**DRAFT 5.12.23**

**SECURITIES (CENTRAL DEPOSITORY, CLEARING AND SETTLEMENT) (AMENDMENT) ACT 2023**

**ARRANGEMENT OF SECTIONS**

Section

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**SECURITIES (CENTRAL DEPOSITORY, CLEARING AND SETTLEMENT) (AMENDMENT) ACT 2023**

**An Act to amend the** **Securities (Central Depository, Clearing and Settlement) Act 1996**

1 Short title

This Act may be cited as the Securities (Central Depository, Clearing and Settlement) (Amendment) Act 2023.

2 Section 3 of the Securities (Central Depository, Clearing and Settlement) Act 1996 amended

The Securities (Central Depository, Clearing and Settlement) Act 1996 is amended in section 3 by inserting after subsection (8) the following subsection—

“(9) The CDS shall—

1. make rules, procedures, and controls, including robust accounting practices, to—
2. safeguard the rights of securities issuers and holders,
3. prevent the unauthorised creation or deletion of securities; and
4. conduct periodic and at least daily reconciliation of securities issues it maintains;
5. prohibit overdrafts and debit balances in securities accounts to avoid credit risk and reduce the potential for the creation of securities;
6. maintain securities in an immobilised or dematerialised form for their transfer by book entry;
7. where appropriate, provide incentives to immobilise or dematerialise securities. Securities held in physical form may be transferred via physical delivery or immobilised and transferred via book entry;
8. protect assets against custody risk, including the risk of loss because of—
   1. the CDS’s negligence, misuse of assets, fraud, poor administration, inadequate recordkeeping, failure to protect a participant’s interests in securities or insolvency; or
   2. claims by the CDS’s creditors. through appropriate rules and procedures consistent with its legal framework;
9. employ a robust system that ensures segregation between the CDS’s own assets and the securities of its participants and segregation among the securities of participants;
10. support operationally the segregation of securities belonging to a participant’s customers on the participant’s books and facilitate the transfer of customer holdings; and
11. identify, measure, monitor, and manage its risks from other activities that the CDS may perform; additional tools may be necessary to address these risks.

3 Commencement

(1) Subject to subsection (2), this Act shall come into operation on a date to be fixed by Proclamation.

(2) Different dates may be fixed for the coming into operation of different provisions of this Act.