The Association of Global Custodians - Questionnaire 2026 - 2027

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-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?

Answer: **Yes**

1a. Please explain:

Answer:

-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)

Answer: **Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? , Act in another capacity with respect to the handling of securities or equivalent book-entries?**

2a. Please explain:

Answer: **The central depository is also the clearing, delivery and settlement entity for equities, corporate bonds and Exchange Traded Funds (ETFs) in Kenya**

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:

Answer: **Equities, corporate bonds and Exchange Traded Funds (ETFs) that are traded at the Nairobi Securities Exchange Limited.**

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

Answer: **Private Company**

3a. If other, please explain:

Answer:

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

Answer: **For profit**

4a. If other, please explain:

Answer:

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

Answer: **Nairobi Securities Exchange Ltd. 22.5% AKS (Association of Kenya Stockbrokers) Nominees Ltd. 18% Capital Markets Challenge Fund Ltd 50% CMA Investor Compensation Fund 7% Uganda Securities Exchange 2.5%**

6. Please answer the following: What is the date of establishment of the depository (dd/mm/yyyy)?

Answer: **17/03/1999**

6a. What is the date that the depository's operations began (dd/mm/yyyy)?

Answer: **04/11/2004**

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

Answer: **The Companies Act, Cap 486 The Central Depositories Act, 2000 The Central Depositories (Regulation of Central Depositories) Rules, 2004**

7a. Is the regulation or statute electronically available?

Answer: **Yes**

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

Answer: **https://www.cma.or.ke/regulatory-framework/ https://cdsckenya.com/legal-framework**

7c. Please supply document(s) here:

Answer:

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?

Answer: **Name Shareholder represented Industry experience Aida Kimemia Capital Markets Challenge Fund International investment and finance professional – formally with the IFC. Frank Mwiti Nairobi Securities Exchange CEO, Nairobi Securities Exchange. Lawrence Kimathi Capital Markets Challenge Fund Banker & Finance expert. Kiprono Kittony Nairobi Securities Exchange Entrepreneur and business leader. Isaac Awuondo Capital Markets Challenge Fund Banking. Sitoyo Lopokoiyit Public Interest Chief Executive M-Pesa Africa. Alice Kilonzo Public Interest Banker & Finance expert. Jesse Kagoma Central Depository & Settlement Corporation Limited CEO, Central Depository & Settlement Corporation Limited. There are no written qualifications to become a board member but one is required to be 'fit and proper and to have requisite educational qualifications (at least a bachelor's degree), skills, and industry expertise.**

7e. What are the election procedures?

Answer: **The shareholders are entitled to nominate a director using their own internal procedures and once they nominate, the company board appoints. This applies to representatives of the Nairobi Securities Exchange Ltd, AKS Nominees Ltd, and Capital Markets Challenge Fund Ltd. Uganda Securities Exchange Ltd is represented by their chief executive. Two directors are nominated by the company to represent the public interest.**

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

Answer: **Twelve Years (12)**

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)?

Answer: **Each board member has one vote**

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

Answer: **CMA (Capital Markets Authority) is the industry regulator**

-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)

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

8a. If other, please explain:

Answer:

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

Answer: **Capital Markets Authority.**

-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)

Answer: **Regulatory authorities?, Independent accountants?**

10a. If other, please explain:

Answer:

11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? Name of Authority #1 (please answer 11a):

Answer: **Capital Markets Authority**

11a. (Choose all that apply)

Answer: **Fines, Restrictions on depository activities., Suspension of depository activities., Termination of depository activities., Other**

11b. If other, please explain:

Answer: **For certain breaches, there are custodial sentences and fines for officers involved. The authority is entitled to investigate and prosecute offenses by any person, under the Act.**

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

Answer:

11c. (Choose all that apply)

Answer:

11d. If other, please explain:

Answer:

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

Answer: **No**

12a. If yes or other, please explain:

Answer:

13. Are annual financial statements publicly disclosed?

Answer: **Yes**

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

Answer: **Yes**

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

Answer:

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

Answer:

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

Answer: **http://www.cdsckenya.com/media-centre/publications/annual-reports/**

13e. 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):

Answer:

13f. Reserves (then please answer 13g):

Answer:

13g. Retained Earnings:

Answer:

13h. If other, please explain:

Answer:

14. Is an internal audit undertaken in your depository?

Answer: **Yes**

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

Answer: **The Audit covers Finance, Information Systems, Client and Intermediary Services (Operations), Risk, Legal, Compliance, Human Resource, Procurement, Strategy & Commercial and is done by the Internal Audit Department**

14b. Please list the date of your last internal audit: (dd/mm/yyyy)

Answer: **13/05/2026**

Please list the period that the audit covered: (dd/mm/yyyy)

Answer: **01/03/2025**

To: (dd/mm/yyyy)

Answer: **28/02/2026**

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

Answer: **Annually**

Link:

Answer:

14d. If less than annually, please explain:

Answer:

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

Answer: **No**

If Yes, provide a link or share.

Answer:

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

Answer: **No material exceptions found.**

14g. If minor or material exceptions were found, what actions were taken? Please describe:

Answer:

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

Answer: **Yes**

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

Answer: **PKF KENYA LLP**

15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party: (dd/mm/yyyy)

Answer: **23/03/2026**

15c. Please list the period that the audit covered: (dd/mm/yyyy)

Answer: **01/01/2025**

To: (dd/mm/yyyy)

Answer: **31/12/2025**

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

Answer: **Annually**

15e. If less than annually, please explain:

Answer:

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

Answer: **Yes**

If Yes, provide link or share.

Answer: **https://www.cdsckenya.com/media-center/publications**

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

Answer: **No material exceptions found.**

15h. If minor or material exceptions were found, what actions were taken? Please describe:

Answer:

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

Answer: **Yes**

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

Answer: **CAPITAL MARKETS AUTHORITY**

16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:(dd/mm/yyyy)

Answer: **05/04/2022**

16c. Please list the period that the audit covered: (dd/mm/yyyy)

Answer: **29/12/2018**

To: (dd/mm/yyyy)

Answer: **28/12/2021**

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

Answer: **Less than annually**

16e. If less than annually, please explain:

Answer: **Timings of audit by CMA (Regulatory body) is defined by CMA. CDSC does not dictate frequency of Audit and offsite monitoring by CMA is done through the monthly reports submitted to the Authority.**

16f. Are the results of the operational audit publicly available?

Answer: **No**

If yes, provide link or share.

Answer:

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

Answer: **No material exceptions found.**

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

Answer:

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

Answer: **Banks, Brokers, Other entities**

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

Answer: **20 (Twenty)**

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

Answer: **Regulatory Oversight, Market Experience**

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

Answer: **www.cdsckenya.com/legal-framework/cda-requirements/ By virtue of being banks, the authorized depositories are also regulated by the Central Bank of Kenya. The requirements are also found in the Central Depository Rules, 2004_Revised 2022**

17d. If other, please explain:

Answer:

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

Answer: **There are twenty-five (25) stockbrokers**

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

Answer: **Regulatory Oversight, Other**

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

Answer: **Capital Markets Authority licensing requirements and the Central Depository Rules, 2004_Revised 2022. https://www.cdsckenya.com/legal-framework**

17h. If other, please explain:

Answer: **The brokers must be members of the Nairobi Securities Exchange**

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

Answer:

17j. Please select the features included in the eligibility requirements for Individual participants. (Choose all that apply)

Answer:

17k. Where can a description of the specific eligibility requirements for Individual participants be found?

Answer:

17l. If other, please explain:

Answer:

17m. How many Foreign Institution participants are there currently?

Answer:

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

Answer:

17o. Where can a description of the specific eligibility requirements for Foreign Institution participants be found?

Answer:

17p. If other, please explain:

Answer:

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

Answer: **CDSC also appoints CDAs under the category of body corporates as prescribed in the CDS act. We have insurance companies, Unclaimed Financial Assets Authority, and The National Treasury that have been appointed as Central Depository Agents.**

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

Answer: **There are two (2) Insurance companies, The National Treasury and Unclaimed Financial Assets Authority**

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

Answer: **Regulatory Oversight**

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

Answer: **Capital Markets Authority licensing requirements and the Central Depository Rules, 2004_Revised 2022. https://www.cdsckenya.com/legal-framework**

17u. If other, please explain:

Answer:

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

Answer: **No**

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

contribution level?

Answer:

18b. If other, please explain:

Answer:

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

Answer: **Yes**

19a. If other, please explain:

Answer:

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

Answer: **Relevant law and regulation, Standard participation contract, Established terms and conditions of participation, Rules of the depository**

20a. If other, please explain:

Answer:

20b. Please provide a link to the rulebook.

Answer:

-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 that 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.

Answer: **Yes**

21a. If no, other or not applicable, please explain:

Answer:

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)

Answer: **Relevant law and regulation, Standard participation contract, Established terms and conditions of participation, Rules of the depository**

21c. If other, please explain:

Answer:

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.

Answer: **1. Relevant Laws – CDS Act 2000 2. Standard participation contract – Standard CDA Agreement 3. Rules of the Depository – Central Depository Rules 2004 (Revised 2022) 4. The relevant CDS forms. 5. Central Depository Operational Procedures, 2012 (Revised 2026). All laws, contracts and Rules apply to all Central depository agents in the same way.**

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

Answer: **By email, Other, By telephone**

22a. If other, please explain:

Answer: **In writing, which would then be incorporated in the standard CDA Agency Agreement. Publication on the CDSC Website.**

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

Answer: **The depository, The depository's regulator**

23a. If other, please explain:

Answer:

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

Answer: **Termination of participation, Other, Fines, Restrictions on participation, Suspension of participation**

24a. If other, please explain:

Answer: **Appointment of manager to run the participant to the extent of the operations as a participant.**

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

Answer: **No**

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

Answer:

25b. If other, please explain:

Answer:

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

Answer: **Equities, Corporate bonds, Other**

26a. Please name the other security types:

Answer: **Exchange Traded Funds (ETFs)**

27-1. For all instrument types eligible for settlement in your depository, please confirm if settlement is compulsory by law or compulsory by market practice, or both? (Choose all that apply)

Answer: **Varies by instrument, please specify**

27-1a(i). Please list the instrument types for which it is not compulsory by law to: (i)settle in your depository

Answer:

27-1a(ii). safekeep in your depository:

Answer:

27-1b(i). Please list the instrument types for which it is not compulsory by market practice to: (i)settle in your depository

Answer:

27-1b(ii). safekeep in your depository:

Answer:

27-1c. Please specify:

Answer: **Only settlement of Equities and Corporate bonds takes place in our depository. Government Securities are settled in a separate depository at the Central Bank.**

27-2. For all instrument types eligible for safekeeping in your depository, please confirm if safekeeping is compulsory by law or compulsory by market practice, or both? (Choose all that apply)

Answer: **Varies by instrument, please specify**

27-2a(i). Please list the instrument types for which it is not compulsory by law to: (i)settle in your depository

Answer:

27-2a(ii). safekeep in your depository:

Answer:

27-2b(i). Please list the instrument types for which it is not compulsory by market practice to: (i)settle in your depository

Answer:

27-2b(ii). safekeep in your depository:

Answer:

27-2c. Please specify:

Answer: **Safekeeping of Equities and Corporate bonds is compulsory in CDSC. Government Securities are safekept in a separate depository at the Central Bank.**

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 depository, exclusive of your links with third parties. (e.g. 60% of all bonds in the total market is settled within your depository, whereas

40% is settled outside of your depository.)

Answer: **Equities-100% Corporate bonds- 100%**

28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) safekept within your depository, exclusive of your links with third parties. (e.g. 60% of all bonds in the total market is safekept within your depository, whereas 40% is safekept outside of your depository.)

Answer: **Equities- 100% Corporate Bonds- 100%**

29. Are there any settlement/operational activities performed by a third party on behalf of the depository for the depository participants?

Answer: **No**

29b. If third parties are employed, does the depository assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?

Answer:

29c. If you acknowledge responsibility, please indicate whether your responsibility is assumed (Choose all that apply)

Answer:

29d. If you acknowledge responsibility for agents, your responsibility is assumed for losses (Choose all that apply)

Answer:

29f. Please specify limit:

Answer:

29g. Please specify limit:

Answer:

29h. If other, please explain:

Answer:

29e. If other, please explain:

Answer:

29a. If third parties are employed, please indicate which services they supply (select all applicable):

Answer:

29-1. Please describe:

Answer:

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

Answer: **No**

30a. 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. (Choose all that apply)

Answer:

30b. Corporate Action. Please specify number of instances:

Answer:

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

Answer:

30d. Settlement Process - Securities. Please specify number of instances:

Answer:

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

Answer:

30f. Settlement Process - Cash. Please specify number of instances:

Answer:

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

Answer:

30h. System Outage. Please specify number of instances:

Answer:

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

Answer:

30j. If other, please explain:

Answer:

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

Answer:

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

Answer:

30m. If other, please explain

Answer:

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

Answer: **Banks appointed by depository**

31a. Please name banks:

Answer: **Stanbic Bank Kenya Limited Equity Bank Limited Co-operative Bank of Kenya Limited Absa Bank Kenya Limited NCBA Bank Limited KCB Bank Kenya Limited I & M Bank Limited SBM Bank Kenya Limited Prime Bank Limited Standard Chartered Bank Limited Family Bank Limited Diamond Trust Bank**

31b. If neither/others, please explain: (e.g. credit lines used)

Answer:

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

Answer: **Depository, Central Bank, Banks appointed by depository**

32a. Please name banks appointed by depository:

Answer: **Stanbic Bank Kenya Limited Equity Bank Limited Co-operative Bank of Kenya Limited ABSA Bank Kenya Limited KCB Bank Kenya Limited I & M Bank Limited SBM Bank Kenya Limited NCBA Bank Limited Prime Bank Limited Standard Chartered Bank Limited Family Bank Limited Diamond Trust Bank**

32b. If others, please explain:

Answer:

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

Answer: **Central Bank, Banks appointed by depository**

33a. Please name banks appointed by depository:

Answer: **Stanbic Bank Kenya Limited Equity Bank Limited Co-operative Bank of Kenya Limited ABSA Bank Kenya Limited KCB Bank Kenya Limited I & M Bank Limited SBM Bank Kenya Limited NCBA Bank Limited Prime Bank Limited Standard Chartered Bank Limited Family Bank Limited Diamond Trust Bank**

33b. If others, please explain:

Answer:

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

Answer: **Central Bank, Banks appointed by depository**

34a. Please name banks appointed by depository:

Answer: **Stanbic Bank Kenya Limited Equity Bank Limited Co-operative Bank of Kenya Limited ABSA Bank Kenya Limited KCB Bank Kenya Limited I & M Bank Limited SBM Bank Kenya Limited NCBA Bank Limited Prime Bank Limited Standard Chartered Bank Limited Family Bank Limited Diamond Trust Bank. The Depository gives instructions for the movement of the funds. The settlement banks would also draw on credit lines if necessary to mitigate failure.**

34b. If others, please explain:

Answer:

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

Answer: **Information in advance on corporate (annual or special) meetings in order that owners can vote., Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc., Other**

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

Answer:

35b. If other, please explain:

Answer:

35c. Collateral Handling: please provide details:

Answer: **CDSC provides collateral management services in support of Securities Lending and Borrowing transactions. CDSC ensures that sufficient collateral is held and performs daily marking to market of securities and requests for additional margins when necessary.**

35d. If other services, please explain:

Answer: **-In order to avoid failure of settlement we have established a guarantee fund. -Entitlement file is provided to the registrar in advance of corporate actions and meetings. - CDSC is now offering Securities Lending and Borrowing.**

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

Answer: **Credited to the securities account upon actual receipt by the depository., Other**

36a. Credited to the securities account: (Choose all that apply)

Answer:

36b. If other, please explain:

Answer:

36c. Name of entity:

Answer:

36d. If other, please explain:

Answer: **Credited on pay date-1 after trading hours or before trading on pay date.**

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

Answer: **Income and dividend collection is handled by an entity separate from the depository.**

37a. Credited to the cash account: (Choose all that apply)

Answer:

37b. If other, please explain:

Answer:

37c. Name of entity:

Answer: **Payment of dividends is done by issuers and processed by the issuer's registrar.**

37d. If other, please explain:

Answer:

38. Please list all depositories or settlement systems to which you have an electronic link (note: this excludes institutions where you only hold accounts without further system linkage).

Answer: **N/A**

39. Are procedures and controls in place to avoid systemic collapse or contamination if one of the depositories and settlement systems should experience business interruptions for whatever reason?

Answer: **Not applicable**

39a. Please explain:

Answer:

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

Answer: **Not applicable**

40a. If no, please explain:

Answer:

40a. If other, please explain:

Answer:

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

Answer: **Yes**

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

Answer: **An unlimited number of accounts.**

41b. If more than one account what is the maximum?

Answer:

41c. If other, please explain:

Answer:

41d. If other, please explain:

Answer:

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

Answer: **Yes**

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

Answer: **Required**

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

Answer: **Segregated (By separately designated beneficial owner accounts.), Omnibus (By separately designated participant accounts)**

42c. If other, please explain:

Answer:

42e. If other, please explain:

Answer:

42d. If other, please explain:

Answer:

43-1. Is the nominee account concept being recognised in your market?

Answer: **Yes**

43-2. If yes, does the depository permit its participants to open accounts in the participant's own nominee name(s)?

Answer: **Yes**

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?

Answer: **Yes**

43b. If other, please explain:

Answer:

44 - 44a. 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?

Answer: **Yes**

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:

Answer: **In the case where the participant has been suspended, the clients are able to access their assets through a manager appointed by the regulator and transfer them to other participants to enable them to trade in them. The only delay that would be experienced is due to the fact that physical forms have to be filled and moved from one participant to the other and finally to the depository before the assets are transferred.**

44c. If other, please explain:

Answer:

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

Answer: **Yes**

44e. If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

Answer: **Conditions of statutory management as set by the regulator**

44f. If other, please explain:

Answer:

44g. By the participant's creditors?

Answer: **No**

44h. If yes, please describe briefly under what conditions access would be granted to the participant's creditors:

Answer:

44i. If other, please explain:

Answer:

44j. By the depository's creditors?

Answer: **No**

44k. If yes, please describe briefly under what conditions access would be granted to the depository's creditors:

Answer:

44l. If other, please explain:

Answer:

45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Question 45 Help: What technical method is used by the CSD to log investors positions in the CSDs operational system?)

Answer: **Computer file**

45a. If other, please explain:

Answer:

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

Answer: **In alpha numeric text file**

-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?

Answer: **Yes**

46a. If no or other, please explain:

Answer:

46b. If yes, please indicate the scheduled frequency.

Answer: **Daily**

46c. If other, please explain:

Answer:

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

Answer: **7 years**

47a. If other, please explain:

Answer:

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) -----> 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.

Answer: **Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers.**

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

Answer: **- Net settlement of funds is done at the Central Bank followed immediately by delivery of securities on gross basis at the depository. -Funds are transferred just before the securities in a simultaneous transaction. -Funds accounts for participants are held in commercial banks appointed as the settlement banks -Funds transfer between the settlement banks takes place at the Central Bank -Settlement cycle is T+3 for both equities and corporate bonds. -Both securities and funds are transferred at the end of the processing cycle and settlement can occur twice a day.**

48b. If other, please explain:

Answer:

49. Are the cash and security movements simultaneous (i.e. immediately with no time gap)?

Answer: **Yes**

49a. If cash and security movements are not simultaneous, please indicate the duration of the timing gap. (Choose one)

Answer:

49b. If other, please explain:

Answer:

49c. If other, please explain:

Answer:

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

Answer: **Securities in the depository are held in dematerialized form.**

50a. If other, please explain and identify amount held in this other form as a percentage of total depository holdings:

Answer:

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

Answer: **Not applicable**

51a. If certain designated securities are held outside the depository, please indicate under which conditions these securities would be held outside the depository:

Answer:

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)

Answer:

51h. If depository eligible securities may be held either in or out of the depository, are these certificates:

Answer:

51i. What are the control features for receipt of certificates to the depository (e.g., authentication procedures, re-registration)? Please describe:

Answer:

51j. If other, please explain:

Answer:

51k. If other, please explain:

Answer:

51c. Are these certificates:

Answer:

52. If securities are dematerialized: May dematerialized security positions be re-certificated and held outside the depository?

Answer: **No**

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

Answer: **Through book-entry at the depository**

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

Answer:

52b. Please identify which types of entities may act as registrars: (Choose all that apply)

Answer:

51e. If other, please describe:

Answer:

52c. If other, please explain:

Answer:

52k. If other, please explain:

Answer:

51f. If in the name of a separate nominee, please identify by name the nominee used:

Answer:

52j. If other, please explain:

Answer:

51g. If other, please explain:

Answer:

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)

Answer: **Yes**

52e. If yes, how are securities held at the registrar for the account of the depository? (Choose one)

Answer: **In the name of a separate nominee of the depository.**

52f. If other, please describe:

Answer:

52g. If the securities held with the depository are recorded by book-entry at the registrar but are not registered exclusively to the depository, may they be registered to:

Answer:

52h. If other, please describe:

Answer:

52l. If other, please explain:

Answer:

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:

Answer: **The Certificates are delivered to the registrar together with a securities deposit form. The registrar verifies authentication according to their own internal procedures and signs the form and appends the verification stamp. A copy of the form is then delivered to the depository where**

the securities are deposited in the clients account. The registrar moves the securities from the client to CDSC Nominees Ltd. Reconciliation is done on a monthly basis to ensure that the securities held under CDSC Nominees tally with the ones held at the CDS in individual accounts.

-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?

Answer: **Yes**

53a. If not applicable or other, please explain:

Answer:

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

Answer: **Yes**

54a. If other, please explain:

Answer:

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.) (Choose all that apply)

Answer: **Yes, for proprietary accounts (please answer 55a)**

55a. If yes, for what reasons are liens or similar claims imposed for proprietary accounts? (Choose all that apply)

Answer: **To secure payment for purchased securities**

55b. If yes, for what reasons are liens or similar claims imposed for client designated accounts? (Choose all that apply)

Answer:

55c. Please describe highlighting any difference in approach between proprietary and client designated accounts.

Answer:

55d. Please indicate the limits of this lien as indicated below: (Choose all that apply)

Answer: **Liens are limited to securities in the course of purchase and sale transactions, but do not extend to settled positions.**

55g. If other, please explain:

Answer:

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?

Answer: **Yes**

55f. If yes, please indicate whether: (Choose one)

Answer: **The lien is placed on the most liquid securities in the account**

55g-1. Please explain:

Answer:

55h. If no, please indicate whether the entire account will be subject to the lien.

Answer:

55i. If other, please describe:

Answer:

55n. If other, please explain:

Answer:

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?

Answer: **Yes**

55k. If yes, are the restrictions accomplished by:

Answer: **Other procedures**

55l. Please explain:

Answer: **The restrictions are accomplished through the CDSC Guarantee Fund procedures.**

55m. If other, please explain:

Answer:

56. Transfer of Legal Ownership - Does the depository have legal authority to transfer title to securities?

Answer: **Yes**

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

Answer: **When corresponding money or other consideration is transferred.**

56b. If other, please describe:

Answer:

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

Answer: **On the depository books**

56d. If other, please describe:

Answer:

56e. If other, please explain:

Answer:

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

Answer: **A registrar re-registers the security in the name of the depository., Other**

57a. Please describe:

Answer: **A participant delivers the securities together with the security deposit form to the registrar.**

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

Answer: **Other**

58a. Please explain:

Answer: **The securities are delivered to the depository after the registrar confirms validity and authenticity of certificate. The securities are immediately transferred from a non-trading account to the investors account and reflected as free balance and available for trading.**

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

Answer: **3 days to 1 week**

59a. Please specify:

Answer:

59b. If other, please explain:

Answer:

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

Answer: **No**

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

Answer: **They have to be free balance in the account first before they become eligible for trading or allocation.**

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

Answer: **No**

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

Answer: **They have to be free balance in the account first before they become eligible for settlement.**

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

Answer: **Yes**

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

Answer:

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

Answer: **Yes**

61a. If no: Securities are unavailable for:

Answer:

61b. If more than 4 weeks, please specify:

Answer:

61c. If other, please explain:

Answer:

61d. If other, please explain:

Answer:

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."

Answer: **The CDSC provides an entitlement schedule to the registrars of listed companies on the date of entitlement in connection with any corporate benefits. Shareholders having shares in the CDS will receive their corporate benefits based on their respective holdings as indicated in the entitlement schedule.**

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

Answer: **Not applicable**

63a. Please specify:

Answer:

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

Answer: **Not applicable**

64a. Please specify:

Answer:

64b. If other, please explain:

Answer:

65 - 65a. While the securities are being removed from the depository, can they: Be traded?

Answer: **Not applicable**

65b. Please explain:

Answer:

65c. Be settled?

Answer: **Not applicable**

65d. Please explain:

Answer:

65e. Have ownership transferred?

Answer: **Not applicable**

65f. Please explain:

Answer:

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?

Answer: **Yes**

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

Answer: **The depository assumes liability for direct losses**

66c. If other, please explain:

Answer:

66d. If other, please explain:

Answer:

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?

Answer: **Yes**

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

Answer: **The depository assumes liability for direct losses**

66g. If other, please explain:

Answer:

66h. If other, please explain:

Answer:

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

Answer: **Yes**

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

Answer: **The depository assumes liability for direct losses**

66k. If other, please explain:

Answer:

66l. If other, please explain:

Answer:

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

Answer: **Yes**

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

Answer: **The depository assumes liability for direct losses**

66o. If other, please explain:

Answer:

66p. If other, please explain:

Answer:

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

Answer: **Not applicable**

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

Answer:

66s. If other, please explain:

Answer:

66t. If other, please explain:

Answer:

66u. Does the depository guaranty settlement?

Answer: **Yes**

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

Answer: **The depository has put in place several measures to guarantee settlement. All participants are required to have a settlement account with one of the appointed settlement**

banks. In the event that a participant does not have the funds to meet their obligation, the settlement bank would pay on their behalf. In addition, the depository has moved to settling through the Central Bank. The settlement file is given priority over all other transactions at the Central Bank. In case any settlement bank does not have enough funds at the Central Bank, their overdraft facility would automatically kick in. CDSC has a guarantee fund which would then be used to pay back the settlement bank if the participant is totally unable to pay. In a rare case where a trade would be unallocated on settlement date the buy-in procedures would kick in. Securities Lending & Borrowing is also available now and the participant can borrow securities to meet their obligation.

66w. If other, please explain:

Answer:

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.?

Answer: **No**

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

Answer:

66z. If other, please explain:

Answer:

66-1. If other, please explain:

Answer:

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?

Answer: **Yes**

66-3. Please define the standard of care applied:

Answer: **Reasonable care.**

66-4. If other, please explain:

Answer:

67 - 67a. 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? Indemnification

Answer: **Yes**

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

Answer: **The depository provides indemnification for losses incurred by reason of its acts or omissions.**

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

information is found.

Answer: **Section 19 of the Central Depositories Act, 2000 and clause 11 of the Central Depository Rules, 2004 (Revised 2022) and the participants Agency Agreements provide for this indemnity**

67d. Insurance

Answer: **Yes**

67e. Please explain (then please answer 67f):

Answer: **CDSC is obliged to have certain insurances under Rule 17 of the Central Depositories (Regulation of Central Depositories) Rules, 2004 (Revised 2022).**

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

Answer: **Section 19 of the Central Depositories Act, 2000 and clause 11 of the Central Depository Rules, 2004 (Revised 2022) and the participants Agency Agreements provide for this.**

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

Answer: **Yes**

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

Answer: **As stated above; the Act and the Rules include this.**

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

Answer: **Section 19 of the Central Depositories Act, 2000 and clause 11 of the Central Depository Rules, 2004 (Revised 2022) and the participants Agency Agreements provide for this indemnity.**

67j. Other

Answer: **No**

67k. Please explain (then please answer 67l):

Answer:

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

Answer:

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

Answer: **No**

68a. If other, please explain:

Answer:

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)

Answer: **By direct electronic link, By receipt of physical account holding statements**

69a. Please explain:

Answer:

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

Answer: **Yes**

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

Answer: **By direct electronic link**

70b. Please select type of electronic link:

Answer: **Secured, leased, dedicated telephone line**

70c. Please explain:

Answer:

70d. If other, please explain:

Answer:

71 - 71a. Regarding data security: Are passwords used by participants to access their accounts?

Answer: **Yes**

71b. If other, please explain:

Answer:

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

Answer: **Yes**

71d. If other, please explain:

Answer:

71e. Are passwords regularly changed?

Answer: **Yes**

71f. How often?

Answer: **We enforce after every 90 days, but participants are encouraged to do so more often.**

71g. If other, please explain:

Answer:

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

Answer: **Yes**

71i. How many?

Answer: **3 attempts**

71j. If other, please explain:

Answer:

72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages? (if no or not applicable, please proceed to 74)

Answer: **Yes**

72a. Please explain:

Answer: **We communicate with participants, the Exchange, through dedicated secure links. File exchange where applicable is through secure and encrypted channels.**

73. - 73a. How does the depository communicate with other market entities? Stock Exchanges (Choose all that apply)

Answer: **Secured, leased, dedicated telephone line**

73b. Payment Systems (Choose all that apply)

Answer: **Secured, leased, dedicated telephone line**

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

Answer: **Not applicable**

73d. Registrars (Choose all that apply)

Answer: **Internet, Paper/other, Secured, leased, dedicated telephone line**

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

Answer: **By guards, By electronic keys/personal ID card, By alarm system**

74a. Please explain:

Answer:

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

Answer: **Not applicable no vault is maintained**

75a. Please indicate frequency of vault counts:

Answer:

75b. Please explain:

Answer:

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

Answer: **Loss is shared among participants**

76a. Please explain the process:

Answer:

76b. Please explain the process of how the loss is shared: (Choose one)

Answer: **Equally, among participants**

76c. If other, please explain:

Answer:

76d. Please explain:

Answer:

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

Answer: **No**

77a. How was the situation resolved? Or if you answered "Other," then please explain:

Answer:

78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees? (If no or not applicable, proceed to question 79)

Answer: **Yes**

78a. If yes, please respond to the following questions: What is the size of the fund (then please answer 78b)?

Answer: **KES 1,580,829,744.63 (USD 12.16 million) as at 31 December 2025. It is continually growing through a guarantee fund levy charged on turnover.**

78l. If other, please explain:

Answer:

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

Answer: **Other**

78c. If other, please explain:

Answer: **The fund is not a fixed amount but continues to grow through levies, penalties and investment income. There is no ceiling for it. Ideally, it should be able to cover the full settlement per settlement cycle.**

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

Answer: **Contributions from participants**

78e. If so, what is the amount or percentage per owner?

Answer:

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

Answer: **Each participant contributes a minimum of Kes 5,000,000 (US$ 20,000) as initial contribution while a fund formally maintained for Investor compensation was converted to be an initial contribution to the fund, in the sum of US$250,000. It continues to grow through the guarantee fund levy charged at the rate of 0.01% of turnover. Participants are also required to top-up based on the 12 Months moving average debt obligation.**

78g. If other, please explain:

Answer:

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

Answer: **Direct depository participants only**

78i. If other, please explain:

Answer:

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

Answer: **When a broker defaults, When a direct participant defaults**

78k. If other, please explain:

Answer:

79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply) (If not applicable, please answer follow up question)

Answer: **Participant financial strength, Collateral requirements for participants, Debit caps for participants, Participant eligibility requirements, Settlement controls that minimize or eliminate the risk of default by a participant, Participant volumes, Blocking of securities movement before receipt of payment**

79a. Please explain other loss or default protections:

Answer:

79b. Please explain the requirements:

Answer: **Settlement limits were implemented in January 2010. If a settlement participant exceeds their settlement cap, they are required to provide collateral in form of cash or a bank guarantee to cover the additional exposure.**

79c. Please explain how these debit caps work:

Answer: **Each settlement participant has a settlement cap which is 5 times its contribution to the guarantee fund. The cap is set in relation to the participant's contribution to the guarantee fund. To get a higher limit the participant is required to provide a bank guarantee or deposit cash in the**

guarantee fund sub-account. An annual review is done to determine the participant's contribution to the guarantee fund according to the volume of transactions they undertake for the period of 12 months prior to the review.

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

Answer: **Blocking or freezing of securities positions, Controlling DVP settlement, Simultaneous DVP**

79e. Please explain:

Answer: **Once securities are allocated, they are not available for trading until they are paid for and moved to the buyer's account.**

79f. Please explain:

Answer: **The Central depository has control of the DVP settlement and ensures that securities do not move without corresponding money moving. If the guarantee fund makes a payment the respective securities are moved to an account in favor of the guarantee fund.**

79g. Please explain:

Answer: **Securities are only moved to buyer's account upon ensuring the seller has received the payment. All this happens simultaneously. Movement of money must be followed immediately by movement of securities.**

79h. Please identify and explain:

Answer:

79i. Please explain briefly how these work:

Answer:

79-2: Please provide the risk management framework (attachment, link etc.)

Answer: **Please find attached the current Risk Management Framework**

Add Attachment

Answer: **True**

URL Link:

Answer:

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

Answer: **Not applicable**

80a. Please explain:

Answer:

81. Do you have a formal business recovery plan?

Answer: **Yes**

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

Answer: **Off-site operations facility, Off-site data storage, Back-up files stored and locked, Back-up of all computer files**

81h. If other, please explain:

Answer:

81b-1. Please identify the frequency of testing for the following third party: - Depository participants/members:

Answer: **Annually**

81b-2. Please identify the last date of testing for the following third party: - Depository participants/members:

Answer: **March 2026**

81c-1. Please identify the frequency of testing for the following third party: - Stock exchange:

Answer: **Annually**

81c-2. Please identify the last date of testing for the following third party: - Stock exchange:

Answer: **March 2026**

81d-1. Please identify the frequency of testing for the following third party: - Central bank:

Answer: **Not applicable at the moment.**

81d-2. Please identify the last date of testing for the following third party: - Central bank:

Answer: **Not applicable at the moment.**

81e-1. Please identify the frequency of testing for the following third party: - Local brokers:

Answer: **Annually**

81e-2. Please identify the last date of testing for the following third party: - Local brokers:

Answer: **March 2026**

81f-1. Please identify the frequency of testing for the following third party: - Any other third party:

Answer: **N/A**

81f-2. Please identify the last date of testing for the following third party: - Any other third party:

Answer: **N/A**

81g. If other, please explain:

Answer:

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

Answer: **1 - 4 hours**

82a. If other, please explain:

Answer:

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)

Answer: **1 - 4 hours**

83a. If other, please explain:

Answer:

84. Will the depository publicly announce any system interruption?

Answer: **Yes**

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

Answer: **To the depository regulators, To all direct participants**

84b. If so, please list webpage address:

Answer:

84c. If so, please list all publications:

Answer:

84d. Please explain:

Answer:

84g. If other, please explain:

Answer:

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

Answer: **By e-mail, By telephone**

84f. Please explain:

Answer:

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

Answer: **No**

85a. If yes, how much time was needed to implement the recovery plan? (Choose one)

Answer:

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

Answer:

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

Answer:

85d. If other, please explain:

Answer:

85e. If other, please explain:

Answer:

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

Answer: **No**

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

Answer:

86b. If other, please explain:

Answer:

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

Answer: **No**

87a. Please explain the circumstances and resolution:

Answer:

87b. If other, please explain:

Answer:

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

Answer: **Yes, for one of the last three years**

88a. If other, please explain:

Answer:

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

Answer: **Yes**

89a. Please describe and indicate reserve amount:

Answer: **Revenue reserve Kes 264,773,822 USD 2,036,722 as at 31st December 2025**

89b. If other, please explain:

Answer:

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?

Answer: **No**

90a. Please describe:

Answer:

90f. If other, please explain:

Answer:

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?

Answer: **Other**

90c. If yes, please describe:

Answer:

90d. If no, why not?

Answer:

90e. If other, please explain:

Answer: **Not Applicable as per question 90 above**

91. Please confirm whether you maintain insurance policies to cover any liabilities and indemnities that you may incur in connection to the services you provide.

Answer: **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), Insurance for Operational Errors and Error & Omissions**

91a. What is the amount of the coverage and the amount of deductable? Please also indicate the currency.

Answer:

91b. What is the amount of the coverage and the amount of deductible? Please also indicate the currency.

Answer: **Fidelity insurance coverage US$ 1,500,000 and deductible US$20,000.**

91c. What is the amount of the coverage and the amount of deductible? Please also indicate the currency.

Answer: **Insurance for Operational Errors and Error & Omissions US $ 1,500,000 and deductible US $ 20,000.**

91d. What is the amount of the coverage and the amount of deductible? Please also indicate the currency.

Answer:

91e. Please describe the nature of the coverage, the amount of the coverage and the amount of deductible. Please also indicate the currency.

Answer:

92. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 92a and 92b in corresponding order.

Answer: **Old Mutual Insurance Company Limited Sanlam Insurance Limited CIC Insurance Limited**

92a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

Answer: **N/A**

92b. What is the term of the policy?

Answer: **1 year**

92c. Who does the insurance cover? (Choose all that apply)

Answer: **Depository**

92d. If other, please identify:

Answer:

93. 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 93a:

Answer: **The process of cash settlement through the Central Bank was launched in January 2015 and is running smoothly. CDSC implemented a new system in October 2019. This new system comes with several new features to allow for short selling, day trading, and Securities Lending and Borrowing. Securities Lending was introduced in August 2020 and the rules and procedures can be accessed on the CDSC website.**

93a. Upload document here:

Answer: **True**

94. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (The AGC suggests that you consider making your completed questionnaire available to the public - either in response to requestor, if possible, by posting it on a website. The information provided in response to the questionnaire will be used by the member banks of the Association in compiling Rule 17f-7 risk analysis and may also be furnished by members to U.S. investment companies. The information may also be furnished to other types of institutional investors, or to other parties who have an interest in the securities markets of various countries. However, the Association does not intend to release questionnaire responses directly to the general public. (For these reasons, the members of the Association cannot assure that responses will be

treated as confidential or that responses will not become public.))

Answer: **Yes**

94a. If yes, how will you be making it publicly available: (Choose all that apply)

Answer: **Website, By individual request with depository**

94b. Please provide web site address of publicly available questionnaire:

Answer:
https://www.cdsckenya.com/about-us/corporate-disclosures/item/134-association-of-global-custodians-agc-questionnaire

94c. Please provide name of contact at depository who has been designated to receive such requests (then please answer 94d).

Answer: **Chief Executive Central Depository & Settlement Corporation Limited**

94d. How would they prefer to be contacted? (Choose all that apply)

Answer: **By mail/air courier, By e-mail**

94e. Please provide telephone number:

Answer:

94f. Please provide facsimile number:

Answer:

94g. What is the preferred street address for mailing requests?

Answer: **Europa Towers, 10th Floor Westlands, Along Lantana Road P. O. Box 3464 - 00100 GPO Nairobi, Kenya**

94h. What is the preferred e-mail address for such requests:

Answer: **ce@cdsckenya.com; mmukawe@cdsckenya.com**

94i. If other, please describe how you will be making the questionnaire publicly available:

Answer:

95. 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?

Answer: **Yes**

96. Does your organization have a documented cybersecurity policy in place? If so, please provide a copy or overview.

Answer: **Yes**

Add Attachment

Answer:

Comments:

Answer: **CDSC has a documented Cybersecurity policy. The policy is used in conjunction with existing ISMS sub-policies that help to Identify, Protect, Detect, Respond and Recover from cyber security risks and incidents. CDSC follows the ISO 27001 standards for cyber security management and complements this with items from the NIST standard.**

97. Please confirm that your staff receive relevant training about this policy:

Answer: **Yes**

Comments:

Answer: **Staff undertake mandatory monthly Information Security training with quarterly awareness assessments to measure the effectiveness of the training and identify areas that need improvement.**

98. Please confirm what topics are covered by your policy for continuity of business in the event of a large data breach or cyber attack against your organization.

Answer: **Access Management, Incident Response and Recovery, Change Management, Logging, Monitoring, and Alerting, Security Awareness & Training, IT Asset & Inventory Management, IT Protective Security Technology, Cyber Event Detection**

Comments:

Answer:

99. In the last 12 months have there been any changes to the policy? If yes, please detail.

Answer: **No**

Comments:

Answer:

100. Please advise how often you review the policy.

Answer: **Other**

Comments:

Answer: **The policies are reviewed at least annually or when need arises**

101. Please provide (as an attachment) a diagram showing where your cybersecurity function resides and who it reports to.

Answer: **True**

Comments:

Answer: **The cyber security function reports to the General Manager Strategy, Commercial & Technology. Attached is the organization chart**

102. How does your organization identify cyber risks to business functions?

Answer: **Risk and Control Assessments, External Reviews, Enterprise Risk Management Framework**

Comments:

Answer:

103. 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? If yes, please provide details and indicate frequency.

Answer: **Yes**

Comments / frequency:

Answer: **There is a log management system for collecting logs for monitoring, the logs are collected in real time. We conduct vulnerability scans on a weekly basis and proceed with remediation. Penetration testing is done during system audits. The Information system audits happen on an annual basis.**

104. What technological controls and protections are in place for your systems and networks?

Answer: **Firewalls, Anti-malware software, Other, Intrusion detection systems, Patch Management, Encryption of data in transit, Intrusion prevention systems, User Access Controls, Anti-virus software, Encryption of data at rest**

Comments:

Answer: **Gateway; Firewall, Web content filtering, email content filtering, Endpoint, Antivirus, device control, web control, encryption of laptops, Log Monitoring; SIEM, DAM Vulnerability management; Vulnerability management solution Access Control; system rights and permissions are assigned based on user roles**

105. Does your organization use multi-factor authentication?

Answer: **Yes**

Comments:

Answer: **Where a system/application supports 2FA, this is enforced for us**

106. Where your organization has outsourced activities or functions to a third-party provider, is your cyber risk exposure documented?

Answer: **Not applicable as no outsourcing**

107. What measures does your organization have to ensure early detection of a cyber attack? If other, please answer 107a

Answer: **Incident Response Plan, Searching for user login patterns, Logging of IT systems,**

Searching for network traffic patterns

107a. Other

Answer:

108. What is the agreed resumption time for critical operations following a cyber attack? If other, please answer 108a

Answer: **Other**

108a. Other

Answer: **Our critical systems have an RPO of 5 minutes and RTO of 40 minutes**

109. How would you advise clients of a successful cyber attack against your organization? If other, please answer 109a

Answer: **Other**

109a. Other

Answer: **Through the protocols outlined in the Communication Policy**

110. 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.

Answer: **No**

Comments:

Answer:

111. Are the following elements of your cybersecurity framework tested pre deployment of changes?

Answer: **Testing of incident response process and technical/business/operations (e.g. table-top exercise), Vulnerability, Scenario based penetration tests**

111a. Are the following elements of your cybersecurity framework tested post deployment of changes?

Answer: **Vulnerability, Scenario based penetration tests, Testing of incident response process and technical/business/operations (e.g. table-top exercise)**

112. For cloud technology and associated cybersecurity risks, please confirm: (i) that you have procedures and controls in place to protect our information from mishandling or theft (ii) how these procedures and controls tie back to your record retention policy

Answer: **Yes**

113. Does your organisation have a cyber threat intelligence programme to understand and protect against a potential threat actor's motives, targets, and attack behaviors?

Answer: **Yes**

Comments:

Answer: **We recently acquired the knowbe4 solution, the solution carries out an email exposure check for CDSC staff. It sends monthly reports to inform us of staff emails that may be available for sale in the dark web.**

114. Is your organization aware of SWIFT's Customer Security Program (CSP)?

Answer: **Yes**

Comments:

Answer:

115. Does your organization ensure compliance with SWIFT's CSP controls?

Answer: **Yes**

Comments:

Answer: