

Draft Amendments of the Glossary of Defined Terms used in the Exchange Rules, the Securities Depository Centre Rules and Procedures to regulate the Omnibus Accounts for the purpose of depositing non-convertible debt instruments

1) Introduction:

The Securities Depository Centre (Edaa) is keen to involve all concerned and interested parties to participate and share their observations on the regulatory frameworks for its markets, the Securities Depository Centre (Edaa) announces the publishing of the Draft Amendments to the Glossary of Defined Terms Used in the Exchange Rules, the Securities Depository Centre Rules and Procedures for public consultation. The Draft Amendments to the Glossary of Defined Terms Used in the Exchange Rules, the Securities Depository Centre Rules and Procedures will be published for public consultation for a period of (14) calendar days ending on (27\08\2024G) corresponding to (23\02\1446H).

2) Objective of the Draft Amendments:

The Draft Amendments aim to develop the debt market by regulating and launching the Omnibus Accounts for the purpose of depositing non-convertible debt instruments as well as clarifying the mechanism of the Omnibus Accounts.

3) Proposed Amendments on the Glossary of Defined Terms Used in the Exchange compared with the current Provisions:

#	Current Provisions	Provisions after proposed Amendments
1.	New Definition	<u>Omnibus Account: means a special account opened by the Custody Member under a Capital Market Institution’s name in accordance with the provisions of Article 56 of the Securities Depository Centre Rules.</u>
2.	New Definition	<u>Omnibus Account Holder: means a Capital Market Institution which the Omnibus Account is opened under its name by the Custody Member and the Capital Market Institution is responsible for managing, monitoring and dealing with the account on behalf of End Beneficiaries of the Omnibus Account.</u>

3.	New Definition	<u>End Beneficiary: means the Client of the Omnibus Account Holder who owned Non-Convertible Debt Instruments deposited in the Omnibus Account.</u>
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4) Proposed Amendments on the Securities Depository Centre Rules compared with the current Provisions:

#	Current Provisions	Provisions after proposed Amendments
1.	<p>Article 36</p> <p>1. Transfer of Listed deposited Securities without executing a transaction may only be carried out in accordance with the provisions of this Article.</p> <p>2. Listed deposited Securities may be transferred without executing a transaction in the following cases:</p> <p>(a) if the transfer is required for the distribution of inheritance or the execution of a will;</p> <p>(b) if the transfer is between spouses or between parents and their children;</p> <p>(c) if the relevant Securities are deposited in a Special Account provided that the purpose of such Special Account permits the transfer without executing a transaction;</p>	<p>Article 36</p> <p>1. Transfer of Listed deposited Securities without executing a transaction may only be carried out in accordance with the provisions of this Article.</p> <p>2. Listed deposited Securities may be transferred without executing a transaction in the following cases:</p> <p>(a) if the transfer is required for the distribution of inheritance or the execution of a will;</p> <p>(b) if the transfer is between spouses or between parents and their children;</p> <p>(c) if the relevant Securities are deposited in a Special Account provided that the purpose of such Special Account permits the transfer without executing a transaction;</p> <p>(d) if the transfer is for the purpose of making a donation to charity</p>

<p>(d) if the transfer is for the purpose of making a donation to charity societies and organizations and/or endowments;</p> <p>(e) if the transfer is an enforcement of a judicial verdict or instructions of a Regulatory Body provided that the Authority issues appropriate instructions to the Depository Centre to implement such transfer;</p> <p>(f) if the transfer is for the purpose of an SBL transaction;</p> <p>(g) if the transfer of Securities is subject to the pledge in accordance with the contractual terms and conditions agreed by the pledge agent with the pledgee and the pledger;</p> <p>(h) if the transfer from or to the Nominee Account is for the purpose to enable the Depository Receipts owner to cancel the Depository Receipts and become a shares holder or to enable the shares holder to create Depository Receipts against the shares;</p> <p>(i) without prejudice to sub-Paragraph (c) of paragraph (2) of this Article, if the transfer instructions have been issued by a CCP in connection with its clearing function, whether or not such transfer instructions relate to a CCP account or transfers between the Exchange Member settlement pool</p>	<p>societies and organizations and/or endowments;</p> <p>(e) if the transfer is an enforcement of a judicial verdict or instructions of a Regulatory Body provided that the Authority issues appropriate instructions to the Depository Centre to implement such transfer;</p> <p>(f) if the transfer is for the purpose of an SBL transaction;</p> <p>(g) if the transfer of Securities is subject to the pledge in accordance with the contractual terms and conditions agreed by the pledge agent with the pledgee and the pledger;</p> <p>(h) if the transfer from or to the Nominee Account is for the purpose to enable the Depository Receipts owner to cancel the Depository Receipts and become a shares holder or to enable the shares holder to create Depository Receipts against the shares;</p> <p>(i) without prejudice to sub-Paragraph (c) of paragraph (2) of this Article, if the transfer instructions have been issued by a CCP in connection with its clearing function, whether or not such transfer instructions relate to a CCP account or transfers between the Exchange Member settlement pool account and the</p>
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<p>account and the Exchange Member's client pool account;</p> <p>(j) without prejudice to sub-Paragraph (c) of paragraph (2) of this Article, if the transfer instructions relate to collateral to support clearing activities which is transferred between (i) a CCP account and the Clearing Member collateral pool account or (ii) the Clearing Member collateral pool account and the Clearing Member's client collateral account; and</p> <p>(k) any other case approved by the Authority.</p> <p>3. Transfer of Listed deposited Securities in the Parallel Market without executing a transaction may only be to clients whom allowed to trade in the Parallel Market, unless the transfer is in accordance with sub-paragraph (a), (e), and (k) of paragraph (2) of this Article.</p> <p>4. For each SBL transaction, the relevant Custody Member shall ensure that the SBL transaction is in accordance with the SBL Regulations.</p> <p>5. In all other cases set out in Paragraph 2 of this Article, the Custody Member, who holds the Depository Centre Account where the relevant Securities are deposited in, must submit an application to the Depository Centre,</p>	<p>Exchange Member's client pool account;</p> <p>(j) without prejudice to sub-Paragraph (c) of paragraph (2) of this Article, if the transfer instructions relate to collateral to support clearing activities which is transferred between (i) a CCP account and the Clearing Member collateral pool account or (ii) the Clearing Member collateral pool account and the Clearing Member's client collateral account; and</p> <p><u>(k) in case of Omnibus Account, if the transfer of Non-Convertible Debt Instruments is from the Omnibus Account to any other account or reverse, permits the transfer is without changing the End Beneficiary.</u></p> <p>(k)(l) any other case approved by the Authority.</p> <p>3. Transfer of Listed deposited Securities in the Parallel Market without executing a transaction may only be to clients whom allowed to trade in the Parallel Market, unless the transfer is in accordance with sub-paragraph (a), (e), and (k) of paragraph (2) of this Article.</p> <p>4. For each SBL transaction, the relevant Custody Member shall ensure that the SBL transaction is in accordance with the SBL Regulations.</p> <p>5. In all other cases set out in Paragraph 2 of this Article, the Custody Member, who holds the Depository Centre</p>
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<p>in the form prescribed for that purpose, requesting the transfer of the relevant Securities.</p> <p>6. The Custody Member must pay to the Depository Centre any applicable fees for the transfer pursuant to the provisions of this Article.</p>	<p>Account where the relevant Securities are deposited in, must submit an application to the Depository Centre, in the form prescribed for that purpose, requesting the transfer of the relevant Securities.</p> <p>6. The Custody Member must pay to the Depository Centre any applicable fees for the transfer pursuant to the provisions of this Article.</p>
<p>Article 48</p> <p>Special accounts include the following categories:</p> <ol style="list-style-type: none"> 1. restricted account; 2. transfer account; 3. direct account; 2. 4. issuance account; 5. settlement pool accounts; 6. CCP accounts; 7. Nominee Account; and 8. any other categories proposed by the Depository Centre and approved by the Authority. 	<p>Article 48</p> <p>Special accounts include the following categories:</p> <ol style="list-style-type: none"> 1. restricted account; 2. transfer account; 3. direct account; 4. issuance account; 5. settlement pool accounts; 6. CCP accounts; 7. Nominee Account; and 8. <u>Omnibus Account; and</u> 8-9 any other categories proposed by the Depository Centre and approved by the Authority.

3.

New Article

Article 56

1. An Omnibus Account shall be opened through the Custody Member by submitting an application to the Depository Centre.

2. The Omnibus Account Holder shall be a Capital Market Institution independent from the Custody Member referred to in paragraph (1) of this article.

3. The Omnibus Account shall be opened for the purpose of depositing Non-Convertible Debt Instruments for End Beneficiaries.

4. The Non-Convertible Debt Instruments deposited in the Omnibus Account are owned by End Beneficiaries of the Omnibus Account.

5. The Omnibus Account Holder must confirm to the Custody Member that the End Beneficiary have agreed to register the Non-Convertible Dept Instruments under the name of the Omnibus Account Holder.

6. The Omnibus Account Holder must submit the End Beneficiary's information to the Custody Member.

7. The Custody Member must ensure that the End Beneficiaries are conform with the relevant laws and regulations in force in the Kingdom (as applicable).

8. The Omnibus Account Holder shall not register any rights or entitlement to Non-Convertible Debt Instruments deposited in the Omnibus Account at the Depository Centre for its creditors in the Depository Centre's books.

9. Creditors of the Omnibus Account Holder shall not have any rights or claim or entitlement to Non-Convertible Debt Instruments deposited in the Omnibus Account at the Depository Centre.

10. The Custody Member must maintain a segregated record for each End Beneficiary in the Omnibus Account.

11. The Custody Member must provide an End Beneficiaries ownership report of the Omnibus Account -in the form prescribed for that purpose- during the last (10) days of each month to the Depository Centre.

12. The Custody Member shall provide a report of the ownership of the End Beneficiaries

		<p><u>upon request by the Authority, the Issuer, the Exchange or the Depository Centre, and such report shall reflect the ownership of the End Beneficiaries as the date of its submission to the Authority, the Issuer, the Exchange or the Depository Centre.</u></p>
<p>4.</p>	<p>Article 57</p> <p>1. An Issuer may submit a request to the Depository Centre, in the form prescribed for that purpose, to request a copy of its Securities Ownership Register.</p> <p>2. A Custody Member may submit a request to the Depository Centre, in the form prescribed for that purpose, to request any information in relation to the Accounts held by that Custody Member.</p> <p>3. An Investor may submit a request to the Depository Centre, in the form prescribed for that purpose, to request a report in relation to the deposited Securities that the Investor owns at the date of submitting such request.</p> <p>4. The Depository Centre may approve any request of information held by the Depository Centre other than those referred to in this Article, in accordance with guidelines set by the Depository Centre in this regard.</p>	<p>Article 57 <u>Article 58</u></p> <p>1. An Issuer may submit a request to the Depository Centre, in the form prescribed for that purpose, to request a copy of its Securities Ownership Register. <u>In case of Omnibus Account opened in accordance with the provisions of Article 56 of these Rules, the Issuer may submit a request to the Custody Member to request a copy of its Non-Convertible Debt Instruments Ownership Register.</u></p> <p>2. A Custody Member may submit a request to the Depository Centre, in the form prescribed for that purpose, to request any information in relation to the Accounts held by that Custody Member.</p> <p>3. An Investor may submit a request to the Depository Centre, in the form prescribed for that purpose, to request a report in relation to the deposited Securities that the Investor owns at the date of submitting such request. <u>In case of Omnibus Account opened in accordance with the provisions of Article 56 of these Rules, the End Beneficiary may submit a request to the Custody Member to request a report in relation to the deposited Non-Convertible Debt</u></p>

<p>5. The Depository Centre may apply fees for providing any information pursuant to this Article.</p> <p>6. The Depository Centre shall provide any of the information held by it to the Authority or any judicial body which is entitled to request any such information in accordance with the relevant laws and regulations upon its request.</p>	<p><u>Instruments that the End Beneficiary own at the date of submitting such request.</u></p> <p>4. The Depository Centre may approve any request of information held by the Depository Centre other than those referred to in this Article, in accordance with guidelines set by the Depository Centre in this regard.</p> <p>5. The Depository Centre may apply fees for providing any information pursuant to this Article.</p> <p>6. The Depository Centre shall provide any of the information held by it to the Authority or any judicial body which is entitled to request any such information in accordance with the relevant laws and regulations upon its request.</p>
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5) Proposed Amendments on The Depository Centre Procedures compared with the current Provisions:

#	Current Provisions	Provisions after proposed Amendments
1.	<p>7. Special Accounts</p> <p>The Custody Member provides Settlement Pool Account for each Exchange Member for the purpose of Securities settlement in accordance with Section (7) of these Procedures.</p> <p>The following table specify the mechanism of opening the Special Accounts:</p>	<p>7. Special Accounts</p> <p>The Custody Member provides Settlement Pool Account for each Exchange Member for the purpose of Securities settlement in accordance with Section (7) of these Procedures.</p> <p>The following table specify the mechanism of opening the Special Accounts:</p>

Account Type	Account Function	The Account Opened By	Account Type	Account Function	The Account Opened By
Intermediary Account (mutual fund)	Transitory account between issuance account and investor account	Custody Member with Depository Centre approval	Intermediary Account (mutual fund)	Transitory account between issuance account and investor account	Custody Member with Depository Centre approval
Lead Manager Rights Account	Unsubscribed rights account	Custody Member with Depository Centre approval	Lead Manager Rights Account	Unsubscribed rights account	Custody Member with Depository Centre approval
Custody Member Client Collateral Account	Transitory account against CCP Client Collateral Account. Safekeeping of Collateral.	Custody Member with Depository Centre approval	Custody Member Client Collateral Account	Transitory account against CCP Client Collateral Account. Safekeeping of Collateral.	Custody Member with Depository Centre approval
Custody Member Collateral	Transitory account against CCP	Custody Member with	Custody Member Collateral	Transitory account against CCP	Custody Member with

Classification: Public

Omnibus Account	Collateral Omnibus Account Safekeeping of Collateral.	Depository Centre approval	Omnibus Account	Collateral Omnibus Account Safekeeping of Collateral.	Depository Centre approval
CCP Collateral Omnibus Account	An account to hold CCP Clearing Members clients commingled Collaterals	CCP	CCP Collateral Omnibus Account	An account to hold CCP Clearing Members clients commingled Collaterals	CCP
CCP Client Collateral Account	An account to hold CCP Clearing Member client 's Collaterals	CCP	CCP Client Collateral Account	An account to hold CCP Clearing Member client 's Collaterals	CCP
CCP Collateral Account	An account to holds CCP Clearing Members Collaterals	CCP	CCP Collateral Account	An account to holds CCP Clearing Members Collaterals	CCP
CCP Settlement Pool Account	Settlement of Transactions against Exchange Member	CCP	CCP Settlement Pool Account	Settlement of Transactions against Exchange Member	CCP

	Settlement Pool Account and Exchange Member Clients Settlement Pool Account			Settlement Pool Account and Exchange Member Clients Settlement Pool Account	
Exchange Member Settlement Pool Account	Settlement of Transactions against CCP Settlement Pool Account	Custody Member with Depository Centre approval		Exchange Member Settlement Pool Account	Settlement of Transactions against CCP Settlement Pool Account Centre approval
Exchange Member Clients Settlement Pool Account	Settlement of Transactions against CCP Settlement Pool Account	Custody Member with Depository Centre approval		Exchange Member Clients Settlement Pool Account	Settlement of Transactions against CCP Settlement Pool Account Centre approval
Distribution Account	Transitory account between issuance account and investor account	The Depository Centre		Distribution Account	Transitory account between issuance account and investor account

Issuance Account	Issuance of Securities	The Depository Centre
Corporate Action Distribution Account	Corporate Actions distribution	The Depository Centre

Issuance Account	Issuance of Securities	The Depository Centre
Corporate Action Distribution Account	Corporate Actions distribution	The Depository Centre
<u>Omnibus Account</u>	<u>Consolidated account for the purpose of depositing Non-Convertible Debt Instruments for End Beneficiaries of the Omnibus Account Holder</u>	<u>Custody Member with Depository Centre approval</u>