KAZAKHSTAN STOCK EXCHANGE JSC

A p p r o v e d

by a decision of the Board of Directors of
Kazakhstan Stock Exchange JSC

(meeting minutes No. 16
of May 21, 2020)

Effective from

August 3, 2020

R U L E S

of execution of repo transactions in the trading and clearing system ASTS+

Almaty

2020

LIST OF AMENDMENTS

1. **Changes and additions No. 1:**
   - approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 19 of the meeting on June 9, 2020);
   - effective as of August 3, 2020.

2. **Change No. 2:**
   - approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 9 of the meeting on March 4, 2021);
   - effective as of March 9, 2021.

3. **Change No. 3:**
   - approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 46 of the meeting on July 3, 2021);
   - effective as of July 1, 2021.

4. **Additions No. 4:**
   - approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 70 of the meeting on December 15, 2021);
   - effective as of December 20, 2021.

These Rules determine the procedure of carrying out and execution of repo[1] transactions in the trading and clearing system of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) ASTS+ (hereinafter – the trading and clearing system), the main terms of settlements on these transactions, as well as the responsibility of participants of repo transactions for improper fulfillment of obligations under repo transactions, for which the Exchange does not perform the functions of the central counterparty.

Chapter 1. GENERAL PROVISIONS

1. A repo transaction is a combination of the two, simultaneously carried out, different in time of execution and opposite in directions to each other deals in the same securities (the subject of repo transaction), the parties of which are the same two persons (the participants of a repo transaction): repo opening deal (opening deal) and repo closing deal (closing deal).

2. As related to an entity, repo transactions can be subdivided into:

    1) a repo transaction (a nego repo), i.e. sale of a repo transaction subject by a particular person on conditions of an obligation of its subsequent repurchase;

    2) a reverse repo transaction, i.e. purchase of a repo transaction subject on the obligation of a subsequent reverse sale.

3. For purposes hereof a repo transaction means a repo transaction itself (nego repo), and a reverse repo transaction.

4. The concepts used herein mean the following:

    1) **"guilty participant of a repo transaction"** – a participant of a repo transaction, for which the Exchange does not perform the functions of the central counterparty, who has not fulfilled its obligations under the repo opening or closing deal concluded by him;

    2) **"repo closing date"** or **"closing date"** – a day determined by the parties of a repo transaction or by the trading and clearing system for execution of a closing deal;

    3) **"repo opening date"** or **"opening date"** – the day the opening deal was concluded;

    4) **"repo transaction rate"** – quantitative indicator of a repo transaction calculated as annual percentage, specified by the trading participant in the order, used to calculate the closing deal amount;

    5) **"responsible participant of a repo transaction"** – a participant of a repo transaction on which the Exchange does not perform functions of the central counterparty, from whose side the repo opening or closing deal was not confirmed by the control and collateral system user;

    6) **"affected participant of a repo transaction"** – a participant of a repo transaction, on which the Exchange does not perform functions of the central counterparty, the repo opening or closing deal concluded by whom was not executed because the guilty participant of the repo transaction failed to fulfill his obligations under this deal;

    7) **"account in the Central Depository"** – a sub-account opened at the Central Securities Depository (hereinafter – the Central Depository), designated for accounting of securities used as repo transaction subject.

5. Other concepts used in these Rules are identical to the concepts defined by other internal documents of the Exchange.

6. Repo transactions can be executed in the trading and clearing system by two methods:

    1) by the "nego" method – at trades, carried out by the method of nego deals;

    2) by the "automatic" method – at trades, carried out by the method of continuous counter auction.

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[1] From the English "repo" – generally accepted contraction of the phrase "repurchase agreement" ("agreement on purchase with obligation of subsequent repurchase").

7. In the trading and clearing system, depending on the trading mode, it is possible to carry out repo transactions, on which the Exchange performs functions of the central counterparty (hereinafter – repo transactions with the CCP) and does not perform functions of the central counterparty (hereinafter – repo transactions without the CCP).

8. Repo transactions carried out by the "automatic" method with a basket of securities are used in the trading and clearing system as separate (from securities that are the subject of such repo transactions) financial instruments.

9. When performing repo transactions, the Kazakh tenge or US dollar shall be used as the settlement currency, depending on the settlement currency set for the respective trading mode.

10. The term of the repo transaction carried out by the "nego" method is determined by the participants of this transaction independently upon agreement with each other, provided that this term does not exceed:

    1) 30 (thirty) days, if repo transactions with the CCP are carried out in the Kazakh tenge;

    2) seven days, if repo transactions with the CCP are carried out in the US dollars;

    3) 90 (ninety) days, if repo transactions are carried out without the CCP in the Kazakh tenge.

11. The standardized terms of repo transactions carried out by the "automatic" method are as follows:

    1) one, two, three, seven, 14 (fourteen) and 30 (thirty) days, if repo transactions are carried out with the CCP in respect of a separate denomination of securities and repo transactions without the CCP in Kazakh tenge;

    2) one, two, three, seven, 14 (fourteen), 30 (thirty) and 90 (ninety) days, if repo transactions are carried out with the CCP with any basket of securities in Kazakh tenge, taking into account the specifics established by sub-item 3) of this item;

    3) one day, if repo transactions with the CCP are carried out in Kazakh tenge at an additional session;

    4) one and seven days, if repo transactions with the CCP are carried out in US dollars;

    5) one, two, three, seven, 14 (fourteen) and 30 (thirty) days, if repo transactions are carried out without the CCP in respect of particular securities in US dollars *(this sub-item was included by a decision of the Exchange's Board of Directors dated December 15, 2021).*

(This item was changed by a decision of the Exchange's Board of Directors dated March 4, 2021)

12. Participants of repo transactions carried out in the trading and clearing system may be members of the Exchange who have the right to participate in trades in those securities that are permitted in accordance with these Rules to be used as subjects of repo transactions.

13. Participants of repo transactions pay to the Exchange commissions and clearing fees on repo transactions in accordance with the Exchange's internal document "Regulations on membership fees, exchange and clearing fees".

14. A participant of a repo transaction must control the validity terms of the documents confirming IDs of his clients, details of which are used in the accounting system of the Central Depository.

    It is prohibited to carry out repo transactions in which claims and obligations on repo transactions arise in the days preceding the 30 days prior to the expiration date of the document proving the identity of the client of the repo transaction participant.

    The Exchange by way of using its trading and clearing system based on data received from the Central Depository within 30 days before expiration of the validity of the document confirming the identity of the repo transaction participant's client, shall block the possibility of concluding deals on that client's trading account.

    In case of a change in the expiration date of the document proving the identity of the client of the repo transaction participant, the Central Depository sends such information to the Exchange, according to which the trading and clearing system from the next business day after receiving such information automatically releases the blocking on the client's trading account that was blocked according with the third paragraph of this item.

15. When carrying out repo transactions, the norms established by chapter 2 "Participants of exchange trades" of the internal document of the Exchange "Rules of execution of exchange activities" are applied.

Chapter 2. SUBJECTS OF REPO TRANSACTIONS

16. As subjects of repo transactions with the CCP, securities included in the List T+ are used, the order of inclusion wherein is determined by the Exchange's internal document "Procedure of inclusion of financial instruments in the List T+ and Collateral List T+".

    Repo transactions with the CCP can be carried out with securities that are the subject of such transactions, not earlier than the date of inclusion by the Exchange of such securities in the List T+.

17. Securities that are used as subjects of repo transactions without the CCP, carried out by the "nego" method, are determined by participants of these transactions independently out of the number of securities admitted to circulation on the Exchange, except for securities subject to private placement (taking into account the specifics established by item 19 of these Rules) *(this item was changed by a decision of the Exchange's Board of Directors dated July 3, 2021)*.

17-1. In case of suspension of trading in securities of particular title, the use of these securities as subjects of repo transactions is prohibited for the period of such suspension.

    The prohibition established by the first paragraph of this item is effective only during the period of suspension of trading in securities of particular title and ceases from the moment of resumption of trading in securities of this title.

(This item was included by a decision of the Exchange's Board of Directors dated June 9, 2020)

18. Securities of particular title are excluded from the list of permitted to be used as subjects of repo transactions in the following cases:

    1) exclusion of securities of this title from the List T+;

    2) exclusion of securities of this title from the official list of the Exchange.

(This item was changed by a decision of the Exchange's Board of Directors dated June 9, 2020)

18-1. Exclusion of securities of particular title from the list of those permitted to be used as subjects of repo transactions or a ban on their use as subjects of repo transactions specified in items 17-1 and 18 does not apply to previously opened repo transactions with securities of this title and does not exempt participants of these repo transactions from execution of closing deals related to these repo transactions *(this item was included by a decision of the Exchange's Board of Directors dated June 9, 2020).*

19. Securities of any titles, issued by the same issuer of securities, by a decision (decisions) of the Management Board of the Exchange are prohibited from being used as subjects of repo transactions without the CCP, carried out by the "direct" method, if:

    1) this issuer has not timely paid interest on his debt securities admitted to circulation on the Exchange; and / or

    2) this issuer has not timely paid the face value of his debt securities admitted to circulation on the Exchange after the end of their circulation period; and / or

    3) this issuer failed to pay dividends on his preferred shares admitted to circulation on the Exchange in time; and / or

    4) the initiator of admission of securities issued by this issuer has not provided the Exchange with the financial statements of this issuer (including interim) within three months after the period established by the listing agreement; and / or

    5) the initiator of admission of securities issued by this issuer did not provide the Exchange with essential information about this issuer and/or securities issued by it (information that

may affect the price and valuation of securities issued by this issuer) within 10 days after the period established by the Listing Rules.

20. The prohibition established in accordance with item 19 of these Rules is canceled by a decision of the Exchange's Management Board when the issuer of securities or the initiator of admission corrects the violation due to which such prohibition was imposed (taking into account the specifics specified by the second paragraph of this item)

If the ban on the use of securities as subjects of repo transactions without the CCP, carried out by the "nego" method, was established due to late payment of interest on debt securities, such prohibition can be canceled only after timely payment of the next interest on these securities.

21. The trading and clearing system blocks the possibility of carrying out repo transactions in any way, if at the intended moment of conclusion of the opening and closing deal related to it, it is known that during the expected period of this transaction, a full or partial redemption of securities supposed to be used as the subject of this transaction, will be carried out.

Chapter 3. CONCLUSION OF OPENING OR CLOSING REPO DEALS

22. As the opening prices for repo transactions without the CCP, carried out by the "nego" method, and repo transactions with the CCP, the settlement prices of securities that are the subject of repo transactions fixed on the date of opening the repo transaction and determined in accordance with the Exchange's internal document "Methodology for determining the risk-parameters of financial instruments" (hereinafter – the Methodology) are used.

23. Settlement prices of securities being the subject of repo transactions, determined in accordance with the Methodology and discounted in accordance with the Exchange's internal document defining the main characteristics of repo transactions carried out by the "automated" method are used as the opening prices for repo transactions without the CCP, carried out by the "automatic" method.

24. Forms of orders for conclusion of opening deals are defined in the trading and clearing system; at that, when performing a repo transaction, the direction of an order for conclusion of an opening transaction – "buy" or "sale" – means, respectively, purchase or sale of the subject of the repo transaction when an opening transaction is made.

25. When performing a repo transaction by the "direct" method:

1) the number of the repo subject, the repo term (defined as the number of calendar days between the closing and opening dates of the repo), the amount of the discount and the rate are determined by the participants of this transaction independently upon agreement with each other;

2) the calculation of the opening and closing prices is performed by the trading and clearing system automatically.

26. When performing a repo transaction by the "automatic" method:

1) the repo transaction rate is used as the price of the traded financial instrument;

2) the closing date is determined by the trading and clearing system automatically based on the term of the repo transaction (from the number of standardized terms defined as the number of calendar days between the closing and opening dates of the repo) for which this transaction is carried out;

3) the calculation of the opening deal amount, the closing price and the closing deal amount is performed by the trading and clearing system automatically based on the subject of the repo transaction, the amount of the subject of the repo transaction, the opening price and the term of the repo transaction;

4) the repo closing deal is generated by the trading and clearing system automatically based on its parameters specified in sub-item 3) of this item, and is concluded simultaneously with the repo opening deal.

27. To calculate the parameters of a repo transaction with a particular financial instrument, the following formulas are used:

1) the opening price of a repo transaction with the CCP, carried out by the "automatic" method, is calculated by the trading and clearing system automatically based on the settlement price of the security using the following formula:

$$P_{oa} = P_{tk} \text{, where}$$

P_{oa} – the opening price of a repo transaction with the CCP, carried out "automatically" (in the currency of settlements);

P_{tk} – the settlement price of the security that is the subject of the repo transaction at the date of opening the repo transaction and determined in accordance with the Methodology;

2) the opening price of a repo transaction with/without the CCP, carried out by the "nego" method, is calculated by the trading and clearing system automatically based on the settlement price of the security that is the subject of the repo transaction and the discount specified by the trading participants, and is determined by the following formula:

$$P_{od} = P_{tk} \times (1\text{-Disc}) \text{, where}$$

P_{od} – opening price of a repo transaction carried out by the "direct" method (in the currency of settlement);

$Disc$ – amount of the discount specified by participants of the repo transaction;

3) the amount of the subject of the repo transaction with the CCP, carried out by the "automatic" method, is calculated by the trading and clearing system automatically according to the formula:

$$K = \left\lceil \frac{S}{P_{oa}} \right\rceil \text{, where}$$

K – quantity of the subject of the repo transaction (in lots);

S – the planned amount of the repo opening transaction specified by the participants of the repo transaction at its conclusion (in the currency of settlements);

$\lceil\ \rceil$ – rounding the result down to the nearest integer value;

4) the amount of the subject of a repo transaction with/without the CCP, carried out by the "direct" method, is calculated by the trading and clearing system automatically according to the formula:

$$K = \left\lceil \frac{S}{P_{od}} \right\rceil \text{, where}$$

$\lceil\ \rceil$ – rounding the result down to the nearest integer value;

5) the amount of the opening deal of the repo with the CCP, carried out by the "automatic" method, is calculated by the trading and clearing system automatically with an accuracy of up to hundredths of the currency in which the repo deal is concluded, and is adjusted based on the calculated number of securities in lots using the formula:

$$S_o = P_{oa} \times K \text{, where}$$

S_o – amount of the repo opening deal (in the currency of settlement);

6) the amount of a repo opening deal with/without the CCP, carried out by the "direct" method, is calculated by the trading and clearing system automatically with an accuracy of hundredths of the currency in which the repo transaction is concluded, and is adjusted based on the calculated number of securities in lots using the formula:

$$S_o = P_{od} \times K;$$

7) the amount of a repo closing transaction carried out by the "direct" method is calculated by the trading and clearing system automatically with an accuracy of hundredths of the currency using the formula:

$$S_c = S_o \times \left(1 + \frac{r \times n}{100 \times T}\right), \text{ where}$$

S_c — repo closing deal amount (in the currency of settlement);

r — rate on the repo transaction in percent;

n — term of the repo transaction in calendar days;

T — actual number of days in the calendar year (365 or 366);

8) the amount of the closing deal in case of its early execution, as well as when participants change the closing date, is recalculated by the trading and clearing system according to the formula:

$$S_{cn} = S_o + I, \text{ where}$$

S_{cn} — repo deal amount on the day of early execution;

I — income from a repo deal calculated on the day of early execution.

28. To calculate the parameters of a repo transaction carried out by the "automatic" method, with a basket of securities, the following formulas apply:

1) the opening price of the repo transaction with the CCP is calculated by the trading and clearing system automatically based on the settlement price of the security, which is the subject of the repo transaction, and is determined by the following formula:

$$P_{ok} = P_{tk}, \text{ where}$$

P_{ok} — opening price of a repo transaction with the CCP (in the currency of settlements);

P_{tk} — the settlement price of the security that is the subject of the repo transaction at the date of opening the repo transaction and determined in accordance with the Methodology;

2) the opening price of a repo transaction without the CCP is calculated by the trading and clearing system automatically based on the settlement price of the security being the subject of the repo transaction and the discount set for this security and is determined by the following formula:

$$P_{og} = P_{tk} \times (1\text{-Disc}), \text{ where}$$

P_{og} — opening price of a repo transaction without the CCP (in the currency of settlement);

Disc — the amount of the discount determined in accordance with the Exchange's internal document defining the main characteristics of repo transactions carried out by the "automatic" method;

3) the amount of the subject of the repo transaction with the CCP is calculated by the trading and clearing system automatically according to the formula:

$$K = \left\lceil \frac{L}{P_{ok}} \right\rceil \times Q, \text{ where}$$

K — quantity of the repo transaction's subject (in lots);

L — size of the lot;

Q — number of lots in the order;

$\lceil\ \rceil$ — rounding the result up to the nearest integer value;

4) the amount of the subject of the repo transaction without the CCP is calculated by the trading and clearing system automatically according to the formula:

$$K = \left\lceil \frac{L}{P_{og}} \right\rceil \times Q$$

5) the amount of an order when purchasing the subject of a repo transaction with the CCP is calculated by the trading and clearing system automatically according to the formula:

$$\Sigma_k = (N \times L) + (P_{max} \times N), \text{ where}$$

Σ_k — order amount when purchasing the subject of a repo transaction with the CCP;

N — number of lots in the order;

P_{max} — settlement price of the security with the maximum value located in the basket of securities for which the order amount is calculated;

6) the amount of the order when buying the subject of a repo transaction without the CCP is calculated by the trading and clearing system automatically according to the formula:

$$\Sigma_g = (N \times L) + ((P_{max} \times (1 - Disc)) \times N)$$

7) order amount when selling the subject of a repo transaction and the amount of the opening deal of a repo with the CCP are calculated by the trading and clearing system automatically with an accuracy of hundredths of the currency and are adjusted based on the calculated number of securities in lots using the formula:

$$S_{ok} = P_{ok} \times K, \text{ where}$$

S_{ok} — order amount when selling the subject of a repo transaction with the CCP/ the opening deal of a repo with the CCP (in the currency of settlements);

8) the order amount at the sale of the subject of a repo transaction and the amount of the opening deal of a repo without the CCP are calculated by the trading and clearing system automatically with an accuracy of hundredths of the currency and are adjusted based on the calculated number of securities in lots using the formula:

$$S_{og} = P_{og} \times K, \text{ where}$$

S_{og} — order amount when selling the subject of a repo transaction without the CCP/opening deal of the repo without the CCP (in the currency of settlements);

9) the closing deal amount is calculated by the trading and clearing system automatically with an accuracy of hundredths of the currency using the formula:

$$S_c = S_o \times \left(1 + \frac{r \times n}{100 \times T}\right), \text{ where}$$

S_c — closing deal amount (in the currency of settlement);

S_o — the amount of a repo transaction's opening deal (in the currency of settlement);

r — rate of the repo transaction;

n — term of the repo transaction, in calendar days;

T — number of days in the year (365 or 366).

29. Repo transactions, on which opening and closing deals were concluded, are documented by exchange certificates containing information about the opening and closing deals, including information about transfers to settlements.

The exchange certificate is a document certifying the fact of conclusion in the trading and clearing system of opening and closing deals related to one repo transaction, as well as the fact of registration and accounting by the Exchange of these transactions.

The exchange certificate is drawn up in two copies, one of which is issued to the trader of the repo transaction participant, and the second copy remains at the Exchange for the purpose of monitoring the execution of opening and closing deals related to this transaction.

Chapter 4. EXECUTION OF REPO OPENING AND CLOSING DEALS

30. Clearing procedures, which provide for the use of the netting method in accordance with the procedure established by the Exchange's internal document "Rules of execution of clearing activities on deals in financial instruments" are applied to repo opening and closing deals with CCP. Claims and obligations arising from a repo opening deal with the CCP are included,

respectively, in the calculation of net claims and net obligations on the day of this opening deal, and claims and obligations arising from a concluded repo closing deal with the CCP are included in the calculation of net claims and net obligations on the day of execution of the closing deal.

31. Settlements on repo transactions without the CCP (execution of repo opening and closing deals in money and in securities that are the subject of repo transactions) is carried out by the Central Depository on the basis of orders provided to it by the Exchange and on the terms determined by the Exchange's internal document establishing the basic requirements for settlements on transactions in securities on a gross basis.

32. The repo opening deal is executed on the opening date and means the transfer of money from the repo buyer to the repo seller in the exact amount of the opening deal and the transfer of the repo transaction subject from the repo seller to the repo buyer.

   The repo closing transaction is executed on the closing date and means the return of the repo transaction subject from the repo buyer to the repo seller and transfer of money from the repo seller to the repo buyer in the amount of the closing deal.

33. When executing an opening deal relating to a repo transaction with the CCP, carried out by any method, or to a repo transaction without the CCP, carried out by the "nego method", the subject of the repo transaction is accounted for as an obligation on the security and is debited to the personal account of the KASE section of the repo seller in the Central Depository, is accounted for as a claim on the security and is credited to the personal account of the KASE section of the repo buyer with the Central Depository. At that, the securities that are the subject of these transactions can be objects of civil right deals by the repo buyer during the term.

   Upon execution of an opening deal related to a repo transaction without the CCP, carried out by the "automatic" method, the subject of the repo transaction is written off from the repo seller's account in the Central Depository, credited to the repo buyer's account in the Central Depository and blocked there. At the same time, the securities that are the subject of this operation cannot be objects of civil right deals on the part of the repo buyer during its term.

34. If, during the term of a repo transaction without the CCP, carried out by the "automatic" method, the register of securities that are the subject of this transaction is fixed for the purpose of calculating and making payments on these securities (dividends or coupon interest – hereinafter referred to as payments on securities) are made in favor of the repo seller by the Central Depository.

   Accruals and payments on securities that are the subject of transactions with the CCP, also being the subject of repo transactions with the CCP, are carried out by the payment agent to the holder of securities, who owned such securities on the fixing date, including on the personal account in the Central Depository on the KASE section.

   At the same time, during the "mark-to-market" clearing session on the next business day after receiving a notification from the payment agent about the payments made, the Exchange transfers the payment on securities that are the subject of the repo transaction with the CCP from the repo buyer to the repo seller by issuing a claim[2] in favor of the repo seller and an obligation[3] to the repo buyer. The issued claims and obligations to transfer the payment are accounted for in net claims/net obligations at the current settlement date and must be settled during the first settlement and clearing session.

   In order to ensure the fulfillment of obligations on payments by the repo buyer from the moment of conclusion of the repo transaction until the emergence of obligations to return the payment on the current settlement date following the mark-to-market clearing session, its single limit is reduced by the amount of the expected payment.

35. In case of receipt of official information from the issuer about the impossibility of making payment on securities in accordance with the terms of the issue prospectus or if the payment on securities was not made by the issuer within one month from the last day on which the issuer undertakes obligations to pay on the securities, the Exchange transfers the right of claim to the repo seller to the repo buyer who has obligations to fulfill such requirements on the transfer of payment on

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[2]   Issue of a claim means the emergence of the right to demand the performance of an obligation.

[3]   Issue of an obligation means the emergence of a responsibility to fulfill a claim (obligation).

securities by issuing (processing) respective documents on the cession by the Exchange of the right to claim payment on securities in the event of its implementation by the issuer/payment agent in the future. On the day of transfer of the assignment of the right to claim payment on securities, the Exchange increases the single limit for the repo buyer by the amount of such payment.

The Exchange is not liable to the repo seller with regard to failure to fulfill obligations to transfer payment on securities due to failure of the issuer/payment agent to fulfill payment on securities.

36. If the closing date falls on a non-working (day-off or holiday) day, the closing deal is executed on the first business day following this date (taking into account the maximum term of the repo transaction). If the maximum term of the repo transaction is exceeded, the closing deal is executed the day before the day which is non-working (day-off or holiday). At the same time, the trading and clearing system automatically recalculates the amount of the repo closing deal based on the actual duration of this transaction.

37. The procedure of making transfers to settlements and execution of repo transactions with the CCP in the interests of the client, the user of the control and collateral system, is established by the Exchange's internal document determining the procedure of concluding transactions on the stock market, settlements for which are carried out on a net basis.

38. If, when executing a repo opening deal related to a repo transaction without the CCP, trading and clearing accounts are used, controlled through the control and collateral system, the execution of this transaction is made only after receiving messages about its confirmation through the control and collateral system.

A message on confirmation of the repo opening deal must be sent to the trading and clearing system by the user of the control and collateral system no later than the time established by the Exchange's internal document defining the main parameters of the procedure for conducting trades in financial instruments. At that, the submission or refusal to submit the said message within the specified period is, respectively, the confirmation of the user of the control and collateral system or his refusal to confirm the repo opening deal.

Execution of the close deal related to a repo transaction without the CCP does not require confirmation by the user of the control and collateral system, if during the execution of this repo close deal the trading accounts controlled through the control and collateral system, are used.

39. In order to ensure the execution of repo closing deals related to repo transactions without the CCP, on the day falling on the repo deal closing date, before the end of the trading session, during which this deal must be executed, the repo transaction's participants with the closing date that falls on that day, must send execution reports to the trading and clearing system.

40. If one of the participants of a repo transaction without the CCP fails to fulfill the requirements of item 39 of these Rules, the repo closing deal shall be deemed unexecuted and the provisions established by items 51 and 52 of these Rules shall apply to such deal.

41. If the user of the control and collateral system does not confirm a repo opening deal related to a repo transaction without the CCP in accordance with paragraph one of item 38 of these Rules, such deal is executed at the expense of the responsible participant of the repo transaction on the day of conclusion of the opening deal in accordance with the procedure, established by item 42 of these Rules.

41-1. In case of non-fulfillment of obligations under a repo opening/closing transaction without the CCP, the guilty party has the right, at its own discretion, to carry out repeated settlements on it.

Repeated settlements on an unexecuted repo opening/closing transaction without the CCP are carried out by a decision of the guilty party sent to the Exchange's trading and clearing system:

1) within one hour from the moment of such non-execution, but within the time limits of trading on repo transactions without the CCP and no later than 10 minutes before their completion without obtaining the consent of the affected party;

2) within the Exchange's business day, provided that the Exchange receives a message via the trading and clearing system from the affected party about its consent to such repeated settlements.

(This item was included by a decision of the Exchange's Board of Directors dated December 15, 2021)

42. The execution of the repo transaction without the CCP by the responsible participant of the repo transaction at his own expense in accordance with item 41 of these Rules is carried out on the day of conclusion of such opening deal before the end of the trading time for repo transactions in the following order:

    1) the responsible participant of the repo transaction provides the Exchange with a letter in a deliberate form on the consent to perform a repeated repo transaction, which was not previously confirmed by the user of the control and collateral system, at his own expense;

    2) after receiving a letter in accordance with sub-item 1) of this item, the Exchange conducts negotiations with the affected participant of this transaction, and in case of his consent to carry out a repeated repo transaction, the affected trading participant sends to the Exchange a letter in a deliberate form on his consent to disclose confidential information to the responsible trading participant as on who the affected party is;

    3) after receiving the letters provided for by sub-items 1) and 2) of this item, the Exchange informs the responsible participant of the repo transaction the information as on who the affected party is;

    4) the responsible participant of the repo transaction submits to the trading and clearing system a direct order for execution of the repo transaction to the affected party, the execution of which will be carried out at the own expense of such responsible participant of the repo transaction.

43. In case of non-fulfillment by a repo transaction participant of requirements of:

    1) sub-item 1) of item 42 of these Rules, a repo opening deal is recognized as unexecuted and the provisions established by item 50 of these Rules apply to such deal;

    2) sub-item 2) of item 42 of these Rules, a repo opening deal is recognized as unexecuted and the provisions established by item 53 of these Rules apply to such deal.

Chapter 5. CHANGING THE DATE OF THE REPO CLOSING DEAL

44. It is allowed to change the repo closing date, with the following exceptions:

    1) it is prohibited to extend the term of a repo transaction performed by any of the available methods;

    2) it is prohibited to change the term of a repo transaction carried out by the "automatic" method.

(This item was changed by a decision of the Exchange's Board of Directors dated June 9, 2020)

45. To change the closing date of a repo carried out by the "nego" method, the participants of the repo transaction send to the trading and clearing system a request for early execution of the closing deal, while the closing date of the repo is considered changed only in case of confirmation of such changes by both participants of this transaction. When the repo closing date is changed, the fulfillment of obligations under the repo closing deal is carried over from the initial date of its execution to the current date.

    Actions to change the repo closing date can be performed on any trading day, except for the days when the repo opening and closing deals are executed.

    Sending by a repo transaction's participant of a request for early execution of a repo closing deal with a new execution date is the ground for the repo transaction's participants to execute the closing deal on the new date.

(This item was changed by a decision of the Exchange's Board of Directors dated June 9, 2020)

46. In case of early execution of a repo closing deal related to a repo transaction with the CCP, the trading and clearing system checks such closing deals for the sufficiency of collateral based on the value of the single limit and for compliance with the prohibition of unsecured purchases and/or prohibition of short sales.

47. *(This item was excluded by a decision of the Exchange's Board of Directors dated June 9, 2020).*

48. It is prohibited to replace the subject of a repo transaction carried out by the "nego" or "automatic" method with another.

49. The Exchange transmits information to the Central Depository in accordance with its internal documents (order, notification of a repo closing deal, the parameters of which have been changed in accordance with item 45 of these Rules) – on the actual day of execution of this deal.

Chapter 6. RESPONSIBILITY OF THE REPO TRANSACTION'S PARTICIPANTS. DISPUTES AND CONFLICTS

50. In case of non-fulfillment of obligations on a repo opening deal by a participant of a repo transaction without the CCP (hereinafter in this item – the affected participant):

1) this repo opening deal is recognized as unexecuted;

2) the closing deal related to this transaction is automatically canceled and removed from the trading and clearing system;

3) the affected participant is obliged to pay in favor of another participant of this transaction a forfeit in the amount of 0.1 % of the exact amount of the unexecuted repo opening deal (if the affected participant has a claim for payment of this forfeit);

4) the affected participant is obliged to pay to the Exchange the full amount of the commission fee charged on this transaction (including for its other participant).

51. In case of non-fulfillment on the repo closing date of obligations on the closing deal by any of the participants of the repo transaction without the CCP, carried out by the "nego" method (hereinafter in this item – the affected participant):

1) the closing deal is recognized as unexecuted;

2) the guilty participant is obliged to pay to the Exchange the full amount of the commission fee charged for this transaction (including for the affected participant);

3) The Exchange, no later than two working days after the failure to execute the closing deal notifies the participants of the closing deal about its failure to complete it.

At that, the affected participant receives the right to claim, in the manner prescribed by the laws of the Republic of Kazakhstan and the Exchange's internal documents, the recovery of losses from the guilty participant in full in excess of said forfeit.

52. In case of non-fulfillment of obligations under an automatic repo closing deal on the closing date by any of the participants of the repo transaction without the CCP (hereinafter in this item – the guilty participant):

1) this repo closing deal is recognized as unexecuted;

2) the blocking is removed from the subject of the repo transaction and it can be an object of civil transactions on the part of the repo buyer;

3) the guilty participant is obliged to pay to the Exchange the full amount of the commission fee charged on this transaction (including for its other participant);

4) another participant of this transaction does not have the right to claim payment of any losses and forfeits to him;

5) The Exchange, no later than two business days after receiving from the Central Depository the report on execution of the summary sheet, notifies the participants of the repo transaction in writing about the removal of the blocking from the subject of the repo transaction.

53. In case of refusal by any of the participants of the repo transaction without the CCP (hereinafter in this clause – the affected participant) to re-execute the repo transaction:

1) the opening deal related to this operation is recognized as unexecuted;

2) the closing deal related to this transaction is automatically canceled and removed from the trading and clearing system;

3) the affected participant does not have the right to demand payment of any losses and forfeit to him;

4) the affected participant is obliged to pay to the Exchange the full amount of the commission fee charged on this transaction (including for the repo buyer).

54. In case of repeated execution of a repo transaction without the CCP, the guilty trading participant is subject to a penalty in the amount of 10 monthly calculation indexes – if the repo transaction participant has committed more than two cases of repeated execution of repo transactions on opening deals within 30 calendar days.

54-1. In case of repeated settlements on a repo opening/closing transaction without the CCP in accordance with sub-item 2) of item 41-1 of these Rules, the Exchange applies the following sanctions to the guilty trading participant:

1) warning – if a trading participant committed one case of repeated settlements on a repo opening/closing deal without the CCP during one trading day;

2) a penalty in the amount of 10 times the monthly calculation index – if the trading participant committed two or more cases of repeated settlements on a repo opening/closing deal without the CCP during one trading day.

(This item was included by a decision of the Exchange's Board of Directors dated December 15, 2021)

55. If, on the settlement day, the affected participant of a repo transaction without the CCP refused to re-settle the repo transaction or did not send a message to the trading and clearing system about the consent to re-settle the repo transaction, he has no right to claim payments of any penalty from the affected party.

56. The settlement of cases of non-fulfillment by the parties of their obligations arising from repo transactions with the CCP is carried out in accordance with the procedures of settlement of defaults in accordance with the Exchange's internal document "Rules of execution of clearing activities on deals in financial instruments".

57. The Management Board of the Exchange has the right to exclude a participant of a repo transaction without the CCP who has not fulfilled (not fully or untimely fulfilled) his obligations to execute the closing deal related to this transaction, from members of the Exchange in all categories.

58. The repo transaction participant bears full responsibility in accordance with the laws of the Republic of Kazakhstan and internal documents of the Exchange for consequences of violation of the obligation established in the first paragraph of item 14 of these Rules.

Chairperson of the Management Board   A. Aldambergen