


# The Association of Global Custodians - Questionnaire 2019 - 2020

Entity Name	Egypt Misr for Central Clearing, Depository & Registry MCDR		
Contact Name	Mohamed S. Abdel Salam		
Address	70 El-Gomhoria Street, Cairo		
Country	Egypt		
Phone	202 2597 1505 - 506 - 509	Fax	202 2597 1670
Email	m.abdsalam@mcsd.com.eg		
Web Site	www.mcsd.com.eg		

## Welcome to the Depository-Information Gathering Project.

Before beginning, we suggest that you print the entire document for review on paper and review the Glossary of Terms. Each will assist you with answering the questions. For help, contact: Robin D. Truesdale, Baker & McKenzie LLP (202) 835-1664   ; e-mail:

[Robin.Truesdale@bakermckenzie.com](mailto:Robin.Truesdale@bakermckenzie.com).

### Note

- \* When reviewing/updating your prior year's responses in the questionnaire, please ensure that the sub-questions are reviewed/updated as well.
- \* Please deselect/uncheck any responses in the sub-questions where those responses are no longer applicable.
- \* Please note: Any text in the "other" and/or "please explain/describe" questions should be deleted before deselecting the response. In this regard, note that deselecting a response with written text does not delete the information, it only hides the information from view.
- \* Any responses that appear in open text boxes should be deleted if the information is no longer applicable.

## SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.

### Response Necessary/Eligibility Question

**1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository 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?**

- Yes
- No (please answer 1a)
- Other (please answer 1a)

**1a. Please explain:**

### Response Necessary/Eligibility Question

**2. Rule 17f-7 also requires that an Eligible Securities Depository "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: (Choose all that apply.)**

- Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)
- Act as or operate a transnational system for the central handling of securities or equivalent book-entries? (please answer 2b)
- Act in another capacity with respect to the handling of securities or equivalent book-entries? (please answer 2a)
- Not applicable (please answer 2a)
- Other (please answer 2a)

**2a. Please explain:**

Central securities registry (transfer agent) and clearing and settlement agency. Performing all corporate actions related to all securities lodged into the central depository.

**2b. 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:**

Types of securities are; equities, government debt and corporate debt.

**3. What type of legal entity is the institution? (Choose all that apply.)**

- Public Company
- Private Company
- Central Bank (or part thereof)
- Stock Exchange (or part thereof)
- Other (please answer 3a)

**3a. Please explain:**

private joint stock company

**4. Is the institution operated as a "for profit" or a "not for profit" organization?**

- For profit
- Not for profit
- Other (please answer 4a)

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

Ownership has been diluted according to the Depository & Registry law, where no one entity or related groups may own more than 5% of the institution ownership is as follows: Egypt Stock Exchange - EGX 5% Custodian Banks & holding companies - 50% Brokerage Firms - 45%

**6. Please answer the following:**

**6a. What is the date of establishment of the depository?** 15/08/1994

**6b. What is the date that the depository's operations began?** 01/10/1996

**7. Under what regulation or statute is the depository established and governed?**

MCDR was established according to the Capital Market law 95 of year 1992 but now the registry Law 93 of year 2000 governs it.

**7a. Is the regulation or statute electronically available?**

Yes (please answer 7b)

No

**7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.**

<http://www.mcsd.com.eg/>

<http://www.fra.gov.eg/>

**7c. Please supply document(s) here:**

**7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.**

**What are the qualifications to become a board member?**

Please see attachment in 99a.

**7e. What are the election procedures?**

MCDR general assembly elects 10 board members (3 custodians, 3 brokerage firms and 4 experienced members) and the stock exchange assigns one board member. It is worth mentioning that now the general assembly elects the chairman not the elected board members as used to be and the elected chairman should be one of the experienced members.

The 11 elected and assigned board members elect one member or two by maximum with experience as managing director. It is worth mentioning that by law, MCDR can have up to 11 board members maximum and in 2012 they became 11 members.

**7f. What is the maximum length of time a board member can serve?**

The election period is three years with unlimited election periods according to being elected.

**7g. 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)?**

All members have equal voting power. In case in any board meeting, number of members was even and in voting they were even, the side in which the chairman exists, wins.

**7h. Who is responsible for regulating the board members?**

Financial Regulatory Authority – FRA is an upper regulator in case of any violation of rules. FRA can assign or de-assign one or more board members.

**Response Necessary/Eligibility Question**

**8. Rule 17f-7 requires that an Eligible Securities Depository “is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act”, with section 2(a)(50) establishing that “‘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 depository? (Choose all that apply.)**

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 (please answer 8a)

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

Financial Regulatory Authority – FRA and ministry of Investment.

**Response Necessary/Eligibility Question**

**10. Rule 17f-7 requires that an Eligible Securities Depository “is subject to periodic examination by regulatory authorities or independent accountants.”**

**Is the depository subject to periodic examination by: (Choose all that apply.)**

- Regulatory authorities?
- Independent accountants?
- Other (please answer 10a)

**11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)**

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

Financial Regulatory Authority – FRA

**11a.**

- Fines
- Restrictions on depository activities.
- Suspension of depository activities.
- Termination of depository activities.
- Other (please answer 11b)

**11b. Please explain:**

Dismissal of members of the Board of Directors.

**Name of Authority #2 (please answer 11c):**

Ministry of Investment.

**11c.**

- Fines
- Restrictions on depository activities.
- Suspension of depository activities.
- Termination of depository activities.
- Other (please answer 11d)

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

- Yes (please answer 12a)
- No
- Other (please answer 12a)

**Capital**

**13. Are annual financial statements publicly disclosed?**

- Yes (please answer 13a)

No (please answer 13e)

Other (please answer 13h)

**13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?**

Yes (please answer 13b)

No (if no, please send a copy of the annual report to the Washington office of Baker & McKenzie, 815 Connecticut Ave., NW, Washington, DC

20006, Attn: Robin Truesdale)

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

[MCDR 2018 Financials.pdf](#)

**13c. If more than one document for 13b, please upload the additional document here:**

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

<http://www.mcsd.com.eg/>

**Internal Audit**

**14. Is an internal audit undertaken in your depository?**

Yes (please answer 14a)

No (please proceed to 15)

**14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?**

MCDR financials are audited by two different parties. MCDR internal audit department - IAD that is responsible for auditing both MCDR financials and operations according to an annual plan prepared by the IAD and approved by MCDR Audit Committee. External auditors are responsible for auditing all MCDR financials (Depository, Registry and SGF)

**14b. Please list the date of your last internal audit:**

**Please list the period that the audit covered:**

01/01/2019

to

31/12/2019

**14c. How frequently does the internal audit occur? (Choose one.)**

Two or more times a year (please answer 14e)

Annually (please answer 14e)

Less than annually (please answer 14d)

**14e. Are the results of the internal audit publicly available?**

Yes

No

**14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)**

No material exceptions found.

Minor exceptions found. (please answer 14g)

Material exceptions found. (please answer 14g)

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

Yes (please answer 15a)

No (please proceed to 16)

**15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.**

There are two external auditors who sign MCDR consolidated financial statement by the end of each fiscal year. It is worth mentioning and for corporate governance reasons, MCDR hired new external financial auditors starting January 2019. These are Baker Telly Waheeed Abdel Ghafar & Co. and SWE office Ayman Fathy Kamel & Co.

**15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:**

30/06/2019

**15c. Please list the period that the audit covered:**

01/01/2019 to 30/06/2019

**15d. How frequently does the financial audit occur? (Choose one.)**

Two or more times a year (please answer 15f)

Annually (please answer 15f)

Less than annually (please answer 15e)

**15f. Are the results of the financial audit publicly available?**

Yes

No

**15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)**

No material exceptions found.

Minor exceptions found. (please answer 15h)

Material exceptions found. (please answer 15h)

**16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 16a)

No (please proceed to 17)

**16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.**

Operational Audit is done by MCDR Internal Audit Department and by Egypt Regulatory Authority - FRA.

**16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:**

15/08/2019

**16c. Please list the period that the audit covered:**

01/01/2019 to 15/08/2019

**16d. How frequently does the operational audit occur? (Choose one.)**

Two or more times a year (please answer 16f)

Annually (please answer 16f)

Less than annually (please answer 16e)

**16e. If less than annually, please explain:**

FRA audit is randomly and without prior notice.

**16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)**

No material exceptions found.

Minor exceptions found. (please answer 16h)

Material exceptions found. (please answer 16h)

**16h. If minor or material exceptions were found, what actions were taken? Please describe:**

## PARTICIPANTS AND PARTICIPATION

*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

**17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)**

Banks (please answer 17a)

Brokers (please answer 17e)

Individuals (please answer 17i)

Foreign Institutions (please answer 17m)

Other entities (please answer 17q)

Not applicable

**17a. How many Bank participants are there currently? (then please answer 17b)**

54 banks and holding companies acting as custodians as of 31/12/2018

**17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)**

Financial Thresholds (please answer 17c)

Regulatory Oversight (please answer 17c)

Market Experience (please answer 17c)

Other (please answer 17d)

**17c. Where can a description of the specific eligibility requirements for Bank participants be found?**

The Depository Law no 93 for year 2000 is the source, where MCDR general rules are the place.

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

148 brokerage firms as of 31/12/2018

**17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)**

Financial Thresholds (please answer 17g)

Regulatory Oversight (please answer 17g)

Market Experience (please answer 17g)

Other (please answer 17h)

**17g. Where can a description of the specific eligibility requirements for Broker participants be found?**

The Depository Law no 93 for year 2000 is the source, where MCDR general rules are the place as well the SGF rules.

**17n. Please select the features included in the eligibility requirements for Foreign Institution participants. (Choose all that apply.)**

- Financial Thresholds (please answer 17o)
- Regulatory Oversight (please answer 17o)
- Market Experience (please answer 17o)
- Other (please answer 17p)

**17q. If you have selected "Other entities" above, please explain:**

Egypt Stock Exchange - EGX

**17r. Indicate how many "Other entities" are currently participants?**

43 direct settlement participants, 9 registered owners and 16 primary dealers (as of 31/12/2018) who are participants of MCDR but do not contribute to MCDR capital. Custodians, brokers and EGX are the only participants who contribute capital to MCDR.

**17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)**

- Financial Thresholds (please answer 17t)
- Regulatory Oversight (please answer 17t)
- Market Experience (please answer 17t)
- Other (please answer 17u)

**17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?**

Laws and MCDR Rules

**18. Are participants required to contribute capital to the depository that would result in ownership of the depository?**

- Yes (please answer 18a)
- No
- Not applicable
- Other (please answer 18b)

**18a. If yes, what fixed amount is required or what formula is used to determine the appropriate contribution level?**

Based on percentage of fees paid and use of MCDR services.

**18b. If other, please explain:**

Not all participants contribute capital to MCDR, only banks & holding companies acting as custodians, brokers and Egypt Stock Exchange - EGX

**19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?**

- Yes
- No
- Not applicable



Other (please answer 19a)

## **Conditions of Participation**

### **20. What governs the relationship between the depository and the participants? (Choose all that apply.)**

- Relevant law and regulation                       Standard participation contract  
 Established terms and conditions of participation    Bye-laws of the depository  
 Rules of the depository                               Other (please answer 20a)  
 Not applicable

### **20a. Please explain:**

Settlement Guarantee Fund rules and Risk Management Committee.

## **Response Necessary/Eligibility Question**

### **21. 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 depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.**

- Yes (please answer 21b)  
 No (please answer 21a)  
 Not applicable (please answer 21a)  
 Other (please answer 21a)

### **21b. Please confirm the basis for the arrangements 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. (Choose all that apply.)**

- Relevant Law and Regulation (please answer 21d)  
 Standard participation contract (please answer 21d)  
 Established terms and conditions of participation (please answer 21d)  
 Bye-laws of the depository (please answer 21d)  
 Rules of the depository (please answer 21d)  
 Other (please answer 21c)

### **21d. For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or depository rule(s), participation condition(s), or participant contract provision(s), as applicable.**

Law 93 of year 2000 did not distinguish between different securities owners in obligations and/or rights. And since there is no such distinction, the principal of all Egyptian laws is equality.

### **22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)**

- By e-mail  
 By telephone  
 By public announcement  
 By press release  
 Other (please answer 22a)  
 Not applicable

### **22a. Please explain:**

Formal Letters.

## **Governance of Participants**

### **23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)**

- The depository
- The exchange
- The depository's regulator
- Other (please answer 23a)
- Not applicable

#### **23a. Please explain:**

Settlement Guarantee Fund and Risk Management Committee.

### **24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)**

- Fines
- Restrictions on participation
- Suspension of participation
- Termination of participation
- Other (please answer 24a)
- Not applicable

### **25. Has there been any such enforcement actions in the last three years?**

- Yes (please answer 25a)
- No
- Not applicable
- Other (please answer 25b)

#### **25a. If yes, please explain, including information relative to any suspensions of depository participants:**

18 suspension cases from 5 days to 6 month and 4 termination cases due to violation of rules of securities regulatory authority within year 2018 knowing that no such enforcement action took place in year 2019 up till now.

## **DEPOSITORY 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.*

### **26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)**

- Government securities
- Equities
- Corporate bonds
- Corporate money market instruments
- Others (please answer 26a)
- Not applicable

#### **26a. Please name the other security types:**

Exchange Traded Funds – ETFs and Egyptian Depository Receipts - EDRs

**27. Is the use of the depository 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). (Choose all that apply.)**

- Yes by law for settlement of all instrument types (please answer 27a)
- Yes by law for safekeeping of all instrument types (please answer 27a)
- Yes by market practice for settlement of all instrument types (please answer 27b)
- Yes by market practice for safekeeping of all instrument types (please answer 27b)
- Yes by law for settlement, but not for all instrument types (please answer 27a)
- Yes by law for safekeeping, but not for all instrument types (please answer 27a)
- Yes by market practice for settlement, but not for all instrument types (please answer 27b)
- Yes by market practice for safekeeping, but not for all instrument types (please answer 27b)
- Neither/other (please answer 27c)

**27a. Please list the instrument types for which it is not compulsory by law to:**

**(i) settle in your depository**

Only Treasury Bills. It is worth mentioning that any market instrument that is being traded in the Exchange must be settled by the depository and this is according to the law.

**(ii) safekeep in your depository:**

All instruments types including equities, government bonds and corporate bonds are kept in the central depository.

**28. 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.**

100% is the settlement percentage. Equities are 94.1% of total number of securities kept at the depository, government bonds are 3.6% and Corporate bonds are 2.3% as of 31/12/2018

**28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.**

No percentage can be given because all traded securities must be kept in the depository but not all securities kept at the depository must be traded. So, securities held at the depository far exceed those traded.

**29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?**

- Yes (please answer 29a)
- No
- Not applicable
- Other (please answer 29i)

**30. Has any participant suffered any losses in the past three years due to the depository's performance?**

Yes (please answer 30a)

No

Not applicable

Other (please answer 30m)

**30c. Corporate Action. Please specify total loss in USD:**

**30e. Settlement Process - Securities. Please specify total loss in USD:**

**30g. Settlement Process - Cash. Please specify total loss in USD:**

**30i. System Outage. Please specify total loss in USD:**

**30k. For Other, please specify number of instances:**

**30l. For Other, please specify total loss in USD:**

**30m. If other, please explain:**

### **Other Services**

**31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)**

Depository

Central Bank

Banks appointed by depository (please answer 31a)

Neither/others (e.g. credit lines used please answer 31b)

Not applicable

**31a. Please name banks:**

National Bank of Egypt, Misr Banque, Misr Iran Bank, Ahly United Bank, Arab African International Bank, Biraeus Bank, CIB, Export Development Bank of Egypt and Emirates National Bank of Dubai are the banks appointed by the depository.

**32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)**

Depository

Central Bank

Banks appointed by depository (please answer 32a)

Neither/others (please answer 32b)

Not applicable

**32a. Please name banks appointed by depository:**

National Bank of Egypt, Misr Banque, Misr Iran Bank, Ahly United Bank, Arab African International Bank, Biraeus Bank, CIB, Export Development Bank of Egypt and Emirates National Bank of Dubai are the banks appointed by the depository.

**33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)**

- Depository
- Central Bank
- Banks appointed by depository (please answer 33a)
- Neither/others (please answer 33b)
- Not applicable

**34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)**

- Depository
- Central Bank
- Banks appointed by depository. (please answer 34a)
- Neither/others (please answer 34b)
- Not applicable

**35. Please indicate services you provide. (Choose all that apply.)**

- 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. (please answer 35a)
- Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc. Please provide details. (please answer 35c)
- Same day turnaround settlements.
- Information on distribution of new issues (IPO, Privatization).
- Other (please answer 35d)
- Not applicable

**35a. Automatic securities lending facility is provided for: (Choose all that apply.)**

- Brokers
- Banks
- Other financial institutions
- Other (please answer 35b)

**35b. If other please explain:**

Lending is optional but borrowing is mandatory in case of non- delivery for settlement purposes and not for sale purposes. Lending is optional to any financial institution or individual shareholder unlike borrowing that is limited to brokers

**35c. Collateral Handling: please provide details:**

Settlement Guarantee Fund (SGF)

**35d. If other services, please explain:**

MCDR provides several other services to the shareholders related to the securities kept in the central depository. Among these services are: The call center where a specialized staff is being ready to answer the shareholders questions by telephone during business day working hours, The customer services center where all shareholders are allowed to visit MCDR branches seeking information related to their balances and obtaining statements of accounts and other related stuff, The email service where investors may send questions to MCDR through its web site and get back answers to their queries the internet service where some investors or participants have user name and password and can access their balances through the internet besides their daily operations and statements of accounts, The SMS service where investors may subscribe to this message service through the company's electronic system, Securities pledge system, cash entitlement disbursing agent a central registrar to all securities and bonds kept at its depository. Inheritance, when a shareholder passes away, MCDR legal department distributes the shareholder owned shares on the heirs upon their request  
Sell on T+1 securities bought on T

Cross border settlement with Clearstream

Collecting tax on securities cash dividends and trading transactions and transferring the collected amount to the Egyptian Tax Authority

Depository bank for Egyptian depository receipts

SWIFT services and SMPG on securities payment systems

FIX services for blocking securities for selling

### 36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)

- Credited to the securities account on the day indicated below regardless of whether actually collected by the depository on the scheduled date. (please answer 36a)
- Credited to the securities account upon actual receipt by the depository.
- Corporate action entitlements are handled by an entity separate from the depository. (please answer 36c)
- Not applicable
- Other (please answer 36d)

### 37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)

- Credited to the cash account on the day indicated below regardless of whether actually collected by the depository on the scheduled date. (please answer 37a)
- Credited to the cash account upon actual receipt by the depository.
- Income and dividend collection is handled by an entity separate from the depository. (please answer 37c)
- Not applicable
- Other (please answer 37d)

### Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)

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

MCDR has settlement links with Clearstreambank, Kuwait, Lebanon ,Abu Dhabi depositories, Nasdaq Dubai and DFM. Another link is established with SIS Switzerland.

#### 39. 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?

- Yes (please answer 39a)
- No (please answer 39a)
- Other (please answer 39a)
- Not applicable

#### 39a. Please explain:

Hot stand by for all devices including softwares, hardwares and lines. There are firewalls,UPS and back up servers located in different places. All these in addition to the DR site in MCDR another branch. DRP facilities at New Cairo were renewed in 2017 where · 3 UPSs have been replaced with a New UPS. Network infrastructure were all replaced and renewed, applications are no more client server now application server.

- Call centre backup servers have been upgraded
- New employees workstations installed.
- New Training database
- New Source Safe, Anti-Virus and FTP Server
- added backup communications lines
- upgraded web Server and database

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

- Yes
- No (please answer 40a)
- Other (please answer 40a)
- Not applicable

## **ACCOUNT STRUCTURES AND RECORDKEEPING**

*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

### **41. Are participants permitted to maintain more than one account at the depository?**

- Yes (please answer 41a)
- No
- Not applicable
- Other (please answer 41d)

#### **41a. If yes, please indicate number: (Choose one.)**

- An unlimited number of accounts.
- More than one account (please answer 41b and indicate how many)
- Other (e.g. subaccounts) (please answer 41c)

### **42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?**

- Yes (please answer 42a)
- No
- Not applicable
- Other (please answer 42d)

#### **42a. If yes, is segregation required or simply permitted?**

- Required (please answer 42b)
- Permitted (please answer 42b)
- Other (please answer 42e)

#### **42b. How does segregation occur? (Choose all that apply.)**

- By separately designated participant accounts.
- By sub-accounts within a single participant account.
- By separately designated beneficial owner accounts.
- Other - e.g. share registration (please answer 42c)

### **43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?**

- Yes (please answer 43a)
- No
- Other (please answer 43b)
- Not applicable

#### **43a. If yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?**

- Yes
- No

### **44. 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:**

#### **44a. By the participant's clients?**

- Yes (please answer 44b)
- No
- Not applicable
- Other (please answer 44c)

**44b. 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:**

MCDR holds and runs participant's clients' accounts during the period of blockage or suspension where securities accounts are held and registered by the depository system in beneficial owners' names. But, it is worth mentioning that this case has not happened since 2002 since the CMA the regulator then now FRA suspended brokerage firms from acting as custodians. Currently, custodians are either banks or holding companies.

**44d. By the intervening authorities controlling insolvency or other proceedings?**

- Yes (please answer 44e)
- No
- Not applicable
- Other (please answer 44f)

**44g. By the participant's creditors?**

- Yes (please answer 44h)
- No
- Not applicable
- Other (please answer 44i)

**44j. By the depository's creditors?**

- Yes (please answer 44k)
- No
- Not applicable
- Other (please answer 44l)

**45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)**

- Computer file (please answer 45b)
- Microfiche (please answer 45b)
- Hard copy (please answer 45b)
- Computer tape (please answer 45b)
- Other (please answer 45a)

**45a. If other, please explain:**

Data Base replication using dell dmc storage (oracle database 11g).

**45b. In which format is the source data maintained?**

Daily statements of accounts electronically delivered to all participants besides having a data base and backups servers.

**Response Necessary/Eligibility Question**

**46. 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 depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?**

- Yes (please answer 46b)



- No (please answer 46a and then proceed to 48)
- Other (please answer 46a)

**46b. If yes, please indicate the scheduled frequency: (Choose one.)**

- Daily
- Weekly
- Monthly
- Quarterly
- Annually
- Upon request
- Other (please answer 46c)

**47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)**

- 6 months or less
- 1 year
- 3 years
- 5 years
- 7 years
- Other (please answer 47a)

## SETTLEMENTS

*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

**48. 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 (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)**

- Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a)
- Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. (please answer 48a)
- Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. (please answer 48a)
- Not applicable
- Other (please answer 48b)

**48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?**

Typically model 2 with no variations and with applying the delivery versus payment principle.

### Question 48 Help:

***Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers.** These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by bookentry.*

***Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers.** These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.*

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle,*

*the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.*

***Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers.** These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.*

*During a processing cycle, running balances of debits and credits to funds and securities accounts are calculated. All funds and securities transfers are provisional until the end of the processing cycle, at which time book-entry transfer of securities take place. If and only if all participants have sufficient balances of funds and securities, final transfers of the net securities balances and net funds balances are executed.*

**49. Are the cash and security movements simultaneous?**

- Yes
- No (please answer 49a)
- Not applicable
- Other (please answer 49c)

**OWNERSHIP OF SECURITIES**

*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

**50. How are depository eligible securities held by the depository?**

- Securities in the depository are held in dematerialized form.
- Securities in the depository are held in certificated form.
- Other (please answer 50a)

**51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?**

- All eligible securities must be held in the depository. (please answer 51b)
- Securities may move freely into and out of the depository. (please answer 51h)
- Once entered into the depository, eligible securities must remain in the depository. (please answer 51b)
- Certain designated securities may be held outside the depository. (please answer 51a)
- Not applicable
- Other (please answer 51k)

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

MCDR vaults

**51c. Are these certificates:**

- Bearer
- Registered (please answer 51d)
- Other (please answer 51g)

**51d. If registered, how are the depository eligible securities registered?**

- In the name of the depository.
- In the name of the depositing participant or its nominee.
- In the name of a separate nominee of the depository. (please answer 51f)
- Other (please answer 51e)

**52. If securities are dematerialized:**

**May dematerialized security positions be re-certificated and held outside the depository?**

- Yes (please answer 52a)
- No (please answer 52a)
- Not applicable
- Other (please answer 52j)

**52a. Are the securities held: (Choose all that apply.)**

- Through book-entry at the depository

Through book-entry at a registrar or issuer (please answer 52b)

Other (please answer 52k)

**52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)**

Yes (please answer 52e)

No (please answer 52g)

Other (please answer 52l)

**52i. If the securities held with the depository 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 depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:**

### **Response Necessary/Eligibility Question**

**53. Rule 17f-7 requires that an Eligible Securities Depository “maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants.”**

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

Yes

No

Not applicable (please answer 53a)

Other (please answer 53a)

**54. Does the law protect participant assets from claims and liabilities of the depository?**

Yes

No

Not applicable

Other (please answer 54a)

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

Yes (please answer 55a)

No

Not applicable

Other (please answer 55o)

**55c. Please indicate the limits of this lien as indicated below: (Choose one.)**

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 transactions, but does not extend to settled positions.

The lien may extend to settled client positions. (please answer 55d)

Other (please answer 55d)

**55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?**

- Yes (please answer 55f)
- No (please answer 55h)
- Other (please answer 55n)

**55i. If other, please describe:**

**55j. 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?**

- Yes (please answer 55k)
- No
- Other (please answer 55m)

**55l. Please explain:**

## **56. Transfer of Legal Ownership**

**Does the depository have legal authority to transfer title to securities?**

- Yes (please answer 56a)
- No
- Not applicable
- Other (please answer 56e)

**56a. When does title or entitlement to depository securities pass between participants? (Choose one.)**

- At the end of the business day on which the transfer occurs. (please answer 56c)
- When corresponding money or other consideration is transferred. (please answer 56c)
- When the transaction is processed on an intra-day basis. (please answer 56c)
- Other (please answer 56b)

**56c. Where does title or entitlement to depository securities pass between participants? (Choose one.)**

- On the depository books
- On the registrars books
- Other (please answer 56d)

**56e. If other, please explain:**

## **HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT**

*The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.*

**57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)**

- A registered certificate in the name of the depository is delivered to the depository.

- A participant delivers the security with a valid transfer deed or stock power or other transfer document to the depository which then effects registration.
- A registrar re-registers the security in the name of the depository.
- Other (please answer 57a)
- Not applicable

**58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)**

- Securities are reflected in the participant depository account immediately upon delivery to the depository.
- Securities are re-registered prior to being reflected in the participant's depository account.
- Other (please answer 58a)
- Not applicable

**58a. Please explain:**

They are reflected in the participant's account once delivered to the depository and being revised, checked, validated against ownership certificates and right sequence of ownership then finally settled.

**59. How long does it usually take to lodge securities with the depository? (Choose one.)**

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks (please answer 59a)
- Not applicable
- Other (please answer 59b)

**60. During the process of lodging securities into the depository, can the securities: Be traded?**

- Yes
- No (please answer 60c)
- Not applicable
- Other (please answer 60c)

**60a. During the process of lodging securities into the depository, can the securities: Be settled?**

- Yes
- No (please answer 60d)
- Not applicable
- Other (please answer 60d)

**60b. During the process of lodging securities into the depository, can the securities: Have ownership transferred?**

- Yes
- No (please answer 60e)
- Not applicable
- Other (please answer 60e)

**60c. If they cannot be traded, or if you answered other, please explain:**

Securities can not be traded unless the lodge is settled and since there is no trade, so there is no transfer of ownership.

**60d. If they cannot be settled, or if you answered other, please explain:**

**60e. If ownership cannot be transferred, or if you answered other, please explain:**

Securities can not be traded unless the lodge is settled and since there is no trade, so there is no transfer of ownership.

**61. Are securities immediately available for delivery upon transfer to the depository?**

- Yes
- No (please answer 61a)
- Not applicable
- Other (please answer 61d)

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

It is worth mentioning that securities held at the depository are handled much more efficient than securities held outside the depository. This is because according to the Depository and Registry law, the depository has the right to execute all corporate actions as well as perform proxy services only to securities held at the depository. Securities registered into the depository but not yet deposited are deprived of all rights even from trading. They must be kept in the central depository. If a security is not registered in the central depository, they perform their own corporate actions and else by the issuer and not the depository.

**63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)**

- 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 beneficial owner or a nominee.
- Securities are re-certificated and delivered as bearer instruments.
- Securities are transferred as is any physical delivery in the market.
- Other (please answer 63a)
- Not applicable.

**64. How long does it usually take to remove securities from the depository? (Choose one.)**

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks (please answer 64a)
- Not applicable
- Other (please answer 64b)

**65. While the securities are being removed from the depository, can they:**

**65a. Be traded? (Choose one)**

- No (please answer 65b)
- Not applicable
- Yes
- Other (please answer 65b)

**65c. Be settled?**

- No (please answer 65d)

- Not applicable
- Yes
- Other (please answer 65d)

**65e. Have ownership transferred?**

- No (please answer 65f)
- Not applicable
- Yes
- Other (please answer 65f)

**STANDARD OF CARE**

*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

**Depository Liability**

**66. Does the depository accept liability (independent of any insurance coverage) for the following:**

**66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?**

- No
- Not applicable
- Yes (please answer 66b)
- Other (please answer 66d)

**66b. If yes, please check all of the following that apply:**

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66c)

**66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?**

- No
- Yes (please answer 66f)
- Not applicable
- Other (please answer 66h)

**66f. If yes, please check all of the following that apply:**

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66g)

**66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?**

- No
- Yes (please answer 66j)
- Not applicable
- Other (please answer 66l)

**66j. If yes, please check all of the following that apply:**



- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66k)

**66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?**

- No
- Yes (please answer 66n)
- Not applicable
- Other (please answer 66p)

**66n. If yes, please check all of the following that apply:**

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66o)

**66q. Any direct damages or losses to participants caused by the depository in its capacity as a central counterparty?**

- No
- Not applicable
- Yes (please answer 66r)
- Other (please answer 66t)

**66r. If yes, please check all of the following that apply:**

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66s)

**66s. If other, please explain:**

MCDR acts as a CCP through the SGF's rules and the securities lending and borrowing fund.

**66u. Does the depository guaranty settlement?**

- No
- Yes (please answer 66v)
- Not applicable
- Other (please answer 66w)

**66v. Please explain how this is accomplished. What are the procedures and safeguards that permit the depository to guaranty settlement?**

There is a Settlement Guarantee Fund that performs such task.

**66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or political events, etc.?**

- No

- Yes (please answer 66y)
- Not applicable
- Other (please answer 66-1)

**66-2. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?**

- No
- Yes (please answer 66\*)
- Not applicable
- Other (please answer 66!)

**67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?**

**67a. Indemnification**

- Yes (please answer 67b)
- No
- Other (please answer 67b)
- Not applicable

**67b. Please explain (then please answer 67c):**

MCDR provision for claims.

**67c. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

**67d. Insurance**

- Yes (please answer 67e)
- No
- Other (please answer 67e)
- Not applicable

**67g. Acknowledgement of liability for losses caused by depository's own actions.**

- Yes (please answer 67h)
- No
- Other (please answer 67h)
- Not applicable

**67h. Please explain (then please answer 67i):**

under the new Depository Law article number 48 of law 93 of year 2000

**67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

**67j. Other**

- Yes (please answer 67k)
- No

**68. Is the depository immune from legal action in its own jurisdiction?**

- Yes
- No
- Other (please answer 68a)

**Security Control**

**69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)**

- By direct electronic link
- By receipt of physical account holding statements
- Other (please answer 69a)
- Not applicable

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

- Yes (please answer 70a)
- No
- Other (please answer 70d)
- Not applicable

**70a. How is access given to participants? (Choose all that apply.)**

- By direct electronic link (please answer 70b)
- Other (please answer 70c)

**70b. Please select type of electronic link:**

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

**71. Regarding data security:**

**71a. Are passwords used by participants to access their accounts?**

- Yes
- No
- Not applicable
- Other (please answer 71b)

**71c. Does each user have a unique user ID?**

- Yes
- No
- Not applicable
- Other (please answer 71d)

**71e. Are passwords regularly changed?**

- Yes (please answer 71f)
- No
- Not applicable
- Other (please answer 71g)

**71f. How often?**

Quarterly (each three months) the system requires the user participant to change password and also as often as is desired by the participant.

**71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?**

- Yes (please answer 71i)
- No
- Not applicable

Other (please answer 71j)

**71i. How many?** After three unsuccessful trials

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

Yes (please answer 72a)

No (please proceed to 74)

Not applicable (please proceed to 74)

Other (please answer 72a)

**72a. Please explain:**

Through secured network. This network consists of fiber lines and high speed leased lines. All secured by firewall system and other security devices.

**73. How does the depository communicate with other market entities?**

**73a. Stock Exchanges (Choose all that apply.)**

Dial-up modem

Secured, leased, dedicated telephone line

Internet

Fax

Paper/other

Not applicable

**73b. Payment Systems (Choose all that apply.)**

Dial-up modem

Secured, leased, dedicated telephone line

Internet

Fax

Paper/other

Not applicable

**73c. Clearing Houses (Choose all that apply.)**

Dial-up modem

Secured, leased, dedicated telephone line

Internet

Fax

Paper/other

Not applicable

**73d. Registrars (Choose all that apply.)**

Dial-up modem

Secured, leased, dedicated telephone line

Internet

Fax

Paper/other

Not applicable

**74. How is access to the physical building controlled? (Choose all that apply.)**

- By guards
- By electronic keys/personal ID card
- By alarm system
- Other (please answer 74a)

**74a. Please explain:**

By surveillance cameras and biometric authentication where employess can never access the building without their employment ID card and finger print token.

**75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)**

- Not applicable no vault is maintained
- Electronic keys/combinations
- Dual access control
- Visitor logs
- Vault counts (please answer 75a)
- Intrusion alarms
- Fire alarms
- Guards
- Other (please answer 75b)

**75b. Please explain:**

Surveillance cameras and biometric authentication.

**Participant Default Protections Resulting from a Participant Failure**

**76. If a participant defaults, how is the loss covered? (Choose all that apply?)**

- Depository insurance covers the loss (please answer 76a)
- The depository guaranty fund covers the loss
- Loss is shared among participants (please answer 76b)
- Other (please answer 76d)
- Not applicable

**76d. Please explain:**

In case of a participant default in terms of not satisfying settlement requirements (delivering shares or depositing cash) the SGF kicks in and cover the default participant or the settlement failure. The SGF has set a new precautionary procedures where once a participant is defaulted, the SGF sends a request to the Stock Exchange to stop the participant from further trading till all transacions are settled. In case a participant failed to deliver securities and the SGF kicked in and later the stocks where sold with loss, the participant pays the loss and in case not, the SGF deducts the amount of loss from his participation amount in the SGF capital. Finally in worst scenario if his participation in the SGF capital is not sufficient, the SGF covers the loss from the SGF provisions.

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

- Yes (please answer 77a)
- No
- Not applicable
- Other (please answer 77a)

**78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?**

- Yes (please answer 78a)
- No (please proceed to 79)
- Not applicable (please proceed to 79)
- Other (please answer 78l)

**78a. If yes, please respond to the following questions:**

**What is the size of the fund (then please answer 78b)?**

As of 30/6/2019 SGF capital is 187 million EGP; the SGF size is 420 million EGP.

**78b. How is the size of the fund determined? (Choose one.)**

- By participant volume
- By asset value
- A fixed amount
- Other (please answer 78c)

**78d. How is the fund financed? (Choose one.)**

- Contributions from owner (please answer 78e)
- Contributions from participants (please answer 78f)
- Funding from retained earnings
- Other (please answer 78g)

**78f. If so, what is the amount or percentage per participant?**

Based on the trading value for the previous quarter year plus the risk factor.

**78h. Who is covered by the fund? (Choose all that apply.)**

- Direct depository participants only
- The beneficial owner also
- Other (please answer 78i)

**78j. When is the guaranty fund used? (Choose all that apply.)**

- When a broker defaults
- When a direct participant defaults
- Other (please answer 78k)

**79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply.)**

- Participant eligibility requirements
- Participant volumes
- Participant financial strength
- Other loss or default protections the depository maintains (please answer 79a)
- Collateral requirements for participants (please answer 79b)
- Debit caps for participants (please answer 79c)
- Settlement controls that minimize or eliminate the risk of default by a participant (please answer 79d)
- Blocking of securities movement before receipt of payment

- Blocking payment until securities are moved
- Other forms of risk management used for assessing and monitoring participant exposures (please answer 79i)
- Not applicable

**79d. What type or types of settlement controls (Choose all that apply.)**

- Blocking or freezing of securities positions (please answer 79e)
- Controlling DVP settlement (please answer 79f)
- Simultaneous DVP (please answer 79g)
- Other (please answer 79h)

**79e. Please explain:**

Prior actual selling at the exchange, the broker check and block the balance of the shareholder at the custodian bank to make sure that balances are available when settlement takes place.

**79f. Please explain:**

No settlement is in effect unless the seller delivers his securities and the buyer deposits his cash.

**79g. Please explain:**

No settlement is in effect unless the seller delivers his securities and the buyer deposits his cash.

**79h. Please identify and explain:**

Regular pre settlements reports that each participant receives showing settlement obligations and rights (debit/credit) balance prior settlement date.

**79i. Please explain briefly how these work:**

The role of the Settlement Guarantee Fund.

**80. Does the stock exchange have default protections that extend to the depository, such as the following? (Choose all that apply.)**

- Margin requirements for stock exchange members
- Guaranty fund for stock exchange members
- Financial requirements for stock exchange membership
- Other (please answer 80a)
- No
- Not applicable

**BUSINESS RECOVERY PLAN**

*This section is intended to identify key aspects of the depository'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.

**81. Do you have a formal business recovery plan?**

- Yes (please answer 81a)
- No
- Other (please 81g)

**81a. Does your Business Recovery Plan include: (Choose all that apply.)**

- Back-up of all computer files
- Off-site data storage
- Back-up files stored and locked
- Off-site operations facility
- Other (please answer 81h)

**81b. Please identify both the frequency and the last date of testing for the following third party:**

**Depository participants/members**

It is an on line connection, so whenever a problem occurs it is immediately identified.

**81c. Please identify both the frequency and the last date of testing for the following third party:**

**Stock exchange**

It is an on line connection, so whenever a problem occurs it is immediately identified.

**81d. Please identify both the frequency and the last date of testing for the following third party:**

**Central bank**

No electronic connection except exchanging financial messages through SWIFT system.

**81e. Please identify both the frequency and the last date of testing for the following third party:**

**Local brokers**

It is an on line connection, so whenever a problem occurs it is immediately identified.

**81f. Please identify both the frequency and the last date of testing for the following third party:**

**Any other third party**

**82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)**

- 1 - 4 hours

- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable
- Other (please answer 82a)

**83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)**

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable
- Other (please answer 83a)

**84. Will the depository publicly announce any system interruption?**

- Yes (please answer 84a)
- No (please proceed to 85)
- Not applicable
- Other (please answer 84g)

**84a. To whom will the depository disclose any system interruptions? (Choose all that apply.)**

- To the depository regulators
- To all direct participants
- To direct and indirect participants
- To the public via the internet (please answer 84b)
- In the press (please answer 84c)
- Other (please answer 84d)

**84e. How will the depository disclose any system interruptions? (Choose all that apply.)**

- By e-mail
- By telephone
- Public announcement
- Press release
- Other (please answer 84f)

**84f. Please explain:**

Through the intranet between MCDR and directly connected participants.

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

- Yes (please answer 85a)
- No
- Not applicable
- Other (please answer 85e)

**85b. How much time was needed to recover and restore business to normal operations? (Choose one.)**

- 1 - 4 hours (please answer 85c)
- 4 - 8 hours (please answer 85c)

- 8 - 24 hours (please answer 85c)
- Longer than 24 hours (please answer 85c)

**85c. What was the impact to the market? (Choose all that apply.)**

- 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 (please answer 85d)

**PERFORMANCE, INSURANCE, AND LOSS**

*This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.*

**86. Has there been any material loss by the depository during the past three years?**

- Yes (please answer 86a)
- No
- Other (please answer 86b)
- Not applicable

**87. Has the depository been subject to any litigation involving a participant during the past three years?**

- Yes (please answer 87a)
- No
- Other (please answer 87b)
- Not applicable

**87a. Please explain the circumstances and resolution:**

Several court cases have been raised against the Depository as part of the capital market main players due to claimed losses and mainly to provide the court with required information as and according to the law, MCDR records and data are credible.

**88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)**

- 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
- Other (please answer 88a)

**89. Does the depository maintain a reserve for operating losses?**

- Yes (please answer 89a)
- No

- Not applicable
- Other (please answer 89b)

**89a. Please describe and indicate reserve amount:**

According to MCDR 2018 balance sheet, legal reserve was EGP 44 million. All reserves must be redistributed every three years except for the legal reserve.

**90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?**

- Yes (please answer 90a)
- No
- Not applicable
- Other (please answer 90f)

**90b. 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 depository?**

- Yes (please answer 90c)
- No (please answer 90d)
- Other (please answer 90e)

**91. Does the depository have insurance to cover losses in the event of Default on settlement commitments by the depository or a participant?**

- Yes (please answer 91a)
- No
- Not applicable
- Other (please answer 91c)

**91b. What is the amount of the deductible?**

2% of MCDR clearing and settlement revenues is MCDR participation to the Investor Protection Fund.

**91c. If other, please explain:**

In Egypt, no insurance company agrees to insure against the securities business. The only coverage that exists in such cases is the EIPF coverage where MCDR is a participant in the fund by paying 2% of the clearing and settlement revenues.

**92. Does the depository 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)?**

- Yes (please answer 92a)
- No
- Not applicable
- Other (please answer 92c)

**92a. What is the amount of the coverage?**

Fidelity of cash and securities vaults and not fidelity of the securities business. The coverage of breach of trust is EGP 135000 and the coverage of the cash transfers is EGP 135000 as of 6/2019 where the insurance coverage is renewed in June on an annual basis.

**92b. What is the amount of the deductible?**

**93. Does the depository have insurance for Operational Errors?**

- Yes (please answer 93a)
- No
- Not applicable
- Other (please answer 93c)

**93b. What is the amount of the deductible?**

**94. Does the depository have Errors and Omissions insurance?**

- Yes (please answer 94a)
- No
- Not applicable
- Other (please answer 94c)

**94b. What is the amount of the deductible?**

**95. Does the depository have insurance for the Premises?**

- Yes (please answer 95a)
- No
- Not applicable
- Other (please answer 95c)

**95a. What is the amount of the coverage?**

MCDR New Building LandMark against all risks with an amount of 208 360 000EGP  
For Remaining MCDR buildings against all risks with an amount of 98 500 000EGP

**95b. What is the amount of the deductible?**

**96. Does the depository have any other insurance?**

- Yes (please answer 96a)
- No
- Not applicable
- Other (please answer 96d)

**96a. If so, what is it for?**

For Cars against all risks with an amount of 8960000 EGP  
For drivers accidents with an amount of 100 000 EGP  
Against all Glass with an amount of 21 405 EGP  
For Elevators with an amount of 350 000 EGP  
Against all IT, servers and storage units all risks with an amount of 18450000 EGP

**96b. What is the amount of the coverage?**

**96c. What is the amount of the deductible?**

**97. 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.**

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**97a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)**

n/a

**97b. What is the term of the policy?**

one year and renewed

**97c. Who does the insurance cover? (Choose all that apply.)**

- Depository
- Direct depository participants
- Final investors
- Other (please answer 97d)
- Not applicable

**98. 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:**

Question 7d: Please see attachment in 99a.

**98a. Upload document here:**

**PUBLIC AVAILABILITY**

**99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)**

Yes (please answer 99a)

No

**99a. If yes, how will you be making it publicly available: (Choose all that apply.)**

Web site (please answer 99b)

By individual request with depository (please answer 99c)

Other (please answer 99i)

**99b. Please provide web site address of publicly available questionnaire:**

www.mcdr.com.eg

**99c. Please provide name of contact at depository who has been designated to receive such requests (then please answer 99d).**

Mohamed S. Abdel Salam

**99d. How would they prefer to be contacted? (Choose all that apply.)**  Telephone (please answer 99e)

Facsimile (please answer 99f)

By mail/air courier (please answer 99g)

By e-mail (please answer 99h)

**99e. Please provide telephone number:** 202 25971 505 202 25971 506 202 25971 509

**99f. Please provide facsimile number:**

202 25971670

**99g. What is the preferred street address for mailing requests?**

70 El-Gomhoria street, Cairo PB 1536 Attaba

**99h. What is the preferred e-mail address for such requests:**

**100. Association members from time to time receive requests from their direct investor-clients for an informational copy of a depository's completed questionnaire. Such requests typically lead to interactions between personnel at the depository 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 Association members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?**

Yes

No

**Please provide any comments you have regarding the questionnaire.**

**You have reached the end of the questionnaire. Please be sure your contact details are updated. Your contact information is located in the first section of Part One of the questionnaire.**