

# KAZAKHSTAN STOCK EXCHANGE, JSC

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**Approved**

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

(minutes No. 85 of the  
meeting dated August 15, 2023)

**Effective**

as of 25 September, 2023

## **PROCEDURE**

**for concluding deals in securities  
with the participation of  
the central counterparty**

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city of Almaty

2023

This Procedure has been developed in accordance with the legislation of the Republic of Kazakhstan and the charter of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) and determines the procedure for concluding securities deals with the participation of the central counterparty (deals with the CCP) at trading conducted by the Exchange.

## **Chapter 1. GENERAL PROVISIONS**

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

1. In this Procedure, concepts and designations are used, determined by the legislation of the Republic of Kazakhstan and internal documents of the Exchange.
2. For purposes of this Procedure:
  - 1) financial instruments mean securities, including derivative securities, admitted to trading in the trading mode with the participation of the central counterparty (hereinafter – the trading mode with the CCP);
  - 2) a deal means a purchase and sale transaction (including a repo opening deal and closing deal) with financial instruments concluded in the trading mode with the CCP;
  - 3) an order means an order to conclude a deal in financial instruments in the trading mode with the CCP;
  - 4) a trading participant is a member of the Exchange in the stock category who has the status of a clearing participant assigned by a clearing organization;
  - 5) a settlement code means a code that determines the method of determining obligations, the method of ensuring their fulfillment, as well as the date of settlements for transactions concluded in a specific mode of the trading and clearing system;
  - 6) the settlement code "T0" means the settlement code used when concluding deals with the 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 securing of arising obligations is carried out, the settlement date for which is the date of conclusion of these deals;
  - 7) the settlement code "Yn" means the settlement code used when concluding deals with the CCP, obligations under which are to be settled on a net basis, which determines that when an order is submitted, the procedure for controlling the partial collateral for arising obligations is carried out, the settlements for which fall on the date, defined as T+n, where T is the deal conclusion date, and n is the number of settlement working days;
  - 8) the settlement code "Ycn" means the settlement code used when concluding deals with the CCP, obligations under which are to be settled on a net basis, which determines that when an order is submitted, the procedure for controlling partial collateral for arising obligations is carried out, settlements for which fall on a date determined as T+cn, where T is the deal conclusion date, and cn is the number of calendar days between the repo closing and opening deals;
  - 9) partial collateral is understood as a condition for concluding deals, under which the sufficiency of collateral is monitored until the obligations under them are fulfilled;
  - 10) full coverage means a condition for concluding deals, under which the availability of full security for the obligations arising as a result of this conclusion is verified in those financial instruments in which they arise until the moment of their execution;

- 11) the Clearing Rules mean an internal document of the clearing organization, regulating the procedure for clearing activities;
- 12) the Lists of trading modes and transactions mean the Exchange's internal document "Lists of trading modes and transactions of the trading and clearing system ASTS+";
- 13) the Procedure for inclusion in the Lists means the internal document of the clearing organization, regulating the procedure for compiling the List of financial instruments admitted to deals on the terms of partial collateral;
- 14) the Rules of exchange activities mean the internal document of the Exchange "Rules of execution of exchange activities";
- 15) the Rules for cash settlements on deals means the internal document of a clearing organization that defines the conditions and procedure for settlements in money for securities deals concluded on the stock market with the participation of the central counterparty;
- 16) the Regulations on clearing and settlement means the internal document of a clearing organization that defines the schedule for carrying out clearing activities on deals in financial instruments.

**Article 2. General provisions on deals conclusion**

1. The following modes are distinguished in the trading and clearing system:
  - 1) trading modes with the CCP, used to conclude purchase and sale deals and carry out repo transactions with the participation of the CCP, determined by the List of trading and transaction modes;
  - 2) modes of collateral transfers used to carry out transactions of transfers of collateral in cash or financial instruments or setting limits for collateral in cash or financial instruments on trading and clearing accounts in order to form collateral for conclusion of deals, determined by the Lists of trading and transaction modes;
  - 3) modes of switching to settlements used to implement the functions of control over the purposeful placement of assets and transfer of the fulfillment of claims and obligations under deals concluded in trading modes with the CCP on behalf of the client of the user of the control and collateral system, determined by the Lists of trading modes and transactions;
  - 4) technological modes used by the clearing organization to conclude deals and carry out transfer transactions on its own behalf or on behalf of a trading participant/clearing participant as part of clearing activities and execution of functions of the CCP.
2. Depending on the type, financial instruments traded in trading modes with the CCP, they are divided into groups of financial instruments, which are established by the List of trading modes and transactions.
3. For financial instruments that are not included in the List T+, trading modes with the CCP are available, in which deals are concluded on the basis of full coverage of the net obligations arising on them with the available settlement code T0.

For securities included in the List T+, trading modes with the CCP are available, in which deals are concluded both on the basis of partial collateral for the net obligations arising on them, and deals concluded on the basis of full coverage of the net obligations arising on them, with the available settlement codes Y0, Yn, Ycn, as well as 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 transactions.

The Exchange's Management Board has the right to decide on the possibility of opening any additional trading mode for a security that is not provided for in the List of trading modes and transactions for this security.

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

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

5. With regard to the execution of net obligations on a financial instrument, traded in modes with settlement codes Y0, Yn, Ycn, the sign "prohibition of short sales" may be established.
6. The Exchange admits to the trading and clearing system orders for conclusion of deals with the CCP after the positive completion of the collateral control procedure in accordance with the settlement code established for the trading regime, in which the order is submitted.
7. In order to conclude deals in the trading and clearing system, trading and clearing accounts are opened for trading participants and users of the control and support system in the manner established by the internal document of the Exchange regulating the procedure for opening, maintaining and closing trading and clearing accounts.
8. The exchange of electronic documents with the Central Depository is carried out by the clearing organization on the basis of the relevant agreement concluded with the Central Depository.

### **Article 3. Positions on money and financial instruments in trading and clearing accounts**

1. In the trading and clearing system, the following money positions are used in the trading and clearing account as of the current moment of time (in terms of each currency):
  - 1) the beginning position reflecting the money balance equal to the previous trading day's ending balance;
  - 2) the current position is calculated as the value of the field "Beginning" plus/minus external crediting/debiting of money plus/minus internal money transfers plus net in money on deals with the settlement code T0 plus net on reports of nego deals executed on both sides with partial collateral with the current settlement date;
  - 3) the plan position is calculated as the value of the field "Current" minus the cash liabilities on active orders for purchase of financial instruments with the settlement code T0 and active orders for execution of reports on nego buy deals with partial collateral with the current settlement date;
  - 4) the settlement position is calculated as the value of the field "Planned" plus the net in money on deals with partial collateral with the settlement date falling on the current trading day;
  - 5) the plan position T+ shows the plan position on the corresponding settlement date, and is calculated as the plan position T+ for the preceding settlement date plus net on deals of the corresponding settlement date minus liabilities on active orders to buy securities of the corresponding settlement date. The plan position T+ for the current settlement date is equal to the value of the field "Settlement position".

2. In the trading and clearing system, the following positions are used in the trading and clearing account to account for financial instruments as of the current moment in time:
  - 1) the beginning position, reflecting the balance of financial instruments in the KASE section on the sub-account in the Central Depository, taking into account credits/debits during the trading day plus net on financial instruments following the results of the clearing session;
  - 2) the current position is calculated as the value of the field "Beginning" plus net on securities on deals with the settlement code T0 plus net on financial instruments on reports of nego deals with partial collateral with the current settlement date executed on both sides;
  - 3) the plan position is calculated as the value of the field "Current" minus obligations on financial instruments on active orders for selling financial instruments with the settlement code T0 and active orders for execution of reports on nego sale deals with partial collateral with the current settlement date;
  - 4) the settlement position is calculated as the value of the field "Planned" plus the net on securities on deals with partial collateral with the current settlement date.
  - 5) the plan position T+, the plan position as of the corresponding settlement date, equal to the plan position T+ for the previous settlement date plus net on deals of the corresponding settlement date minus obligations on active orders for selling financial instruments of the corresponding settlement date. The plan position T+ for the current settlement date is equal to the value of the field "Settlement position".
3. Daily before the start of trading, information on beginning positions is sent to the trading and clearing system:
  - 1) from the clearing organization on financial instruments kept in the KASE section of sub-accounts (own, client, client's custodian accounts), to reflect it in the corresponding trading and clearing accounts (own, client, client's custodian accounts);
  - 2) from the clearing organization's accounting system on balances of funds held in the clearing organization's correspondent account at the Central Depository and accounted for on the clearing members' own, aggregated client and aggregated custodian accounts to reflect them in the respective trading and clearing accounts;  
  
if the clearing participant has submitted an application for retaining the available balance of funds on the clearing organization's correspondent account at the Central Depository in accordance with the Rules for cash settlements on deals, information on cash balances in client and client custodian trading and clearing accounts is carried over based on the results of closing the previous trading day.  
  
In the absence of the above application for retaining money, beginning cash positions in client and client custodian trading and clearing accounts correspond to zero values in accordance with the results of closing of the previous trading day.
4. The values of positions in the trading and clearing system are updated in real time upon each change in the values of any components involved in the settlement of positions in money and financial instruments.
5. Payments by trading participants to the clearing organization's correspondent account at the Central Depository, as well as payments in favor of trading participants, are made in accordance with the Rules for cash settlements on deals.

Transfers of financial instruments from/to the KASE section of the sub-account of a trading participant are carried out in accordance with the Set of rules of the Central Depository.

## Chapter 2. PROCEDURE FOR CONCLUDING DEALS WITH THE PARTICIPATION OF THE CENTRAL COUNTERPARTY

### Article 4. Carrying out pre-trading procedures

1. Daily, no later than 08:00 o'clock, Almaty time, of each trading day, positions in money and financial instruments are uploaded to the trading and clearing system in accordance with article 3 of this Procedure.
2. On a daily basis, the clearing organization transmits information on the validity period of the identity document of the trading participant's client to the trading and clearing system.

The Exchange, through its trading and clearing system, based on the information received from the clearing organization, 30 calendar days before the expiration date of the identity document of the client of the member of the Exchange, blocks the possibility to conclude deals in the client trading and clearing account of the trading participant.

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

In case of conclusion of deals by an authorized trading participant according to the scheme "at the expense of the custodian's client", 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 money), when submitting orders for conclusion of a deal by an authorized trading participant appointed by him, carries out in the trading and clearing system a 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.

In case of conclusion of deals from the second level trading and clearing account "S+2" (also for conclusion of deals in the interests of a 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 purposes 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 second level trading and clearing account "S+2" linked to it.

The value of the cash position on each trading and clearing account "S+", "I+", "C+", "I+nBrCu", "S+2", "O+" is set in order to fulfill the requirements for collateral (if it is formed in money) for the possibility of submitting orders for conclusion of deals, as well as for the fulfillment of net obligations on money on a particular clearing session in accordance with the Regulations on clearing and settlement and the Rules for cash settlements on deals.

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 securities), when submitting orders for conclusion of deals according to the scheme "at the expense of the custodian's client" by an authorized trading participant appointed by him, transfers financial instruments in the trading and clearing system from the trading and clearing account "C+" to the trading and clearing account "I+BrCu" linked to it.

In case of conclusion of deals from the second level trading and clearing account "S+2" (also for conclusion of deals in the interests of a 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 purposes of setting limits for the fulfillment of requirements for collateral (if it is formed in securities), when submitting orders, transfers financial instruments in the trading and clearing system – from the trading and clearing account "I+/"S+" linked to it, to the second level trading and clearing account "S+2" linked to it.

The value of the position in financial instruments for each trading and clearing account "S+", "I+", "C+", "I+BrCu", "I+2", "S+2", "O+" is set in order to fulfill requirements for collateral (if it is formed in securities) for the possibility of submitting orders for the conclusion of deals, as well as for the fulfillment of net obligations on financial instruments on a particular clearing session in accordance with the Regulations on clearing and settlement and the Set of rules of the Central Depository.

**Article 5. Checking the submitted order and its acceptance. Conclusion of a deal**

1. The trading and clearing system automatically checks each submitted order for:
  - 1) compliance with the price limits of corridors for financial instruments/repo rates;
  - 2) compliance with the sufficiency of collateral for fulfillment of obligations;
  - 3) the availability of a client code in the order, if it is provided for in the settings of the trading and clearing system.
2. In case of a negative result of the check carried out in accordance with item 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 checking in accordance with item 1 of this article.
3. In case of a positive result of the check carried out in accordance with item 1 of this article, the Exchange's trading and clearing system registers such an order.
4. The trading participant is responsible for ensuring that the client code matches the trading and clearing account of such client.
5. At the end of the trading session, unexecuted 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 trading and clearing system ASTS+".
6. Financial instruments that are security for the fulfillment of obligations on deals in financial instruments are limited by the clearing organization in use, taking into account the specifics established by items 4-6 of article 6 of this Procedure, while collateral in the form of money is managed on posting accounts in the clearing organization's accounting system for each account (own account, aggregated client account, aggregated custodian account) of the trading participant, and management of collateral in the form of financial instruments – in the KASE sections of sub-accounts (own accounts, client accounts) of the trading participant in the Central Depository.
7. Upon completion of trading, the Exchange provides trading participants and/or users of the control and collateral system with exchange certificates containing information on concluded deals and information on switching to settlements.
8. Trading participants pay commission fees, in the amount and according to the procedure established by the Exchange's internal document determining the composition and size (rates) of membership fees, exchange and clearing fees, collateral accounting commissions payable by members of the Exchange.

**Article 6. Procedures carried out during the trading period**

1. During the trading day, in order to fulfill the requirements for collateral when concluding deals and/or to fulfill obligations on deals by the time of the beginning of the clearing session, trading participants transfer:

money – to the clearing organization's correspondent account at the Central Depository;

financial instruments – to KASE sections of sub-accounts (own accounts, client accounts) in the Central Depository.

2. The transfer of money is carried out in accordance with the Rules for cash settlements on deals, the transfer of financial instruments – in accordance with the set of rules of the Central Depository.

3. Upon receipt of information about the arrival of financial instruments and/or money in the trading and clearing system, the following changes are carried out:

- 1) upon arrival of money to the correspondent account of the clearing organization at the Central Depository – an increase in the current position in money in the context of each:

own trading and clearing account "S+";

the aggregated trading and clearing account "L+"; in this case, if the subaccount number is indicated in the "payment purpose" field of the payment document, which is the basis for transferring money to the correspondent account of a clearing organization, the money is automatically transferred to the segregated client trading and clearing account I+/O+;

aggregated client custodian trading and clearing account "K+"; in this case, if the subaccount number is indicated in the "payment purpose" field of the payment document, which is the basis for transferring money to the correspondent account of a clearing organization, the money is automatically transferred to the segregated client trading and clearing account C+;

segregated client account of the trading and clearing account "I+", if it is a sub-account of the issuer-depositor for accounting for announced/repurchased securities and the sub-account number is indicated in the "payment purpose" field of the payment document, which is the basis for transferring money to the correspondent account of the clearing organization;

- 2) upon arrival of securities on KASE sections – an increase in the beginning position on financial instruments in the context of each:

own trading and clearing account "S+";

segregated client trading and clearing account "I+";

segregated client custodian trading and clearing account "C +".

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

4. If it is necessary to write off financial instruments and money being accounted for on a particular trading and clearing account, the following actions are carried out during the clearing day:

- 1) upon a request to write off money following an application received by the Exchange for transferring money in favor of a trading participant, the sufficiency of the plan money position is checked by the trading and clearing system against the amount of the submitted request in the context of each:

the own trading and clearing account "S+";

the aggregated trading and clearing account "L+";



the aggregated client custodian trading and clearing account "K+".

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

For the trading and clearing accounts "S+", "I+", "O+", "C+", an additional check of the sufficiency of collateral for fulfillment of obligations is made.

A trading participant/user of the control and collateral system for purposes of aggregating the plan money position, transfers money in the trading and clearing system from the segregated trading and clearing account "I+" or the segregated trading and clearing account "I+/"O+/"C+" to the respective aggregated trading and clearing account "L+" or the trading and clearing account "L+/"K+" prior to the submission of an application from a clearing participant for transfer of money from the aggregated account;

- 2) upon a request to write off securities from the KASE section on the basis of an order received by the Central Depository from a clearing participant or a request for the possibility of seizing financial instruments based on an order of an authority or official, the Central 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 clearing organization carries out a check of the sufficiency of the beginning and planned positions on financial instruments in the amount of the submitted request, as well as checks the sufficiency of collateral for 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 custodian trading and clearing account "C+";

When checking the sufficiency of the beginning and planned positions on financial instruments, the least of these positions is considered sufficient.

5. The clearing organization based on the results of checks, specified in item 4, of this article:
  - 1) writes off financial instruments in full in accordance with the request for write-off, in case of a positive result of the write-off check, reduces by the same amount the planned position in money or the beginning position in financial instruments on the trading and clearing account;
  - 2) in case of writing off money with the sign "transfer the maximum possible balance not more than the specified", writes off money in the maximum allowable amount of the submitted request for writing off, taking into account the fulfillment of requirements for the established sufficiency checks and reduces the planned position on money on the trading and clearing account in the amount of the carried-out write-off;
  - 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 beginning or planned position on financial instruments.
6. Financial instruments are credited/debited automatically in accordance with debit/credit notices received by the clearing organization from the Central Depository.

The money is credited/debited by the clearing organization in automatic mode in accordance with the credit notice received by the clearing organization from the Central Depository and the request for debiting received from the trading participant in the form of an electronic document containing an electronic digital signature.

**Chapter 3. CONCLUSION AND EXECUTION OF DEALS WITH THE PARTICIPATION OF THE CENTRAL COUNTERPARTY IN THE INTERESTS OF CLIENTS OF A USER OF THE CONTROL AND COLLATERAL SYSTEM**

**Article 7. Conclusion of deals according to the scheme "at the expense of the custodian's client"**

1. Conclusion of deals with the CCP by an authorized trading participant in the interests of a client of the user of the control and collateral system according to the scheme "at the expense of the custodian client" is carried out from the second-level trading and clearing account, access to which in the trading and clearing the system is provided to the authorized trading participant for conclusion of deals and to the user of the control and collateral system to ensure their execution.
2. A user of the control and collateral system ensures:
  - 1) the management of collateral on client's custodial trading and clearing accounts and setting limits on second level trading and clearing accounts of authorized trading participants to fulfill requirements for collateral when submitting orders;
  - 2) control over the purposeful allocation (use) of clients' assets and transfer of settlements on deals concluded with violation of this control to an authorized trading participant to confirm it;
  - 3) fulfillment of obligations on deals concluded by an authorized trading participant from a second-level trading and clearing account.
3. A user of the control and collateral system through the trading and clearing system, in order to control the purposeful placement (use) of clients' assets, verifies the compliance of the parameters, concluded by the authorized participant, with:
  - 1) the order of the client of the user of the control and support system;
  - 2) statutory legal acts of the Republic of Kazakhstan.
4. In the event of a positive result of the reconciliation, the user of the control and collateral system, no later than the time established by the Regulations on clearing and settlements, ensures the availability of financial instruments on the client's custodian trading and clearing accounts in an amount sufficient to fulfill the net obligations on these trading and clearing accounts. In case of their untimely provision, the Exchange carries out settlement procedures in accordance with the Clearing Rules, executing deals on the client's custodial trading and clearing accounts of the clearing participant. The responsibility of a clearing participant for untimely provision of financial instruments on client's custodial trading and clearing accounts is determined by the Clearing Rules.

In the event of a negative reconciliation result, the user of the control and collateral system in the "Transfers to Settlements" modes, has the right to transfer to settlements on deals concluded with violation of this control, taking into account the specifics established by item 6 of this article, to an authorized trading participant for its confirmation.

5. The authorized trading participant, after receiving the transfer to settlements on concluded deals, provided for in paragraph two of item 4 of this article, confirms the transfer received by him from the user of the control and collateral system, taking into account the control of collateral established for the mode of transfers to settlements in which the transfer was made. Upon confirmation of the transfer to settlements, the claims and obligations recorded on the trading and clearing account of the authorized trading participant, to which he carries out confirmation, increase, while the claims and obligations recorded on the trading and clearing account of the user of the control and collateral system from which the transfer of

settlements was made, are reduced by the corresponding amounts of claims and obligations arising on settlements on the deal being transferred.

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

6. Transfer to settlements is carried out taking into account the following particulars:

- 1) one of the accounts participating in the transfer of settlements must belong to the user of the control and collateral system;
- 2) the mode of transfer to settlements must correspond to the trading mode, in which a sale-purchase deal was concluded or a repo transaction was performed:

the mode of transfer to settlements "Cust.: Transfer exec. P/S-T0" is used for transfer to settlements on a purchase and sale deal concluded in trading modes with the tenge as settlement currency and settlement code T0 ("T0 [GFI]", "Direct P/S with the CCP");

the mode of transfer to settlements "Cust.: Transfer exec. P/S-T0 USD" is used for transfer to settlements on a purchase and sale deal concluded in modes with the US dollar as settlement currency and the settlement code T0 ("T0 [GFI] USD", "Direct P/S from the CCP USD");

the mode of transferring to settlements "Cust.: Transfer exec. P/S-T+" is used for transfer to settlements under a purchase and sale deal concluded in modes with the tenge as settlement currency 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 "Cust.: Transfer exec P/S-T+ USD" is used for transfer of settlements on a purchase and sale deal concluded in modes with the US dollar as settlement currency 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 "Cust.: Transfer exec. repo" is used for transfer to settlements of repo transactions carried out in modes with the tenge as settlement currency and settlement code Y0/Ycn ("Autorepo with CCP, "Nego repo with CCP");

the mode of transfer to settlements "Cust.: Transfer exec. repo USD" is used for transfer to settlements of repo transactions carried out in modes with the US dollar as settlement currency and the settlement code Y0/Ycn ("Autorepo with CCP USD", "Nego repo with CCP USD");

- 3) if the transfer to settlements is made on the date of the deal conclusion, then such a transfer can be made with automatic verification of all parameters of its conclusion in the direction, opposite to the direction of the concluded deal, as well as without checking the parameters of such deal in accordance with independently entered transfer parameters;
- 4) if the transfer to settlements is made on any day other than the date of the deal conclusion, then such transfer is carried out without checking the parameters of such deal in accordance with the entered parameters for such transfer. In this case, the transfer to settlements can be carried out in the amount of net positions on several deals concluded with a certain financial instrument with a specific settlement date;

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<sup>1</sup> Hereinafter, a conditional abbreviation of the words "group of financial instruments". Corresponds to the name of a group of financial instruments traded in a certain trading mode.

- 5) an application for transfer to settlements is submitted:
  - no later than 12:00 o'clock, Almaty time, of the day, on which settlements are made on the purchase and sale deals concluded in the trading modes "T+ [GFI]" and "T+ [GFI] USD";
  - no later than 16:45 o'clock, Almaty time, on a sale and purchase deal concluded in the trading modes "T0 [GFI]" and "T0 [GFI] USD";
  - 15 minutes before the start of the next clearing session for transfers to settlements of repo transactions.
7. An authorized trading participant confirms the transfer to settlements received from the user of the control and collateral system no later than:
  - 1) the beginning of the next clearing session for the transfer to settlements of buy and sell deals/repo transactions, concluded/carried out in trading modes on terms of partial collateral (the first character of the settlement code "Y");
  - 2) the end of trading in the "T0 [GFI]" and "T0 [GFI] (USD)" modes on purchase and sale deals concluded in such trading modes.
8. Confirmation of the received transfer to settlement means the unconditional consent of the authorized trading participant to fulfill obligations on deals with the CCP.
9. The Exchange is not responsible for the absence of confirmation by an authorized trading participant of the transfer to settlements received by him from the user of the control and collateral system.
10. Fulfillment of obligations and claims on deals with the CCP concluded by an authorized trading participant on the second level trading and clearing account are the obligations and claims of the user of the control and collateral system on the trading and clearing account C+ 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 established by the Regulations on clearing and settlement;
  - 2) the user of the control and collateral system did not send the transfer to settlements to the authorized trading participant.
11. If there is an insufficient quantity of financial instruments in the trading and clearing account of the user of the control and collateral system by the time specified in the Regulations on clearing and settlement for execution of net obligations, the Exchange, performing the functions of the central counterparty, concludes deals from such trading and clearing account as part of the implementation of procedures for settlement of a default in accordance with the Clearing Rules.

**Article 8. Conclusion of deals according to the scheme "at the expense of the broker"**

1. Conclusion of deals with the CCP by a trading participant 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" is carried out from his own trading and clearing account "S+" or from the second level trading and clearing account "S+2", with the transfer to settlement of the concluded deal to the user of the control and collateral system.
2. The user of the control and collateral system, for the purposes of controlling the purposeful placement of assets and execution of deals concluded by a trading participant in the interests of his client, confirms in the trading and clearing system the transfer to settlements of deals with the CCP, submitted in the "Transfers for settlements" modes by the trading participant, to the respective client custodian trading and clearing account "C+".
3. Transfer to settlements is carried out taking into account the specifics established by item 6 of Article 7 of this Procedure.

4. The user of the control and collateral system, after receiving in the trading and clearing system an application for transfer to settlements from a trading participant, confirms the transfer received by him within the period specified in of item 7 of Article 7 of this Procedure.
5. Confirmation of the received transfer to settlements means the unconditional consent of the user of the control and collateral system to fulfill the transferred obligations on the purchase and sale deal or repo transaction, the transfer to settlements for which was confirmed.
6. If the user of the control and collateral system has not confirmed the transfer to settlements sent to him, the fulfillment of obligations and requirements on the deal with the CCP concluded by the trading participant from the trading and clearing account "S+2" or from the second level trading and clearing account "S+2", are the obligations and requirements of the trading participant and are executed at his own expense.

#### **Chapter 4. GENERAL PROVISIONS ON SETTLEMENT OF DEALS**

1. The settlement organization for deals is:  
on money – the clearing organization;  
on financial instruments – the Central Depository.
2. For the purposes of fulfilling the requirements for securing obligations on deals, as well for the purposes of fulfilling obligations on concluded deals, clearing participants transfer financial instruments to the following accounts (account sections) opened at the Central Depository:  
money – to the clearing organization's correspondent account at the Central Depository;  
financial instruments – to KASE sections in subaccounts at the Central Depository.  
Payments by clearing participants to the clearing organization's correspondent account at the Central Depository, as well as payments in favor of clearing participants, are made in accordance with the Rules for Cash Settlements on Deals.  
Transfer of financial instruments to KASE sections is carried out in accordance with the set of rules of the Central Depository.
3. The money arriving at the Exchange's correspondent account at the Central Depository is accounted for on the own or aggregated client or aggregated custodial accounts of clearing participants opened in the Exchange's accounting system, and increases current positions in money of the corresponding trading and clearing accounts.  
The trading participant, in order to distribute the current position on 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 account "I+<sup>2</sup>"/"O+" and client custodian trading and clearing account "C+".
4. Financial statements arriving to KASE sections in the Central Depository increase the beginning positions on securities on the corresponding trading and clearing accounts "S+<sup>1</sup>"/"I"/"O+<sup>2</sup>"/"C+" in the trading and clearing system in automatic mode.
5. In order to fulfill net obligations on deals, settlement of which falls on the current trading day, the trading participant must ensure the availability of money and financial statements in an amount leading to a positive value of the settlement positions on money and securities on the trading and clearing accounts "S+<sup>1</sup>"/"I+<sup>2</sup>"/"O+<sup>2</sup>"/"C+" in the trading and clearing system by the time set in accordance with the Regulations on clearing and settlement.

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<sup>2</sup> If the trading and clearing account is not a sub-account of the issuer/depositor for recording authorized/repurchased securities.

6. The clearing organization ensures the fulfillment of net claims and net obligations on the day of settlement of deals in accordance with the Regulations on clearing and settlement:
- in relation to financial instruments by sending a statement for the purpose of making settlements on KASE sections to the Central Depository and changes the beginning positions on financial instruments in the trading and clearing system on the corresponding trading and clearing accounts "S+/"I+/"O+/"C+" on the basis of receipt of confirmation on execution of the statement sent to the Central Depository;
  - in relation to money by making settlements between posting accounts (own accounts, aggregated client accounts, aggregated custodial accounts) in the clearing organization's accounting system and changes the planned and settlement positions on money on the corresponding trading and clearing account "S+", and trading and clearing accounts "I+/"O+/"C+" in the trading and clearing system.

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

7. Based on the results of the last clearing and settlement session, if the trading participant did not submit an application for keeping money in his posting accounts on the Exchange's correspondent account at the Central Depository in accordance with the Rules for Cash Settlements on Deals the clearing organization:
- 1) carries out the aggregation of money on behalf of such trading participants in the trading and clearing system from all his segregated trading and clearing accounts "I+/"O+/"C+" to the respective aggregated trading and clearing accounts "L+" or "K+" in the amounts of available cash balances taking into account the verification of the collateral adequacy;
  - 2) makes a payment in favor of the trading participant in the full amount of money accounted for on his posting accounts (own, aggregated client, aggregated custodian accounts) in the clearing organization's accounting system in accordance with the Rules for Cash Settlements on Deals.

## **Chapter 5. SETTLEMENT OF UNFULFILLED OBLIGATIONS OF TRADING PARTICIPANTS**

8. For the purposes of settling unfulfilled obligations (hereinafter – default) of trading participants, the trading and clearing system provides for trading modes with the CCP, as well as technological modes.
9. To settle the default of trading participants in the trading and clearing system, modes are used in which orders are submitted and/or deals are concluded both by the trading participants themselves (including authorized trading participants) and by the clearing organization acting on behalf of trading participants or users of the control and collateral system and for purposes of settling such default.
10. To settle the default of the net obligations of a trading participant, recognized as unconscientious 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 contribution of a trading participant recognized as insolvent in accordance with the Clearing Rules, a forced position closing procedure is used.

To settle the default of the net obligations of the trading participant recognized as unconscientious in accordance with the Clearing Rules, due to the Central Depository's refusal to write off/credit financial instruments, the Exchange carries out the procedure for compulsory liquidation of unfulfilled obligations 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 applying of the position transfer procedure, the following modes are used in the trading and clearing system:

- 1) trading modes with the CCP "Self-settlement: Autorepo with the CCP 1 day", "Self-settlement: Autorepo with the CCP 1-day USD", in which trading participants can settle the possibility of a default on their own on market conditions with any of the trading participants within a period of time, defined by the Regulations on Clearing and Settlement;
  - 2) trading modes with the CCP "Self-settlement: Autorepo with the CCP", "Settlement: SWAP FR with the CCP", in which the clearing organization in its own name submits applications for execution of repo/swap transactions with a period of 1 day at penalty rates and other conditions in accordance with peculiarities of the stock market of the Clearing Rules. Orders are available for confirmation by any trading participant during the period specified in the Regulations on Clearing and Settlement, until their execution in full size. Deals in these modes are concluded on terms of full coverage;
  - 3) technological modes "Settlement automatic CCP: Nego REPO", "Settlement: SWAP FRs with the CCP", in which the Exchange, on behalf of the unconscientious clearing participant or bona fide clearing participant, carries out repo transactions by the "nego" method or swap transactions with a term of 1 day at penalty rates and on other conditions in the manner determined by the particulars of the stock market of the Clearing Rules.
12. The procedure for forced liquidation of a position is carried out by concluding purchase and sale deals and, if necessary, repo/swap transactions in accordance with the Clearing Rules.

As part of applying 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 P/S", in which the clearing organization, during the period of clearing sessions, on behalf of an unconscientious clearing participant or a conscientious trading participant, concludes direct purchase and sale deals in a particular financial instrument at its current estimated price in the Kazakh tenge in the manner determined by the particulars of the stock market of the Clearing Rules;
  - 2) any modes of trading of purchase and sale with the CCP and, if necessary, any modes of repo transactions that approximate the date of purchase and sale, in which the clearing organization, during exchange trading and/or at additional trading sessions and/or on the OTC market, concludes balancing deals in its own name in order to settle their recognized unfulfilled obligations. If it is impossible to conclude balancing deals by any of the above methods, the clearing organization concludes deals in its own name with the conscientious trading participant, acting on their behalf, at current settlement prices;
  - 3) modes of trading with the CCP on purchase and sale deals, concluded by the nego deals method, and, if necessary, modes of repo transactions carried out by the "nego" method, approximating the date of purchase and sale, in which the clearing organization during exchange trading, and/or at additional sessions, and/or after the close of the last trading session, concludes balancing deals on behalf of the insolvent trading participant with itself in order to settle his recognized unfulfilled obligations to the Exchange on terms corresponding to the conditions of balancing deals concluded in accordance with sub-item 2) of this item to settle its recognized unfulfilled obligations;
  - 4) any trading modes with the CCP for purchase and sale of collateral of the insolvent clearing participant, in which the Exchange, during exchange trades, and/or at additional trading sessions, and/or in the over-the-counter market, concludes coverage deals on behalf of the insolvent clearing participant on market conditions.
13. The unconscientious/insolvent trading participant, as well as the conscientious trading participants, whose trading and clearing accounts were used to carry out deals within the settlement procedures, fulfill obligations on all deals concluded on their behalf by the Exchange in accordance with the Clearing Rules and this Procedure.

14. The unconscientious/insolvent clearing participant shall pay, in accordance with the Clearing Rules, a forfeit for the applying of position transfer procedures and/or applying of a forced liquidation procedure, as well as for unfulfilled net obligations resulting from these procedures.

## **Chapter 6. FINAL PROVISIONS**

### **Article 9. Settlement of discrepancies and disputes**

Disputes and conflicts arising between trading participants, as well as between trading participants and the Exchange in connection with the carrying out and execution of deals are subject to settlement in accordance with the procedure established by the Exchange's internal document "The Procedure for resolving disputes and conflicts arising in the process of transactions with financial instruments".

### **Article 10. Final provisions**

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

Chairperson of the Management Board

A. Aldambergen