

The Association of Global Custodians - Questionnaire 2023 - 2024 Part 3

Entity Name

Egypt_ Misr for Central Clearing, Depository & Registry - MCDR

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

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

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

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

70b. Please select type of electronic link:

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

71. Regarding data security:

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

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

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

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

71e. Are passwords regularly changed?

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

71f. How often?

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

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

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

☐ Other (please answer 71j)

71i. How many?

After three unsuccessful attempts

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

- ☒ Yes (please answer 72a)
- ☐ No (please proceed to 74)
- ☐ Not applicable (please proceed to 74)
- ☐ Other (please answer 72a)

72a. Please explain:

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

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

- ☐ Dial-up modem
- ☒ Secured, leased, dedicated telephone line
- ☒ Internet
- ☐ Fax
- ☒ Paper/other
- ☐ Not applicable

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

- ☐ Dial-up modem
- ☒ Secured, leased, dedicated telephone line
- ☐ Internet
- ☐ Fax
- ☒ Paper/other
- ☐ Not applicable

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

- ☐ Dial-up modem
- ☐ Secured, leased, dedicated telephone line
- ☒ Internet
- ☐ Fax
- ☒ Paper/other
- ☐ Not applicable

73d. Registrars (Choose all that apply.)

- ☐ Dial-up modem
- ☒ Secured, leased, dedicated telephone line
- ☐ Internet
- ☐ Fax
- ☒ Paper/other
- ☐ Not applicable

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

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

74a. Please explain:

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

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

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

75b. Please explain:

Surveillance cameras and biometric authentication.

Participant Default Protections Resulting from a Participant Failure

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

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

76d. Please explain:

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

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

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

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

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

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

As of 31/12/2022 SGF capital is 221 million EGP, the SGF size is 490 million EGP.

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

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

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

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

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

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

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

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

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

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

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

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

- ☒ Other forms of risk management used for assessing and monitoring participant exposures (please answer 79i)
- ☐ Not applicable

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

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

79e. Please explain:

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

79f. Please explain:

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

79g. Please explain:

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

79h. Please identify and explain:

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

79i. Please explain briefly how these work:

- Fulfillment of buying transactions on behalf of the buyer in case he didn't fulfill his obligation partially or totally in its specified times.
- Delivering the sold securities on behalf of the seller in case he didn't deliver it in its specified times or the lending and borrowing system didn't settle the transaction.
- SGF fulfills the member's obligation on the settlement date, even if the default exceeds his contribution in the SGF's capital .

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

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

BUSINESS RECOVERY PLAN

This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.

81. Do you have a formal business recovery plan?

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

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

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

81b. Please identify both the frequency and the last date of testing for the following third party:
Depository participants/members

It is an on line connection, so whenever a problem occurs it is immediately detected and solved.

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

It is an on line connection, so whenever a problem occurs it is immediately detected and solved.

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

We have two connection lines with CBE from different operators.

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

It is an on line connection, so whenever a problem occurs it is immediately detected and solved.

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

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

- ☒ 1 - 4 hours

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

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

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

84. Will the depository publicly announce any system interruption?

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

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

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

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

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

84f. Please explain:

Through the intranet between MCDR and directly connected participants.

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

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

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

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

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

PERFORMANCE, INSURANCE, AND LOSS

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

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

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

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

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

87a. Please explain the circumstances and resolution:

Several court cases have been raised against the Depository as part of the capital market main players due to claimed losses and mainly to provide the court with required information as and according to the law, MCDR records and data are credible. Open cases are 366 case.

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

- ☒ Yes for all three years
- ☐ Yes for two of the last three years
- ☐ Yes for one of the last three years
- ☐ None of the last three years
- ☐ Not applicable
- ☐ Other (please answer 88a)

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

- ☒ Yes (please answer 89a)
- ☐ No
- ☐ Not applicable
- ☐ Other (please answer 89b)

89a. Please describe and indicate reserve amount:

Legal reserve amounted to EGP46.5 million as of 31 December 2022 maintained according to the company's law No. 159 of 1981 and redistributed according to depository and registry law No.93 of 2000 based on the capital restructuring every three years

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

- ☐ Yes (please answer 90a)
- ☒ No

- ☐ Not applicable
- ☐ Other (please answer 90f)

90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?

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

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

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

91b. What is the amount of the deductible?

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

91c. If other, please explain:

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

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

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

92a. What is the amount of the coverage?

Breach of trust is EGP 1,660,000 cash transfers is EGP 1,360,000 and Directors and Officers liability os EGP 62,000,000

92b. What is the amount of the deductible?

None

93. Does the depository have insurance for Operational Errors?

- ☐ Yes (please answer 93a)
- ☒ No
- ☐ Not applicable

☐ Other (please answer 93c)

93b. What is the amount of the deductible?

94. Does the depository have Errors and Omissions insurance?

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

94b. What is the amount of the deductible?

95. Does the depository have insurance for the Premises?

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

95a. What is the amount of the coverage?

For Remaining MCDR buildings all risks with an amount of 165,571,850 EGP

95b. What is the amount of the deductible?

None

96. Does the depository have any other insurance?

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

96a. If so, what is it for?

Cars 9,450,000
Drivers 1,100,000
Against all glass 262,800

96b. What is the amount of the coverage?

96c. What is the amount of the deductible?

None

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

Egyptian Saudi Financing House
Misr Insurance

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

n/a

97b. What is the term of the policy?

one year and renewed

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

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

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

Question 7d: Please see attachment in 99a.

98a. Upload document here:

FRA Decree no 117 of year 2021.pdf

Delete

Add Attachment

PUBLIC AVAILABILITY

99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making

your response publicly available? (For additional guidance, please review the help feature to this question.)

- ☒ Yes (please answer 99a)
- ☐ No

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

- ☒ Web site (please answer 99b)
- ☒ By individual request with depository (please answer 99c)
- ☐ Other (please answer 99i)

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

www.mcdr.com.eg

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

Nevine Taher

99d. How would they prefer to be contacted? (Choose all that apply.)

- ☒ Telephone (please answer 99e)
- ☒ Facsimile (please answer 99f)
- ☒ By mail/air courier (please answer 99g)
- ☒ By e-mail (please answer 99h)

99e. Please provide telephone number:

+20225971636

99f. Please provide facsimile number:

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

70 El-Gomhoria street, Cairo PB 1536 Attaba

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

Nevine.taher@mcsd.com.eg

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

- ☒ Yes
- ☐ No

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

Yes

No

MCDR Network Policy.pdf

Delete

Add Attachment

Comments:

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

Yes

No

Comments:

Frequent training but so far internal training only.

103. Please provide an overview of your policy for continuity of business in the event of a large data breach or cyber attack against your organization.

Using a disaster site and working with the same protocols for the main site
Servers will be switching automatically to the disaster site

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

Yes

No

Comments:

105. Please advise how often you review the policy.

Semi-Annually

Annually

Other

Comments:

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

MCDR Cyber Security Organizational Chart.ppsx

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Add Attachment

Comments:

Cyber Security is part of MCDR Network & Security department of the IT department whom reports to MCDR Deputy Chairman and Managing Director

107. How does your organization identify which business functions carry a cyber risk?

- Identify risks
- Assess risks
- Identify possible mitigation measures
- Decide what to do about the residual risk



108. 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.

- ☒ Yes
- ☐ No

Comments / frequency:

Update is done periodically for all F5 attack signatures to ensure access to the best protection.
Frequency is daily, all logs are tracked on F5 device to make sure that the policy (learn policy, alarm policy, block policy) is well executed.

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

- Web Application Filter (F5)
- Firewall (Cisco)
- Intrusion Prevention System (IPS)

110. Does your organization use multi-factor authentication?

- ☐ Yes
- ☒ No

Comments:

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

- ☐ Yes
- ☒ No

Comments:

MCDR does not use third party outsourced activities or functions

112. What measures does your organization have to ensure early detection of a cyber attack?

- Monitoring all network devices 24/7 for all switches, routers, .etc
- Installing the security devices in the right place such as firewall, web application filter, IPS.
- Take necessary actions when needed, which are;



113. What is the agreed resumption time for critical operations following a cyber attack?

1 hour

114. How would you advise clients of a successful cyber attack against your organization?

Operations will automatically transfer to the disaster site and all clients will work through it.
Then operations will automatically return back to the main site for servers after solving the cyber attack problem.

115. 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.

- ☐ Yes
- ☒ No

Comments:

116. Are the following elements of your cybersecurity framework tested pre and post deployment of changes?

Vulnerability assessment:

- ☒ Yes
- ☐ No

Scenario based penetration tests:

- ☒ Yes
- ☐ No

Testing of incident response process and technical/business/operations (e.g. table-top exercise):

- ☒ Yes
- ☐ No

Other - Please describe in comments:

117. 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

☐ Yes

☐ No

Comments:

MCDR does not apply cloud technology

118. Does your organization conduct dark web searches for signs of a breach (internet protocol or customer/client personally identified information for sale)?

☐ Yes

☒ No

Comments:

119. Is your organization aware of SWIFT’s Customer Security Program (CSP)?

☒ Yes

☐ No

Comments:

120. Does your organization ensure compliance with SWIFT’s CSP controls?

☒ Yes

☐ No

Comments:

121. Does your organization respond to requests for your institution’s attestations?

☒ Yes

☐ No

Comments:

122. Does your organization request the attestation details of your counterparties and incorporate the responses into ongoing relationship and risk management programs?

☒ Yes

☐ No

Comments:

This is mandatory in some of MCDR functions and provided services.

Please provide any comments you have regarding the questionnaire.

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

Save and exit

When saving Part 3 of the Survey please indicate the status as either In Progress or Survey Complete.

Survey Status:

Survey Complete