Procedures for Digital Access

A. **REGISTRATION PROCESS FOR INVESTORS WITH AN EXISTING CDS ACCOUNT**

This section describes the procedures to be complied with in respect to the registration of investors through the mobile phone or investor portal for clients with existing CDS Accounts.

1. **CAPTURING OF INVESTOR DETAILS**

   1.1   The client will use the platform provided by their CDA or CDSC to register their CDS account.

   1.2   Only natural persons shall be allowed to register on the digital platform. Holders of Joint accounts and Legal Persons will be required to use the manual method to process their transactions.

   1.3   The client must ensure that they use the mobile number or email address that is registered in their CDS account

   1.4   The client will access the digital platform and click register.

   1.5   The client will be required to enter the CDS account number they want to register, their ID number, their email address and mobile phone number.

   1.6   The client shall be mandated to create a unique password, which they will use for subsequent log-ins.

   1.7   The client shall then submit the request for authentication.

2. **AUTHENTICATION**

   2.1   The Application Platform Interface (**Platform**) will compare the details provided by the client with the details in the CDS.

   2.2   If the details match, the platform will send a one-time password (OTP) through email or SMS to the email address or mobile number registered in the CDS.

   2.3   The client will be required to enter the OTP on the platform in order to complete the registration process.

   2.4   The client shall receive a notification upon completion of the registration.

B. OPENING A NEW CDS ACCOUNT ON A DIGITAL PLATFORM

This section describes the procedures to be complied with in respect to opening a CDS Account through a mobile phone or investor portal.

1. **CAPTURING OF INVESTOR DETAILS**

   1.1 Clients will use the platform/interface/application provided by their CDA or CDSC to open a CDS account.

   1.1.1 Only natural persons shall be allowed to open a CDS account on the digital platform.

   1.1.2 Joint account holders and companies will be required to open CDS accounts in accordance with procedure 3.1 of the CDS Operational Procedures.

   1.2 The client will access the digital platform and click on open CDS account.

   1.3 The client will be required to select a CDA if using the CDSC platform/application.

   1.4 The client will be required to capture the following details

      1.4.1 Select ID type (National ID or Passport)

      1.4.2 ID/Passport number

      1.4.3 Names as they appear on the ID

      1.4.4 Date of Birth

      1.4.5 Gender

      1.4.6 Nationality

      1.4.7 Mobile number

      1.4.8 Email address

      1.4.9 Mailing address including country of residence

      1.4.10 Dividend disposal preference

      1.4.11 Bank Account details

      1.4.12 KRA PIN (for residents)

      1.4.13 Tax status (Tax-exempt Investors must provide a copy of the exemption certificate)

   1.5 The client must attach a copy of their ID (both front and back) or a copy of their passport.

   1.6 The client must create a username and password for online access.

   1.7 The client shall then submit the request for authentication.

2. **AUTHENTICATION**

2.1 The application will compare the names and ID number provided by the client with the IPRS data.

2.2 If the details match, the platform will send a one-time password (OTP) through SMS to the mobile number provided by the client.

2.3 The client will be required to enter the OTP on the platform in order to submit the request.

2.4 The client shall receive a confirmation upon successful submission of the request.

3. **OPENING THE ACCOUNT**

3.1 The account opening request will be submitted to the CDS for approval

3.2 The CDA will log in to the CDS system and verify the details provided against the attached documents.

3.3 The CDA will within one business day attach the KYC documents onto the CDS before submitting the request for approval.

3.4 Upon confirmation, the request shall be submitted to CDSC for approval.

3.5 CDSC will within one business day authorize or reject the transaction.

3.6 Upon approval of the request, the **CDS** system will generate a CDS Client Identification Number (CDS account number)

3.7 The client will be able to query the status of their request.

3.8 A CDA must ensure it retains a record of the data used to open the CDS account for the statutory period of seven years;

3.9 A CDA must establish policies and procedures to address any specific risks associated with opening and maintaining of CDS accounts using mobile phones. The procedures must be documented and easily accessible by the employees of the CDA at all times, and to CDSC when necessary.

3.10 A CDA shall be required from time to time to assess the reliability of the submitted documents data or information and consider taking additional measures to mitigate the risk posed by opening CDS accounts using mobile phones, including but not limited to:

i. Telephone contact with the customer that can be verified independently through calling the number or sending messages to the phone after the account has been opened, among other ways;

ii. Confirmation of the client's address through an exchange of correspondence or other appropriate methods;

iii. Subject to the client's consent, telephone confirmation of the client's employment status with the client's employer where applicable;

iv. Confirmation of the client's source of income details by requiring the presentation of recent certified bank statements from the client, in addition to any other appropriate methods; and

v. Any other reliable verification checks adopted by the CDA for opening accounts using mobile phones

C. OPENING OF A NEW REGISTRATION OF AN EXISTING CDS ACCOUNT WITH A NEW CDA

This section describes the procedures to be complied with in respect to registration of an existing CDS Account with a new CDA through a mobile phone or investor portal.

1.1 The client will use the platform provided by their CDA or CDSC to register the CDS account with a new CDA.

1.2 Only natural persons shall be allowed to register a CDS account on the digital platform.

1.3 The client must ensure that the mobile number they use is registered in their name with the mobile network operator(s).

1.4 The client will access the digital platform and click on register existing CDS account

1.5 The client will be required to select the CDA that they want to register the account with if using the CDSC platform.

1.6 The client shall capture the following details:

    1.6.1 CDS account number

    1.6.2 ID/Passport number

1.7 The client must attach a copy of their ID (both front and back) or a copy of their passport.

1.8   The client must create a username and password for online access.

1.9   The client must accept the terms and conditions.

1.10   The client shall submit the request

1.11   The application will send an OTP through SMS to the registered mobile number.

1.12   The client will be required to enter the OTP in order to complete the request.

1.13   The API/platform? will validate the request and send a response to the client confirming submission of the request or an error message upon verification failure.

1.14   The approved request shall be submitted into the CDS for verification and approval by the CDA.

1.15   The CDA will log in to the CDS system and verify the details provided against the attached documents.

1.16   The CDA will attach the KYC documents onto the CDS before submitting the request for approval.

1.17   The CDA shall verify the request by the client within 24 hours and upon confirmation, submit it to CDSC for approval.

1.18   CDSC will within one business day authorize or reject the transaction.

1.19   Upon approval by CDSC, the account registration will be created.

1.20   The client will be able to query the status of their request.

D. ACTIVATION OF DORMANT ACCOUNTS

This section describes the procedures to be followed with respect to the activation of dormant accounts through the mobile phone or investor portal.

1. CDSC or the CDA will provide the platform which will enable the clients to make the request for account activation;

2. The client will log in to the application using assigned credentials

3. The client will select the account registration that they want to activate and click activate account.

4. The application will send an OTP through SMS to the registered mobile number.

5. The client will be required to enter the OTP in order to confirm the request.

6. The API will validate the request and send a response to the client confirming submission of the request or an error message upon verification failure.

7. The approved request shall be submitted into the CDS for verification and approval by the CDA.

8. The CDA shall verify the request by the client within 24 hours and upon confirmation, the request shall be submitted to CDSC for approval.

9. CDSC will within one business day authorize or reject the transaction.

10. Upon approval by CDSC, the account status will change to active

11. The client will be able to query the status of their request.

E. <u>AMENDMENT TO CLIENT DETAILS</u>

This section describes the procedures to be followed with respect to amendments to client details through the mobile phone or investor portal.

1. CDSC or the CDA will provide the platform which will enable the clients to make the request for static details amendment;

2. The client will log in to the application using assigned credentials

3. The client will choose amend client details option.

4. The application will provide the following fields which are allowed for editing
    4.1. Email address
    4.2. Telephone number
    4.3. Address
    4.4. Tax status
    4.5. Country
    4.6. Nationality
    4.7. Bank details

5. The client will amend the fields they wish to change and submit the changes

6. The application will send an OTP through SMS to the registered mobile number.

7. The client will be required to enter the OTP in order to confirm the request.

8. The API will validate the request and send a response to the client confirming submission of the request or an error message upon verification failure.

9. The approved request shall be submitted into the CDS for verification and approval by the CDA.

10. The CDA shall verify the request by the client within 24 hours and upon confirmation, the request shall be submitted to CDSC for approval.

11. CDSC will within one business day authorize or reject the request.

12. Upon approval by CDSC, the change will be effected in the system

13. The client shall be able to query the status of their request.

F. INTER CDA TRANSFERS THROUGH THE DIGITAL PLATFORM /DEVICES

This section describes the procedures to be complied with in respect to Initiating, verifying and processing of Securities Transfer through the mobile phone or investor portal.

1. CDSC or the CDA shall provide a digital platform that will enable the clients to make the request for securities transfer.

2. The client shall log in to the digital platform using the assigned credentials.

3. The Client shall capture and submit the following details:

   3.1. Current registration/ CDA where the shares are held

   3.2. Security to be transferred

   3.3. Quantity of securities to be transferred

   3.4. Transfer reason.

   3.5. Receiving/Destination CDA. (The client should register the account with the receiving CDA before initiating the transfer request).

4. Upon submission, the application will send an OTP through SMS to the registered mobile number.

5. The client will be required to enter the OTP in order to confirm the request.

6. Upon submission, the client shall be required to pay the transfer fee.

7. The system will validate the transfer request and send a response to the client upon validation or an error message upon validation failure.

8. Validated requests shall be submitted to the CDSC system for verification and approval by the CDA.

9. The current CDA shall verify and confirm the transfer instruction submitted by the client within 24hrs and upon confirmation, the request shall be submitted to the receiving CDA.

10. The Receiving CDA shall verify the request and upon confirmation immediately accept the transfer request in the CDS, and submit it to CDSC for final approval.

11. CDSC shall verify the request and approve the transfer or reject it giving reasons for rejection.

12. On approval of the transfer by CDSC, the securities shall move from the client's CDS account with the current CDA to the client's account with the receiving CDA.

13. The client shall be able to query the status of their request.

G. SELF-IMPOSED FREEZING AND UNFREEZING OF SECURITIES IN THE CDS

This section describes the procedures to be complied with in respect to initiating, verifying and processing freezing and unfreezing of securities through the mobile phone or investor portal.

1. FREEZING OF SECURITIES

1.1 The client will use the platform provided by their CDA or CDSC to initiate the request for the freezing of securities.

1.2 The client will log in to the platform using the assigned credentials.

1.3 Clients will initiate the freezing by capturing the following details via the application;

1.3.1 Registration where the securities are held

1.3.2 Securities to be frozen.

1.3.3 Quantity of securities to be frozen.

1.3.4 Freeze reason.

1.4 The client will submit the freeze request for validation.

1.5 Upon submission, the application will send an OTP through SMS to the registered mobile number.

1.6 The client will be required to enter the OTP in order to confirm the request

1.7 The digital platform shall validate the freeze request and send a confirmation to the client upon approval or an error message upon validation failure.

1.8 Upon confirmation, the request shall be submitted to the CDS for processing.

1.9 CDSC shall approve the freeze or reject it. CDSC shall give reasons for rejection to the client through the digital platform.

1.10 On approval of the freeze by CDSC, the securities shall be frozen in the client's CDS account.

1.11 The client shall be able to query the status of their request.

2. **UNFREEZING OF SECURITIES THROUGH THE MOBILE PLATFORM /DEVICES.**

2.1 Clients will use the digital platforms provided by their CDA or CDSC to initiate the request for unfreezing of securities.

2.2 The client will log in to the platform using the assigned credentials.

2.3 Clients will initiate the unfreezing request by selecting the following details;

　2.3.1 The registration where the securities are held.

　2.3.2 Securities to be unfrozen.

　2.3.3 Quantity of securities to be unfrozen.

2.4 The client will submit the unfreeze request for validation.

2.5 Upon submission, the application will send an OTP through SMS to the registered mobile number.

2.6 The client will be required to enter the OTP in order to confirm the request

2.7 The platform will validate the unfreeze request and send a confirmation or an error message upon validation failure.

2.8 The confirmed request will be submitted to the CDS for verification and approval by CDSC

2.9 CDSC shall approve the request or reject the request giving reasons for rejection.

2.10 Upon approval, the securities will be released to the client's CDS account.

2.11 The client shall be able to query the status of their request.