

# KAZAKHSTAN STOCK EXCHANGE

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## **Approved**

by a decision of the Board  
of Kazakhstan Stock Exchange

(minutes No.44  
dated April 29, 2021)

## **Effective as of**

July 1, 2021

## **PROCEDURE**

**for concluding transactions with financial  
instruments performing the functions of a  
central counterparty**

Developer: Trading Department

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Almaty  
2021

## LIST OF AMENDMENTS

**1. Change No. 1:**

- approved by the decision of the Board of JSC "Kazakhstan Stock Exchange" (Minutes No.61 of the meeting of June 23, 2021);
- effective from July 1, 2021.

**2. Addition No. 2:**

- approved by the decision of the Board of JSC "Kazakhstan Stock Exchange" (Minutes No.59 of the meeting of May 3, 2022);
- effective from May 4, 2022.

This Procedure has been developed in accordance with the legislation of the Republic of Kazakhstan and the charter of Kazakhstan Stock Exchange JSC (hereinafter referred to as the Exchange) and determines the procedure for concluding purchase and sale transactions, performing repo transactions and their execution in the ASTS + trading and clearing system (hereinafter referred to as the trading and clearing system) in the stock market with the performance of the functions of a central counterparty (hereinafter - CCP).

## **Chapter 1. GENERAL PROVISIONS**

### **Article 1. Main concepts and designations**

1. This Procedure uses the concepts and designations defined by the legislation of the Republic of Kazakhstan and internal documents of the Exchange.
2. For the purposes of this Procedure:
  - 1) financial instruments are understood as securities, including derivative securities, for transactions with which the Exchange performs clearing activities in the stock market;
  - 2) trades with CCPs mean buy-sell and repo transactions with financial instruments, in which the Exchange carries out clearing activities, performing the functions of a CCP in the stock market;
  - 3) orders from the CCP are understood as orders to conclude transactions in financial instruments with which the Exchange carries out clearing activities performing the functions of the CCP in the stock market;
  - 4) a trading and clearing account of the second level means a trading and clearing account used to conclude transactions and carry out transfers in the trading and clearing system within the limits set from the trading and clearing account to which it is linked;
  - 5) Settlement code means a code that determines the method of defining obligations, the method of ensuring their execution, as well as the date of settlements for trades concluded in a specific mode of the trading and clearing system;
  - 6) settlement code "T0" means the settlement code used when concluding trades with a CCP, obligations under which are to be settled on a net basis, which determines that when an order is submitted, the procedure for monitoring the full provision of arising obligations is carried out, the settlement day for which is the date of data conclusion deals;
  - 7) settlement code "Yn" means the settlement code used when concluding trades with a CCP, obligations under which are to be settled on a net basis, determining that when an order is submitted, the procedure for controlling partial collateral for arising obligations is carried out, settlements for which fall on the date determined as  $T + n$ , where  $T$  is the date of the transaction, and  $n$  is the number of estimated working days;
  - 8) settlement code "Ycn" means the settlement code used when concluding repo trades with CCPs, obligations under which are to be settled on a net basis, determining that when an order is submitted, the procedure for controlling partial collateral for arising obligations is carried out, settlements for which fall on the date determined as  $T + cn$ , where  $T$  is the date of the transaction, and  $cn$  is the number of calendar days between the dates of closing and opening of the repo;
  - 9) partial collateral means the condition for concluding deals with the CCP, as such a concept is defined by the Exchange's internal document "Rules for Clearing Transactions with Financial Instruments";

- 10) full coverage means a condition for concluding deals, as such a concept is defined by the Exchange's internal document "Rules for Clearing Transactions in Financial Instruments";
- 11) The Clearing Rules mean the Exchange internal document "Rules for Clearing Transactions in Financial Instruments";
- 12) the Lists of trading modes and operations means the Exchange internal document "Lists of trading modes and operations of the ASTS + trading and clearing system";
- 13) the Procedure for inclusion in the Lists means the Exchange internal document "Procedure for the inclusion of financial instruments in the T + List and in the T + Collateral List";
- 14) the Exchange activity rules mean the Exchange internal document "Exchange activity rules";
- 15) the Rules for cash settlements on transactions means the Exchange internal document "Rules for making cash settlements on transactions with a central counterparty on the stock market";
- 16) The Clearing and Settlement Regulations mean the Exchange's internal document "Regulations for Clearing Sessions in the Securities Market".

**Article 2. General provisions on the conclusion of transactions**

1. This Procedure regulates the procedure for concluding purchase and sale transactions and performing repo transactions in the trading modes established by the Lists of Trading Modes and Operations.
2. The following modes are distinguished in the trading and clearing system:
  - 1) trading modes with the CCP used to conclude purchase and sale transactions and carry out repo transactions, in which the Exchange performs the functions of the central counterparty, as defined in the List of Trading and Operations Modes;
  - 2) collateral transfer modes used to carry out transactions of collateral transfers in cash or financial instruments or to set limits for collateral in cash or financial instruments to trading and clearing accounts in order to form collateral for concluding transactions specified in the Lists of Trading and Operational Modes;
  - 3) modes of transfers to settlements used to carry out the functions of controlling the target placement of assets and transferring the fulfillment of requirements and obligations under transactions concluded in trading modes with the CCP in the interests of the client user of the control and collateral system, defined by the Lists of trading modes and operations;
  - 4) technological modes used by the Exchange to conclude transactions and carry out transfer operations on its own behalf or on behalf of a trading participant / clearing participant in the framework of clearing activities and performing the functions of the CCP.
3. Each trading mode with CCP contains the following information:
  - 1) type of transaction (purchase and sale / repo operation);
  - 2) method of conducting trades (method of continuous counter auction / method of concluding nego deals, as these methods are described in the Regulations on methods of conducting trades in the ASTS + trading and clearing system);
  - 3) settlement code;
  - 4) settlement currency;

- 5) financial instrument name.
4. Depending on the type of financial instruments traded in trading modes with the CCP, they are divided into groups of financial instruments, which are established by the Exchange's internal document "Lists of trading modes and operations of the ASTS + trading and clearing system".
5. For financial instruments that are not included in the T + List, trading modes with the CCP are available, in which transactions are concluded on the basis of full coverage of net obligations arising from them with an available settlement code T0.

For financial instruments included in the T + List, trading modes with the CCP are available, in which transactions are concluded both on the basis of partial collateral for the net obligations arising from them, and transactions concluded on the basis of full coverage of the net obligations arising from them with available codes calculations Y0, Yn, Ycn, and also T0.

Each financial instrument is traded in the trading modes with the CCP established for the group of financial instruments to which it belongs, in accordance with the Lists of Trading Modes and Operations.

The Exchange Management Board is entitled to make a decision on the possibility of opening on a security of any name of an additional trading mode, not provided for by the List of Trading Modes and Operations for this security (*this paragraph was included by a decision of the Exchange's Management Board dated 03 May of 2022*).

6. Financial instruments accepted as collateral for transactions concluded on the basis of partial collateral for net liabilities arising from them are financial instruments included in the T + Collateral List, determined in accordance with the Procedure for inclusion in the Lists.

Financial instruments included in the T + Collateral List participate in the calculation of the single limit as collateral calculated in accordance with the Clearing Rules.

7. With regard to the enforcement of net obligations on a financial instrument traded in modes with settlement codes Y0, Yn, Ycn, the "prohibition of short sales" sign can be set.
8. The exchange admits orders to the trading and clearing system to conclude trades with the CCP after the positive completion of the collateral control procedure in accordance with the settlement code set for the trading mode in which the order is submitted.

### **Article 3. Trading and clearing accounts**

1. In order to conclude sale and purchase transactions and carry out repo transactions in the trading and clearing system, trading participants and users of the control and collateral system in accordance with the procedure established by the Exchange internal document "Instruction on the procedure for assigning codes to members of Kazakhstan Stock Exchange JSC and their accounts, issuers of securities and trading and clearing accounts are opened for financial instruments in the ASTS + trading and clearing system.

The trading and clearing account includes:

- 1) a trading account from which orders are submitted and transactions are concluded and operations are carried out on transfers for settlements and / or transfers of collateral;
- 2) a clearing account that matches the number of the trading account on which the information is taken into account:

on financial instruments and / or money in settlement organizations intended to fulfill obligations under concluded transactions and fulfill obligations to secure them;

on requirements and obligations for transactions concluded from a trading account;

on a single limit calculating the adequacy of the margin collateral for submitted orders and concluded transactions on the basis of partial collateral;

on accounts with settlement organizations, through which the transfer of financial instruments and / or money is made as a result of the fulfillment of obligations and claims under concluded transactions;

other information for accounting and fulfillment of claims and obligations under transactions and operations carried out in the trading and clearing system.

2. Trading members in the trading and clearing system will have access to:

one own and unlimited number of client trading and clearing accounts for the conclusion and execution of transactions;

one aggregated client trading and clearing account for the distribution of cash collateral recorded in the settlement organization to client trading and clearing accounts.

3. Control and collateral systems in the trading and clearing system are opened for users:

unlimited number of client's custodial trading and clearing accounts for setting collateral limits and / or execution of transactions;

an aggregated custodian trading and clearing account for the distribution of cash collateral recorded in the settlement organization to client custodian trading and clearing accounts.

4. To conclude transactions in the interests of the client, the user of the control and collateral system in the trading and clearing system, it is possible to use two schemes:

"at the expense of a custodian's client", in which claims for collateral for obligations under concluded transactions arise for the client's custodian clearing account;

"at the expense of the broker", in which requirements for the security of obligations under concluded transactions arise on the own trading and clearing account.

The conclusion of transactions using the scheme "at the expense of the custodian's client" is carried out from the trading and clearing account of the second level.

To open a second-level trading and clearing account, an authorized trading participant appointed by the user of the control and collateral system submits an application for opening a second-level trading and clearing account for him, indicating the clearing client custodian account of the user of the control and collateral system, which will be used to execute transactions concluded from the trading and clearing account of the second level, in accordance with Appendix 5 to the Rules of Exchange Activity.

The user of the control and collateral system submits an application of the clearing participant on the appointment of an authorized trading participant in relation to his clearing client custodian account in accordance with Appendix 2 to the Clearing Rules.

Second-level trading and clearing accounts are used to conclude trades and carry out operations in the modes established by the Lists of Trading and Operational Modes.

5. For the purpose of separate accounting of the security of transactions, the fulfillment of requirements and obligations for which it is carried out from its own (including for the conclusion of transactions in the interests of the client of the user of the control and security system according to the scheme "at the expense of the broker") or a client clearing account, a trading participant is entitled to open one or several second-level trading and clearing accounts linked to such a clearing account (own or client's).

The second level trading and clearing account is used to set collateral limits from the linked trading and clearing account (own or client's), within which a trading participant can submit orders and carry out separate accounting and control of the sufficiency of collateral in the amount of the established limits.

To open a trading and clearing account of the second level, a trading participant submits an application for opening a trading and clearing account of the second level indicating the clearing account that will be used to execute trades concluded from the trading and clearing account of the second level, in accordance with Appendix 5 to the Exchange Rules activities.

6. Trading and clearing accounts are displayed in the trading and clearing system:
- 1) with the prefix "S +", if it is own account;
  - 2) with the prefix "I +", if it is a personal client account;
  - 3) with the prefix "C +", if it is a personal client custodian account;
  - 4) with the "L + " prefix, if it is an aggregated client account;
  - 5) with the prefix "K +", if it is an aggregated custodian account;
  - 6) with the prefixes "I + nBrCu", if this is a personal client account of the second level for concluding transactions according to the scheme "at the expense of the custodian's client", the assets of which are reflected in the client's custodian account, where Br is the symbol assigned to the authorized trading participant, Cu is the symbol assigned to the user of the control and collateral system, to whose clearing account the second-level client account is linked;
  - 7) with the prefixes "S + 2", if this is your own second-level account tied to your own account "S +" (including for the conclusion of transactions according to the scheme "at the expense of a broker" and in the interests of the client, whose assets are reflected in the personal custodian account );
  - 8) with the prefix "O +", if this is a client account for aggregated position accounting;
  - 9) with the prefix "P +", if it is a client's custodian account for the aggregated accounting of positions;
  - 10) with the prefix "A + nBrCu", if this is a personal client account of the second level for concluding transactions according to the scheme "at the expense of the custodian's client", the assets of which are reflected in the client's custodian account for aggregate accounting, where Br is the symbol assigned to the Authorized Trading Member, Cu - a symbol assigned to the User of the control and collateral system, to whose clearing account the second-level client account is linked;
  - 11) with the prefix "B + 2" in case it is a second-level own account linked to the own "S +" account for concluding transactions according to the "broker's account" scheme and in the interests of the client, whose assets are reflected in the custodian account for aggregate accounting.

1. In the trading and clearing system, to account for money as of the current time (in the context of each currency), the following money positions are used on the trading and clearing account:
  - 1) an entry position reflecting the money balance equal to the balance of the previous trading day;
  - 2) the current position is calculated as the value of the "Incoming" field plus / minus external credits / withdrawals of money plus / minus internal transfers of money plus net in money for transactions with the settlement code T0 plus net for reports of nego deals with partial collateral executed on both sides with the current settlement date;
  - 3) the planned position is calculated as the value of the "Current" field minus the cash liabilities for active orders to buy financial instruments with the settlement code T0 and active orders for execution of reports on direct buy trades with partial collateral with the current settlement date;
  - 4) the calculated position is calculated as the value of the "Planned" field plus the net in money for trades with partial collateral with the settlement date falling on the current trading day;
  - 5) planned position T + shows the planned position as of the corresponding settlement date, calculated as the planned position T + for the previous settlement date plus net on transactions of the corresponding settlement date minus liabilities for active orders for the purchase of financial instruments of the corresponding settlement date. Planned position T + for the current settlement date is equal to the value of the "Calculated position" field.
2. In the trading and clearing system, the following positions are used on the trading and clearing account to account for financial instruments as of the current moment of time:
  - 1) input position reflecting the balance of financial instruments on the KASE section of the personal account with the Central Securities Depository, taking into account credits / debits during the clearing day plus net on financial instruments following the results of the clearing session;
  - 2) the current position is calculated as the value of the "Incoming" field plus net on financial instruments for transactions with the settlement code T0 plus net on financial instruments for reports of nego deals with partial collateral executed on both sides with the current settlement date;
  - 3) the planned position is calculated as the value of the "Current" field minus liabilities on financial instruments for active orders to sell financial instruments with the settlement code T0 and active orders to execute reports on direct sell transactions with partial collateral with the current settlement date;
  - 4) the calculated position is calculated as the value of the "Planned" field plus the net on financial instruments for trades with partial collateral with the current settlement date;
  - 5) planned position T +, planned position as of the corresponding settlement date, equal to the planned position T + for the previous settlement date plus net on financial instruments for transactions of the corresponding settlement date minus liabilities on active orders to sell financial instruments of the corresponding settlement date. Planned position T + for the current settlement date is equal to the value of the "Calculated position" field.
3. Every day before the start of trading, information on incoming positions is sent to the trading and clearing system:
  - 1) from the Central Securities Depository for financial instruments located on KASE sections of personal accounts (own, client, client custodian) to reflect



it on the corresponding trading and clearing accounts (own, client, client custodian);

- 2) from the Exchange's accounting system on balances in money held on the Exchange's correspondent account with the Central Securities Depository and recorded on the clearing members' own, aggregated client and aggregated custodian registry accounts to reflect them on the corresponding trading and clearing accounts;
- 3) if the clearing participant has submitted an application for maintaining the available balance of the Exchange's correspondent account with the Central Securities Depository in accordance with Appendix 4 of the Rules for Cash Settlements for Transactions, information on cash balances on client and client custodian trading and clearing accounts is transferred based on the results of closing the previous trading of the day.

In the absence of the above statement, incoming money positions on client and client custodian trading and clearing accounts correspond to zero values in accordance with the results of the closing of the previous trading day.

4. The values of positions in the trading and clearing system are updated in real time with each change in the values of any components involved in the calculation of positions in money and financial instruments.
5. Payments by clearing participants to the Exchange's correspondent account with the Central Securities Depository, as well as payments in favor of clearing participants, are made in accordance with the Rules for Cash Settlements for Transactions.

Transfers of financial instruments from / to KASE sections of personal accounts of clearing participants are carried out in accordance with the Code of Rules of the Central Securities Depository.

## Chapter 2. PROCEDURE FOR CONCLUDING TRANSACTIONS WITH A CENTRAL CONTRACTOR

### Article 5. Implementation of pre-trading procedures

1. Every day, no later than 08.00 Almaty time of each trading day, the Exchange loads positions for money and financial instruments in accordance with article 4 of this Procedure.
2. On a daily basis, the Central Securities Depository transmits information on the expiration of the document proving the identity of the client of the clearing participant to the trading and clearing system.

The Exchange through its trading and clearing system, based on the information received from the Central Securities Depository, 30 calendar days before the expiration date of the document proving the identity of the Exchange member's client, blocks the ability to conclude transactions on the client's trading and clearing account of the clearing member.

3. A trading participant / user of the control and collateral system, in order to distribute the current position in terms of money from the aggregated client trading and clearing account "L +" and / or from the aggregated client custodian trading and clearing account "K +", transfers money in the trading and clearing system to the corresponding client trading and clearing accounts "I +" / "O +" or client custodian trading and clearing accounts "C +" / "P +".

In case of conclusion of transactions by an authorized trading participant according to the scheme "at the expense of the custodian's client", the user of the control and security system in order to establish limits for the fulfillment of requirements for security (if it is formed in money), when submitting applications for the conclusion of a transaction by the authorized - to the clearing system transfer of money from the trading and clearing account "C +" to the trading and clearing account "I + nBrCu" of the authorized trading participant linked to it and / or from the trading and clearing account "P +" to the trading and clearing account linked to it "A + nBrCu" authorized trading participant.

In case of conclusion of transactions from the trading and clearing account of the second level "B + 2" / "S + 2" (including for the conclusion of transactions in the interests of the client of the user of the control and collateral system according to the scheme "at the expense of the broker"), the trading participant for the purpose of setting limits for the fulfillment of requirements for collateral (if it is formed in money) when submitting orders, transfers money in the trading and clearing system from the trading and clearing account "I +" / "S +" to the linked trading and clearing account of the second level "B + 2" / "S + 2".

The value of the cash position for each trading and clearing account "S +", "I +", "C +", "I + nBrCu", "S + 2", "O +", "P +", "A + nBrCu", "B + 2" is set in order to fulfill the requirements for collateral (if it is formed in money) for the possibility of submitting orders for concluding transactions, as well as for the fulfillment of net obligations in money for a certain clearing session in accordance with the Clearing and Settlement Regulations and the Cash Settlements Rules on transactions.

4. The user of the control and collateral system, in order to establish limits for the fulfillment of requirements for collateral (if it is formed in financial instruments) when submitting orders for concluding transactions according to the scheme "at the expense of the custodian's client" designated by him / her authorized trading participant, performs a transfer in the trading and clearing system financial instruments from the trading and clearing account "C +" to the trading and clearing account linked to it "I + BrCu" and / or from the trading and clearing account "P +" to the trading and clearing account "A + nBrCu" of the authorized participant linked to it bidding.

In the case of conclusion of transactions from the trading and clearing account of the second level "B + 2" / "S + 2" (including for the conclusion of transactions in the interests of the client, the user of the control and collateral system according to the scheme "at the expense of the broker"), the trading participant for the purposes of setting limits for the fulfillment of requirements for collateral (if it is formed in financial instruments), when submitting orders, transfers financial instruments in the trading and clearing system from the linked trading and clearing account "I + " / "S + " to the linked trading and clearing account second level "B + 2" / "S + 2".

The value of the position on financial instruments for each trading and clearing account "S +", "I +", "C +", "I + BrCu", "S + 2", "O +", "P +", "A + nBrCu", "B + 2" is set in order to fulfill the requirements for collateral (if it is formed in financial instruments) for the possibility of submitting orders for the conclusion of transactions, as well as for the fulfillment of net obligations on financial instruments at a certain clearing session in accordance with the Clearing and Settlement Regulations and the Code of Rules of the Central Securities Depository.

**Article 6. Verification of the submitted application and its acceptance. Conclusion deals**

1. The trading and clearing system automatically checks each submitted order for a subject:
  - 1) compliance with the price boundaries of the corridors of financial instruments / repo rates;
  - 2) compliance with the adequacy of the enforcement of obligations;
  - 3) presence of the client code in the order, if it is provided for by the trading and clearing system settings (*this sub-item was changed by the decision of the Exchange Management Board of June 23, 2021*).
2. In case of a negative result of the check carried out in accordance with paragraph 1 of this article, the trading and clearing system rejects (does not accept) the order.  
Repeated orders filed instead of those rejected by the trading and clearing system are also subject to verification in accordance with paragraph 1 of this article.
3. In case of a positive result of the check carried out in accordance with clause 1 of this article, the Exchange's trading and clearing system registers such an order.
4. The trading participant is responsible for the compliance of the client's code with the trading and clearing account of such client.
5. At the end of the trading session, unsatisfied orders are automatically canceled by the Exchange's trading and clearing system in accordance with the Exchange's internal document "Regulations on Trading Methods in the ASTS + Trading and Clearing System".
6. Financial instruments that serve as security for the fulfillment of obligations under transactions with financial instruments are limited by the Exchange in use, taking into account the specifics established by clauses 4-6 of Article 7 of this Procedure, while collateral in the form of money is managed on accounting accounts in the Exchange's accounting system for each registry account (own, aggregated client, aggregated custodian) of the clearing participant, and management of collateral in the form of financial instruments - on the KASE sections of the personal accounts (own, client) of the clearing participant in the Central Securities Depository.
7. Upon completion of trading, the Exchange provides trading participants and / or users of the control and assurance system with exchange certificates containing information on concluded transactions, information on transfers to settlements and clearing reports on claims and obligations on concluded transactions to clearing participants.

8. Trading participants pay commission fees, and clearing participants pay clearing fees in the amount and in the manner established by the Exchange's internal document "Regulations on Membership Fees, Exchange and Clearing Fees".

**Article 7. Procedures carried out in trading period**

1. During the trading day, in order to fulfill the requirements for collateral when concluding trades and / or to fulfill obligations under trades by the time of the beginning of the clearing session, clearing participants list:  
  
money - to the correspondent account of the Exchange in the Central Securities Depository;  
  
financial instruments - to KASE sections of personal accounts (own, client) in the Central Securities Depository.
2. Transfer of money is carried out in accordance with the Rules for Cash Settlements for Transactions, transfer of financial instruments - in accordance with the set of rules of the Central Securities Depository.
3. Upon receipt of information about the receipt of financial instruments and / or money in the trading and clearing system, the following changes are made:
  - 1) upon receipt of money to the Exchange's correspondent account in the Central Securities Depository - an increase in the current position in terms of money in the context of each:  
  
own trading and clearing account "S +";  
  
of the aggregated trading and clearing account "L +"; in this case, if the subaccount number is specified in the "purpose of payment" field of the payment document, which is the basis for transferring money to the correspondent account of the Exchange, the money is automatically transferred to the segregated client trading and clearing account I + / O +;  
  
of the aggregated client's custodial trading and clearing account "K +"; in this case, if the subaccount number is specified in the "purpose of payment" field of the payment document, which is the basis for transferring money to the correspondent account of the Exchange, the money is automatically transferred to the segregated client's trading and clearing account C + / P +;  
  
segregated client account of the trading and clearing account "I +", if it is a subaccount of the issuer-depositor for accounting for declared / redeemed securities and the subaccount number is indicated in the "purpose of payment" field of the payment document, which is the basis for transferring money to the correspondent account of the Exchange;
  - 2) upon receipt of financial instruments on KASE sections - an increase in the incoming position on financial instruments in the context of each:  
  
own trading and clearing account "S +";  
  
segregated client trading and clearing account "I +";  
  
segregated client trading and clearing account "O +";  
  
segregated client custodian trading and clearing account "C +";  
  
segregated client custodian trading and clearing account "R +".

With the received financial instruments, the trading participant / user of the control and collateral system performs the actions specified in paragraphs 3 and 4 of Article 5 of this Procedure.

4. If it is necessary to write off financial instruments and money recorded on any trading and clearing account, the following actions are performed during the clearing day:

- 1) upon a request to write off money on the basis of an application received by the Exchange for transferring money in favor of a clearing participant, the sufficiency of the planned money position is checked in the amount of the submitted request in the context of each:

own trading and clearing account "S +";

the aggregated trading and clearing account "L +";

aggregated client custodian trading and clearing account "K +";

segregated client trading and clearing account "I +", "O +", "C +", "P +", if the subaccount number is indicated in the request for money withdrawal in the "payment details" field.

For trading and clearing accounts "S +", "I +", "O +", "C +", "P +", an additional check is carried out for the sufficiency of security for the fulfillment of obligations.

The trading participant / user of the control and security system, in order to aggregate the planned position on money, transfers money in the trading and clearing system from the segregated trading and clearing account "I+" / "O+" / "C+" / "P+" to the corresponding aggregated trading and clearing accounts "L+" / "K+" before sending an application from the clearing participant to transfer money from the aggregated account;

- 2) in case of a request to write off financial instruments from the KASE section on the basis of an order received by the Central Securities Depository from a clearing participant or a request for the possibility of seizure of financial instruments on the basis of an order of an authorized state body or official, the Central Securities Depository sends a request to the Exchange to write off financial instruments from the KASE section to the main section on the trading participant's personal account.

The Exchange verifies the sufficiency of incoming and planned positions on financial instruments in the amount of the submitted request, and also verifies the sufficiency of ensuring the fulfillment of obligations in the context of each:

own trading and clearing account "S+";

segregated client trading and clearing account "I+";

segregated client trading and clearing account "O+";

segregated client custodial trading and clearing account "C+";

segregated client custodial trading and clearing account "P+";

When checking the adequacy of the incoming and planned positions on financial instruments, the minimum of these positions is considered sufficient.

5. The Exchange based on the results of the inspections specified in paragraph 4 of this Article:

- 1) performs write-off of financial instruments in full in accordance with the request for write-off, in case of a positive result of the check for write-off, reduces the planned position on money or the incoming position on financial instruments on the trading and clearing account by the same amount;

- 2) in the case of debiting money with the sign "transfer the balance as much as possible no more than the specified", it debits money in the maximum allowable amount of the submitted request for debiting, taking into account the fulfillment of the requirements for the established sufficiency checks, and

reduces the planned position on money on the trading and clearing account in the amount of the debited;

- 3) refuses to write off financial instruments in the event of a negative value of the planned position on money or a negative value of the incoming or planned position on financial instruments.
6. Crediting/debiting of financial instruments is carried out automatically in accordance with the notifications for debiting/crediting received on the Exchange from the Central Securities Depository.

The money is credited by the Exchange in automatic mode in accordance with the notification for crediting received by the Exchange from the Central Securities Depository and the request for debiting received from the clearing participant in the form of an electronic document containing an electronic digital signature.

### **Chapter 3. CONCLUSION AND EXECUTION OF TRANSACTIONS WITH THE CENTRAL COMMITTEE IN THE INTERESTS OF CUSTOMERS OF THE USER OF THE CONTROL AND SECURITY SYSTEM**

#### **Article 8. Conclusion of transactions under the scheme "at the expense of the client of the custodian"**

1. The conclusion of transactions with the Central Committee by an authorized trading participant in the interests of the client user of the control and security system under the scheme "at the expense of the client custodian" is carried out from a second-level trading and clearing account opened in accordance with paragraph 4 of Article 3 of this Procedure, access to which in the trading and clearing system is provided to the authorized trading participant for concluding transactions and the user of the control and security system for ensuring their execution.
2. The user of the control and security system provides:
  - 1) managing collateral for client custodial trading and clearing accounts and setting limits on second-level trading and clearing accounts of authorized trading participant to fulfill security requirements when submitting applications;
  - 2) control of the targeted placement (use) of client assets and transfer of settlements on transactions concluded in violation of this control to an authorized trading participant for its confirmation;
  - 3) fulfillment of obligations under transactions concluded by an authorized trading participant from a second-level trading and clearing account.
3. The user of the control and security system through the trading and clearing system, in order to control the targeted placement (use) of client assets, checks the compliance of the parameters concluded by the authorized trading participant of transactions with:
  - 1) by the order of the client user of the control and security system;
  - 2) regulatory legal acts of the Republic of Kazakhstan.
4. In case of a positive reconciliation result, the user of the control and security system, no later than the time established by the Clearing and Settlement Regulations, ensures the availability of financial instruments on client custodial trading and clearing accounts in an amount sufficient to fulfill net obligations on these trading and clearing accounts. In case of their late provision, the Exchange carries out settlement procedures in accordance with the Clearing Rules, carrying out transactions on client custodial trading and clearing accounts of the clearing participant. The clearing participant's responsibility for late provision of financial

instruments on client custodial trading and clearing accounts is determined by the Clearing Rules.

In case of a negative result of the reconciliation, the user of the control and security system in the "Transfers to settlements" modes has the right to make a transfer to settlements for transactions concluded in violation of this control, taking into account the features established by paragraph 6 of this article, to an authorized trading participant for its confirmation.

5. The authorized trading participant, after receiving the transfer for settlements under the concluded transactions provided for in paragraph two of paragraph 4 of this article, confirms the transfer received from the user of the control and security system, taking into account the security control established for the mode of transfers to settlements in which the transfer was made. When confirming the transfer to settlements, the claims and obligations recorded on the trading and clearing account of the authorized trading participant to which he performs confirmation are increased, and the claims and obligations recorded on the trading and clearing account of the user of the control and security system from which the transfer of settlements was made are reduced by the corresponding amounts of claims and obligations arising from the transferred settlements under the transaction.

Confirmation by the authorized trading participant of the received transfer for settlements means the unconditional consent of the authorized trading participant to their execution.

6. The transfer to the calculations is carried out taking into account the following features:
  - 1) one of the accounts involved in the transfer of payments must belong to the user of the control and security system;
  - 2) the mode of transfer to settlements must correspond to the trading mode in which a purchase and sale transaction was concluded or a repo operation was carried out:

the mode of transfer to settlements "Каст.: Перевод исп.К/П-T0" is used to transfer to settlements under a purchase and sale transaction concluded in trading modes with the settlement currency tenge and the settlement code T0 ("T0 [GFI]", "Direct C / P with the Central Committee");

the mode of transfer to settlements "Каст.: Перевод исп К / P-T0 USD" is used to transfer to settlements under a purchase and sale transaction concluded in modes with the US dollar settlement currency and the settlement code T0 ("T0 [GFI] USD", "Direct K / P from the USD Central Committee");

the mode of transfer to settlements "Каст.: Перевод исп.К / P-T +" is used to transfer to settlements under a purchase and sale transaction concluded in modes with the settlement currency tenge and settlement code Y2 ("T + [GFI]"). In this case, the transfer to settlements can be carried out on any of the dates before the date of settlement;

the mode of transfer to settlements "Каст.: Перевод исп C / P-T + USD" is used to transfer settlements on a purchase and sale transaction concluded in modes with the settlement currency US dollar and settlement code Y2 ("T + [GFI] USD"). In this case, the transfer to settlements can be carried out on any of the dates before the date of settlement;

the mode of transfer to settlements "Каст.: Перевод repo" is used to transfer to settlements repo transactions carried out in modes with the settlement currency tenge and the settlement code Y0 / Ycn ("Autorepo with CCP," "Direct repo with CCP");

- the mode of transfer to settlements " Касп.: Перевод исп repo USD" is used for transfer to settlements of repo operations carried out in the modes with the settlement currency US dollar and the settlement code Y0/Ycn ("Autorepo with CC USD", "Direct repo with CC USD");
- 3) if the transfer to settlements is made on the date of the transaction, then such a transfer can be carried out with an automatic check of all the parameters of its conclusion in the direction opposite to the direction of the concluded transaction, as well as without checking the parameters of such a transaction in accordance with the independently entered transfer parameters;
  - 4) if the transfer to settlements is made on any day other than the date of the transaction, then such a transfer is carried out without checking the parameters of such a transaction in accordance with the entered parameters for such a transfer. At the same time, the transfer to settlements can be made in the amount of net positions for several transactions concluded with a certain financial instrument with a certain settlement date;
  - 5) an application for transfer to settlements is submitted:  
  
no later than 12.00 Almaty time of the day on which settlements are made on a purchase and sale transaction concluded in the trading modes "T+ [GFI]" and " T+ [GFI] USD";  
  
no later than 16.45 Almaty time for a purchase and sale transaction concluded in the trading modes "T0 [GAI]" and " T0 [GFI] USD";  
  
15 minutes before the start of the next clearing session for transfers to the settlement of repo operations.
7. The authorized trading participant confirms the transfer to settlements received from the user of the control and security system no later than:
    - 1) the beginning of the next clearing session for the transfer to settlements of purchase and sale transactions/repo operations concluded/carried out in trading modes on the terms of partial collateral (the first character of the settlement code "Y");
    - 2) the end of trading in the "T0 [GAI]" and "T0 [GFI] (USD)" modes for purchase and sale transactions concluded in such trading modes.
  8. Confirmation of the received transfer for settlements means the unconditional consent of the authorized trading participant to fulfill obligations under transactions with the Central Committee.
  9. The exchange is not responsible for the absence of confirmation by an authorized trading participant of the transfer to settlements received from the user of the control and security system.
  10. The fulfillment of obligations and requirements for transactions with the Central Committee concluded by an authorized bidder on a second-level trading and clearing account are the obligations and requirements of the user of the control and security system for the "C+" and/or "P+" trading and clearing account linked to the second-level trading and clearing account, if:
    - 1) the authorized trading participant did not confirm the transfer to settlements before the time set by the Clearing and Settlement Regulations;
    - 2) the user of the control and assurance system did not send the transfer for calculations to the authorized bidder.
  11. If the user's trading and clearing account does not have a system for monitoring and ensuring the necessary number of financial instruments by the time determined by the Clearing and Settlement Regulations for the fulfillment of net obligations, the Exchange, acting as a central counterparty, enters into



transactions from such a trading and clearing account as part of the default settlement procedures in accordance with the Clearing Rules.

**Article 9. Conclusion of transactions under the scheme "at the expense of the broker's funds"**

1. The conclusion of transactions with the Central Committee by the trading participant in the interests of the client user of the control and security system under the scheme "at the expense of the broker" is carried out from his own trading and clearing account "S+" or from the second-level trading and clearing account "S+2"/"B+2", opened in accordance with paragraph 5 of Article 3 of this Procedure, with the transfer of the concluded transaction to the user of the control and security system.
2. The user of the control and security system, in order to control the targeted placement of assets and the execution of transactions concluded by the trading participant in the interests of his client, confirms in the trading and clearing system the transfer to the settlement of transactions with the Central Committee, submitted in the "Transfers to settlements" modes by the trading participant, to the corresponding client custodial trading and clearing account "C+/"P+".
3. The transfer to settlements is carried out taking into account the features established by paragraph 6 of Article 13 of this Procedure.
4. The user of the control and security system, after receiving an application for a transfer to settlements from a trading participant in the trading and clearing system, confirms the transfer received by him within the time specified in paragraph 7 of Article 13 of this Procedure.
5. Confirmation of the received transfer to settlements means the unconditional consent of the user of the control and security system to fulfill the transferred obligations under the purchase and sale transaction or repo operation, the transfer to settlements for which was confirmed.
6. If the user of the control and security system has not confirmed the transfer to settlements sent to him, the fulfillment of obligations and requirements under the transaction with the Central Committee concluded by the trading participant from the trading and clearing account "S+" or the second-level trading and clearing account "S+2" / "B+2" are the obligations and requirements of the trading participant and are fulfilled at his own expense.

**Chapter 4. GENERAL PROVISIONS ON SETTLEMENTS ON TRANSACTIONS WITH CCP**

1. The settlement organization for transactions for which the Exchange performs the functions of a central counterparty on the stock market is  
by money-Exchange;  
for financial instruments – the Central Securities Depository.
2. In order to fulfill the Exchange's requirements for securing obligations under transactions with the Central Bank, as well as in order to fulfill obligations under concluded transactions with the Central Bank, clearing participants transfer to the following accounts (sections of accounts) opened with the Central Securities Depository:  
money-to the correspondent account of the Exchange in the Central Depository;  
financial instruments-to the sections of KASE sub-accounts in the Central Securities Depository.

Payments of clearing participants to the Exchange's correspondent account in the Central Securities Depository, as well as payments in favor of clearing participants are made in accordance with the Rules of Monetary Settlements on transactions.

The transfer of financial instruments to the KASE sections is carried out in accordance with the set of rules of the Central Securities Depository.

3. The money received to the Exchange's correspondent account in the Central Depository is recorded on the own or aggregated client or aggregated custodial accounts of clearing participants opened in the Exchange's accounting system, and increases the current positions on the money of the corresponding trading and clearing accounts.

Clearing participant for the distribution of the current position for the money with aggregate client trading and clearing accounts "L+" and/or aggregate client custodial trading and clearing account "K+" transfers money in the trading and clearing system at the relevant client trading and clearing accounts "I+" / "O+" client custodial trading and clearing accounts "C+" / "P+".

4. Financial instruments entering the KASE sections in the Central Depository increase the incoming positions on financial instruments on the corresponding trading and clearing accounts "S+" / "I" / "O+" / "C+" / "P+" in the trading and clearing system in automatic mode.
5. In order to fulfill net obligations under transactions with the Central Bank, the settlement of which falls on the current trading day, the clearing participant must ensure the availability of money and financial instruments in an amount that leads to a positive value of settlement positions on money and financial instruments on trading and clearing accounts "S+" / "I+" / "O+" / "C+" / "P+" in the trading and clearing system by the time established in accordance with the Clearing and Settlement Regulations.
6. The Exchange ensures the fulfillment of net requirements and net obligations on the day of settlement of transactions with the Central Bank in accordance with the Clearing and Settlement Regulations:
  - with respect to financial instruments by sending a statement for the purpose of making settlements under the KASE sections to the Central Securities Depository and changes the incoming positions on financial instruments in the trading and clearing system on the corresponding trading and clearing accounts "S+" / "I+" / "O+" / "C+" / "P+" on the basis of receiving confirmation of the execution of the statement sent to the Central Securities Depository for calculations;
  - in relation to money by making settlements between registry accounts (own, aggregated client, aggregated custodial) in the Exchange's accounting system and changes the planned and settlement positions for money on the corresponding trading and clearing account "S+" trading and clearing accounts "I+" / "O+" / "C+" / "P+" in the trading and clearing system.

If it is necessary to write off the money credited to the client's segregated trading and clearing accounts "I+" / "O+" / "C+" / "P+" in the trading and clearing system, according to the results of clearing, clearing participants aggregate the changed planned position on money by transferring money in the trading and clearing system from segregated trading and clearing accounts "I+" / "O+" / "C+" / "P+" to the corresponding aggregated trading and clearing accounts "L+" / "K+" before sending an application for the transfer of money in favor of clearing participants.

7. According to the results of the last clearing and settlement session, if the clearing participant has not submitted an application for saving the entire available balance of money on its registry accounts on the Exchange's correspondent account in the Central Securities Depository in accordance with the appendix to the Rules of Monetary Settlements on transactions of the Exchange:
  - 1) aggregates money on behalf of such clearing participants in the trading and clearing system from all its segregated trading and clearing accounts "I+" / "O+" / "C+" / "P+" to the corresponding aggregated trading and clearing accounts "L+" or "K+" in the amounts of available money balances, taking into account the verification of the sufficiency of collateral;
  - 2) makes a payment in favor of the clearing participant in the full amount of money accounted for on its accounting accounts (own, aggregated client, aggregated custodial) in the

Exchange's accounting system in accordance with the Rules of monetary settlements on transactions.

## **Chapter 5. RESOLUTION OF UNFULFILLED OBLIGATIONS OF CLEARING PARTICIPANTS**

8. In order to settle unfulfilled obligations (hereinafter - the default) of clearing participants in trades with a CCP in cases specified in the Clearing Rules, the trading and clearing system provides for trading modes with a CCP, as well as technological modes.
9. To settle the default of clearing participants in the trading and clearing system, modes are used in which orders are submitted and / or transactions are concluded both by the trading participants themselves (including authorized trading participants) and by the Exchange acting on behalf of the trading participants or users of the control and collateral system, in order to settle such a default.
10. To settle the default of the net obligations of the clearing participant, recognized in bad faith in accordance with the Clearing Rules, the position transfer procedure is used.

To settle the default of net obligations, default of margin, default on the guarantee fee of a clearing participant recognized as insolvent by the Management Board of the Exchange in accordance with the Clearing Rules, the procedure of forced position closure is used.

To settle the default of the net obligations of a clearing participant recognized as unfair in accordance with the Clearing Rules, due to the refusal to write off / credit financial instruments by the Central Securities Depository, the Exchange carries out a procedure for compulsory liquidation of unfulfilled obligations without a decision of the Exchange Board with further application of the position transfer procedure, if necessary.

11. The procedure for transferring positions is carried out by concluding repo and / or swap transactions during the period of clearing sessions in accordance with the Clearing Rules.

As part of the application of the position transfer procedure, the following modes are used in the trading and clearing system:

- 1) trading modes with CCP "Samoreg .: Autorepo with CCP 1 day", "Samoreg .: Autorepo with CCP 1 day USD", in which clearing participants can settle the possibility of a default on their own on market conditions with any of the trading participants within a time specified Clearing and Settlement Regulations;
  - 2) trading modes with CCP "Settlement: Autorepo with CCP", "Settlement: SWAP FR with CCP", in which the Exchange on its own behalf submits applications for repo / swap transactions with a period of 1 day at penalty rates and other conditions in accordance with the specifics of the stock exchange. market of the Clearing Rules. Orders are available for confirmation by any trading participant during the period specified in the Clearing and Settlement Regulations, until they are satisfied in full. Transactions in these modes are concluded on a full coverage basis;
  - 3) technological modes "Settlement automatic CCP: Direct REPO", "Settlement: SWAP FRs with CCP", in which the Exchange, on behalf of an unscrupulous clearing participant or a bona fide clearing participant, carries out repo transactions with a "direct" method or swap transactions with a maturity of 1 day penalty rates and other conditions in the manner determined by the specifics of the stock market of the Clearing Rules.
12. The procedure for compulsory liquidation of a position is carried out by concluding purchase and sale transactions and, if necessary, repo / swap transactions in accordance with the Clearing Rules.

As part of the procedure for forced liquidation of positions, the following modes are used in the trading and clearing system:

- 1) technological mode "Settlement automatic CCP: Direct C/P", in which the Exchange, during the period of clearing sessions, on behalf of an unscrupulous clearing participant or a bona fide clearing participant, concludes direct purchase and sale transactions in any financial

- instrument at its current settlement price in Kazakhstani tenge in the manner determined by the specifics of the stock market of the Clearing Rules;
- 2) any trading modes with the CCP of purchase and sale and, if necessary, any modes of repo transactions approaching the date of purchase and sale, in which the Exchange, during exchange trading and / or at additional trading sessions and / or on the OTC market, concludes balancing transactions on its own behalf with the purpose of settling their recognized unfulfilled obligations. If it is impossible to conclude balancing deals by any of the above methods, the Exchange concludes deals on its own behalf with bona fide clearing participants, acting on their behalf, at current settlement prices;
  - 3) modes of trading with the CCP on purchase and sale transactions, concluded by the direct deals method, and, if necessary, modes of repo transactions carried out by the "direct" method, approximating the date of purchase and sale, in which the Exchange during exchange trading and / or at additional sessions, and / or after the closing of the last trading session, concludes balancing transactions on behalf of the insolvent clearing participant with himself in order to settle his recognized unfulfilled obligations to the Exchange on terms corresponding to the conditions of balancing transactions concluded in accordance with subparagraph 2) of this paragraph to settle his recognized unfulfilled obligations;
  - 4) any trading modes with the CCP for the purchase and sale of the collateral of the insolvent clearing participant, in which the Exchange, during exchange trading, and / or at additional trading sessions, and / or in the over-the-counter market, concludes coverage transactions on behalf of the insolvent clearing participant on market terms.
13. The dishonest/insolvent clearing participant, as well as the bona fide clearing participants, whose trading and clearing accounts were used to carry out transactions within the framework of the settlement procedures, fulfill obligations on all transactions concluded on their behalf by the Exchange in accordance with the Clearing Rules and this Procedure.
14. The dishonest / insolvent clearing participant shall pay a forfeit in accordance with the Clearing Rules for the application of position transfer procedures and / or the application of the forced liquidation procedure, as well as for unfulfilled net obligations occurring from the results of these procedures.

## **Chapter 6. FINAL PROVISIONS**

### **Article 10. Settlement of disagreements and disputes**

Disputes and conflicts arising between trading participants / clearing participants, as well as between trading participants / clearing participants and the Exchange in connection with the concluding and execution of transactions, are subject to settlement in accordance with the procedure established by the Exchange's internal document "Regulations on Membership".

### **Article 11. Final provisions**

1. This Procedure and all changes and / or additions to it are brought to the notice of trading participants / clearing participants by posting on the Exchange's Internet resource ([www.kase.kz](http://www.kase.kz)).
2. This Procedure is subject to updating as necessary, but at least once every three years.
3. Responsibility for the timely introduction of changes and additions to this Procedure bears the Department of Trading.