



# SECURITIES AND EXCHANGE COMMISSION

## REGULATIONS OF SECURITIES CLEARING AND SETTLEMENT

### Rule 207 C

#### Definition

Securities Clearing and Settlement Systems include full set of institutional arrangements for confirmation, clearance and settlement of securities trades.

1. **Confirmation of Trade**

A Securities Clearing and Settlement Company shall provide in its rules the period for final confirmation of trades.

2. **Settlement of Trade**

A Securities Clearing and Settlement Company shall provide in its rules the period for final settlement of transactions.

3. **Securities Lending**

Lending and borrowing of securities shall be provided in the rules of the Securities Clearing and Settlement Company.

4. **Delivery Versus Payment**

A Securities Clearing and Settlement Company shall link securities transfers to funds transfers so as to achieve delivery versus payment.

5. **Operational System and Business Continuity**

A Securities Clearing and Settlement Company shall;

- (a) have appropriate systems, controls and procedures that are reliable and secure and have adequate scalable capacity.
- (b) have adequate offsite disaster recovery facilities and procedures.



6. **Protection of Customer's Securities**

A Securities Clearing and Settlement Company shall adopt proper accounting and safe keeping procedures to ensure full protection of clients' securities. Adequate management controls and independent audit of information systems shall be maintained.

7. **Evaluation of Systems and controls**

- (a) A Securities Clearing and Settlement Company shall have adequate mechanisms for the purpose of reviewing, monitoring and evaluating its internal controls.
- (b) The Securities Clearing and Settlement Company shall cause to be inspected annually, the mechanism referred to in (a) above by an expert and forward the report to the Commission within 3 months from the date of inspection.
- (c) An expert for the purpose of this sub-rule is an independent person with requisite skills and knowledge and who is recognized by the Commission.

8. **Communication Procedures and Standards**

A Securities Clearing and Settlement Company shall adopt and apply consistent communication procedures and standards relating to securities message, securities identification and participant identification. In the case of cross-border transaction, it shall adopt and apply the international numbering and messaging standard.