: n/a

G11Q045
If the CSD is not the official registrar of the issues held on its books, how does the CSD reconcile its records with official registrar?

PFMI: Q.11.1.6
AGC: n/a

G11Q046
If the securities held with the CSD are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the CSD (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

PFMI: Q.11.1.6
AGC: 52i

G11Q047
How does the CSD prevent overdrafts and debit balances in securities accounts?

PFMI: Q.11.2.1
AGC: n/a

G11Q048
Are securities issued or maintained in a dematerialised form? What percentage of securities is dematerialised, and what percentage of the total volume of transactions applies to these securities?

PFMI: Q.11.3.1
AGC: n/a

G11Q049
How are CSD eligible securities held by the CSD?

PFMI: Q.11.3.1
AGC: 50, 50a

- In dematerialized form
- In certificated form
- OTHER:

G11Q050
If securities are issued as a physical certificate, is it possible to immobilise them and allow their holding and transfer in a book-entry system? What percentage of securities is immobilised, and what percentage of the total volume of transactions applies to immobilised securities?

PFMI: Q.11.3.2
AGC: n/a

G11Q051
If CSD eligible securities are certificated, can CSD eligible securities be held outside of the CSD?

PFMI: Q.11.3.2
AGC: 51

- All eligible securities must be held in the CSD
- Securities may move freely into and out of the CSD
- Once entered into the CSD, eligible securities must remain in the CSD
- Certain designated securities may be held outside the CSD
- Not applicable

G11Q052
If certain designated securities are held outside the CSD, please indicate under which conditions these securities would be held outside the CSD:

PFMI: Q.11.3.2
AGC: 51a

G11Q053
If CSD eligible securities are required to be centrally immobilized at the CSD, where and with whom are the certificates safekept? (then please answer 51c)

PFMI: Q.11.3.2
AGC: 51b

G11Q054
Are these certificates:

PFMI: Q.11.3.2
AGC: 51c

- Bearer
- Registered
- OTHER:

G11Q055
If registered, how are the CSD eligible securities registered?

PFMI: Q.11.3.2
AGC: 51d

- In the name of the CSD
- In the name of the depositing participant or its nominee
- In the name of a separate nominee of the CSD
- OTHER:

G11Q056
If in the name of a separate nominee, please identify by name the nominee used:

PFMI: Q.11.3.2
AGC: 51f

G11Q057
If CSD eligible securities may be held either in or out of the CSD, are these certificates:

PFMI: Q.11.3.2
AGC: 51h

- Bearer
- Registered

G11Q058
What are the control features for receipt of certificates to the CSD (e.g., authentication procedures, re-registration)? Please describe:

PFMI: Q.11.3.2
AGC: 51i

G11Q059
If securities are dematerialized: May dematerialized security positions be re-certificated and held outside the CSD?

PFMI: Q.11.3.2
AGC: 52

- Yes
- No
- Not applicable

G11Q060
Are the securities held:

PFMI: Q.11.3.2
AGC: 52a, 52k

- Through book-entry at the CSD
- Through book-entry at a registrar or issuer
- OTHER:

G11Q061
Please identify which types of entities may act as registrars:

PFMI: Q.11.3.2
AGC: 52b

- Issuers
- Separate companies that perform registrar functions
- CSD
- OTHER:

G11Q062
If the securities held by the CSD are recorded by book entry at the registrar, are the securities registered only to the CSD, with the CSD providing the function of recording ownership on a centralized basis for the market?

PFMI: Q.11.3.2
AGC: 52d

- Yes
- No

G11Q063
If yes, how are securities held at the registrar for the account of the CSD?

PFMI: Q.11.3.2
AGC: 52e

- In the name of the CSD
- In the name of a separate nominee of the CSD

G11Q064
Please describe:

PFMI: Q.11.3.2
AGC: 52f

G11Q065
If the securities held with the CSD are recorded by book-entry at the registrar but are not registered exclusively to the CSD, may they be registered to:

PFMI: Q.11.3.2
AGC: 52g

- The beneficial owner
- A nominee

G11Q066
Please describe:

PFMI: Q.11.3.2
AGC: 52h

G11Q067
What incentives, if any, does the CSD provide to immobilise or dematerialise securities?

PFMI: Q.11.3.3
AGC: n/a

G11Q068
How do the CSD's rules and procedures protect assets against custody risk, including the risk of loss because of the CSD's negligence, misuse of assets, fraud, poor administration, inadequate recordkeeping or failure to protect participants' interests in their securities?

PFMI: Q.11.4.1
AGC: n/a

G11Q069

Does the CSD accept liability (independent of any insurance coverage) for the following: Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

PFMI: Q.11.4.1
AGC: 66, 66a, 66d

- No
- Not applicable
- Yes

G11Q070

If yes, please check all of the following that apply:

PFMI: Q.11.4.1
AGC: 66b 66c

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

G11Q071

Theft of securities (either physical certificate or electronically from accounts at the CSD) from the CSD that results in direct damages or losses to participants?

PFMI: Q.11.4.1
AGC: 66e, 66g, 66h

- No
- Yes
- Not applicable

G11Q072

If yes, please check all of the following that apply:

PFMI: Q.11.4.1
AGC: 66f

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

G11Q073

Failure of the CSD's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

PFMI: Q.11.4.1
AGC: 66i, 66l

- No
- Yes
- Not applicable

G11Q074

If yes, please check all of the following that apply:

PFMI: Q.11.4.1
AGC: 66j, 66k

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

G11Q075

Any direct damages or losses to participants caused by the CSD due to its errors, omissions or fraud?

PFMI: Q.11.4.1
AGC: 66m, 66p

- Yes
- No
- Not applicable
- OTHER:

G11Q076

If yes, please check all of the following that apply:

PFMI: Q.11.4.1

AGC: 66n.

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

G11Q077

How has the CSD determined that those rules and procedures are consistent with the legal framework?

PFMI: Q.11.4.2

AGC: n/a

G11Q078

Is the CSD immune from legal action in its own jurisdiction?

PFMI: Q.11.4.2

AGC: 68

- Yes
- No

G11Q079

What other methods, if any, does the CSD employ to protect its participants against misappropriation, destruction and theft of securities (for example, insurance or other compensation schemes)?

PFMI: Q.11.4.3

AGC: n/a

G11Q080

Does the CSD have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?

PFMI: Q.11.4.3

AGC: 92

- Yes
- No
- Not applicable

G11Q081

What is the amount of the coverage?

PFMI: Q.11.4.3

AGC: 92a.

G11Q082

What is the amount of the deductible?

PFMI: Q.11.4.3

AGC: 92b.

G11Q083

Does the CSD have insurance for Operational Errors?

PFMI: Q.11.4.3

AGC: 93

- Yes
- No
- Not applicable

G11Q084

What is the amount of the coverage?

PFMI: Q.11.4.3

AGC: 93a.

G11Q085

What is the amount of the deductible?

PFMI: Q.11.4.3

AGC: 93b.

G11Q086
Does the CSD have Errors and Omissions insurance?

PFMI: Q.11.4.3
AGC: 94

- Yes
- No
- Not applicable

G11Q087
What is the amount of the coverage?

PFMI: Q.11.4.3
AGC: 94a.

G11Q088
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 94b.

G11Q089
Does the CSD have insurance for the Premises?

PFMI: Q.11.4.3
AGC: 95

- Yes
- No
- Not applicable

G11Q090
What is the amount of the coverage?

PFMI: Q.11.4.3
AGC: 95a.

G11Q091
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 95b.

G11Q092
Does the CSD have any other insurance?

PFMI: Q.11.4.3
AGC: 96, 96d

- Yes
- No
- Not applicable

G11Q093
If so, what is it for?

PFMI: Q.11.4.3
AGC: 96a.

G11Q094
What is the amount of the coverage?

PFMI: Q.11.4.3
AGC: 96b.

G11Q095
What is the amount of the deductible?

PFMI: Q.11.4.3
AGC: 96c.

G11Q096
Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.

PFMI: Q.11.4.3
AGC: 97

G11Q097
Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

PFMI: Q.11.4.3
AGC: 97a.

G11Q098
What is the term of the policy?

PFMI: Q.11.4.3
AGC: 97b.

G11Q099
Who does the insurance cover?

PFMI: Q.11.4.3
AGC: 97c, 97d

- CSD
- Direct CSD participants
- Final investors
- Not applicable
- OTHER:

G11Q100
If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:

PFMI: Q.11.4.3
AGC: 98

G11Q101
filecount - Upload document here:

PFMI: Q.11.4.3
AGC: 98a.

0

G11Q102
Do the CSD's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the CSD in the form of indemnification?

PFMI: Q.11.4.3
AGC: 67a, 67b.

- Yes
- No
- Not applicable
- OTHER:

G11Q103
Please explain (then please answer 67c):

PFMI: Q.11.4.3
AGC: 67b.

G11Q104
Please provide details of the relevant sections of the contracts, rules or practices where this information is found

PFMI: Q.11.4.3
AGC: 67c.

G11Q105
Insurance

PFMI: Q.11.4.3
AGC: 67d.

- Yes
- No
- Not applicable
- OTHER:

G11Q106
Please explain (then please answer 67f):

PFMI: Q.11.4.3
AGC: 67e.

G11Q107
Please provide details of the relevant sections of the contracts, rules or practices where this information is found

PFMI: Q.11.4.3
AGC: 67f.

G11Q108
Acknowledgement of liability for losses caused by CSD's own actions.

PFMI: Q.11.4.3
AGC: 67g.

- Yes
- No
- Not applicable

G11Q109
Please explain (then please answer 67i):

PFMI: Q.11.4.3
AGC: 67h.

G11Q110
Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

PFMI: Q.11.4.3
AGC: 67i.

G11Q111
Other

PFMI: Q.11.4.3
AGC: 67j.

- Yes
- No

G11Q112
Please explain (then please answer 67l):

PFMI: Q.11.4.3
AGC: 67k.

G11Q113
Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

PFMI: Q.11.4.3
AGC: 67l.

G11Q114
What segregation arrangements are in place at the CSD? How does the CSD ensure segregation between its own assets and the securities of its participants? How does the CSD ensure segregation among the securities of participants?

PFMI: Q.11.5.1
AGC: n/a

G11Q115
Are participants permitted to maintain more than one account at the CSD?

PFMI: Q.11.5.1
AGC: 41

- Yes
- No
- Not applicable

G11Q116
If yes, please indicate number:

PFMI: Q.11.5.1
AGC: 41a, 41c

- An unlimited number of accounts
- More than one account
- OTHER:

G11Q117
If more than one account what is the maximum?

PFMI: Q.11.5.1
AGC: 41b

G11Q118
Where supported by the legal framework, how does the CSD support the operational segregation of securities belonging to participants' customers from the participants' book? How does the CSD facilitate the transfer from these customers' accounts to another participant?

PFMI: Q.11.5.2
AGC: n/a

G11Q119
Are participants required/permited to segregate assets held for their own benefit from those they hold for their clients?

PFMI: Q.11.5.2
AGC: 42

- Yes
- No
- Not applicable
- OTHER:

G11Q120
If yes, is segregation required or simply permitted?

PFMI: Q.11.5.2
AGC: 42a

- Required
- Permitted

G11Q121
How does segregation occur?

PFMI: Q.11.5.2
AGC: 42b, 42c

- By separately designated participant accounts.
- By sub-accounts within a single participant account.
- By separately designated beneficial owner accounts.
- OTHER:

G11Q122
Does the CSD permit its participants to open accounts in the participant's own nominee name(s)?

PFMI: Q.11.5.2
AGC: 43, 43b

- Yes
- No
- Not applicable

G11Q123
If yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?

PFMI: Q.11.5.2
AGC: 43a

- Yes
- No

G11Q125
Does the CSD provide services other than central safekeeping and administration of securities and settlement? If so, what services?

PFMI: Q.11.6.1
AGC: n/a

G11Q126
Please indicate services you provide.

PFMI: Q.11.6.1
AGC: 35

- Own list or: AGC: Information in advance on corporate (annual or special) meetings in order that owners can vote.
- Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.
- In order to avoid fails, an automatic securities lending facility - if requested - is provided for.
- Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc.
- Same day turnaround settlements.
- Information on distribution of new issues (IPO, Privatization).
- Not applicable
- OTHER:

G11Q127
Automatic securities lending facility is provided for:

PFMI: Q.11.6.1
AGC: 35a

- Brokers
- Banks
- Other financial institutions
- OTHER:

G11Q128
If collateral handling, please provide details

PFMI: Q.11.6.1
AGC: 35c

G11Q129
Other, please explain:

PFMI: Q.11.6.1
AGC: 35d

G11Q130
What procedures are in place for the processing of corporate action entitlements?

PFMI: Q.11.6.1
AGC: 36

- Credited to the securities account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
- Credited to the securities account upon actual receipt by the CSD.
- Corporate action entitlements are handled by an entity separate from the CSD.
- Not applicable
- OTHER:

G11Q131
Credited to the securities account:

PFMI: Q.11.6.1
AGC: 36a

- On pay date.
- On pay date +1.
- On pay date +2.
- OTHER:

G11Q132
Name of entity:

PFMI: Q.11.6.1
AGC: 36c

G11Q133
What procedures are in place for the processing of interest and dividends?

PFMI: Q.11.6.1
AGC: 37, 37d.

- Credited to the cash account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
- Credited to the cash account upon actual receipt by the CSD.
- Income and dividend collection is handled by an entity separate from the CSD.
- Not applicable
- OTHER:

G11Q134
Credited to the cash account:

PFMI: Q.11.6.1
AGC: 37a

- On pay date.
- On pay date +1.
- On pay date +2.
- OTHER:

G11Q135
Name of entity:

PFMI: Q.11.6.1
AGC: 37c

G11Q136
 If the CSD provides services other than central safekeeping and administration of securities and settlement, how does it identify the risks associated with those activities, including potential credit and liquidity risks? How does it measure, monitor and manage these risks, including legally separating services other than safekeeping and administration of securities where necessary?
 PFMI: Q.11.6.2
 AGC: n/a

G11Q137
 filecount - Add relevant appendices for this group.
 PFMI: n/a
 AGC: n/a
 0

Exchange-of-value settlement systems (PFMI Principle 12)

G12Q001
 Summary narrative for PFMI Principle 12. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)
 PFMI: Annex A - CSD disclosure template - IV.P12
 AGC: n/a

Edaa supports BIS DVP Model 2 – gross settlement of securities, net settlement of funds through SAMA in SAR central bank money. The finality of settlement is achieved with confirmation of cash settlement and the delivery of securities. The securities will be delivered through Edaa in Edaa accounts if and only if the cash is received at SAMA. There is an overall market practice established to ensure the safety and soundness of the settlement process.
 The settlement in Edaa is commenced by blocking the securities, after which payment instructions are sent to SAMA/SARIE, and, once the final confirmations of the implementation of payment orders are received, the settlement is completed and the transfers in the settlement system are marked as settled.
 The settlement process is regulated in both Edaa rules and procedures, and participants are informed about the status of transfers via NCSD. Edaa has also signed an SLA with SAMA to ensure the execution of cash settlement in a timely manner.

G12Q002
 How do the CSD's legal, contractual, technical and risk management frameworks ensure that the final settlement of relevant financial instruments eliminates principal risk? What procedures ensure that the final settlement of one obligation occurs if and only if the final settlement of a linked obligation also occurs?
 PFMI: Q.12.1.1
 AGC: n/a

G12Q003
 Does the CSD guaranty settlement?
 PFMI: Q.12.1.1
 AGC: 66u.
 No
 Yes
 Not applicable

G12Q004
 Please explain how this is accomplished. What are the procedures and safeguards that permit the CSD to guaranty settlement?
 PFMI: Q.12.1.1
 AGC: 66v.

G12Q005
 How are the linked obligations settled - on a gross basis (trade by trade) or on a net basis?
 PFMI: Q.12.1.2
 AGC: n/a
 For linking final settlement of obligations that is an exchange-of-value settlement system, means to eliminate principal risk by linking the final settlement of one obligation to the final settlement of the other through an appropriate DvP, DvD, or PVP settlement mechanism (see also Principle 8 on settlement finality).
 While it is implemented in practice, the legal obligation related to Edaa and its members is not clearly evident while performing the settlement, as all securities related transactions against cash are settled on a DVP basis.
 Edaa Rules (Section 3, Chapter II: Settlement) are not specific as to the DVP settlement, neither are Edaa Procedures (Section 25). Blocking of securities subject to a trade to secure the settlement is not evident in Edaa rules. In addition, also the Muqassa Rules are not explicit on the exact DVP process.

G12Q006
 The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble.
 PFMI: Q.12.1.2
 AGC: 48
 Model1
 Model2
 Model3
 Not applicable
 OTHER:

G12Q007

Please briefly describe your settlement process, including how do your settlement procedures vary from the model chosen above?

PFMI: Q.12.1.3
AGC: 48a

"Edaa" performs Settlement of transactions in securities, concluded at the Saudi Stock Exchange.

The settlement is a process for settling the obligations arising from the concluded transactions in securities and the preparation procedure for the settlement of such transactions by checking the availability of the required securities and cash.

The settlement of transactions in securities executed on a delivery versus payment (DvP) basis which means the transfer of securities based on trade transaction is conducted through simultaneous exchange of securities and cash.

Securities settlement is executed on a gross basis on the securities side and the cash settlement side is netted (Bank for International Settlements (BIS) DvP Model 3). This means that the exchange of securities is done between the securities accounts of the participants in the trade transaction (buyer and seller), and the exchange of the funds is done at the same time between special accounts intended for settlement of trade transactions of Edaa members at Saudi Central Bank (SAMA).

G12Q008

Is the finality of settlement of linked obligations simultaneous?

PFMI: Q.12.1.3
AGC: n/a Yes No

G12Q009

If not, what is the timing of finality for both obligations? Is the length of time between the blocking and final settlement of both obligations minimised?

PFMI: Q.12.1.3
AGC: n/a

G12Q010

Are the cash and security movements simultaneous?

PFMI: Q.12.1.3
AGC: 49 Yes No Not applicable

G12Q011

If cash and security movements are not simultaneous, please indicate the duration of the timing gap

PFMI: Q.12.1.3
AGC: 49a 1 hour 2 hours 3 hours 4 hours 5 hours Overnight 2 days

G12Q012

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Participant default rules and procedures (PFMI Principle 13)

G13Q001

Summary narrative for PFMI Principle 13. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P13
AGC: n/a

A CSD and/or a CCP in the clearing process should take measures to prevent and address settlement fails. It is essential that such rules be uniformly applied. One of the efficient ways to address settlement fails is to require failing participants to be subject to a compulsory enforcement of the original agreement. Therefore, the rules should provide for uniform rules concerning penalties and the buy-in transaction.

(Article 31) and (Article 34) of the draft CMA CSD Regulations are requiring a CSD to address settlement fails. It seems Edaa Rules do not comply with such CMA requirement.

Edaa Rules (Article 33) refer to Muqassa's Rules. According to the Muqassa's Rules, a default event includes "any failure to deliver Securities" (Article 61). It seems quite clear from Muqassa Cash Market Clearing Procedures (Article 17) that the settlement fails are fully addressed by Muqassa, both in terms of buy-in and cash compensation if buy-in is not successful in certain time frame (settlement day +3). Therefore, Edaa Rules correctly refer the addressing of settlement fails to Muqassa.

In addition, Edaa has well-defined rules and procedures for termination of an Edaa Custody Member (Edaa Rules, Article 19, Article 20), which includes events of default. Since Edaa maintains securities account in a segregated manner, Edaa can continue to provide book entry and securities accounts services to investors and also facilitate transfer of accounts by clients of defaulting custody member to other custody member.

Therefore, it should be discussed further with CMA if (Article 31 and Article 34) of the draft CMA CSD Regulations are in fact applicable to a CSD or rather to a CCP.

G13Q002

Do the CSD's rules and procedures clearly define an event of default (both a financial and an operational default of a participant) and the method for identifying a default? How are these events defined?

PFMI: Q.13.1.1
AGC: n/a

G13Q003

How do the CSD's rules and procedures address the following key aspects of a participant default: a) the actions that the CSD can take when a default is declared, b) the extent to which the actions are automatic or discretionary, c) changes to normal settlement practices, d) the management of transactions at different stages of processing, e) the expected treatment of proprietary and customer transactions and accounts, f) the probable sequencing of actions, g) the roles, obligations and responsibilities of the various parties, including non-defaulting participants, and h) the existence of other mechanisms that may be activated to contain the impact of a default?

PFMI: Q.13.1.2
AGC: n/a

G13Q004

During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?

PFMI: Q.13.1.2
AGC: 77

- Yes
- No
- Not applicable

G13Q005

How was the situation resolved? Or if you answered "Other," then please explain:

PFMI: Q.13.1.2
AGC: 77a

G13Q006

Does the stock exchange have default protections that extend to the CSD, such as the following?

PFMI: Q.13.1.2
AGC: 80

- Margin requirements for stock exchange members
- Guaranty fund for stock exchange members
- Financial requirements for stock exchange membership
- No
- Not applicable
- OTHER:

G13Q007

Please explain:

PFMI: Q.13.1.2
AGC: 80a

G13Q008

How do the CSD's rules and procedures allow the CSD to promptly use any financial resources that it maintains for covering losses and containing liquidity pressures arising from default, including liquidity facilities?

PFMI: Q.13.1.3
AGC: n/a

G13Q009

How do the CSD's rules and procedures address the order in which the financial resources can be used?

PFMI: Q.13.1.4
AGC: n/a

G13Q010
Participant Default Protections Resulting from a Participant Failure. If a participant defaults, how is the loss covered? (Choose all that apply?)

PFMI: Q.13.1.4
AGC: 76, 76d

- CSD insurance covers the loss
- The CSD guaranty fund covers the loss
- Loss is shared among participants
- Not applicable
- OTHER:

G13Q011
Please explain the process:

PFMI: Q.13.1.4
AGC: 76a

G13Q012
Please explain the process of how the loss is shared:

PFMI: Q.13.1.4
AGC: 76b

- Equally, among participants
- Pro-rata based on participant's volume
- Limited to participants with transactions with failing counterparty

G13Q013
Please explain:

PFMI: Q.13.1.4
AGC: 76d

G13Q014
How do the CSD's rules and procedures address the replenishment of resources following a default?

PFMI: Q.13.1.5
AGC: n/a

G13Q015
Does the CSD's management have internal plans that clearly delineate the roles and responsibilities for addressing a default? What are these plans?

PFMI: Q.13.2.1
AGC: n/a

G13Q016
What type of communication procedures does the CSD have in order to reach in a timely manner all relevant stakeholders, including regulators, supervisors and overseers?

PFMI: Q.13.2.2
AGC: n/a

G13Q017
How frequently are the internal plans to address a default reviewed? What is the governance arrangement around these plans?

PFMI: Q.13.2.3
AGC: n/a

G13Q018
How are the key aspects of the CSD's participant default rules and procedures made publicly available? How do they address: a) the circumstances in which action may be taken, b) who may take those actions, c) the scope of the actions which may be taken, including the treatment of both proprietary and customer positions, funds and assets, d) the mechanisms to address an CSD's obligations to non-defaulting participants, and e) where direct relationships exist with participants' customers, the mechanisms to help address the defaulting participant's obligations to its customers?

PFMI: Q.13.3.1
AGC: n/a

G13Q019
How does the CSD engage with its participants and other relevant stakeholders in the testing and review of its participant default procedures? How frequently does it conduct such tests and reviews? How are these tests results used? To what extent are the results shared with the board, risk committee and relevant authorities?

PFMI: Q.13.4.1
AGC: n/a

G13Q020
What range of potential participant default scenarios and procedures do these tests cover? To what extent does the CSD test the implementation of the resolution regime for its participants?

PFMI: Q.13.4.2
AGC: n/a

G13Q021
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

G14Q001

Summary narrative for PFMI Principle 15. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P15
AGC: n/a

The Draft CMA CSD Regulations (Article 53) defines the principles of holding sufficient amount of liquid assets by CSD that have to be harmonized with Edaa's ERM.

Edaa is covered by an enterprise risk management framework that covers identifying and monitoring corporate risks, business environment risks, business continuity risks, financial risks, operational risks, technology risks and cybersecurity risks. comprehensive risk self-assessment is conducted at least annually, in addition to continuous monitoring of key risk indicators.

Internal Audit, that in accordance with Audit Committee Charter (Article 4.2) provides reports directly to Edaa's BoD, perform periodical reviews of Edaa's activities and performance. On top of that, Edaa assigns individual KPIs that cover monitoring and controlling Edaa's financial performance.

G14Q002

Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

PFMI: Q.17.2.3
AGC: 15

Yes

No

G14Q003

If yes, please state the name(s) of the entity(ies) who perform the financial audit.

PFMI: n/a
AGC: 15a.

For year 2021 – KPMG

G14Q004

Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:

PFMI: n/a
AGC: 15b.

01/01/2021

G14Q005

Please list the period that the audit covered:

PFMI: n/a
AGC: 15c.

Start date: 01/01/2021

End date: 31/12/2021

G14Q006

How frequently does the financial audit occur?

PFMI: n/a
AGC: 15d.

Two or more times a year

Annually

Less than annually

G14Q007

If less than annually, please explain:

PFMI: n/a
AGC: 15e.

G14Q008

Please select the statement that most accurately characterizes the results of the last financial audit:

PFMI: n/a
AGC: 15g.

No material exceptions found.

Minor exceptions found.

Material exceptions found.

G14Q009

If minor or material exceptions were found, what actions were taken? Please describe:

PFMI: n/a
AGC: 15h.

G14Q010
 Has there been any material loss by the CSD during the past three years?
 PFMI: n/a
 AGC: 86

- Yes
- No
- Not applicable

G14Q011
 If there has been a loss, please describe the cause, the final impact and the action taken to prevent a recurrence:
 PFMI: n/a
 AGC: 86a.

G14Q012
 Has the CSD been subject to any litigation involving a participant during the past three years?
 PFMI: n/a
 AGC: 87

- Yes
- No
- Not applicable

G14Q013
 Please explain the circumstances and resolution:
 PFMI: n/a
 AGC: 87a.

G14Q014
 Has the CSD realized revenues sufficient to cover expenses during the past three years?
 PFMI: n/a
 AGC: 88, 88a

- Yes for all three years
- Yes for two of the last three years
- Yes for one of the last three years
- None of the last three years
- Not applicable

G14Q015
 Has any participant suffered any losses in the past three years due to the CSD's performance?
 PFMI: n/a
 AGC: 30, 30m

- Yes
- No
- Not applicable

G14Q016
 If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter.
 PFMI: n/a
 AGC: 30a, 30j

- Corporate Action
- Settlement Process - Securities
- Settlement Process - Cash
- System Outage
- OTHER:

G14Q017
 Corporate Action. Please specify number of instances:
 PFMI: n/a
 AGC: 30b.

G14Q018
Corporate Action. Please specify total loss in USD:

PFMI: n/a
AGC: 30c.

G14Q019
Settlement Process - Securities. Please specify number of instances:

PFMI: n/a
AGC: 30d.

G14Q020
Settlement Process - Securities. Please specify total loss in USD:

PFMI: n/a
AGC: 30e.

G14Q021
Settlement Process - Cash. Please specify number of instances:

PFMI: n/a
AGC: 30f.

G14Q022
Settlement Process - Cash. Please specify total loss in USD:

PFMI: n/a
AGC: 30g.

G14Q023
System Outage. Please specify number of instances:

PFMI: n/a
AGC: 30h.

G14Q024
System Outage. Please specify total loss in USD:

PFMI: n/a
AGC: 30i.

G14Q025
For Other, please specify number of instances:

PFMI: n/a
AGC: 30k.

G14Q026
For Other, please specify total loss in USD:

PFMI: n/a
AGC: 30l.

G14Q027
How does the CSD identify its general business risks? What general business risks has the CSD identified?

PFMI: Q. 15.1.1
AGC: n/a

G14Q028
How does the CSD monitor and manage its general business risks on an ongoing basis? Does the CSD's business risk assessment consider the potential effects on its cash flow and (in the case of a privately operated CSD? capital?

PFMI: Q. 15.1.2
AGC: n/a

G14Q029
Does the CSD hold liquid net assets funded by equity so that it can continue operations and services as a going concern if it incurs general business losses?

PFMI: Q. 15.2.1
AGC: n/a

G14Q030
Does the CSD maintain a reserve for operating losses?

PFMI: Q. 15.2.1
AGC: 89, 89b

Yes

No

Not applicable

G14Q031
How does the CSD calculate the amount of liquid net assets funded by equity to cover its general business risks?

PFMI: Q. 15.2.2
AGC: n/a

G14Q032
How does the CSD determine the length of time and associated operating costs of achieving a recovery or orderly wind-down of critical operations and services?

PFMI: Q. 15.2.2
AGC: n/a

G14Q033
Please describe and indicate reserve (for operating losses) amount:
PFMI: Q.15.2.2
AGC: 89a.

The amount of the coverage is confidential.

G14Q034
Has the CSD developed a plan to achieve a recovery or orderly wind-down, as appropriate?
PFMI: Q.15.3.1a
AGC: n/a

- Yes
 No

G14Q035
If yes, what does this plan take into consideration (for example, the operational, technological and legal requirements for participants to establish and move to an alternative arrangement)?
PFMI: Q.15.3.1b
AGC: n/a

G14Q036
What amount of liquid net assets funded by equity is the CSD holding for purposes of implementing this plan? How does the CSD determine whether this amount is sufficient for such implementation? Is this amount at a minimum equal to six months of the CSD's current operating expenses?
PFMI: Q.15.3.2
AGC: n/a

G14Q037
How are the resources designated to cover business risks and losses separated from resources designated to cover participant defaults or other risks covered under the financial resources principles?
PFMI: Q.15.3.3
AGC: n/a

G14Q038
Does the CSD include equity held under international risk-based capital standards to cover general business risks?
PFMI: Q.15.3.4
AGC: n/a

G14Q039
What is the composition of the CSD's liquid net assets funded by equity? How will the CSD convert these assets as needed into cash at little or no loss of value in adverse market conditions?
PFMI: Q.15.4.1
AGC: n/a

G14Q040
How does the CSD regularly assess the quality and liquidity of its liquid net assets funded by equity to meet its current and projected operating expenses under a range of scenarios, including in adverse market conditions?
PFMI: Q.15.4.2
AGC: n/a

G14Q041
Has the CSD developed a plan to raise additional equity? What are the main features of the CSD's plan to raise additional equity should its equity fall close to or fall below the amount needed?
PFMI: Q.15.5.1
AGC: n/a

G14Q042
How frequently is the plan to raise additional equity reviewed and updated?
PFMI: Q.15.5.2
AGC: n/a

G14Q043
What is the role of the CSD's board (or equivalent) in reviewing and approving the CSD's plan to raise additional equity if needed?
PFMI: Q.15.5.3
AGC: n/a

G14Q044
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

0

Custody risk (PFMI Principle 16)

G15Q001
 Summary narrative for PFMI Principle 16. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)
 PFMI: Annex A - CSD disclosure template - IV.P16
 AGC: n/a

Draft CMA CSD Regulations (Article 47) establishes key requirements for entities where CSD holds its own and clients' assets.

Edaa's Investment policy describes the requirements and process of selection of entities for holding its own assets. Only Investment Committee approved counterparties with a predefined minimum credit rating can be used for asset safekeeping.

In links, Edaa acts as Issuer CSD, therefore Edaa does not hold its participants' assets with other entities.

G15Q002
 If the CSD uses custodians, how does the CSD select its custodians? What are the specific selection criteria the CSD uses, including supervision and regulation of these entities? How does the CSD monitor the custodians' adherence to these criteria?
 PFMI: Q.16.1.1
 AGC: n/a

G15Q003
 Are there any activities performed by a third party on behalf of the CSD for the CSD participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?
 PFMI: Q.16.1.1
 AGC: 29, 29f

Yes

No

Not applicable

OTHER:

G15Q004
 If third parties are employed, please indicate which services they supply:
 PFMI: Q.16.1.1
 AGC: 29a.

G15Q005
 If third parties are employed, does the CSD assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?
 PFMI: Q.16.1.1
 AGC: 29b.

Yes

No

G15Q006
 If you acknowledge responsibility, please indicate whether your responsibility is assumed
 PFMI: Q.16.1.1
 AGC: 29c, 29e.

regardless of whether such loss was caused by any action or inaction of the agent

if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be negligence on the part of the agent

if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be gross negligence on the part of the agent

if the loss was caused by the willful default or other willful conduct on the part of the agent

OTHER:

G15Q007
 If you acknowledge responsibility for agents, your responsibility is assumed for losses
 PFMI: Q.16.1.1
 AGC: 29d, 29h.

without limit

which are not consequential losses

subject to a monetary limit not based on insurance limits

subject to a monetary limit based on insurance limits

OTHER:

G15Q008
 Please specify limit:
 PFMI: Q.16.1.1
 AGC: 29f.

G15Q009
 Please specify limit:
 PFMI: Q.16.1.1
 AGC: 29g.

G15Q010
How does the CSD verify that these entities have robust accounting practices, safekeeping procedures, and internal controls that fully protect its and its participants' assets?
PFMI: Q.16.1.2
AGC: n/a

G15Q011
How has the CSD established that it has a sound legal basis to support enforcement of its interest or ownership rights in assets held in custody?
PFMI: Q.16.2.1
AGC: n/a

G15Q012
How does the CSD ensure that it has prompt access to its assets, including securities that are held with a custodian in another time zone or legal jurisdiction, in the event of participant default?
PFMI: Q.16.2.2
AGC: n/a

G15Q013
How does the CSD evaluate and understand its exposures to its custodian banks? In managing those exposures, how does it take into account the full scope of its relationship with each custodian bank? For instance, does the CSD use multiple custodians for the safekeeping of its assets to diversify exposure to any single custodian? How does the CSD monitor concentration of risk exposures to its custodian banks?
PFMI: Q.16.3.1
AGC: n/a

G15Q014
Please describe briefly the arrangements / procedures / facilities you maintain to ensure that eligible securities held at the CSD are handled at least as efficiently as compared to securities held outside the CSD, particularly in relation to income, corporate actions and proxy services.
PFMI: Q.16.3.1
AGC: 62

G15Q015
How does the CSD ensure that its investment strategy is consistent with its overall risk management strategy?
PFMI: Q.16.4.1a
AGC: n/a

G15Q016
How and to whom does the CSD disclose its investment strategy?
PFMI: Q.16.4.1b
AGC: n/a

G15Q017
How does the CSD ensure on an ongoing basis that its investments are secured by, or are claims on, high-quality obligors?
PFMI: Q.16.4.2
AGC: n/a

G15Q018
How does the CSD consider its overall exposure to an obligor in choosing investments? What investments are subject to limits to avoid concentration of credit risk exposures?
PFMI: Q.16.4.3
AGC: n/a

G15Q019
Does the CSD invest participant assets in the participants' own securities or those of its affiliates?
PFMI: Q.16.4.4
AGC: n/a

G15Q020
How does the CSD ensure that its investments allow for quick liquidation with little, if any, adverse price effect?
PFMI: Q.16.4.5
AGC: n/a

G15Q021
filecount - Add relevant appendices for this group.
PFMI: n/a
AGC: n/a

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Operational risk (PFMI Principle 17)

G16Q001

Summary narrative for PFMI Principle 17. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P17
AGC: n/a

Edaa has recently implemented the NCSD and has tested the BCP process. There are some open defects and a full BCP test, with the major participants undertaking the switch over to the BCP simultaneously needs to be completed. As a part of the process, Edaa should undertake a re-assessment of the BCP ISO 22301, and request that major participants also obtain such certification within a specified time period. The review is based on an updated document received 13-04-2022, where NSCD replaced Equator "The old settlement system used by Edaa" with very minor changes. The updated document has not been given a new version number, neither has it been updated to today's date. The document is dated "July 2021". 1.2.1.1 Update the document to be in line with international best practices and to be compliant with PFMI 17. • Chapter 2.7 Assumptions are missing key component, i.e. there an incident outside of the Exchanges premises disrupts the Exchange. Examples are a power loss in Riyadh, the network provider has been violated, major brokers have been disrupted and are without network connection, etc. We refer to PFMI principle 17 and further specific recommendations in BIS/IOSCO document 146. • The business procedures in the document are equal to the previous list of Critical Business Functions received in the same document on 12/04/2022. In our opinion there must be changes based on the implementation of both the NCSD together with the new CCP. If our assumption is right, Edaa do not have a complete operative plan to describe actions after PTPP has been implemented if something goes wrong. In a BCP incident, Edaa cannot depend on this document. • Edaa needs to create a new version of the document that reflects the new system. All relevant business processes must be walked through to confirm procedures. Those new procedures must be confirmed during BCP tests. The current document is a very good template. After the document has been examined and the BCPs' confirmed to reflect actual procedures, the document version must be updated and dated according to the existing procedures.

G16Q002

What are the CSD's policies and processes for identifying the plausible sources of operational risks? How do the CSD's processes identify plausible sources of operational risks, whether these risks arise from internal sources (for example, the arrangements of the system itself, including human resources), from the CSD's participants or from external sources?

PFMI: Q.17.1.1
AGC: n/a

G16Q003

What sources of operational risks has the CSD identified? What single points of failure in its operations has the CSD identified?

PFMI: Q.17.1.2
AGC: n/a

G16Q004

How does the CSD monitor and manage the identified operational risks? Where are these systems, policies, procedures and controls documented?

PFMI: Q.17.1.3
AGC: n/a

G16Q005

What policies, processes and controls does the CSD employ that are designed to ensure that operational procedures are implemented appropriately? To what extent do the CSD's systems, policies, processes and controls take into consideration relevant international, national and industry-level operational risk management standards?

PFMI: Q.17.1.4
AGC: n/a

G16Q006

What are the CSD's human resources policies to hire, train and retain qualified personnel, and how do such policies mitigate the effects of high rates of personnel turnover or key-person risk? How do the CSD's human resources and risk management policies address fraud prevention?

PFMI: Q.17.1.5
AGC: n/a

G16Q007

How do the CSD's change management and project management policies and processes mitigate the risks that changes and major projects inadvertently affect the smooth functioning of the system?

PFMI: Q.17.1.6
AGC: n/a

G16Q008

How has the board of directors defined the key roles and responsibilities for operational risk management?

PFMI: Q.17.2.1
AGC: n/a

G16Q009

Does the CSD's board explicitly review and endorse the CSD's operational risk management framework? How frequently does the board review and endorse the CSD's operational risk management framework?

PFMI: Q.17.2.2
AGC: n/a

G16Q010

How does the CSD review, audit and test its systems, policies, procedures and controls, including its operational risk management arrangements with participants? How frequently does the CSD conduct these reviews, audits and tests with participants?

PFMI: Q.17.2.3
AGC: n/a

G16Q011

Internal Audit. Is an internal audit undertaken in your CSD?

PFMI: Q.17.2.3
AGC: 14

Yes

No

G16Q012
 If yes, what areas does the audit cover (financials, operations, etc.) and which department in your CSD handles it?
 PFMI: Q.17.2.3
 AGC: 14a.

Internal Audit follows its methodology which is in line with the standards issued by the Institute of Internal Auditors (IIA). In addition, in line with standards, Internal Audit's available methodology has been reviewed and evaluated (for both design and implementation) by IIA itself (twice) and granted Internal Audit confirmation that it complies with the standards.

With regards to the Internal Audit's process to determine the audits to be covered, nature of the audits, and frequency, in line with its methodology, annual Internal Audit conducts its risk assessment, and first step in the risk assessment is to determine the audit universe or auditable areas which could be audited.

The auditable areas will cover systems, operational processes, governance, control functions, and financial processes.

Once Auditable areas are determined, Internal Audit assess risks for reach auditable area, and accordingly assign the residual risk rating to each auditable area in line with its methodology. Once the residual ratings are determined, Internal Audit determines (in line with its frequency criteria in methodology) when to audit (which year) each auditable area. This is how the audit plan for the following year is formulated and presented to internal executive management for input, as well as to Audit Committee for approval.

G16Q013
 Please list the date of your last internal audit and the period that the audit covered:
 PFMI: Q.17.2.3
 AGC: 14b.

Start date:
 End date:
 Audit date:

G16Q014
 How frequently does the internal audit occur?
 PFMI: Q.17.2.3
 AGC: 14c.

Two or more times a year
 Annually
 Less than annually

G16Q015
 If less than annually, please explain:
 PFMI: Q.17.2.3
 AGC: 14d.

G16Q016
 Are the results of the internal audit publicly available?
 PFMI: Q.17.2.3
 AGC: 14e.

Yes
 No

G16Q017
 Please select the statement that most accurately characterizes the results of the last internal audit:
 PFMI: Q.17.2.3
 AGC: 14f.

No material exceptions found.
 Minor exceptions found.
 Material exceptions found.

G16Q018
 If minor or material exceptions were found, what actions were taken? Please describe:
 PFMI: Q.17.2.3
 AGC: 14g.

G16Q019
 To what extent, where relevant, is the CSD's operational risk management framework subject to external audit?
 PFMI: Q.17.2.4
 AGC: n/a

G16Q020
 Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?
 PFMI: Q.17.2.4
 AGC: 16

Yes
 No

G16Q021

If yes, please state the name(s) of the entity(ies) who perform the operational audit.

PFMI: Q.17.2.4
AGC: 16a.

Regulatory Authorities such as CMA, and internal Audit

Edaa is subject to audits from regulatory bodies such as Capital Market Authority and General Audit Bureau ad responded by Group Internal Audit.

The scope and frequency of the audits are determined by the regulators and role of Internal Audit is to provide any requested support (in terms of coordination / information, etc.) to these bodies.

It is important to clarify that Internal Audit has no functional responsibility in carrying out these audits.

G16Q022

Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:

PFMI: Q.17.2.4
AGC: 16b.

G16Q023

Please list the period that the audit covered:

PFMI: Q.17.2.4
AGC: 16c.

Start date:

End date:

G16Q024

How frequently does the operational audit occur?

PFMI: Q.17.2.4
AGC: 16d.

- Two or more times a year
- Annually
- Less than annually

G16Q025

If less than annually, please explain:

PFMI: Q.17.2.4
AGC: 16e.

G16Q026

Please select the statement that most accurately characterizes the results of the last operational audit:

PFMI: Q.17.2.4
AGC: 16g.

- No material exceptions found.
- Minor exceptions found.
- Material exceptions found.

G16Q027

If minor or material exceptions were found, what actions were taken? Please describe:

PFMI: Q.17.2.4
AGC: 16h.

Report was issued to management for resolution

G16Q028

What are the CSD's operational reliability objectives, both qualitative and quantitative? Where and how are they documented?

PFMI: Q.17.3.1
AGC: n/a

G16Q029

How do these objectives ensure a high degree of operational reliability?

PFMI: Q.17.3.2
AGC: n/a

G16Q030

What are the policies in place that are designed to achieve the CSD's operational reliability objectives to ensure that the CSD takes appropriate action as needed?

PFMI: Q.17.3.3
AGC: n/a

G16Q031

How does the CSD review, audit and test the scalability and adequacy of its capacity to handle, at a minimum, projected stress volumes? How frequently does the CSD conduct these reviews, audits and tests?

PFMI: Q.17.4.1
AGC: n/a

G16Q032
 How are situations where operational capacity is neared or exceeded addressed?
 PFMI: Q.17.4.2
 AGC: n/a

G16Q033
 What are the CSD's policies and processes, including change management and project management policies and processes, for addressing the plausible sources of physical vulnerabilities and threats on an ongoing basis?
 PFMI: Q.17.5.1
 AGC: n/a

G16Q034
 How is access to the physical building controlled?
 PFMI: Q.17.5.1
 AGC: 74

- By guards
- By electronic keys
- personal ID card
- By alarm system
- OTHER:

G16Q035
 Please explain:
 PFMI: Q.17.5.1
 AGC: 74a.

G16Q036
 Do the CSD's policies, processes, controls and testing appropriately take into consideration relevant international, national and industry-level standards for physical security?
 PFMI: Q.17.5.2
 AGC: n/a

G16Q037
 What are the CSD's policies and processes, including change management and project management policies and processes, for addressing the plausible sources of information security vulnerabilities and threats on an ongoing basis?
 PFMI: Q.17.5.3
 AGC: n/a

G16Q038
 Regarding data security: Are passwords used by participants to access their accounts?
 PFMI: Q.17.5.3
 AGC: 71 71a.

- Yes
- No
- Not applicable

G16Q039
 Does each user have a unique user ID?
 PFMI: Q.17.5.3
 AGC: 71c.

- Yes
- No
- Not applicable

G16Q040
 Are passwords regularly changed?
 PFMI: Q.17.5.3
 AGC: 71e.

- Yes
- No
- Not applicable

G16Q041
How often?

PFMI: Q.17.5.3
AGC: 71f.

Password change policy not to exceed more than 90 days.

G16Q042
Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?

PFMI: Q.17.5.3
AGC: 71h.

- Yes
- No
- Not applicable

G16Q043
How many?

PFMI: Q.17.5.3
AGC: 71i.

User lock-out for unsuccessful attempts "7 times".

G16Q044
Do the CSD's policies, processes, controls and testing appropriately take into consideration relevant international, national and industry-level standards for information security?

PFMI: Q.17.5.4
AGC: n/a

G16Q045
How and to what extent does the CSD's business continuity plan reflect objectives, policies and procedures that allow for the rapid recovery and timely resumption of critical operations following a wide-scale or major disruption?

PFMI: Q.17.6.1
AGC: n/a

G16Q046
How and to what extent is the CSD's business continuity plan designed to enable critical IT systems to resume operations within two hours following disruptive events, and to enable the CSD to facilitate or complete settlement by the end of the day even in extreme circumstances?

PFMI: Q.17.6.2
AGC: n/a

G16Q047
How quickly can the main system be reactivated in the event of an outage?

PFMI: Q.17.6.2
AGC: 82

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable
- Other: Based on the agreed recovery time objective (RTO).

G16Q048
How is the contingency plan designed to ensure that the status of all transactions can be identified in a timely manner, at the time of the disruption, and if there is a possibility of data loss, what are the procedures to deal with such loss (for example, reconciliation with participants or third parties)?

PFMI: Q.17.6.3
AGC: n/a

G16Q049
How do the CSD's crisis management procedures address the need for effective communications internally and with key external stakeholders and authorities?

PFMI: Q.17.6.4
AGC: n/a

G16Q050
Will the CSD publicly announce any system interruption?

PFMI: Q.17.6.4
AGC: 84

- Yes
- No
- Not applicable

G16Q051
To whom will the CSD disclose any system interruptions?

PFMI: Q.17.6.4
AGC: 84a.

- To the CSD regulators
- To all direct participants
- To direct and indirect participants
- To the public via the internet
- In the press
- OTHER:

G16Q052
If so, please list webpage address:

PFMI: Q.17.6.4
AGC: 84b.

www.edaa.sa

G16Q053
If so, please list all publications:

PFMI: Q.17.6.4
AGC: 84c.

G16Q054
Please explain:

PFMI: Q.17.6.4
AGC: 84d.

G16Q055
How will the CSD disclose any system interruptions?

PFMI: Q.17.6.4
AGC: 84e.

- By e-mail
- By telephone
- Public announcement
- Press release
- OTHER:

G16Q056
Please explain:

PFMI: Q.17.6.4
AGC: 84f.

G16Q057
How does the CSD's business continuity plan incorporate the use of a secondary site (including ensuring that the secondary site has sufficient resources, capabilities, functionalities and appropriate staffing arrangements)? To what extent is the secondary site located a sufficient geographic distance from the primary site such that it has a distinct risk profile?

PFMI: Q.17.6.5
AGC: n/a

G16Q058
 If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing?
 PFMI: Q.17.6.5
 AGC: 83

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable

G16Q059
 Has the CSD considered alternative arrangements (such as manual, paper-based procedures or other alternatives) to allow the processing of time-critical transactions in extreme circumstances?
 PFMI: Q.17.6.6
 AGC: n/a

G16Q060
 How are the CSD's business continuity and contingency arrangements reviewed and tested, including with respect to scenarios related to wide-scale and major disruptions? How frequently are these arrangements reviewed and tested?
 PFMI: Q.17.6.7
 AGC: n/a

G16Q061
 How does the review and testing of the CSD's business continuity and contingency arrangements involve the CSD's participants, critical service providers and linked CSD? as relevant? How frequently are the CSD's participants, critical service providers and linked CSD? involved in the review and testing?
 PFMI: Q.17.6.8
 AGC: n/a

G16Q062
 BUSINESS RECOVERY PLAN. This section is intended to identify key aspects of the CSD's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP. Do you have a formal business recovery plan?
 PFMI: Q.17.6.8
 AGC: 81

- Yes
- No

G16Q063
 Does your Business Recovery Plan include:
 PFMI: Q.17.6.8
 AGC: 81a, 81h.

- Back-up of all computer files
- Off-site data storage
- Back-up files stored and locked
- Off-site operations facility
- OTHER: Annually – last testing occurred in 2020.

G16Q064
 Please identify both the frequency and the last date of testing for the following third party: CSD participants/members
 PFMI: Q.17.6.8
 AGC: 81b.
 Annually – last testing occurred in 2020.

G16Q065
 Please identify both the frequency and the last date of testing for the following third party: Stock exchange
 PFMI: Q.17.6.8
 AGC: 81c.

G16Q066
 Please identify both the frequency and the last date of testing for the following third party: Central bank
 PFMI: Q.17.6.8
 AGC: 81d.

G16Q067
 Please identify both the frequency and the last date of testing for the following third party: Local brokers
 PFMI: Q.17.6.8
 AGC: 81e.
 Annually – last testing occurred in 2020.

G16Q068

Please identify both the frequency and the last date of testing for the following third party: Any other third party

PFMI: Q.17.6.8
AGC: 81f.

Annually – last testing occurred in 2020.

G16Q069

In the past three years, has it been necessary to activate the recovery plan in a live situation?

PFMI: Q.17.6.8
AGC: 85

- Yes
- No
- Not applicable

G16Q070

If yes, how much time was needed to implement the recovery plan?

PFMI: Q.17.6.8
AGC: 85a.

- Less than 1 hour
- 1 - 2 hours
- 2 - 4 hours
- Longer than 4 hours

G16Q071

How much time was needed to recover and restore business to normal operations?

PFMI: Q.17.6.8
AGC: 85b.

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours

G16Q072

What was the impact to the market?

PFMI: Q.17.6.8
AGC: 85c, 85d.

- All securities settlements took place as scheduled on the same day with good value
- All cash settlements took place as scheduled on the same day with good value
- All securities settlements took place one business day late with good value
- All cash settlements took place one business day late with good value
- All securities settlements took place one business day late with value one day late
- All cash settlements took place one business day late with value one day late
- All securities settlements took place more than one business day late
- All cash settlements took place more than one business day late
- As a result of the system failure, all fines and penalties for late settlements were waived
- Even though there was a system failure, all fines and penalties for late settlements were still assessed
- OTHER: Based on agreed recovery time objective (RTO).

G16Q073

If no or other, please explain

PFMI: Q.17.7.4
AGC: 40a.

G16Q074

What risks has the CSD identified to its operations arising from its key participants, other CSD, and service and utility providers? How and to what extent does the CSD monitor and manage these risks?

PFMI: Q.17.7.1
AGC: n/a

G16Q075

Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

PFMI: Q.17.7.1
AGC: 39

- Yes
- No
- Not applicable

G16Q076

Please explain

PFMI: Q.17.7.1
AGC: 39a

The CSD does not have in place at the current stage any investor CSD link

G16Q077

If the CSD has outsourced services critical to its operations, how and to what extent does the CSD ensure that the operations of a critical service provider meet the same reliability and contingency requirements they would need to meet if they were provided internally?

PFMI: Q.17.7.2
AGC: n/a

G16Q078

How and to what extent does the CSD identify, monitor and mitigate the risks it may pose to another FMI?

PFMI: Q.17.7.3
AGC: n/a

G16Q079

To what extent does the CSD coordinate its business continuity arrangements with those of other interdependent CSDs?

PFMI: Q.17.7.4
AGC: n/a

G16Q080

Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?

PFMI: Q.17.7.4
AGC: 40

- Yes
- No
- Not applicable
- Other

G16Q081

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Access and participation requirements (PFMI Principle 18)

G17Q001

Summary narrative for PFMI Principle 18. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P18
AGC: n/a

The Draft CMA CSD Regulations (Article 27) clearly regulates the requirement for the CSD participation rules and requirements and compliance with such requirements on an ongoing basis. This is followed by Edaa Rules (Articles 4-20) which provide transparency in the relations between Edaa and its users. Edaa has publicly disclosed (Edaa webpage), transparent, objective and non-discriminatory criteria for participation in the CSD and securities settlement system, access by participants may be restricted only on the basis of the risks involved. Edaa also publicly disclose prices and fees for their services and membership fees and other costs. It seems that both in the Draft CMA CSD Regulations and Edaa rules and regulations a quick and appropriate remedy available to competent authorities to address any unjustified refusal of CSD membership is not addressed. It may be beneficial to clarify (in CMA Regulations) that in the event of CSD membership refusal, the requesting entity has the right to complain to the CMA. The CMA shall duly examine the complaint by assessing the reasons for refusal and shall provide the requesting entity with a reasoned reply.

G17Q002

What are the CSD's criteria and requirements for participation (such as operational, financial and legal requirements)?

PFMI: Q.18.1.1
AGC: n/a

G17Q003
 Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?
 PFMI: Q.18.1.1
 AGC: 19

- Yes
- No
- Not applicable

G17Q004
 How do these criteria and requirements allow for fair and open access to the CSD's services, including by direct and, where relevant, indirect participants and other CSD?, based on reasonable risk-related participation requirements?
 PFMI: Q.18.1.2
 AGC: n/a

G17Q005
 How are the participation requirements for the CSD justified in terms of the safety and efficiency of the CSD and its role in the markets it serves, and tailored to and commensurate with the CSD's specific risks?
 PFMI: Q.18.2.1
 AGC: n/a

G17Q006
 Are there participation requirements that are not risk-based but required by law or regulation? If so, what are these requirements?
 PFMI: Q.18.2.2
 AGC: n/a

G17Q007
 What governs the relationship between the CSD and the participants?
 PFMI: Q.18.2.2
 AGC: 20

- Relevant law and regulation
- Standard participation contract
- Established terms and conditions of participation
- By-laws of the CSD
- Rules of the CSD
- Not applicable
- OTHER:

G17Q008
 Please explain:
 PFMI: Q.18.2.2
 AGC: 20a
 Securities Depository Center Rules and Depository Centre Procedures that are issued by Depository Center (Edaa) and are approved by Capital Market Authority (regulator), discipline the relationship between the Depository Center (Edaa) and the participants.

G17Q009
 Are all classes of participants subject to the same access criteria? If not, what is the rationale for the different criteria (for example, size or type of activity, additional requirements for participants that act on behalf of third parties, and additional requirements for participants that are non-regulated entities)?
 PFMI: Q.18.2.3
 AGC: n/a

G17Q010
 PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently?
 PFMI: Q.18.2.3
 AGC: 17, 17q

- Banks
- Brokers
- Individuals
- Foreign Institutions
- Not applicable
- OTHER:

G17Q011
 How many Bank participants are there currently? (then please answer 17b)
 PFMI: Q.18.2.3
 AGC: 17a.
 There are 16 Banks acting as Cash Settlement members as of August 31, 2022.

G17Q012

Please select the features included in the eligibility requirements for Banks.

PFMI: Q.18.2.3

AGC: 17b, 17d

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: Please refer to Securities Depository Centre Rules at Edaa website Section 2 Chapter III. Moreover, recent changes in post trade infrastructure allow Banks to apply for a Custody membership, please refer to Section 2 Chapter I. Please refer to this link

G17Q013

Please explain:

PFMI: Q.18.2.3

AGC: 17d.

The Depository Centre Member must comply with the following:

- continue to satisfy the technical, technological and security requirements that are required to connect it to the Depository and Settlement System.
- immediately notify the Depository Centre in writing upon its knowledge of the occurrence of any technological error in its systems or any security issues that may affect its connectivity to the Depository and Settlement System or the actions executed through it. Such notice must identify the steps taken to resolve the situation and the time necessary to do so. 7
- Develop, implement and maintain business continuity plans as specified by the Depository Centre.

G17Q014

How many Broker participants are there currently? (then please answer 17f)

PFMI: Q.18.2.3

AGC: 17e.

There are 34 member acting as Broker/Custody and 20 acting as Independent Custody members as of December 2023

G17Q015

Please select the features included in the eligibility requirements for Brokers.

PFMI: Q.18.2.3

AGC: 17f, 17h

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: Please refer to Securities Depository Centre Rules at Edaa website Section 2 Chapter 1 and Chapter 2. Please refer to this link

G17Q016

How many Individual participants are there currently? (then please answer 17j)

PFMI: Q.18.2.3

AGC: 17i.

G17Q017

Please select the features included in the eligibility requirements for Individual participants.

PFMI: Q.18.2.3

AGC: 17j.

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

G17Q018

How many Foreign Institution participants are there currently?

PFMI: Q.18.2.3

AGC: 17m.

2 ICSDs.

G17Q019

Please select the features included in the eligibility requirements for Foreign Institution participants.

PFMI: Q.18.2.3

AGC: 17n, 17p.

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: Other

<p>G17Q020 If you have selected "Other entities" above, please explain:</p> <p>PFMI: Q.18.2.3 AGC: 17q.</p>
<p>At the current stage, Edaa has on-boarded only two foreign institutions, Euroclear Bank Belgium and Clearstream Banking Luxembourg. The status of these institutions has been approved as "inbound links" by the Capital Market Authority, as a rule foreign entities not being accepted in Edaa's books.</p>
<p>G17Q021 Indicate how many "Other entities" are currently participants?</p> <p>PFMI: Q.18.2.3 AGC: 17r.</p>
<p>2</p>
<p>G17Q022 Please select the features included in the eligibility requirements for the participants referred to above as "Other entities".</p> <p>PFMI: Q.18.2.3 AGC: 17s, 17u</p>
<p><input checked="" type="checkbox"/> Financial Thresholds</p> <p><input checked="" type="checkbox"/> Regulatory Oversight</p> <p><input checked="" type="checkbox"/> Market Experience</p> <p><input type="checkbox"/> OTHER:</p>
<p>G17Q023 How are the access restrictions and requirements reviewed to ensure that they have the least restrictive access that circumstances permit, consistent with maintaining acceptable risk controls? How frequently is this review conducted?</p> <p>PFMI: Q.18.2.4 AGC: n/a</p>
<p>G17Q024 How are participation criteria, including restrictions in participation, publicly disclosed?</p> <p>PFMI: Q.18.2.5 AGC: n/a</p>
<p>G17Q025 Where can a description of the specific eligibility requirements for Bank participants be found?</p> <p>PFMI: Q.18.2.5 AGC: 17c.</p>
<p>Please refer to Securities Depository Centre Rules at Edaa website Section 2 Chapter III. Moreover, recent changes in post trade infrastructure allow Banks to apply for a Custody membership, please refer to Section 2 Chapter I. Please refer to this link</p>
<p>G17Q026 Where can a description of the specific eligibility requirements for Broker participants be found?</p> <p>PFMI: Q.18.2.5 AGC: 17g.</p>
<p>Please refer to Securities Depository Centre Rules at Edaa website Section 2 Chapter 1 and Chapter 2. Please refer to this link</p>
<p>G17Q027 Where can a description of the specific eligibility requirements for Individual participants be found?</p> <p>PFMI: Q.18.2.5 AGC: 17k.</p>
<p>G17Q028 Where can a description of the specific eligibility requirements for Foreign Institution participants be found?</p> <p>PFMI: Q.18.2.5 AGC: 17o.</p>
<p>G17Q029 Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?</p> <p>PFMI: Q.18.2.5 AGC: 17l.</p>
<p>Refer to "Instructions for International Central Securities Depositories". Please refer to this Link</p>
<p>G17Q030 How does the CSD notify participants of material changes to the conditions of participation?</p> <p>PFMI: Q.18.2.5 AGC: 22</p>
<p><input type="checkbox"/> By e-mail</p> <p><input type="checkbox"/> By telephone</p> <p><input checked="" type="checkbox"/> By public announcement</p> <p><input type="checkbox"/> By press release</p> <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> OTHER:</p>

G17Q031
Please explain:
PFMI: Q.18.2.5
AGC: 22a.

By circulars through the Regulatory Oversight and Authorization Division.

G17Q032
How does the CSD monitor its participants' ongoing compliance with the access criteria? How are the CSD's policies designed to ensure that the information it uses to monitor compliance with participation criteria is timely and accurate?
PFMI: Q.18.3.1
AGC: n/a

G17Q033
Who enforces compliance with the CSD's conditions of participation?
PFMI: Q.18.3.1
AGC: 23

The CSD

The exchange

The CSD's regulator

Not applicable

OTHER:

G17Q034
Please explain:
PFMI: Q.18.3.1
AGC: 23a

Regulatory Oversight and Authorization Division conduct visits to members to ensure compliance with market rules and regulations.

G17Q035
Does the CSD have forms of oversight management for assessing and monitoring of the following?
PFMI: Q.18.3.1
AGC: 79

Participant eligibility requirements

Participant volumes

Participant financial strength

Other loss or default protections the CSD maintains

Collateral requirements for participants

Debit caps for participants

Settlement controls that minimize or eliminate the risk of default by a participant

Blocking of securities movement before receipt of payment

Blocking payment until securities are moved

Not applicable

OTHER:

G17Q036
Please explain other loss or default protections:
PFMI: Q.18.3.1
AGC: 79a

G17Q037
Please explain the requirements:
PFMI: Q.18.3.1
AGC: 79b

G17Q038
Please explain how these debit caps work:
PFMI: Q.18.3.1
AGC: 79c

G17Q039
What type or types of settlement controls
PFMI: Q.18.3.1
AGC: 79d.

Blocking or freezing of securities positions

Controlling DVP settlement

Simultaneous DVP

OTHER:

G17Q040
Please explain:

PFMI: Q.18.3.1
AGC: 79e.

G17Q041
Please explain:

PFMI: Q.18.3.1
AGC: 79f.

G17Q042
Please explain:

PFMI: Q.18.3.1
AGC: 79g.

G17Q043
Please identify and explain:

PFMI: Q.18.3.1
AGC: 79h

G17Q044
Please explain briefly how these work:

PFMI: Q.18.3.1
AGC: 79i

Members Authorization and Oversight conduct risk based approach Inspection where it covers the member level of compliance with related obligations stated in SDC Rules and Procedures

G17Q045
What are the CSD's policies for conducting enhanced surveillance of, or imposing additional controls on, a participant whose risk profile deteriorates?

PFMI: Q.18.3.2
AGC: n/a

G17Q046
What are the CSD's procedures for managing the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements?

PFMI: Q.18.3.3
AGC: n/a

G17Q047
What enforcement actions are available to the enforcement authority?

PFMI: Q.18.3.3
AGC: 24

- Fines
- Restrictions on participation
- Suspension of participation
- Termination of participation
- Not applicable
- OTHER:

G17Q048
Please explain:

PFMI: Q.18.3.3
AGC: 24a

G17Q049
Has there been any such enforcement actions in the last three years?

PFMI: Q.18.3.3
AGC: 25

- Yes
- No

G17Q050
If yes, please explain, including information relative to any suspensions of CSD participants:

PFMI: Q.18.3.3
AGC: 25a.

G17Q051
How are the CSD's procedures for managing the suspension and orderly exit of a participant disclosed to the public?

PFMI: Q.18.3.4
AGC: n/a

G17Q052
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Tiered participation (PFMI Principle 19)

G18Q001

Summary narrative for PFMI Principle 19. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P19
AGC: n/a

Principle (19) Tiered Participation Arrangements is not applicable to Edaa

G18Q002

Does the CSD have any tiered participation arrangements? If so, describe these arrangements.

PFMI: Q.19.1.1
AGC: n/a

G18Q003

How does the CSD gather basic information about indirect participation? Which information is collected and how frequently is it updated?

PFMI: Q.19.1.2
AGC: n/a

G18Q004

How does the CSD evaluate its risks arising from these arrangements?

PFMI: Q.19.1.3
AGC: n/a

G18Q005

What material risks to the CSD arising from tiered participation arrangements has the CSD identified? How has it mitigated these risks?

PFMI: Q.19.1.4
AGC: n/a

G18Q006

How does the CSD identify material dependencies between direct and indirect participants that might affect the CSD?

PFMI: Q.19.2.1
AGC: n/a

G18Q007

Has the CSD identified (a) the proportion of activity that each direct participant conducts on behalf of indirect participants in relation to the direct participants' capacity, (b) direct participants that act on behalf of a material number of indirect participants, (c) indirect participants responsible for a significant proportion of turnover in the system, and (d) indirect participants whose transaction volumes or values are large relative to the capacity of the direct participant through which they access the CSD to manage risks arising from these transactions?

PFMI: Q.19.3.1
AGC: n/a

G18Q008

What risks to the CSD arise, and how does the CSD manage these risks arising from key indirect participants?

PFMI: Q.19.3.2
AGC: n/a

G18Q009

What are the CSD's policies for reviewing its rules and procedures in order to mitigate risks to the CSD arising from tiered participation? How frequently is this review conducted?

PFMI: Q.19.4.1
AGC: n/a

G18Q010

What criteria does the CSD use to determine when mitigating actions are required? How does the CSD monitor and mitigate its risks?

PFMI: Q.19.4.2
AGC: n/a

G18Q011

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

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Links (PFMI Principle 20)

G19Q001

Summary narrative for PFMI Principle 20. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P20
AGC: n/a

Draft CMA CSD Regulations (Articles 23 and 49) define CSD obligations to identify the risks before entering into link arrangements and also monitor risks related to such links as part of risk management framework.

Given that at the moment there two links soon-to-be operational and both of them are linked-in, i.e. foreign CSDs open accounts with Edaa, such links must comply with Edaa's rules and procedures, which are already adapted to links with ICSDs. Also, local law is applied to the relationship in case of these links. Therefore, risks related to these links should be monitored using standard Edaa procedures and the analysis of Edaa's legal department.

The future links with Abu Dhabi and Bahrain are not taken into consideration at this given moment.

G19Q002

What process is used to identify potential sources of risk (such as, legal, credit, liquidity, custody and operational risks) arising from prospective links? How does this affect the CSD's decision whether to establish the link?

PFMI: Q.20.1.1
AGC: n/a

G19Q003

What links have been established with other CSD? How does the CSD identify, monitor and manage the risks arising from an established link on an ongoing basis?

PFMI: Q.20.1.2
AGC: n/a

G19Q004

Please list all depositories or settlement systems to which you have an electronic link.

PFMI: Q.20.1.2
AGC: 38

Edaa has inbound links with ICSDs and is working on certain GCC market outbound links

G19Q005

How does the CSD ensure that link arrangements are designed so that it is able to remain observant of the other principles? How frequently is this analysis conducted?

PFMI: Q.20.1.3
AGC: n/a

G19Q006

In which jurisdictions has the CSD established links? What are the relevant legal frameworks supporting the established links?

PFMI: Q.20.2.1
AGC: n/a

G19Q007

How does the CSD ensure that its links have a well founded legal basis that support its design and provide it with adequate protection in all relevant jurisdictions? How does the CSD ensure that such protections are maintained over time?

PFMI: Q.20.2.2
AGC: n/a

G19Q008

What processes are in place to measure, monitor and manage credit and liquidity risks arising from any established links?

PFMI: Q.20.3.1
AGC: n/a

G19Q009

If a CSD extends credit to a linked CSD, what processes exist to ensure that credit extensions to the linked CSD are fully covered by high-quality collateral and that credit limits are appropriate?

PFMI: Q.20.3.2
AGC: n/a

G19Q010

Are provisional transfers of securities allowed across the link? If so, what arrangements make provisional transfers necessary, and is the retransfer of these securities prohibited until the first transfer is final?

PFMI: Q.20.4.1
AGC: n/a

G19Q011

For any established link, how has the investor CSD determined that the rights of its participants have a high level of protection?

PFMI: Q.20.5.1
AGC: n/a

G19Q012

How frequently is reconciliation of holdings conducted by the entities holding the securities in custody?

PFMI: Q.20.5.2
AGC: n/a

G19Q013

How does the investor CSD provide a high-level of protection for the rights of its participants (including segregation and portability arrangements and asset protection provisions for omnibus accounts)?

PFMI: Q.20.5.3
AGC: n/a

G19Q014

If the CSD uses an intermediary to operate a link, what are the criteria used by the CSD to select the intermediary or intermediaries? Are these criteria risk-based?

PFMI: Q.20.6.1
AGC: n/a

G19Q015

What are the respective liabilities of the two linked CSDs and the intermediaries?

PFMI: Q.20.6.2
AGC: n/a

G19Q016

What processes exist to measure, monitor and manage the risks arising from use of the intermediary?

PFMI: Q.20.6.3
AGC: n/a

G19Q017
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

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Efficiency and effectiveness (PFMI Principle 21)

G20Q001
Summary narrative for PFMI Principle 21. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P21
AGC: n/a

Edaa's strategy (as part of Tadawul Group) is linked with KSA Vision 2030 and cascades to Edaa Corporate and Individual KPIs.

Draft CMA CSD Regulations (Article 34) specifies requirements for CSD to ensure efficiency of main processes at CSD.

Although there are several platforms for various discussions with Edaa's members, but there is no formal advisory body comprised from Edaa's members and issuers, like User Committee as required by European regulation in form of CSDR. Such platform would enable a more formalized discussion with obligations from both sides.

Also, a periodical questionnaire completed by Edaa's members would provide possibility to provide feedback on efficiency and effectiveness. This is particularly important following the implementation of the NCSD.

G20Q002
How does the CSD determine whether its design (including its clearing and settlement arrangement, its operating structure, its delivery systems and technologies, and its individual services and products) is taking into account the needs of its participants and the markets it serves?

PFMI: Q.21.1.1
AGC: n/a

G20Q003
How does the CSD determine whether it is meeting the requirements and needs of its participants and other users and continues to meet those requirements as they change (for example, through the use of feedback mechanisms)?

PFMI: Q.21.1.2
AGC: n/a

G20Q004
What are the CSD's goals and objectives as far as the effectiveness of its operations is concerned?

PFMI: Q.21.2.1
AGC: n/a

G20Q005
How does the CSD ensure that it has clearly defined goals and objectives that are measurable and achievable?

PFMI: Q.21.2.2
AGC: n/a

G20Q006
To what extent have the goals and objectives been achieved? What mechanisms does the CSD have to measure and assess this?

PFMI: Q.21.2.3
AGC: n/a

G20Q007
What processes and metrics does the CSD use to evaluate its efficiency and effectiveness?

PFMI: Q.21.3.1
AGC: n/a

G20Q008
How frequently does the CSD evaluate its efficiency and effectiveness?

PFMI: Q.21.3.2
AGC: n/a

G20Q009
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

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Communication (PFMI Principle 22)

G21Q001
Summary narrative for PFMI Principle 22. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P22
AGC: n/a

The Draft CMA CSD Regulations (Article 57) defines requirement for CSD to use internationally accepted communication standards.

Majority of messaging used by Edaa (after going live with NCSD) is ISO based messaging, using ISO 15022 with technical capability to implement ISO20022. International CSDs with links into Edaa are also expected to use SWIFT messaging.

However, messaging with SAMA is proprietary and not based on ISO standards.

Messaging with Muqassa and participants should aim to migrate to ISO 20022 within the next two years.

G21Q002

Does the CSD use an internationally accepted communications procedure and, if so, which one(s)? If not, how does the CSD accommodate internationally accepted communication procedures?

PFMI: Q.22.1.1
AGC: n/a

G21Q003

Security Control. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts?

PFMI: Q.22.1.1
AGC: 69

- By direct electronic link
- By receipt of physical account holding statements
- Not applicable
- OTHER:

G21Q004

Please explain:

PFMI: Q.22.1.1
AGC: 69a.

G21Q005

Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

PFMI: Q.22.1.1
AGC: 70

- Yes
- No
- Not applicable

G21Q006

How is access given to participants?

PFMI: Q.22.1.1
AGC: 70a.

- By direct electronic link
- OTHER:

G21Q007

Please select type of electronic link:

PFMI: Q.22.1.1
AGC: 70b.

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax

G21Q008

Please explain:

PFMI: Q.22.1.1
AGC: 70c.

Members acces

G21Q009

Does the CSD communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

PFMI: Q.22.1.1
AGC: 72

- Yes
- No
- Not applicable

G21Q010

Please explain:

PFMI: Q.22.1.1
AGC: 72a

Cash settlement related instructions (i.e. DVP, PFOD) settle with batches thru secured gateway channel linked between NCSD and SAMA system (payment system).

G21Q011
How does the CSD communicate with Stock Exchanges?

PFMI: Q.22.1.1
AGC: 73 73a

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

G21Q012
How does the CSD communicate with Payment Systems?

PFMI: Q.22.1.1
AGC: 73b

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

G21Q013
How does the CSD communicate with Clearing Houses?

PFMI: Q.22.1.1
AGC: 73c

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

G21Q014
How does the CSD communicate with Registrars?

PFMI: Q.22.1.1
AGC: 73d

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

G21Q015
If the CSD engages in cross-border operations, how do the CSD's operational procedures, processes and systems use or otherwise accommodate internationally accepted communication procedures for cross-border operations?

PFMI: Q.22.1.2
AGC: n/a

G21Q016
Does the CSD use an internationally accepted communications standard and, if so, which one(s)? If not, how does the CSD accommodate internationally accepted communication standards?

PFMI: Q.22.1.3
AGC: n/a

G21Q017
If the CSD engages in cross-border operations, how do the CSD's operational procedures, processes and systems use or otherwise accommodate internationally accepted communication standards for cross-border operations?

PFMI: Q.22.1.4
AGC: n/a

G21Q018
If no international standard is used, how does the CSD accommodate systems that translate or convert message format and data from international standards into the domestic equivalent and vice versa?

PFMI: Q.22.1.5
AGC: n/a

G21Q019
filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Transparency and disclosure (PFMI Principle 23)

G22Q001
Summary narrative for PFMI Principle 23. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P23
AGC: n/a

To a large extent, Edaa discloses its rules and procedures publicly and provides sufficient information to enable participants to have an accurate understanding of the risks, fees, and other related material information. However, some information is too generic, and it is not clear how information updates are pushed to participants. Edaa – partially together with the Exchange – publishes a substantial amount of statistical information plus a directory of all of its participants.

G22Q002
What documents comprise the CSD's rules and procedures? How are these documents disclosed to participants?

PFMI: Q.23.1.1
AGC: n/a

G22Q003
How does the CSD determine that its rules and procedures are clear and comprehensive?

PFMI: Q.23.1.2
AGC: n/a

G22Q004
What information do the CSD's rules and procedures contain on the procedures it will follow in non-routine, though foreseeable, events?

PFMI: Q.23.1.3
AGC: n/a

G22Q005
How and to whom does the CSD disclose the processes it follows for changing its rules and procedures?

PFMI: Q.23.1.4
AGC: n/a

G22Q006
How does the CSD disclose relevant rules and key procedures to the public?

PFMI: Q.23.1.5
AGC: n/a

G22Q007
What documents comprise information about the system's design and operations? How and to whom does the CSD disclose the system's design and operations?

PFMI: Q.23.2.1
AGC: n/a

G22Q008
How and to whom does the CSD disclose the degree of discretion it can exercise over key decisions that directly affect the operation of the system

PFMI: Q.23.2.2
AGC: n/a

G22Q009
What information does the CSD provide to its participants about their rights, obligations and risks incurred through participation in the CSD?

PFMI: Q.23.2.3
AGC: n/a

G22Q010
How does the CSD facilitate its participants' understanding of the CSD's rules, procedures and the risks associated with participating?

PFMI: Q.23.3.1
AGC: n/a

G22Q011

Is there evidence that the means described above enable participants' understanding of the CSD's rules, procedures and the risks they face from participating in the CSD?

PFMI: Q.23.3.2
AGC: n/a

G22Q012

In the event that the CSD identifies a participant whose behaviour demonstrates a lack of understanding of the CSD's rules, procedures and the risks of participation, what remedial actions are taken by the CSD?

PFMI: Q.23.3.3
AGC: n/a

G22Q013

Does the CSD publicly disclose its fees at the level of its individual services and policies on any available discounts? How is this information disclosed?

PFMI: Q.23.4.1
AGC: n/a

G22Q014

How does the CSD notify participants and the public, on a timely basis, of changes to services and fees?

PFMI: Q.23.4.2
AGC: n/a

G22Q015

Does the CSD provide a description of its priced services? Do these descriptions allow for comparison across similar CSD??

PFMI: Q.23.4.3
AGC: n/a

G22Q016

Does the CSD disclose information on its technology and communication procedures, or any other factors that affect the costs of operating the CSD?

PFMI: Q.23.4.4
AGC: n/a

G22Q017

When did the CSD last complete the PFMI Disclosure framework for financial market infrastructures? How frequently is it updated? Is it updated following material changes to the CSD and its environment and, at a minimum, every two years?

PFMI: Q.23.5.1
AGC: n/a

G22Q018

What quantitative information does the CSD disclose to the public? How often is this information updated?

PFMI: Q.23.5.2
AGC: n/a

G22Q019

What other information does the CSD disclose to the public?

PFMI: Q.23.5.3
AGC: n/a

G22Q020

Capital. Are annual financial statements publicly disclosed?

PFMI: Q.23.5.3
AGC: 13 Yes No

G22Q021

If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?

PFMI: Q.23.5.3
AGC: 13a. Yes No

G22Q022

filecount - If yes, please upload the document(s) here or insert web link(s) in question 13d:

PFMI: Q.23.5.3
AGC: 13b.

G22Q023

filecount - If more than one document for 13b, please upload the additional document here:

PFMI: Q.23.5.3
AGC: 13c.

0

G22Q024

Please insert web link(s) for 13b here:

PFMI: Q.23.5.3
AGC: 13d.

G22Q025

If no, and annual report and/or financial statements are not disclosed, please state your share capital, reserves, and retained earnings (or equivalents as determined under local accounting standards). Share Capital (then please answer 13f):

PFMI: Q.23.5.3
AGC: 13e.

SAR 400,000,000 (As at 31 March 2022 – Q2 2023)

G22Q026

Reserves (then please answer 13g):

PFMI: Q.23.5.3
AGC: 13f.

SAR 115,594,136 (As at 31 March 2022 – Q2 2023)

G22Q027

Retained Earnings:

PFMI: Q.23.5.3
AGC: 13g.

SAR 257,023,647 (As at 31 March 2022 – Q2 2023)

G22Q028

How does the CSD disclose this information to the public? In which language(s) are the disclosures provided?

PFMI: Q.23.5.4
AGC: n/a

G22Q029

AGC members from time to time receive requests from their direct investor-clients for an informational copy of a CSD's completed questionnaire. Such requests typically lead to interactions between personnel at the CSD in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories. Do you approve of AGC members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?

PFMI: Q.23.5.4
AGC: 100

 Yes No

G22Q030

Are the results of the financial audit publicly available?

PFMI: Q.23.5.4
AGC: 15f

 Yes No

G22Q031

Are the results of the operational audit publicly available?

PFMI: Q.23.5.4
AGC: 16f

 Yes No

G22Q032

List of publicly available resources. Please list publicly available resources, including those referenced in the disclosure, that may help a reader understand the CSD and its approach to observing each applicable PFMI Principle.

PFMI: Annex A - CSD disclosure template - V.
AGC: n/a

G22Q033

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Compliance with SEC Rule 17f-7

G23Q001

Rule 17f-7, by reference to Rule 17f-4, requires that, for a CSD to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the CSD must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

PFMI: n/a
AGC: 1

Yes

No

G23Q002

Please explain

PFMI: n/a
AGC: 1a

As the current stage Edaa does not operate as investor CSD to hold securities of US registered investment companies. On the other hand, the Saudi market practice is based upon the principle of fungibility of the assets that may be transferred by bookkeeping entry without physical delivery of the securities.

G23Q003

Rule 17f-7 also requires that an Eligible Securities CSD "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries." Does your institution:

PFMI: n/a
AGC: 2

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated?

Act as or operate a transnational system for the central handling of securities or equivalent book-entries?

Act in another capacity with respect to the handling of securities or equivalent book-entries?

Not applicable

OTHER:

G23Q004

Please explain:

PFMI: n/a
AGC: 2a.

G23Q005

Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

PFMI: n/a
AGC: 2b.

All the instruments issued under Saudi law with the exception of T-Bills, centralized by SAMA (Saudi Central Bank). Derivatives are not eligible in Edaa.

G23Q006

Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act, with section 2(a)(50) establishing that z 'foreign financial regulatory authority' means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above." Who regulates the activities of the CSD?

PFMI: n/a
AGC: 8

A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.

A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.

A membership organization which regulates the participation of its members in securities matters or other financial activities.

OTHER:

G23Q007

Please explain:

PFMI: n/a
AGC: 8a.

Edaa is regulated by the Capital Market Authority (CMA).

G23Q008

Please provide the name of regulatory authority(ies) identified in question 8:

PFMI: n/a
AGC: 9

Capital Market Authority (CMA).

G23Q009

Rule 17f-7 requires that an Eligible Securities Depository is subject to periodic examination by regulatory authorities or independent accountants. Is the CSD subject to periodic examination by:

PFMI: n/a

AGC: 10

- Regulatory authorities?
- Independent accountants?
- OTHER:

G23Q010

Please explain:

PFMI: n/a

AGC: 10a

G23Q011

Name of Authority #1 (please answer 11a):

PFMI: n/a

AGC: 11

G23Q012

What enforcement actions are available to regulatory authority #1 for breach of applicable statute or regulatory requirements?

PFMI: n/a

AGC: 11a.

- Fines
- Restrictions on CSD activities.
- Suspension of CSD activities.
- Termination of CSD activities.
- OTHER:

G23Q013

Please explain:

PFMI: n/a

AGC: 11b.

G23Q013A

Name of Authority #2:

G23Q014

What enforcement actions are available to regulatory authority #2 for breach of applicable statute or regulatory requirements?

PFMI: n/a

AGC: 11c.

- Fines
- Restrictions on CSD activities.
- Suspension of CSD activities.
- Termination of CSD activities.
- OTHER:

G23Q015

Please explain:

PFMI: n/a

AGC: 11d.

G23Q016

Has there been any use of such enforcement actions in the last three years?

PFMI: n/a

AGC: 12

- Yes
- No
- OTHER:

G23Q017

If yes, please explain:

PFMI: n/a

AGC: 12a.

G23Q018
 Has the regulatory body with oversight responsibility for the CSD issued public notice that the CSD is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?
 PFMI: n/a
 AGC: 90

Yes
 No
 Not applicable

G23Q019
 Please describe:
 PFMI: n/a
 AGC: 90a.

G23Q020
 In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the CSD?
 PFMI: n/a
 AGC: 90b.

Yes
 No
 Other: Not applicable. This scenario has never occurred.

G23Q021
 If yes, please describe:
 PFMI: n/a
 AGC: 90c.

G23Q022
 If no, why not?
 PFMI: n/a
 AGC: 90d.

G23Q023
 Rule 17f-7 requires that an Eligible Securities Depository holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants. Please confirm that assets of foreign investors held by custodians as participants in the CSD are held under safekeeping conditions no less favorable than the conditions that apply to other participants.
 PFMI: n/a
 AGC: 21

Yes
 No
 Not applicable

G23Q024
 If no, other or not applicable, please explain:
 PFMI: n/a
 AGC: 21a.

G23Q025
 Please confirm the basis for the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants.
 PFMI: n/a
 AGC: 21b, 21c.

Relevant Law and Regulation
 Standard participation contract
 Established terms and conditions of participation
 By-laws of the CSD
 Rules of the CSD
 OTHER:

G23Q027
 For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or CSD rule(s), participation condition(s), or participant contract provision (s), as applicable.
 PFMI: n/a
 AGC: 21d

Paragraphs (2) and (3) of article (11) of Securities Depository Center Rules.

G23Q028

Rule 17f-7 requires that an Eligible Securities Depository provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account. Does the CSD make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

PFMI: n/a
AGC: 46

Yes

No

G23Q029

If no or other, please explain

PFMI: n/a
AGC: 46a.

G23Q030

If yes, please indicate the scheduled frequency:

PFMI: n/a
AGC: 46b, 46c.

Daily

Weekly

Monthly

Quarterly

Annually

Upon request

OTHER: Daily FTP B file and weekly FTP D file

G23Q031

Does the CSD maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

PFMI: Q.11.5.2
AGC: 53

Yes

No

Not applicable

Other

G23Q031A

If answer to question 'G23Q031' is other or not applicable, please explain

PFMI: Q.11.5.2
AGC: 53a

In accordance with paragraph (1) of article (22) of the Securities Depository Centre Rules, the Depository Centre becomes responsible for the management of the Securities Ownership Register by depositing it in the Depository and Settlement System, and the Securities Ownership Register is a register that shows the identity of the owners of a certain category of the issuer's Securities in accordance to the Glossary of Defined Terms Used in the Exchange Rules. However, in accordance with paragraph (2) of article (11) and paragraph (2) of article (54) of the Securities Depository Centre Rules, it depicts regarding segregation of deposited Securities that Custody Members and CCP follow.

G23Q032

filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Relevant RSSS recommendations

G24Q001

Confirmation of trades between direct market participants should occur as soon as possible after trade execution, but no later than trade date (T+0). Where confirmation of trades by indirect market participants (such as institutional investors) is required, it should occur as soon as possible after trade execution, preferably on T+0, but no later than T+1.

PFMI: 2 - Trade confirmation
AGC: n/a

G24Q002

Rolling settlement should be adopted in all securities markets. Final settlement should occur no later than T+3. The benefits and costs of a settlement cycle shorter than T+3 should be evaluated.

PFMI: 3 - Settlement cycles
AGC: n/a

G24Q003

Securities lending and borrowing (or repurchase agreements and other economically equivalent transactions) should be encouraged as a method for expediting the settlement of securities transactions. Barriers that inhibit the practice of lending securities for this purpose should be removed.

PFMI: 5 - Securities lending
AGC: n/a

G24Q004
 Securities should be immobilised or dematerialised and transferred by book entry in CSDs to the greatest extent possible.
 PFMI: 6 - Central securities depositories (CSDs)
 AGC: n/a

G24Q005
 Entities holding securities in custody should employ accounting practices and safekeeping procedures that fully protect customers' securities. It is essential that customers' securities be protected against the claims of a custodian's creditors.
 PFMI: 12 - Protection of customers' securities
 AGC: n/a

G24Q006
 filecount - Add relevant appendices for this group.
 PFMI: n/a
 AGC: n/a
 0

Cyber Security

G25Q001
 Does your organization have a documented cyber security policy in place?
 PFMI: n/a
 AGC: 101

Yes
 No

the policy includes National Cybersecurity Authority requirement's

"The cyber Security policy is a confidential document that cannot be shared outside the organization. The STG and Edaa adhere to the internationally recognized practices and standards in terms of Cyber Security".

G25Q001A
 filecount - If you answered Yes to the previous question, please provide a copy or overview
 0

G25Q002
 Please confirm that your staff receive relevant training about this policy.
 PFMI: n/a
 AGC: 102

Yes
 No

staff is kept up to date on the most recent updates of the applicable practices and standards either through the company Intranet and through specific awareness course

G25Q003
 Please provide an overview of your policy for continuity of business in the event of a large data breach or cyber attack against your organization.
 PFMI: n/a
 AGC: 103

The details of the policy are confidential. STG and Edaa have developed a specific component of the Business Continuity Plan (BCP), that in the event of large data breach could be activated.

G25Q004
 In the last 12 months have there been any changes to the policy?
 PFMI: n/a
 AGC: 104

Yes
 No

some changes were added to the policy to comply with Data Cybersecurity Controls (DCC) that was recently published by National Cybersecurity Authority (NCA).

G25Q005
 Please advise how often you review the policy.
 PFMI: n/a
 AGC: 105

Annually
 Semi-annually
 Other

The cyber Security Policy is object of periodical review as a minimum on annual basis.

G25Q006
filecount - Please provide (as an attachment) a diagram showing where your cyber security function resides and who it reports to.

PFMI: n/a
AGC: 106

0

G25Q007
How does your organization identify which business functions carry a cyber risk

PFMI: n/a
AGC: 107

In line with international practices, the IT function is given the necessary instruments to identify cyber risk. Identified risks associated to cyber security threats are then assessed and share with risk management for further consideration in the wider spectrum of the risk management framework.

G25Q008
Do you conduct ongoing testing and monitoring processes to ensure that all internal and external connectivity and system configurations are not at risk of cybersecurity breaches?

PFMI: n/a
AGC: 108

- Yes
 No

periodical testing and monitoring are conducted to ensure that all internal connectivity and system configurations are not at risk of cyber security breaches. Frequency is confidential. In any case frequency is subject to change depending on the number and the level of threats identified.

G25Q009
What technological controls and protections are in place for your systems and networks?

PFMI: n/a
AGC: 109

The information is confidential and cannot be shared outside the organization.

G25Q010
Does your organization use multi-factor authentication

PFMI: n/a
AGC: 110

- Yes
 No

multi-factor authentication is a standard practice within STG and Edaa.

G25Q011
Where your organization has outsourced activities or functions to a third-party provider, is your cyber risk exposure documented?

PFMI: n/a
AGC: 111

- Yes
 No

Cyber risk exposure is documented in contractual documentation and the principles applicable that are requested to the outsourcers match the requirements of STG and Edaa standards.

G25Q012
What measures does your organization have to ensure early detection of a cyber attack?

PFMI: n/a
AGC: 112

The information is confidential and cannot be shared outside the organization.

G25Q013
What is the agreed resumption time for critical operations following a cyber attack?

PFMI: n/a
AGC: 113

As per the approved recovery time objective (RTO).

G25Q014
How would you advise clients of a successful cyber attack against your organization?

PFMI: n/a
AGC: 114

Internal STG and Edaa procedures in the BCP define the ownership, the timing and the methodology of communication with external parties (market and regulators) depending on the nature of the event and the consequences produced, as well as the recovery time.

G25Q015
In the last 12 months has your organization been subject to a cyber attack that impacted the service you provide to us? If yes, please provide details.

PFMI: n/a
AGC: 115

- Yes
 No

Edaa has not experienced such type of occurrence in the last 12 months.

G25Q016
Are the following elements of your cybersecurity framework tested pre and post deployment of changes?
PFMI: n/a
AGC: 116

- Vulnerability assessment
- Scenario based penetration tests
- Testing of incident response process and technical/business/operations (e.g. table-top exercise)
- OTHER:

G25Q017
For cloud technology and associated cyber security risks, do you have procedures and controls in place to protect our information from mishandling or theft?
In the comments section could you please explain how these procedures and controls tie back to your record retention policy?
PFMI: n/a
AGC: 117

- Yes
- No

STG and Edaa do not, at the current stage, use cloud technology to support their activities.

G25Q018
Does your organization conduct dark web searches for signs of a breach (internet protocol or customer/client personally identified information for sale)?
PFMI: n/a
AGC: 118

- Yes
- No

these activities are conducted on regular basis, both under periodical and ad hoc periodicity.

G25Q019
Is your organization aware of SWIFT's Customer Security Program (CSP)?
PFMI: n/a
AGC: 119

- Yes
- No

But we are not part of such program.

G25Q020
Does your organization ensure compliance with SWIFT's CSP controls?
PFMI: n/a
AGC: 120

- Yes
- No

G25Q021
Does your organization respond to requests for your institution's attestations?
PFMI: n/a
AGC: 121

- Yes
- No

G25Q022
Does your organization request the attestation details of your counterparties and incorporate the responses into ongoing relationship and risk management programs?
PFMI: n/a
AGC: 122

- Yes
- No

as part of the periodical due diligence.

Appendices

G26Q001 filecount - Add relevant appendices PFMI: n/a AGC: n/a
0