



# **Kuwait Clearing Company**

## **AMEDA 16<sup>th</sup> Meeting Kuwait**

**27-28 November, 2012**





# Agenda

- **Historical Briefing**
- **Relationship with the Kuwait Stock Exchange**
- **Roles and Services**
- **Development**





# Historical Briefing

- The Ministry of Finance established an institution to settle future trade transactions as a result of the unregulated Souk Almanakh Crisis. (1982)
- KCC was established in September 1982.
  - Starting capital was 6.5 Million KD. It is now KD 20 Million.
  - Shareholders were Banks, the Public Institution for Social Security, and several Government Investment entities.
  - One of the first Clearing and Settlement Companies in the Arab Region.
- The government mandated KCC to acquire all closed company shares in the local market at book value on behalf of the government as a result of 1982 crisis.





# Relationship with The Kuwait Stock Exchange

- In 1987, KSE handed KCC the responsibility to analyze, plan and set a process from which market trades are settled according to a defined set of rules and procedures. Settlements and transfers used to be executed on daily basis while the final settlement was executed every Sunday.





# Roles and Services

- Clearing and Settlement for spot market transactions and derivatives
- Shareholders Registrar Services
  - Corporate Actions
  - AGMs
- Trading accounts creation
- Fund Trustee Management
- Bonds Face Keeping
- ISINs issuance
- Market Guarantee Fund Management
- IPO Management





# Development Automated Systems

- KCC contributes to the development of trading at KSE by continuously investing in the development and implementation of the latest in IT trends.
  - 2003: KCC signed with TCS to develop and implement the latest in clearing and settlement systems.
  - 2005: KCC launched the new automated system.
  - 2010: KCC signed again with TCS to develop and integrate its various systems and services.
  - 2012: KCC launched the new integrated services.





# Development Infrastructure

- KCC continuously invests into developing infrastructure to maximize performance, mitigate risks, and align with international standards.
  - High end servers and storage devices.
  - Highly redundant servers and networking infrastructure.
  - The latest in business continuity and disaster recovery solutions.





# Development

## Kuwait Stock Exchange

- Till 2006: Successful market trades were passed to KCC systems via CDs at the end of every day.
- 2006-2009: KCC and KSE used secured share folders to exchange the end of day files.
- 2009-2012: KCC and KSE established a direct connection between the two systems to automate the process of transmitting the trade files.
- 2012: KCC and KSE connected the two systems to provide live and spot transmission of market trades.







# Development Brokerage Companies

- 2005: KCC provided brokerage firms with direct services via a portal.
- 2007: KCC automated the physical reporting process via direct end of day file transfers.
- 2008: KCC offered customized reporting services.
- 2011: KCC developed portal services for brokerage companies by automating additional services. (Demat/Remat, Reports organization, etc.)





# Development Market Traders

- KCC serves over 240,000 traders via clearing and settlement and report generation.
- KCC prints or transfers approximately 5,000 cheques/transactions per week.





# Development

## Listed and non-listed Companies

- 2003: KCC developed a new system to manage AGM services.
- 2006: Updated Shareholder reports via email service was introduced.
- 2009: Reports were made available via KCC's portal.
- 2012: KCC fully automated Corporate Actions.
- The system serves around 350 companies that have their shareholders lists managed by KCC.





# Development Shareholders

- 2006: KCC automated the cheque printing process.
- 2012: Registrar, Clearing and Settlement databases were integrated which provided more efficient and better shareholder reporting.





# Development Banks

- 2005: KCC cooperated with Banks to introduce bank transfer facilities for traders as an alternative to settlement via cheques. There are around 6,000 traders benefiting from these facilities right now.
- 2011: Settlement of accounts via Banks was fully automated using more secure methods.
- 2011: SWIFT was utilized as a mean of fully linking KCC accounts with Banks.





# Development Regulators

- KCC continuously develops its systems and reporting to align with regulator requirements.





# Development

## Government Institutions

- KCC developed several processes and reports to align with specific governmental requirements.
- In 2012, these processes and reports were automated.





# Development International Markets

- In 2011, KCC developed a system to replace the old process of transferring shares between certain regional markets. The system was fully developed by KCC and is centrally managed.







# Development Custodians

- In order to facilitate foreign international investments, KCC introduced several services for custodians such as the settlement period service. Custodians were allowed a T+2 settlement period.
- KCC systems were developed to accept various settlement methods which provides greater flexibility in contrast to most settlement organizations throughout the world.
- KCC currently serves 3 custodians covering more than 700 investors.





# Development Funds

- KCC serves as a fund trustee.
- KCC systems were developed in 2001 to provide these services.
- In 2008, the fund trustee systems were integrated with the clearing and settlement systems.
- KCC currently serves 15 funds.
- Services include subscription management, settlement and cheque printing.





# Development IPOs

- KCC successfully managed several national IPOs:
  - National Mobile Telecommunication Company – 2001
  - Boubyan Bank – 2004 (over 800,000 Subscribers)
  - Aloula Fuel Company – 2005
  - Alsoor Fuel Company – 2006
  - VIVA Telecom Company – 2008 (The largest national IPO)
- 2011: KCC developed a portal that automates the IPO subscription process.





# Development Acquisitions

- KCC successfully managed several major acquisitions:
  - NBK over Boubyan Bank– 2012
  - Qtel over NMTC - 2012
  - Aref Energy - 2012
  - Mabanee over Alrai Logistica - 2012





# Thank You

