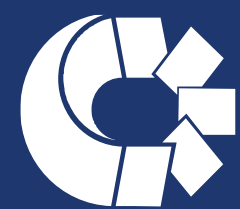


Cross-Border Interactions between CSDs: Legal Aspects

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Legal Affairs Department

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- ❖ Importance of financial markets growth and development
- ❖ Importance of CSDs action, in order to help growth and development of the capital market, especially in cross-border collabs
- ❖ Legal aspects of a joint project between CSDs
 - Legal Environment
 - Legal Framework
 - Legal Requirements



A) Legal Environment



Legal Environment

❖ Definition

- Laws and regulations governing a business

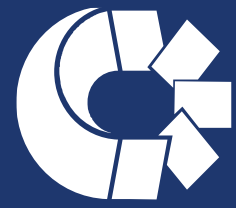
❖ Necessities

- Determining the rules governing interactions between CSDs
- Considering and complying with domestic laws, in each jurisdiction
- Determining rule making mechanism, in case of future legal gaps
- Paying attention to the exist regulations and requirements

(For example, foreign investment requirements and coding for foreign investors)



B) Legal Framework



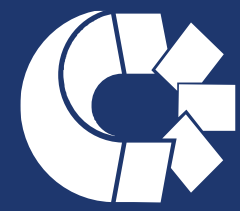
Legal Framework

❖ Necessities

- Designing based on the business dimensions
- Conclusion a comprehensive legal document, such as a cross-border agreement
- Determining role and position of CSDs

❖ Contents

- Determining the business and technical aspects
- Terms and conditions
- Terminations
- Settlement of disputes

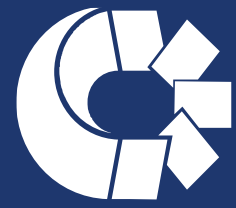


❖ Types of roles and positions

- Proxy: having permission from investors and issuers of securities
- Custodian: acting as a trustee
- Intermediary: only transferring of securities and clearing, without any authority or legal title

❖ Types of securities ownerships

- Legal ownership
- Beneficial ownership



Legal due diligence

❖ Definition and effects

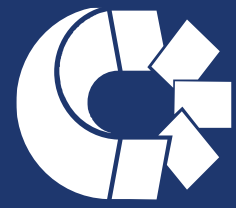
- Assessment and identifying the business dimensions
- Detailed reviewing the legal aspects
- Legalization of joint projects
- Providing a precise and appropriate legal solution

❖ Reasons for needing due diligence

- Having legal and regulatory gaps
- Not appropriate exist legal principles and regulations



C) Legal Requirements



Legal Requirements

❖ Supervision, regulatory and issuance of permissions and authorizations mechanism

The necessary permissions must be obtained from higher authorities

- Relevant ministries
- Capital market supervisory authority

❖ KYC and Identification of beneficiaries and end user

- Identification of customers
- Considering the anti- money laundering requirements and regulations
- Determining the end user and beneficiaries of joint projects



Many thanks for your attention

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