

## The Association of Global Custodians - Questionnaire

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Welcome to the Depository- Information Gathering Project. Before beginning, we suggest that you: print the entire document for review on paper; review the Glossary of Terms. Each will assist you with answering the questions. For help, contact: Robin D. Truesdale, Baker & McKenzie LLP (202) 835-1664; e-mail: Robin.Truesdale@bakermckenzie.com.

### SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

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*The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.*

1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as “Eligible Securities Depositories”), the depository must be a “system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities.”

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

Yes

1a. Please explain:

2. Rule 17f-7 also requires that an Eligible Securities Depository “acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated,” or “acts as or operates a transnational system for the central handling of securities or equivalent book-entries.”

Does your institution: (Choose all that apply.)

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)

2a. Please explain:

2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

Equities, debt instruments, T-bills, but the system is appropriate for registration of all CFI

3. What type of legal entity is the institution? (Choose all that apply.)

Other (please answer 3a)

**3a. Please explain:**

CDA is owned by the state and by other financial market companies (private).

**4. Is the institution operated as a "for profit" or a "not for profit" organization?**

For profit

**4a. If other, please explain:**

**5. Please provide the names of the owners and their ownership interest percentages.**

Central Bank of Montenegro(35%), NDF Aureus private-open investing fund (25%), Crnogorska komercijalna banka (15%), Collective custody accounts (10%), Fin invest (7%) and Podravska Banka, Jugobanka, Podgorička Banka Societe general and NLB Montenegrobanka with 2% for each of them.

**6. Please answer the following:**

**6a. What is the date of establishment of the depository?**

24/May/2000

**6b. What is the date that the depository's operations began?**

17/Nov/2000

**7. Under what regulation or statute is the depository established and governed?**

CDA is established and regulated by the Statute of CDA and with the Laws of Montenegro.

**7a. Is the regulation or statute electronically available?**

Yes (please answer 7b)

**7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.**

www.cda.me (Statut CDA)

CDA Statut

**7c. Please supply document (s) here:**

**7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.**

**What are the qualifications to become a board member?**

Management Board has 5 members. They must have university degree with 3 years of relevant experience. Currently there are 4 economists (one with Master) and 1 lawyer. It is management body which makes: draft decision for Assembly; decisions concerning the business, acting in the interest, asset management and disposition of the CDA; conclusion contracts; draft annual reports and statement of operations; draft decision for coverage of losses; draft the business plan; give instruction to implement decisions and issues concerning the business of CDA; guidance for rules; the ethic code; engage consultant

**7e. What are the election procedures?**

The members of the Board of Directors are elected on General Meeting between candidates, who obtain the largest number of votes, nominated by representatives of owners. Right to nominate candidates is shareholder who own at least 5% of the share. Each voting stock gives the number of votes equal to the number of Board members who will be elected.

**7f. What is the maximum length of time a board member can serve?**

Duration of one mandate is 1 year, and they can be reelected. The number of terms is not limited.

**7g. How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?**

Each Board member has one vote. In case of equal votes, the President of Board of Directors shall decide.

**7h. Who is responsible for regulating the board members?**

Board members are responsible to the General Meeting of shareholders. Rights and obligations are determinate by Statute of CDA.

**Who regulates the activities of the depository? (Choose all that apply.)**

A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.

**8a. Please explain:**

**9. Please provide the name of regulatory authority(ies) identified in question 8:**

Securities Commission of Montenegro

**10. Rule 17f-7 requires that an Eligible Securities Depository “is subject to periodic examination by regulatory authorities or independent accountants.”**

**Is the depository subject to periodic examination by: (Choose all that apply.)**

Regulatory authorities?, Independent accountants?

**10a. Please explain:**

**11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)**

**Name of Authority #1 (please answer 11a):**

Securities Commission of Montenegro

**11a.**

Fines, Restrictions on depository activities., Suspension of depository activities., Termination of depository activities.

**11b. Please explain:**

**Name of Authority #2 (please answer 11c):**

**11c.**

**11d. Please explain:**

**12. Has there been any use of such enforcement actions in the last three years?**

No

**12a. If yes or other, please explain:**

**Capital**

**13. Are annual financial statements publicly disclosed?**

Yes (please answer 13a)

**13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?**

Yes (please answer 13b)

13b. If yes, please upload the document(s) here or insert web link(s) in question 13d:

13c. If more than one document for 13b, please upload the additional document here:

13d. Please insert web link(s) for 13b here:  
[www.cda.me](http://www.cda.me) (Code of conduct)

13e. If no, and annual report and/or financial statements are not disclosed, please state your share capital, reserves, and retained earnings (or equivalents as determined under local accounting standards).

Share Capital (then please answer 13f):

13f. Reserves (then please answer 13g):

13g. Retained Earnings:

13h. If other, please explain:

#### **Internal Audit**

14. Is an internal audit undertaken in your depository?

No (please proceed to 15)

14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?

*Question numbers 14b, 14c, 14d and 14f have been modified. Thus, your answers from last year have not been populated for these questions.*

14b. Please list the date of your last internal audit and the period that the audit covered:  
to

14c. How frequently does the internal audit occur? (Choose one.)

14d. If less than annually, please explain:

14e. Are the results of the internal audit publicly available?

14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)

14g. If minor or material exceptions were found, what actions were taken? Please describe:

15. Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

Yes (please answer 15a)

15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.

Deloitte

**Question numbers 15b, 15c, 15d, 15e and 15f have been modified. Thus, your answers from last year have not been populated for these questions.**

**15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:**

01/Apr/2011

**15c. Please list the period that the audit covered:**

**01/Jan/2010**

**to**

31/Dec/2010

**15d. How frequently does the financial audit occur? (Choose one.)**

**Annually (please answer 15f)**

**15e. If less than annually, please explain:**

**15f. Are the results of the financial audit publicly available?**

**Yes**

**15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)**

No material exceptions found.

**15h. If minor or material exceptions were found, what actions were taken? Please describe:**

**16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?**

No (please proceed to 17)

**16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.**

**Question numbers 16b, 16c, 16e, 16f and 16g have been modified. Thus, your answers from last year have not been populated for these questions.**

**16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:**

**16c. Please list the period that the audit covered:**

**to**

**16d. How frequently does the operational audit occur? (Choose one.)**

**16e. If less than annually, please explain:**

**16f. Are the results of the operational audit publicly available?**

**16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)**

**16h. If minor or material exceptions were found, what actions were taken? Please describe:**

## **PARTICIPANTS AND PARTICIPATION**

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*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

**17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)**

Banks (please answer 17a), Brokers (please answer 17e), Other entities (please answer 17q)

**17a. How many Bank participants are there currently? (then please answer 17b)**

7 (incl. 4 brokerage and 6 custody departments in the banks)

**17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)**

Regulatory Oversight (please answer 17c), Other (please answer 17d)

**17c. Where can a description of the specific eligibility requirements for Bank participants be found?**

<http://www.scmn.me/fajlovi/ZakonOBankama.pdf>,  
<http://www.scmn.me/fajlovi/ZakonOHartijamaOdVrijednosti.pdf>, <http://www.scmn.me/fajlovi/PRAVILA%20%20OBAVLJANJU%20KASTODI%20POSLOVA.pdf>, <http://www.cda.me/> (CDA rules - section II)

**17d. Please explain:**

Payment to the Guarantee fund (CDA rules section IV subsection 5)

**17e. How many Broker participants are there currently? (then please answer 17f)**

13 (excl. brokerage departments in the banks)

**17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)**

Regulatory Oversight (please answer 17g), Other (please answer 17h)

**17g. Where can a description of the specific eligibility requirements for Broker participants be found?**

<http://www.scmn.me/fajlovi/ZakonOHartijamaOdVrijednosti.pdf>, <http://www.cda.me/> (CDA rules - section II)

**17h. If other, please explain:**

Payment to the Guarantee fund (CDA rules section IV subsection 5)

**17i. How many Individual participants are there currently? (then please answer 17j)**

**17j. Please select the features included in the eligibility requirements for Individual participants. (Choose all that apply.)**

**17k. Where can a description of the specific eligibility requirements for Individual participants be found?**

**17l. If other, please explain:**

**17m. How many Foreign Institution participants are there currently?**

**17n. Please select the features included in the eligibility requirements for Foreign Institution participants. (Choose all that apply.)**

**17o. Where can a description of the specific eligibility requirements for Foreign Institution participants be found?**

**17p. If other, please explain:**

17q. If you have selected "Other entities" above, please explain:

Foreing entities branches

17r. Indicate how many "Other entities" are currently participants?

none

17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)

Regulatory Oversight (please answer 17t), Other (please answer 17u)

17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?

<http://www.scmn.me/fajlovi/ZakonOHartijamaOdVrijednosti.pdf>, <http://www.cda.me/> (CDA rules - section II)

17u. If other, please explain:

Payment to the Guarantee fund (CDA rules section IV subsection 5)

18. Are participants required to contribute capital to the depository that would result in ownership of the depository?

No

18a. If yes, what fixed amount is required or what formula is used to determine the appropriate contribution level?

18b. If other, please explain:

19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?

Yes

19a. If other, please explain:

#### Conditions of Participation

20. What governs the relationship between the depository and the participants? (Choose all that apply.)

Relevant law and regulation, Standard participation contract, Rules of the depository

20a. Please explain:

Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

Yes (please answer 21b)

21a. If no, other or not applicable, please explain:

**Question number 21b has been modified. Thus, your answer from last year has not been populated for this question.**

21b. Please confirm the basis for the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants. (Choose all that apply.)

Relevant Law and Regulation. Standard participation contract. Rules of the depository

21c. Please explain:

22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)

By public announcement, Other (please answer 22a)

22a. Please explain:

by sending direct written notice and web announcement on www.cda.me

### Governance of Participants

23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)

The depository

23a. Please explain:

24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)

Fines, Suspension of participation, Termination of participation

24a. Please explain:

25. Has there been any such enforcement actions in the last three years?

No

25a. If yes, please explain, including information relative to any suspensions of depository participants:

25b. If other, please explain:

### DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS

*Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.*

#### General

26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)

Government securities, Equities, Corporate bonds, Others (please answer 26a)

26a. Please name the other security types:

Municipal bonds, Treasury bills

27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)

Yes by law for settlement, but not for all instrument types (please answer 27a), Yes by law for safekeeping, but not for all instrument types (please answer 27b)

27a. Please list the instrument types for which it is not compulsory by law to:

(i) settle in your depository

money market instruments



**(ii) safekeep in your depository:  
money market instruments**

**27b. Please list the instrument types for which it is not compulsory by market practice to:  
(i) settle in your depository**

none

**(ii) safekeep in your depository:  
none**

**27c. If neither/other, please explain:**

**28. Settlement and Safekeeping Percentages**

**28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.**

**over all exchange listed securities - 100%**

**28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.**

over all issued securities - 100%

**29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?**

**No**

**29a. If third parties are employed, please indicate which services they supply (then please answer 29b):**

**29b. If third parties are employed, does the depository assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?**

**29c. If you acknowledge responsibility, please indicate whether your responsibility is assumed (Choose all that apply.)**

**29d. If you acknowledge responsibility for agents, your responsibility is assumed for losses (Choose all that apply.)**

**29e. If other, please explain:**

**29f. Please specify limit:**

**29g. Please specify limit:**

**29h. If other, please explain:**

**29i. If other, please explain:**

**30. Has any participant suffered any losses in the past three years due to the depository's performance?**

**No**

**30a. If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter. (Choose all that apply.)**

30b. Corporate Action. Please specify number of instances:

30c. Corporate Action. Please specify total loss in USD:

30d. Settlement Process - Securities. Please specify number of instances:

30e. Settlement Process - Securities. Please specify total loss in USD:

30f. Settlement Process - Cash. Please specify number of instances:

30g. Settlement Process - Cash. Please specify total loss in USD:

30h. System Outage. Please specify number of instances:

30i. System Outage. Please specify total loss in USD:

30j. If Other, please explain:

30k. For Other, please specify number of instances:

30l. For Other, please specify total loss in USD:

30m. If other, please explain:

**Other Services**

31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)

Neither/others (e.g. credit lines used; please answer 31b)

31a. Please name banks:

31b. If neither/others, please explain:

Commercial banks via special contracts / agreements with CDA participants.

32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)

**Depository**

32a. Please name banks appointed by depository:

32b. If others, please explain:

33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)

Not applicable

33a. Please name banks appointed by depository:

33b. If others, please explain:

**34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)**

**Depository**

**34a. Please name banks appointed by depository:**

**34b. If others, please explain:**

**35. Please indicate services you provide. (Choose all that apply.)**

Same day turnaround settlements., Information on distribution of new issues (IPO, Privatization),. Other (please answer 35d)

**35a. Automatic securities lending facility is provided for: (Choose all that apply.)**

**35b. If other please explain:**

**35c. Collateral Handling: please provide details:**

**35d. If other services, please explain:**

The activities of CDA are defined by Montenegro Law on Securities (article 89) as follows: (1) registration and safekeeping of dematerialized securities (including determination of ISIN codes and registration of security issuers, issues and their holders), (2) clearing and settlement of stock exchange transactions, and (3) other activities in connection with dematerialized securities (preparing and issuing the adequate reports for issuers, shareholders and other interested subjects, processing the corporate actions, take over bids, etc).

**36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)**

**Credited to the securities account upon actual receipt by the depository.**

**36a. Credited to the securities account: (Choose all that apply.)**

**36b. If other please explain:**

**36c. Name of entity:**

**36d. If other, please explain:**

**37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)**

Other (please answer 37d)

**37a. Credited to the cash account: (Choose all that apply.)**

**37b. If other please explain:**

**37c. Name of entity:**

**37d. If other please explain:**

Cash payments are processed by the issuers or their agents (banks).

**Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)**

**38. Please list all depositories or settlement systems to which you have an electronic link.**

none

**39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?**

**Not applicable**

**39a. Please explain:**

**40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?**

**Not applicable**

**40a. If no or other, please explain:**

## **ACCOUNT STRUCTURES AND RECORDKEEPING**

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*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

**41. Are participants permitted to maintain more than one account at the depository?**

Yes (please answer 41a)

**41a. If yes, please indicate number: (Choose one.)**

**An unlimited number of accounts.**

**41b. If more than one account what is the maximum?**

**41c. If other, please explain:**

**41d. If other, please explain:**

**42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?**

**Yes (please answer 42a)**

**42a. If yes, is segregation required or simply permitted?**

**Required (please answer 42b)**

**42b. How does segregation occur? (Choose all that apply.)**

**By separately designated participant accounts., By separately designated beneficial owner accounts.**

**42c. If other, please explain:**

**42d. If other, please explain:**

**42e. If other, please explain:**

**43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?**

**Yes (please answer 43a)**

**43a. If yes, do laws exist, which define as well as protect the rights of beneficial owners with**

respect to securities registered in nominee name?

Yes

43b. If other, please explain:

44. In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible:

44a. By the participant's clients?

Yes (please answer 44b)

44b. If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:

CDA moves securities from account on behalf participant's clients to owners account of those clients. Then client can choose between other participants and move securities to the account of chosen participant.

44c. If other, please explain:

44d. By the intervening authorities controlling insolvency or other proceedings?

No

44e. If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

44f. If other, please explain:

44g. By the participant's creditors?

No

44h. If yes, please describe briefly under what conditions access would be granted to the participant's creditors:

44i. If other, please explain:

44j. By the depository's creditors?

No

44k. If yes, please describe briefly under what conditions access would be granted to the depository's creditors:

44l. If other, please explain:

45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)

Computer file (please answer 45b), Hard copy (please answer 45b), Computer tape (please answer 45b)

45a. If other, please explain:

45b. In which format is the source data maintained?

Microsoft SQL server and Oracle

46. Rule 17f-7 requires that an Eligible Securities Depository "provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account."

Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

Yes (please answer 46b)

46a. If no or other, please explain:

46b. If yes, please indicate the scheduled frequency: (Choose one.)

Upon request, Other (please answer 46c)

46c. If other, please explain:

A Participant is able at any moment to initiate a several reports from CDA IS which will provide him regarding data.

47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)

Other (please answer 47a)

47a. If other, please explain:

permanently

## SETTLEMENTS

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*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a), Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. (please answer 48a)

48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?

CDA would settle a transaction according Model 2 if meets the following conditions: (1) the method of payment is money (not payable with other securities); (2) there are enough available securities on the seller account, and (3) the transaction value is less than the daily limit value per transaction (calculated by the sum of net cash debts of all Participants not exceed 50% of the current value of Guarantee fund). If the transaction not meets all listed conditions, it will be settle through Model 1.

48b. If other, please explain:

*Question 48 Help:*

***Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by book-entry.***

***Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.***

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.*

***Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.***

**49. Are the cash and security movements simultaneous?**

No (please answer 49a)

**49a. If cash and security movements are not simultaneous, please indicate the duration of the timing gap. (Choose one.)**

1 hour

**49b. If other, please explain:**

**49c. If other, please explain:**

**OWNERSHIP OF SECURITIES**

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*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

**50. How are depository eligible securities held by the depository?**

Securities in the depository are held in dematerialized form.

**50a. If other, please explain and identify amount held in this other form as a percentage of total depository holdings:**

**51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?**

Not applicable

**51a. If certain designated securities are held outside the depository, please indicate under which conditions these securities would be held outside the depository:**

**51b. If depository eligible securities are required to be centrally immobilized at the depository, where and with whom are the certificates safekept? (then please answer 51c)**

**51c. Are these certificates:**

**51d. If registered, how are the depository eligible securities registered?**

**51e. If other, please describe:**

**51f. If in the name of a separate nominee, please identify by name the nominee used:**

51g. If other, please explain:

51h. If depository eligible securities may be held either in or out of the depository, are these certificates:

51i. What are the control features for receipt of certificates to the depository (e.g., authentication procedures, re-registration)? Please describe:

51k. If other, please explain:

52. If securities are dematerialized:

May dematerialized security positions be re-certificated and held outside the depository?

No (please answer 52a)

52a. Are the securities held: (Choose all that apply.)

Through book-entry at the depository

52b. Please identify which types of entities may act as registrars: (Choose all that apply.)

52c. Please explain:

52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)

Yes (please answer 52e)

52e. If yes, how are securities held at the registrar for the account of the depository? (Choose one.)

In the name of the depository

52f. Please describe:

52g. If the securities held with the depository are recorded by book-entry at the registrar but are not registered exclusively to the depository, may they be registered to:

52h. Please describe:

52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

written confirmation of position at registrar by legal authorized person

52j. If other, please explain:

52k. If other, please explain:

52l. If other, please explain:

53. Rule 17f-7 requires that an Eligible Securities Depository “maintains records that identify the assets of each participant and segregate the system’s own assets from the assets of participants.”

Does the depository maintain records that identify the assets of each participant and segregate the



**system's own assets from the assets of participants?**

Yes

**53a. If other, please explain:**

**54. Does the law protect participant assets from claims and liabilities of the depository?**

Yes

**54a. If other, please explain:**

**55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)**

No

**55a. If yes, for what reasons are liens or similar claims imposed? (Choose all that apply.)**

**55b. Please describe:**

**55c. Please indicate the limits of this lien as indicated below: (Choose one.)**

**55d. Please explain:**

**55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?**

**55f. If yes, please indicate whether: (Choose one.)**

**55g. Please explain:**

**55h. If no, please indicate whether the entire account will be subject to the lien.**

**55i. If other, please describe:**

**55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?**

**55k. If yes, are the restrictions accomplished by:**

**55l. Please explain:**

**55m. If other, please explain:**

**55n. If other, please explain:**

**55o. If other, please explain:**

**56. Transfer of Legal Ownership**

**Does the depository have legal authority to transfer title to securities?**

Yes (please answer 56a)

**56a. When does title or entitlement to depository securities pass between participants? (Choose one.)**

When the transaction is processed on an intra-day basis. (please answer 56c)

**56b. Please describe:**

**56c. Where does title or entitlement to depository securities pass between participants? (Choose one.)**

On the depository books

**56d. Please describe:**

**56e. If other, please explain:**

## **HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT**

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*The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.*

**57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)**

Other (please answer 57a)

**57a. Please describe:**

CDA operates with dematerialized securities only, and securities are handled only inside depository.

**58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)**

Not applicable

**58a. Please explain:**

**59. How long does it usually take to lodge securities with the depository? (Choose one.)**

Not applicable

**59a. Please specify:**

**59b. If other, please explain:**

**60. During the process of lodging securities into the depository, can the securities:**

**Be traded?**

Not applicable

**60a. During the process of lodging securities into the depository, can the securities:**

**Be settled?**

Not applicable

**60b. During the process of lodging securities into the depository, can the securities:**

**Have ownership transferred?**

Not applicable

**60c. If they cannot be traded, or if you answered other, please explain:**

60d. If they cannot be settled, or if you answered other, please explain:

60e. If ownership cannot be transferred, or if you answered other, please explain:

61. Are securities immediately available for delivery upon transfer to the depository?

Not applicable

61a. If no: Securities are unavailable for:

61b. If more than 4 weeks, please specify:

61c. If other, please explain:

61d. If other, please explain:

62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income, corporate actions and proxy services.

n/a

63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)

Not applicable.

63a. Please specify:

64. How long does it usually take to remove securities from the depository? (Choose one.)

Not applicable

64a. Please specify:

64b. If other, please explain:

65. While the securities are being removed from the depository, can they:

65a. Be traded? (Choose one)

Not applicable

65b. Please explain:

65c. Be settled?

Not applicable

65d. Please explain:

65e. Have ownership transferred?

Not applicable

65f. Please explain:

**STANDARD OF CARE**

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*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

### **Depository Liability**

**66. Does the depository accept liability (independent of any insurance coverage) for the following:**

**66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?**

**No**

**66b. If yes, please check all of the following that apply:**

**66c. If other, please explain:**

**66d. If other, please explain:**

**66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?**

**No**

**66f. If yes, please check all of the following that apply:**

**66g. If other, please explain:**

**66h. If other, please explain:**

**66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?**

**Yes (please answer 66j)**

**66j. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66k. If other, please explain:**

**66l. If other, please explain:**

**66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?**

**Yes (please answer 66n)**

**66n. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66o. If other, please explain:**

**66p. If other, please explain:**

**66q. Any direct damages or losses to participants caused by the depository in its capacity as a central counterparty?**

**Not applicable**

**66r. If yes, please check all of the following that apply:**

**66s. If other, please explain:**

**66t. If other, please explain:**

**66u. Does the depository guaranty settlement?**

**Yes (please answer 66v)**

**66v. Please explain how this is accomplished. What are the procedures and safeguards that permit the depository to guaranty settlement?**

Guarantee fund, according the Montenegro Law on securities and CDA rules

**66w. If other, please explain:**

**66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or political events, etc.?**

No

**66y. If yes, please check all of the following that apply:**

**66z. If other, please explain:**

**66~. If other, please explain:**

**66+. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?**

Not applicable

**66\*. Please define the standard of care applied:**

**66!. If other, please explain:**

**67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?**

**67a. Indemnification**

**Yes (please answer 67b)**

**67b. Please explain (then please answer 67c):**

Standard membership contract, CDA rules

**67c. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

section 4 of standard membership contract where are regulated depository obligations; section IV sub-section 7 of CDA rules - Default procedures

**67d. Insurance**

No

**67e. Please explain (then please answer 67f):**

**67f. Please provide details of the relevant sections of the contracts, rules or practices where this**

information is found.

**67g. Acknowledgement of liability for losses caused by depository's own actions.**

Yes (please answer 67h)

**67h. Please explain (then please answer 67i):**

CDA is responsible for any loss to the extent to which the loss caused by irresponsibility, fraud or criminal offense of its employees.

**67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

CDA Rules section V ([www.cda.me](http://www.cda.me))

**67j. Other**

No

**67k. Please explain (then please answer 67l):**

**67l. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

**68. Is the depository immune from legal action in its own jurisdiction?**

No

**68a. If other, please explain:**

**Security Control**

**69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)**

By direct electronic link

**69a. Please explain:**

**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)

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

By direct electronic link (please answer 70b)

**70b. Please select type of electronic link:**

Secured, leased, dedicated telephone line

**70c. Please explain:**

**70d. If other, please explain:**

**71. Regarding data security:**

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

Yes

**71b. If other, please explain:**

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

**Yes**

**71d. If other, please explain:**

**71e. Are passwords regularly changed?**

**Other (please answer 71g)**

**71f. How often?**

**71g. If other, please explain:**

**each user could change the own password in any moment, as needed**

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

**Yes (please answer 71i)**

**71i. How many?**

**After 3 unsuccessful attempts**

**71j. If other, please explain:**

**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)**

**72a. Please explain:**

**Secured leased telephone line, VPN**

**73. How does the depository communicate with other market entities?**

**73a. Stock Exchanges (Choose all that apply.)**

**Secured, leased, dedicated telephone line, Paper/other**

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

**Secured, leased, dedicated telephone line**

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

**Not applicable**

**73d. Registrars (Choose all that apply.)**

**Not applicable**

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

**By guards**

**74a. Please explain:**

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

**Not applicable; no vault is maintained**

**75a. Please indicate frequency of vault counts:**

**75b. Please explain:**

**Participant Default Protections Resulting from a Participant Failure**

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

The depository guaranty fund covers the loss

**76a. Please explain the process:**

**76b. Please explain the process of how the loss is shared: (Choose one.)**

**76c. If other, please explain:**

**76d. Please explain:**

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

No

**77a. How was the situation resolved? Or if you answered "Other," then please explain:**

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

Yes (please answer 78a)

**78a. If yes, please respond to the following questions:**

**What is the size of the fund (then please answer 78b)?**

About 5.000 €

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

By participant volume, Other (please answer 78c)

**78c. If other, please explain:**

Guarantee fund consists of two parts: fixed part (annual basic contributions which are equal for all participants) and additional part (additional monthly contributions determined in relation to activity of each participant in previous month).

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

Contributions from participants (please answer 78f)

**78e. If so, what is the amount or percentage per owner?**

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

Basic annual contribution is calculating on the begining of the year as the average daily net cash debt of all Participants in the previous year, times three. Additional monthly contribution is the difference between the average net cash debt of the Participant in the previous month and the amount of basic contribution.

**78g. If other, please explain:**

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

Direct depository participants only



78i. If other, please explain:

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

When a direct participant defaults

78k. If other, please explain:

78l. If other, please explain:

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, Collateral requirements for participants (please answer 79b), 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

79a. Please explain other loss or default protections:

79b. Please explain the requirements:

Described participant contributions to Guarantee fund.

79c. Please explain how these debit caps work:

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

Controlling DVP settlement (please answer 79f)

79e. Please explain:

79f. Please explain:

CDA has control of securities and cash funds from settlement day (T+3 on 10.00PM) which allows transferring the securities and funds almost simultaneously on T+3.

79g. Please explain:

79h. Please identify and explain:

79i. Please explain briefly how these work:

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

Not applicable

80a. Please explain:

## **BUSINESS RECOVERY PLAN**

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*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)

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

**Back-up of all computer files, Back-up files stored and locked**

**81b. Please identify both the frequency and the last date of testing for the following third party:**

**Depository participants/members**

upon request

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

**Stock exchange**

upon request

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

**Central bank**

upon request

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

**Local brokers**

upon request

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

**Any other third party**

n/a

**81g. If other, please explain:**

**81h. If other, please explain:**

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

**1 - 4 hours, Other (please answer 82a)**

**82a. If other, please explain:**

In case of power outage, CDA is connected to external power generator that is automatically being activated.

**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**

**83a. If other, please explain:**

**84. Will the depository publicly announce any system interruption?**

**Yes (please answer 84a)**

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

To the depository regulators, To all direct participants

**84b. If so, please list webpage address:**

**84c. If so, please list all publications:**

84d. Please explain:

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

By e-mail, By telephone

84f. Please explain:

84g. If other, please explain:

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

No

85a. If yes, how much time was needed to implement the recovery plan? (Choose one.)

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

85c. What was the impact to the market? (Choose all that apply.)

85d. If other, please explain:

85e. If other, please explain:

#### **PERFORMANCE, INSURANCE, AND LOSS**

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*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?

No

86a. If there has been a loss, please describe the cause, the final impact and the action taken to prevent a recurrence:

86b. If other, please explain:

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

No

87a. Please explain the circumstances and resolution:

87b. If other, please explain:

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

Yes for all three years

88a. If other, please explain:

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

Yes (please answer 89a)

89a. Please describe and indicate reserve amount:

For the last three years is 21.046,00 €

**89b. If other, please explain:**

**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?**

No

**90a. Please describe:**

**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?**

**90c. If yes, please describe:**

**90d. If no, why not?**

**90e. If other, please explain:**

**90f. If other, please explain:**

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

Not applicable

**91a. What is the amount of the coverage?**

**91b. What is the amount of the deductible?**

**91c. If other, please explain:**

**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)?**

Not applicable

**92a. What is the amount of the coverage?**

**92b. What is the amount of the deductible?**

**92c. If other, please explain:**

**93. Does the depository have insurance for Operational Errors?**

No

**93a. What is the amount of the coverage?**

**93b. What is the amount of the deductible?**

**93c. If other, please explain:**

**94. Does the depository have Errors and Omissions insurance?**

**94a. What is the amount of the coverage?**

**94b. What is the amount of the deductible?**

**94c. If other, please explain:**

**95. Does the depository have insurance for the Premises?**

No, Other (please answer 95c)

**95a. What is the amount of the coverage?**

**95b. What is the amount of the deductible?**

**95c. If other, please explain:**

CDA does not have its own premises (operating in rented space)

**96. Does the depository have any other insurance?**

Yes (please answer 96a)

**96a. If so, what is it for?**

compulsory insurance of employees

**96b. What is the amount of the coverage?**

**96c. What is the amount of the deductible?**

**96d. If other, please explain:**

**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.**

Sava Montenegro Podgorica

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

Member of Sava Re Group Slovenia

**97b. What is the term of the policy?**

Per 1 year, renewed annually.

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

Depository

**97d. If other, please identify:**

**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:**

**98a. Upload document here:**

**PUBLIC AVAILABILITY**

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**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)**

**Question 99 Help:** The AGC suggests that you consider making your completed questionnaire available to the public - either in response to requests or, if possible, by posting it on a web site. The information provided in response to the questionnaire will be used by the member banks of the Association in compiling Rule 17f-7 risk analyses and may also be furnished by members to U.S. investment companies. The information may also be furnished to other types of institutional investors, or to other parties who have an interest in the securities markets of various countries. However, the Association does not intend to release questionnaire responses directly to the general public. (For these reasons, the members of the Association cannot assure that responses will be treated as confidential or that responses will not become public.)

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

Web site (please answer 99b)

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

[www.cda.me](http://www.cda.me)

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

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

**99e. Please provide telephone number:**

**99f. Please provide facsimile number:**

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

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

**99i. If other, please describe how you will be making the questionnaire publicly available:**

**99j. Please be sure your contact details are updated. Your contact information is located in the first section of Part One within this questionnaire.**

You have reached the end of the questionnaire. Please be sure to print your responses and review them prior to changing Datasheet Progress to "Completed" under Part Two. (To print, select the printer friendly link at the top of the questionnaire.) When you are prepared to submit your answers, please return to Part One and Part Two of the questionnaire and change Datasheet Progress to "Completed". The members of The Association of Global Custodians thank you for your time and for your helpful response.

Please provide any comments you have regarding the questionnaire.