

# KAZAKHSTAN STOCK EXCHANGE

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## **Approved**

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

(meeting minutes  
No. 22 dated July 13, 2018)

## **Effective**

as of October 1, 2018

### **NOTICE**

The Regulations have been translated into English by employees of Kazakhstan Stock Exchange solely for information purposes. In case of any incompliance of this translation with the Regulations' original in Russian, the Russian version prevails.

# **REGULATIONS**

## **on clearing participants**

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Almaty

2018

## LIST OF AMENDMENTS

**1. Changes and additions No. 1:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) JSC (meeting minutes No. 26 dated September 7, 2018);
- effective as of October 1, 2018.

**2. Changes and additions No. 2:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) JSC (meeting minutes No. 33 dated November 7, 2018);
- effective as of November 8, 2018.

**3. Addition No. 3:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) JSC (meeting minutes No. 34 dated August 6, 2019);
- effective as of November 6, 2018.

**4. Changes and additions No. 4:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) JSC (meeting minutes No. 44 dated September 16, 2019);
- effective as of December 3, 2019.

**5. Changes and addition No. 5:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) JSC (meeting minutes No. 6 dated February 26, 2020);
- effective as of February 27, 2020.

**6. Change No. 6:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) JSC (meeting minutes No. 8 dated March 17, 2020);
- effective as of March 17, 2020.

**7. Changes and additions No. 7:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) JSC (meeting minutes No. 18 dated June 3, 2020);
- effective as of August 3, 2020.

**8. Changes No. 8:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange (KASE) JSC (meeting minutes No. 37 dated September 30, 2020);
- effective as of October 1, 2020.

These Regulations (hereinafter – the Regulations) were developed in accordance with laws of the Republic of Kazakhstan, the internal document of Kazakhstan Stock Exchange (hereinafter – the Exchange) "The Rules of execution of clearing activities on deals in financial instruments" (hereinafter – the Clearing Rules) and other internal documents of the Exchange, and define the procedure of assigning, stripping and resumption of the clearing participant status, the procedure of defining the clearing participant's category, as well as requirements for organizations applying for the status of a clearing participant (hereinafter – candidates), requirements for defining the category of a clearing participant, rights and liabilities of clearing participants, responsibility of clearing participants and the Exchange.

### Chapter 1. GENERAL PROVISIONS

#### Article 1. Definitions and terms used in the Regulations

1. The Regulations contain definitions and terms defined by laws of the Republic of Kazakhstan, the Clearing Rules and other internal documents of the Exchange.
2. Other definitions used in the Regulations mean the following:
  - 1) the National Bank – State institution "the National Bank of the Republic of Kazakhstan";
  - 2) currency market – the Exchange's regulated market of foreign currencies cleared by the Exchange;
  - 3) derivatives market – the Exchange's regulated market of derivative financial instruments cleared by the Exchange;
  - 4) stock market – the Exchange's regulated securities market, cleared by the Exchange;
  - 5) exchange markets – stock market, currency market and derivatives markets on the whole;
  - 6) transactions – transactions, concluded during the trading operated by the Exchange;
  - 7) orders – orders submitted to the Exchange's trading system for conclusion of deals;
  - 8) obligation – an obligation of a clearing participant to conclude a deal on terms of the order he submitted, or an obligation to execute a deal;
  - 9) rating – rating determined by the Exchange for a clearing participant, periodically, in accordance with the Exchange's internal document "Methodology of evaluation of financial position of members of the Exchange" (*this sub-item was changed by a decision of the Exchange's Board of Directors dated February 26, 2020*);
  - 10) authorized body – Agency of the Republic of Kazakhstan on Regulation and Development of the Financial Market (*this sub-item was included by a decision of the Exchange's Board of Directors dated February 26, 2020 and changed by a decision of the Exchange's Board of Directors dated June 3, 2020*);
  - 11) deals with the central counterparty – deals determined by the Rules of execution of exchange activities, on which the Exchange performs functions of the central counterparty (*this sub-item was included by a decision of the Exchange's Board of Directors of June 3, 2020*);
  - 12) deals without the central counterparty – deals determined by the Rules of execution of exchange activities, on which the Exchange does not perform functions of the central counterparty (*this sub-item was included by a decision of the Exchange's Board of Directors of June 3, 2020*).

**Article 2. General provisions**

1. For purposes of providing clearing services as part of the Exchange's clearing activities on exchange markets, members of the Exchange of various categories are assigned the following statuses:
  - 1) "clearing participant of the currency market" – to members of the Exchange of the "currency" category;
  - 2) "clearing participant of the derivatives market" – to members of the Exchange of the "derivative" category;
  - 3) "clearing participant of the stock market" – to members of the Exchange of the "stock" category.
2. One member of the Exchange can have several statuses of the clearing participant.
3. For purposes of defining the procedure of execution of deals, a clearing participant is assigned one of the following categories:

"unsecured" – a clearing participant is not subject to requirements for providing security of fulfillment of his obligations;

"partially secured" – a clearing participant is subject to requirements set by the Clearing Rules, regarding partial security of fulfillment of his obligations;

"fully secured" – a clearing participant is subject to the requirement for full security of his obligations as each date of settlements in those financial instruments which generate these obligations (*this paragraph was supplemented by a decision of the Exchange's Board of Directors of June 3, 2020*).
4. The procedure of assigning and changing of the clearing participant's category is defined in article 9 of the Regulations (*this item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018*).

**Chapter 2. CLEARING PARTICIPANT STATUS**

**Article 3. Requirements for a candidate applying for the clearing participant status**

1. A candidate for the clearing participant status can be represented by a legal entity holding a valid status of a member of the Exchange of a particular category assigned to him in accordance with the Exchange's internal document "Regulations on Membership".
2. To obtain the clearing participant status of any exchange market the candidate must:
  - 1) meet equity capital sufficiency and liquidity standards set by the authority of the country, in accordance with whose legislation the candidate was founded, within three consecutive completed calendar months until the date of submission of the application for the clearing participant status;
  - 2) meet requirements set in item 1 of article 12 of the Regulations.

**Article 4. Documents provided by the candidate for the clearing participant status**

1. To obtain the clearing participant status the candidate must provide the Exchange with an application for the clearing participant status prepared according to the form of appendix 1 to the Regulations.

The application for assignment of the status of a clearing participant is at the same time the candidate's consent to join (accept the Exchange's offer for conclusion) to the clearing agreement as a whole, posted by the Exchange on

the Exchange's Internet resource (www.kase.kz), in the form provided for in Appendix 2 to the Regulations. The clearing service agreement is deemed to be concluded between the Exchange and the candidate from the date of entry into force of the Exchange's decision on assigning the status of a clearing participant to the candidate (*this paragraph was changed by a decision of the Exchange's Board of Directors of September 30, 2020*).

2. To obtain the status of a clearing participant of the stock market, a candidate must provide to the Exchange a copy of the notice of the Central Securities Depository JSC (hereinafter – the Central Depository), confirming the availability of the candidate's accounts indicated in item 3 of article 12 of the Regulations.

**Article 5. Preparation of an opinion for assigning the clearing participant status to a candidate**

1. Upon receipt from a candidate of documents, indicated in article 4 of the Regulations, the responsible unit of the Exchange shall prepare an opinion on the possibility of assigning to that candidate of the clearing participant status (hereinafter – the opinion), containing the following information:
  - 1) about the candidate's compliance with requirements of article 3 of the Regulations;
  - 2) on provision by the candidate of documents indicated in article 4 of the Regulations;
  - 3) about the candidate's compliance with requirements of the legislation of the country of incorporation of that candidate (from public sources);
  - 4) about facts of non-fulfillment (undue fulfillment) by the candidate of his obligations for a period of no less than one year before the date of submission of the application for the clearing participant status, if the candidate is a valid member of the Exchange in said period;
  - 5) other information being substantial for taking a decision on assigning of the clearing participant status.
2. An opinion must be prepared within 10 business days from the day of receipt by the Exchange of documents mentioned in article 4 of the Regulations.
3. In the process of preparation of an opinion the Exchange may request from the candidate, government bodies or other organizations, additional documents, necessary, in the Exchange's opinion, for preparation of a justified opinion. In such case, the preparation of an opinion is suspended until the Exchange receives requested documents and / or other answer.
4. Provision by a candidate seeking the clearing participant status, of documents containing incomplete, inaccurate, unreliable or outdated information, is a sufficient reason for refusal to prepare an opinion, and accordingly, for the Exchange's refusal to assign the clearing participant status to a candidate.
5. An opinion concluded in accordance with this article, is considered by the Exchange's Management Board (hereinafter – the Management Board) at its next meeting.

**Article 6. Granting the clearing participant status**

1. The Management Board, following the opinion, prepared in accordance with article 5 of the Regulations, takes a decision on the granting to the candidate of the clearing participant status, with specifying a particular category in accordance with chapter 3 of the Regulations.
2. A finding of non-compliance of the candidate with any of requirements of article 3 of the Regulations, as well as of facts of the candidate's failure to meet obligations, violation of laws or other information witnessing of the possibility of

emergence of circumstances that can lead to the candidate failing to meet obligations in response to clearing services, is a sufficient reason for refusal to grant the candidate the clearing participant status.

3. A decision of the Management Board on granting the clearing participant status to a candidate is brought to knowledge of the candidate and the authorized body no later than the business day following the day of making the decision, by sending respective notices (*this item was changed by a decision of the Exchange's Board of Directors dated February 26, 2020*).
4. A decision of the Management Board on refusal to grant the clearing participant status to a candidate is brought to knowledge of the candidate and the National Bank no later than the business day following the day of the decision, by sending a respective notice.
5. The candidate who was refused the clearing participant status, may upon expiry of three months after the Management Board took the respective decision, repeatedly submit an application for the clearing participant status, taking into account requirements of the Regulations.

**Article 7. Suspension and resumption of the clearing service for a clearing participant**

1. The Management Board may take a decision on suspending the clearing service for a clearing participant on an exchange market for a definite period of time in the following cases:
  - 1) non-compliance of the clearing participant with requirements set in article 12 of the Regulations;
  - 2) non-fulfillment (undue fulfillment) by clearing participants of their obligations on deals, on contribution of (additional) guarantee fees, of security, in accordance with the Regulations, the Clearing Rules and other internal documents of the Exchange;
  - 3) non-payment (untimely or incomplete payment) of clearing fees, penalties/forfeits and other applicable amounts in accordance with the Regulations, the Clearing Rules and other internal documents of the Exchange;
  - 4) there is information capable of negatively affecting the clearing participant's ability to fulfill obligations;
  - 5) suspension of the membership of the clearing participant on the respective exchange market;
  - 6) banning of the clearing participant from trading in all instruments of a particular market.
2. Suspension of the clearing service of a clearing participant on the respective exchange market for any of reasons specified in sub-items 1)-5) of item 1 of this article is a reason for the Exchange's Management Board to take a decision on banning that clearing participant from trading on that exchange market for the similar period.
3. At suspension of the clearing service of a clearing participant on the respective exchange market, a clearing participant retains obligations set in the Clearing Rules, the Regulations and other internal documents of the Exchange.
4. A decision on resumption of the clearing service for the clearing participant on the respective exchange market that was earlier suspended in accordance with sub-item 1) of item 1 of this article, may be taken by the Management Board provided the clearing participant removed the non-compliance within the time determined by the Exchange's Management Board as the time of suspension of the clearing service of the clearing participant (*this item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018*).

5. A decision on resumption of the clearing service for the clearing participant on the respective exchange market that was earlier suspended in accordance with sub-item 2) of item 1 of this article, may be taken by the Management Board provided the clearing participant fully fulfilled his obligations that being not fulfilled (unduly fulfilled) were the reason for the Management Board's decision on suspension of the clearing service for such clearing participant.
6. A decision on resumption of the clearing service for the clearing participant on the respective exchange market that was earlier suspended in accordance with sub-item 3) of item 1 of this article, may be taken by the Management Board after the clearing participant settled payments that earlier were not made and brought to the suspension (*this item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018*).
7. A decision on resumption of the clearing service for the clearing participant on the respective exchange market that was earlier suspended in accordance with sub-item 4) of item 1 of this article may be taken by the Management Board at receipt of information, witnessing of the removal of the reason for suspension of the clearing service (*this item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018*).
8. A decision on resumption of the clearing service for the clearing participant on the respective exchange market that was earlier suspended in accordance with sub-items 5) and 6) of item 1 of this article, is taken by the Management Board in case of resumption of the membership of the clearing participant on the respective exchange market or resumption of his admission to trading, accordingly.
9. A suspension and resumption of the clearing service for a clearing participant is the reason for the Exchange's Management Board to take a decision on banning from trading or admission of this clearing participant to trading in financial instruments on the respective exchange market (market section) for the similar period of time (*this item was changed by a decision of the Exchange's Board of June 3, 2020*).
10. The Management Board's decision on suspension or resumption of clearing service for the clearing participant is brought to knowledge of the clearing participant and the authorized body no later than the business day following the day of making the decision, by sending respective notices (*this item was changed by a decision of the Exchange's Board of Directors dated February 26, 2020*).
11. Suspension of clearing service for a clearing participant is not a reason for returning of guarantee fees to the clearing participant.

**Article 8. Stripping of the clearing participant status**

1. The Management Board takes a decision on stripping of the clearing participant status in the following cases:
  - 1) if the Management Board earlier took a decision on suspension of the clearing service for the clearing participant in accordance with item 1 of article 7 of the Regulations, and the clearing participant within the period of time specified by the Management Board, didn't correct inconsistencies which were the reason for taking said decision;
  - 2) in case of declaring by the Management Board of a clearing participant as insolvent in accordance with the Clearing Rules on the respective exchange market;
  - 3) at receipt by the Exchange of a letter from the clearing participant with an application for voluntary waiver of the clearing participant status.

2. Stripping of the clearing participant status occurs without a decision of the Management Board in case of stripping of the Exchange membership by the respective category.
3. Stripping of the clearing participant status on a particular exchange market is the reason for putting up the issue of discontinuation of membership of that organization by the category corresponding with that exchange market for consideration by the Board of Directors (*this item was changed by a decision of the Exchange's Board of Directors dated September 16, 2019*).
4. A decision of the Management Board on stripping of the clearing participant status is brought to knowledge of the clearing participant and the authorized body no later than the business day following the day of making the decision, by way of sending respective notices (*this item was changed by a decision of the Exchange's Board of Directors dated February 26, 2020*).
5. The organization stripped of the clearing participant status (other legal entity responsible for liabilities of the organization, e.g. the liquidation commission), retains obligations of the organization emerged in the period when the organization held the clearing participant status, that are set in the Clearing Rules, the Regulations (including appendices thereto) and other internal documents of the Exchange.

### Chapter 3. CLEARING PARTICIPANT CATEGORY

#### Article 9. Procedure of assigning/changing a category to a clearing participant

*(this heading was changed by a decision of the Exchange's Board of Directors dated November 7, 2018)*

1. The category "unsecured" on any exchange market is assigned only to the National Bank.
2. All clearing participants of the derivatives market, except for the National Bank, are assigned the category – "partially secured" (*this item was changed by a decision of the Exchange's Board of Directors dated September 16, 2019*).
3. Clearing participants of the currency and stock markets, except for the National Bank, can be assigned the category "fully secured" or "partially secured", following a decision of the Management Board (*this item was changed by a decision of the Exchange's BD dated September 16, 2019*).
- 3-1. The category "partially secured" can be assigned to a clearing participant of the stock market who complies with the following requirements (*this item was included by a decision of the Exchange's BD dated September 16, 2019*):
  - 1) has a rating not lower than "C";
  - 2) compliance with capital adequacy and liquidity standards established by the authorized body of the state of registration of the clearing participant (if there are such requirements).
4. The category "partially secured" can be assigned to a clearing participant of the currency market meeting the following requirements, taking into account the specifics set in item 5 of this article (*this paragraph was changed by a decision of the Exchange's Board of Directors dated September 16, 2019*):
  - 1) (*this sub-item was removed by a decision of the Exchange's Board of Directors dated February 26, 2020*);
  - 2) he has a rating no lower than "C";
  - 3) compliance with the ratios of equity sufficiency and liquidity specified by the government authority in the country of incorporation of the clearing participant (if such requirements are available).



5. In case of incompliance of a clearing participant of the currency market with any of requirements defined in item 4 of this article, the Exchange's Management Board may set a category for such clearing participant (*this paragraph was changed by a decision of the Exchange's Board of Directors dated September 16, 2019*):

- 1) "fully secured";
- 2) "partially secured" with applying to the clearing participant of the currency market of a position opening limit of and setting of an individual rate of initial margin equal to at least the one-fold size of the concentration rate (*this sub-item was changed by decisions of the Exchange's Board of Directors dated September 16, 2019 and March 17, 2020*).

*(This item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018).*

5-1. The Exchange's Management Board may set the "fully secured" category for a clearing participant based on recommendation of the Committee on the foreign currency market.

*(This item was included by a decision of the Exchange's Board of Directors dated August 6, 2019).*

5-2. If the clearing participant of the currency market which was assigned the category "partially secured" using for the clearing participant the limit for opening positions and setting an individual initial margin rate, within three consecutive months meets the requirements specified in item 4 of this article, the Exchange's Management Board is entitled to assign the category "partially secured" to such clearing participant without applying the limit for opening positions and the individual initial rate margin (*this item was included by a decision of the Exchange's Board of Directors dated September 16, 2019*).

5-3. In case of incompliance of a clearing participant of the stock market with any of requirements defined in item 3-1 of this article, the Committee on market risks may (*this item was included by a decision of the Exchange's Board of Directors dated September 16, 2019*):

- 1) recommend to the Exchange's Management Board to assign such clearing participant the "fully secured" category;
- 2) to establish for a certain period of time a restrictive limit on the minimum value of the single limit for "partially secured" transactions.

6. A clearing participant of the category "partially secured" must contribute a guarantee fee to the clearing guarantee fund of the respective exchange market in the amount specified in appendix 3 of the Regulations (*this item was changed by a decision of the Exchange's Board of Directors dated September 16, 2019*).

7. The procedure of contributing, additional contributing and returning of guarantee fees to the clearing guarantee funds is determined in the Clearing Rules.

8. A clearing participant may not more than once a calendar month submit an application for change of the clearing participant category, prepared according to form of annex 4 to the Regulations.

9. The Management Board considers the application for change of the clearing participant category within 10 business days from the date of acceptance of such application.

10. The Management Board may change the clearing participant category, based on:

- 1) the report on results of the clearing participants monitoring;
- 2) recognizing a clearing participant as unfair in accordance with the Clearing Rules (*this sub-item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018*);

- 3) the application of the clearing participant mentioned in item 8 of this article (*this sub-item was included by a decision of the Exchange's Board of Directors dated November 7, 2018*);
  - 3-1) a recommendation of the Committee on market risks (*this sub-item was included by a decision of the Exchange's Board of Directors dated September 16, 2019*);
  - 3-2) a recommendation of the Committee on the foreign currency market (*this sub-item was included by a decision of the Exchange's Board of Directors dated September 16, 2019*);
  - 4) other information that may affect the ability of the clearing participant to fulfill obligations stipulated by these Regulations and the Clearing Rules (*this sub-item was included by a decision of the Exchange's Board of Directors dated November 7, 2018*).
11. In case the Management Board took a decision on changing the clearing participant's category from "fully secured" to "partially secured", then such clearing participant must contribute a fee to the clearing guarantee fund in accordance with items 6 and 7 of this article of the Regulations (*this item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018*).
- In case the Management Board took a decision on changing the clearing participant's category from "fully secured" to "partially secured", then such clearing participant must contribute a fee to the clearing guarantee fund in accordance with items 6 and 7 of this article of the Regulations.
12. A decision of the Management Board on changing a clearing participant's category is brought to knowledge of the clearing participant no later than the business day following the day of the decision, by sending a respective notice (*this item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018*).

#### Chapter 4. MONITORING OF CLEARING PARTICIPANT

##### Article 10. Procedure of execution of monitoring of the clearing participant

1. The Exchange carries out monitoring of clearing participants for purposes of defining their compliance with requirements specified in the Regulations, as well as in other internal documents, based on the clearing participant's status and the category assigned to him.
2. The Exchange monitors the financial position of clearing participants in the manner established by the Exchange's internal documents "Regulations on Membership" and "The Procedure of Monitoring of Members of the Exchange", and based on documents and information provided by clearing participants as members of the Exchange (*this item was included by a decision of the Exchange's Board of Directors dated September 16, 2019*).
3. The Exchange carries out monitoring of clearing participants' compliance with requirements of these Regulations based on the following information (*this item was changed by a decision of the Exchange's Board of Directors dated September 16, 2019*):
  - 1) on compliance with requirements for clearing participants defined in article 12 of the Regulations;
  - 2) on compliance with requirements for a particular category of the clearing participant on the respective exchange market defined in article 9 of the Regulations;
  - 3) on availability/absence in the period under review of facts of failure (undue performance) of the clearing participant on deals in financial instruments, on

contribution (additional contribution) of guarantee fees, security, on payment of clearing and other fees of the Exchange, on payment of penalties/forfeits of the Exchange and other applicable amounts in accordance with these Regulations, Clearing Rules and other internal documents of the Exchange.

**Chapter 5. RIGHTS AND OBLIGATIONS OF CLEARING PARTICIPANTS.  
RESPONSIBILITY OF CLEARING PARTICIPANTS**

**Article 11. Rights and obligations of a clearing participant**

1. A clearing participant may, according to the terms and conditions and the procedure, specified in the Clearing Rules, the Regulations (including appendices thereto) and other internal documents of the Exchange related to its clearing activities:
  - 1) use clearing services of the Exchange;
  - 2) receive from the Exchange information on results of clearing sessions;
  - 3) receive other information related to clearing activities of the Exchange;
  - 4) put up for consideration by the Exchange issues related to its clearing activities;
  - 5) exercise other rights stipulated in laws of the Republic of Kazakhstan and internal documents of the Exchange.
2. A clearing participant must (taking into account specifics set in articles 12 and 13 of the Regulations):
  - 1) meet requirements of laws of the Republic of Kazakhstan, as well as requirements specified in the Clearing Rules, the Regulations (including appendices thereto) and other internal documents of the Exchange, related to its activities, taking into account changes and/or additions that may be made thereto;
  - 2) in due manner fulfill obligations according to the procedure specified in the Clearing Rules, the Regulations (including appendices thereto) and other internal documents of the Exchange, including obligations on contribution (additional contribution) of guarantee fees, security, as well as payment of forfeits and other applicable amounts;
  - 3) pay clearing fees and other payments in favor of the Exchange provided for in the Clearing Rules, the Regulations (including appendices thereto) and other internal documents of the Exchange, in the amount and according to the procedure specified in such internal documents;
  - 4) timely, completely and in an optimal manner fulfill obligations on deals concluded in financial instruments;
  - 5) timely and to the full extent fulfill requirements for information disclosure specified in the Regulations and other internal documents of the Exchange;
  - 6) accept and fulfill decision taken by the Exchange.

**Article 12. Requirements for clearing participants**

1. There are the following<sup>1</sup> requirements for clearing participants:

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<sup>1</sup> Based on requirements for the risk management system of a clearing organization, terms and procedure of monitoring, control and risk management in the clearing organization, approved by resolution No. 59 of the Management Board of the National Bank of the Republic of Kazakhstan dated February 24, 2012.

- 1) compliance with requirements of internal documents of the Exchange set for a member of the Exchange of the following category;
  - 2) availability of connection to the electronic document exchange system eTransfer.kz<sup>2</sup>;
  - 3) he must have a rating not lower than the level, specified in these Regulations, if such requirement is set in article 9 of the Regulations or item 4 of this article;
  - 4) compliance with norms (requirements) related to the sufficiency of the equity capital and liquidity, specified by the government authority in the country of incorporation of the clearing participant;
  - 5) requirement for the availability of a proper risk management and internal control system, as it's defined in item 2 of this article.
2. Clearing participants must comply with the requirement for availability of a proper risk management and internal control system, in particular:
- 1) a clearing participant which is a second-tier bank incorporated and operating in accordance with laws of the Republic of Kazakhstan, must meet minimum requirements for the organization of the risk management system and internal control system, specified in the Rules of forming the risk management and internal control system for second-tier banks<sup>3</sup> (*this sub-item was changed by a decision of the Exchange's Board of Directors dated February 26, 2020*);
  - 2) a clearing participant which is a second-tier bank incorporated and operating in accordance with laws of a country, other than the Republic of Kazakhstan, must meet minimum requirements for the organization of the risk management system and internal control system, specified by that country's authority for regulation of banking activities;
  - 3) a clearing participant which is an organization carrying out brokerage and/or dealing activities on the securities market or activities involving investment portfolio management, incorporated and operating in accordance with laws of the Republic of Kazakhstan, must hold a rating "complies" according to the most recent annual report on assessment of the compliance with requirements for risk management systems<sup>4</sup> (*this sub-item was changed by a decision of the Exchange's Board of Directors dated September 16, 2019*);
  - 4) a clearing participant which is an organization carrying out brokerage and/or dealing activities on the securities market or activities involving investment portfolio management, incorporated and operating in accordance with laws of a country other than the Republic of Kazakhstan, must comply with minimum requirements for the organization of the risk management system and internal control system, specified by that country's authority for regulation of such activities.
3. A clearing participant of the stock market must have a sub-account with additional feature "sub-account of the trading participant" and a bank account

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<sup>2</sup> The specialized system of electronic document exchange between the Exchange and its members, providing for cryptographic means of protection of transmitted data and ensuring their guaranteed delivery, confidentiality and inalterability.

<sup>3</sup> Approved by resolution No. 188 of the Management Board of the National Bank of the Republic of Kazakhstan dated November 12, 2019 (*this footnote was changed by a decision of the Exchange's Board of Directors dated February 26, 2020*).

<sup>4</sup> Composed in accordance with appendix 1 to the Rules of forming the risk management and internal control system for organizations carrying out brokerage and/or dealing activities on the securities market, activities involving investment portfolio management, approved by resolution No. 214 of the Management Board of the National Bank of the Republic of Kazakhstan dated August 27, 2013.

with additional feature "bank account of the trading participant", opened in his name at the Central Securities Depository.

4. A clearing participant on the derivatives market must have a rating not lower than "D" (*this item was changed by a decision of the Exchange's Board of Directors dated September 7, 2018*).

**Article 13. Disclosure of information by clearing participants**

1. Information disclosure requirements specified in this article, do not apply to the National Bank which, in accordance with laws of the Republic of Kazakhstan, carries out government regulation of the securities market, and to organizations which are international financial organizations and are subjects of international law (*this item was changed by a decision of the Exchange's Board of Directors dated September 16, 2019*):

2. As part of disclosure of information towards the Exchange a clearing participant must provide to the Exchange the following documents and information no later than July 1 of the year following the reporting year:

(if the clearing participant is a second-tier bank, incorporated and operating in accordance with laws of the Republic of Kazakhstan) a letter of assurance signed by the first executive of the clearing participant regarding compliance of the clearing participant with requirements for the organization of risk management and internal control systems specified in appendix 2 to the Rules of forming the risk management and internal control system for second-tier banks, as of December 31 of the year under review;

(if the clearing participant is a second-tier bank, incorporated and operating in accordance with laws of a country other than the Republic of Kazakhstan) a letter of assurance signed by the first executive of the clearing participant regarding compliance of the clearing participant with minimum requirements for the organization of risk management and internal control systems specified by that country's authority for regulation of such activities, as of December 31 of the year under review;

(if the clearing participant is an organization carrying out brokerage and/or dealing activities on the securities market or activities involving investment portfolio management, incorporated and operating in accordance with laws of the Republic of Kazakhstan) the annual report on assessment of the compliance with requirements for risk management systems<sup>5</sup>;

(if the clearing participant is an organization carrying out brokerage and/or dealing activities on the securities market or activities involving investment portfolio management, incorporated and operating in accordance with laws of a country other than the Republic of Kazakhstan) a letter of assurance signed by the first executive of the clearing participant regarding compliance of the clearing participant with minimum requirements for the organization of risk management and internal control systems specified by that country's authority for regulation of such activities;

- 2) no later than the first business day following the day of onset of the event, – details of arrest imposed by courts, inquiry and investigation authorities or enforcement bodies according to civic and criminal cases or enforcement proceedings processed by them, on assets<sup>6</sup>, belonging to the clearing participant and/or his clients<sup>7</sup>.

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<sup>5</sup> Composed in accordance with appendix 1 to the Rules of forming the risk management and internal control system for organizations carrying out brokerage and/or dealing activities on the securities market, activities involving investment portfolio management, approved by resolution No. 214 of the Management Board of the National Bank of the Republic of Kazakhstan dated August 27, 2013.

<sup>6</sup> "Assets" mean money, securities and other financial instruments held by the clearing participant and/or his clients or other individuals and legal entities (including banks and organizations carrying out particular types

3. Documents and information indicated in item 2 of this article are provided to the Exchange in form of electronic documents, authenticated by way of electronic digital signatures, keys of which were generated by the Republican state enterprise with the right of economic management "Kazakhstan Inter-bank Settlements Center of the National Bank of the Republic of Kazakhstan", in formats specified in those appendices by means of system is2in<sup>8</sup> (*this item was changed by a decision of the Exchange's Board of Directors dated November 7, 2018*).
4. The general procedure of information disclosure is determined in article 16 of the Exchange's internal document "Regulations on Membership".

**Article 14. Clearing fees**

1. The Exchange charges clearing fees for execution of clearing on a net basis of deals with the central counter party and on a gross basis on deals without the central counterparty, including deals with the central counterparty concluded by the Exchange on behalf of the clearing participant as part of the default settlement (*this item was changed by decisions of the Exchange's Board of Directors dated September 16, 2019 and June 3, 2020*).
2. Clearing participants pay clearing fees in the amount and according to the procedure specified in the Exchange's internal document "Regulations on membership fees, exchange dues and clearing fees".
3. At stripping of an organization of its clearing participant status, clearing fees paid earlier shall not be returned.
4. Suspension of clearing service doesn't exempt the clearing participant from obligations on payment of clearing fees.
5. Stripping of an organization of its clearing participant status doesn't exempt the organization from obligations on payment of clearing fees, calculated in the period, when such organization held the clearing participant status, as well as fees calculated for deals executed in the name of the clearing participant as part of settlement of defaults in accordance with the Clearing Rules.

**Article 15. Clearing participant's responsibility**

1. Any non-fulfillment (undue fulfillment) by the clearing participant of his obligations set in the Clearing Rules, the Regulations (including appendices thereto) and other internal documents of the Exchange, related to its clearing activities, are subject to settlement according to the procedure specified in such documents.
2. Forfeits/penalties are calculated for non-fulfillment (undue fulfillment) by the clearing participant of his obligations set in the Clearing Rules, the Regulations (including appendices thereto) and other internal documents of the Exchange, related to its clearing activities, and are subject to payment according to the procedure specified in such documents.

**Article 16. Responsibility of the Exchange**

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of banking transactions, as well as in insurance companies, as well as in systems of the Central Securities Depository and/or other systems of registries of securities holders).

<sup>7</sup> "Clients" means only clients, on whose account, in whose interest and on whose behalf the clearing participant submits orders and concludes deals during trading on the Exchange.

<sup>8</sup> "is2in" (ISSUERS TO INVESTORS) is a specialized system of electronic document exchange between the Exchange and its members, as well as between the Exchange and securities admittance initiators that allows members of the Exchange and securities admittance initiators to transmit documents and information in electronic form to the Exchange (without provision of hard copies of such documents and information messages) with their consecutive automated release on the Exchange's website.

1. The Exchange, on deals with the central counterparty, guarantees fulfillment of obligations towards every diligent clearing participant irrespective of the fulfillment by other clearing participants of their obligations towards the Exchange according to the procedure and taking into account restrictions set in the Clearing Rules (*this item was changed by decisions of the Exchange's Board of Directors dated September 16, 2019 and June 3, 2020*).
2. The Exchange as a clearing organization not executing functions of the central counterparty, ensures fulfillment of obligations of clearing participants on deals concluded in financial instruments according to the procedure specified in the Clearing Rules.
3. Reports on any substantial incidents capable of bringing about responsibility of the clearing organization on deals in financial instruments, concluded by clearing participants, is presented to the Exchange's Board of Directors according to the procedure defined in the Exchange's internal documents "Risk management policy" and "Rules of risk management".
4. The Exchange is not responsible for any losses that emerged beyond its control, or as a result of the following incidents or events:
  - 1) at onset of a malfunction due to force majeure or other events being beyond the Exchange's area of responsibility;
  - 2) at occurrence of technical problems, partial or full operating instability of software and hardware, errors of input-output procedures at execution of trading, clearing and settlement procedures, errors of disposal, management of security (collateral) provided on deals in financial instruments;
  - 3) at failure to fulfill (improper fulfillment) by the clearing participant of his obligations, in accordance with the Clearing Rules, the Regulations (including appendices thereto) and other internal documents of the Exchange related to its clearing activities;
  - 4) at execution of default settlement procedures;
  - 5) at availability of incomplete or unreliable information in documents, provided by clearing participants according to information disclosure requirements;
  - 6) at failure to present (untimely presentation) by government authorities and other organizations, of information capable of affecting the clearing participant's ability to meet his obligations on deals in financial instruments.

## Chapter 6. FINAL PROVISIONS

### Article 17. Settlement of discrepancies and disputes

1. Disputes and conflicts occurring between clearing participants, between the Exchange and its clearing participants, related to the Exchange's execution of clearing activities on deals in financial instruments (except for disputes and conflicts on issues of suspending the clearing service or stripping of the clearing participant status, as well as assigning and changing of the clearing participant categories) are subject to settlement by negotiations.
2. If a mutually acceptable solution cannot be reached by negotiations, the unsettled dispute (conflict) with the mutual consent of the parties is subject to transfer to the Exchange's Commission for settlement of disputes and conflicts (hereinafter – the Commission) (except for disputes and conflicts on issues of suspending the clearing participant status or stripping of the clearing participant status, as well as assigning and changing of the clearing participant category).
3. A decision taken by the Commission can be appealed in the Exchange's Board of Directors within one month after its date, in case of submission of an application for its cancellation to the Board of Directors.

4. An application for appealing the Commission's decision is considered by the Exchange's Board of Directors at its next meeting.
5. In case of appealing a decision of the Commission at the Exchange's Board of Directors, the execution of the decision taken by the Commission, is suspended.
6. In case a dispute (conflict) cannot be solved by the Exchange's Commission or Board of Directors, that dispute (conflict) can be solved at the court.
7. Decisions of the Exchange on issues of suspending the validity of the clearing participant status or withdrawal of the clearing participant status, as well as assigning and changes of the clearing participant's categories are not disputed and accepted by the clearing participants in full.
8. If a mutually acceptable solution cannot be reached by negotiations, the unsettled dispute (conflict) mentioned in item 7 of this article, is subject to settlement in courts of the Republic of Kazakhstan in accordance with laws of the Republic of Kazakhstan (*this item was changed by a decision of the Exchange's Board of Directors of June 3, 2020*).

### **Article 18. Final provisions**

1. The Regulations, and all changes and/or additions to the Regulations, shall be brought to knowledge of clearing participants by releasing on the Exchange's website (www.kase.kz).
2. The Regulations are subject to updating upon necessity, but at least once every three years, counted from the date of approval of the Regulations (*this item was changed by a decision of the Exchange's Board of Directors of September 30, 2020*).
3. The clearing department is responsible for the timely making of changes and additions to the Regulations.

Chairperson of the Management Board

A. Aldambergen



**Appendix 1**  
to the Regulations on clearing  
participants of  
Kazakhstan Stock Exchange  
JSC

*(This appendix was changed by a decision of the Exchange's  
Board of Directors of the dated September 30, 2020)*

*[on letterhead, indicating the outgoing number and date of the application, delete the comment]*

	<p><b>APPLICATION</b></p> <p>for assignment of the status of a clearing participant and joining the clearing agreement (hereinafter – the Application)</p>
<p><i>.....[indicate the full and abbreviated name in the state language of the candidate for assigning the status of a clearing participant in accordance with the charter and the registration (re-registration) of the legal entity with the justice authorities, delete the comment] .....</i></p>	<p>With this Application, we ask Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) to assign <i>[indicate the full and abbreviated name (in Russian, state and nom languages) of the candidate for assignment of the status of a clearing participant in accordance with the charter and the registration (re-registration) of the legal entity with the justice authorities, delete the comment]</i>, hereinafter – the candidate, the status of a clearing participant in the following exchange market(s)<sup>9</sup> <i>[tick, delete the comment]</i>:</p> <p><input type="checkbox"/> stock market</p> <p><input type="checkbox"/> currency market</p> <p><input type="checkbox"/> derivatives market</p>
	<p><b>By signing this Application, we declare that we:</b></p> <ul style="list-style-type: none"> <li>– are familiar with the Rules for Clearing Transactions in Financial Instruments (hereinafter – the Clearing Rules), the Regulation on Clearing Participants, the Regulation on Membership Fees, Exchange and Clearing Fees and other internal documents of the Exchange related to the Exchange's clearing activities;</li> <li>– unconditionally agree with all the conditions and requirements established by the Clearing Rules, the Regulation on Clearing Participants (including its annexes) and other internal documents of the Exchange related to the Exchange's clearing activities, and we undertake to comply with these conditions and requirements, bear full responsibility for violation of these conditions and requirements;</li> <li>– accept all subsequently made changes and (or) additions to the Clearing Rules, the Regulations on Clearing Participants, or their presentation in a new edition, and other</li> </ul>

<sup>9</sup> Until October 1, 2018, the status of a clearing participant in the stock market corresponded to the status of a clearing participant in the category "clearing participant of the stock market", the status of a clearing participant in the foreign exchange market corresponded to the status of a clearing participant in the category "clearing participant in the foreign exchange market", and the status of a clearing participant in the derivatives market corresponded to the status of a clearing participant in the category "clearing participant of the derivatives market".

## Regulations on clearing participants

	<p>internal documents of the Exchange related to the Exchange's clearing activities;</p> <ul style="list-style-type: none"> <li>- we undertake to timely fulfill obligations on transactions with financial instruments, on depositing (additional depositing) of a guarantee fee (guarantee fees), collateral, pay clearing fees, forfeits (fines) when they are accrued, as well as make other payments and (or) reimburse the Exchange's expenses in accordance with the Clearing Rules, the Regulation on Clearing Participants and other internal documents of the Exchange.</li> </ul>
	<p>By signing this Application, we declare our joining the clearing agreement (hereinafter – the Agreement) as a whole, posted on the Internet resource of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) <a href="http://www.kase.kz">www.kase.kz</a>, concluded with the Exchange.</p> <p>By signing this Application, we declare that we are familiar with and agree with the condition of the Regulations on clearing participants that the Agreement is considered concluded with the Exchange from the date of entry into force of the Exchange's decision on assigning the status of a clearing participant to a candidate (hereinafter – a clearing participant).</p> <p>By signing this Application, we declare that we are familiar with and agree to the following terms of the Agreement:</p> <p>The Agreement does not regulate the relationship between the Exchange and the clients of the clearing participant;</p> <p>relations of a clearing participant with his client (clients) arising, in particular, in connection with the execution of deals in the interests of such client (such clients), execution and (or) termination of obligations from them, including as a result of clearing, are governed by the legislation of the Republic of Kazakhstan and agreements concluded between the clearing participant and his client (clients);</p> <p>the clearing participant bears independently (without involving the Exchange) responsibility to his clients in the event of emergence of any issues related to the execution of deals in their interests, including those related to the execution and (or) termination of obligations under them, as well as application by the clearing participant of the provisions of the Clearing Rules ;</p> <p>The Exchange has the right to determine the obligations of a clearing participant, including the payment of clearing fees in favor of the Exchange, in accordance with the procedure established by the internal documents of the Exchange; make settlements based on the results of clearing, write off clearing fees from the collateral accounts of the clearing participant, and give its consent to the Exchange to perform the actions specified in this paragraph and internal documents of the Exchange;</p> <p>The clearing participant agrees to join the changes and (or) additions to the Agreement, or the</p>

## Regulations on clearing participants

	presentation of the Agreement in a new edition as a whole, and agrees that the clearing participant independently monitors the change in the edition of the Agreement, including its appendices, by viewing the Internet resource Exchanges <a href="http://www.kase.kz">www.kase.kz</a> .
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**Candidate:**

\_\_\_\_/ indicate the full and abbreviated name of the candidate for acquiring the status of a clearing participant in Russian in accordance with the charter and the registration (re-registration) of the legal entity with the justice authorities]

\_\_\_\_/BIN:

\_\_\_\_/bank details^

\_\_\_\_\_/ location address (postal address according to the information registered with the justice authorities and the actual):

\_\_\_\_\_/e-mail

\_\_\_\_\_/tel.: contact \_\_\_\_\_,

mobile: \_\_\_\_\_

[CEO]

[signature]

[surname, initials]

_____/ Mark of the Exchange about the acceptance of the Application: * _____ (Өтінішті қабылдаған операциялық жұмыскердің аты-жөні, лауазымы, қолы мен мөрі қойылсын, түсіндірме алынсын/ put down the surname and initials, position, signature of the person who accepted the Application, delete the comment) * _____ қолы/signature M.O./stamp « ____ » _____ 20__ ж/у.
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**/Bank details of the Exchange:**

Тіркелген мекенжайы/ Registration address: 280 Bayzakov St., North tower of the Multifunctional complex "Almaty Towers", 8th floor, Almaty 050040, phone: +7 (727) 237 5300, fax: +7 (727) 296 6402

**Appendix 2**

to the Regulations on clearing participants

*(This appendix was changed by decisions of the Exchange's Board of Directors dated September 7, 2018, September 16, 2019 and September 30, 2020)*

**A G R E E M E N T**

**on clearing services (hereinafter – the Agreement)**

	<p>The Agreement is an agreement of accession, and defines the standard conditions for the provision of clearing services to Clearing Participants by Kazakhstan Stock Exchange JSC.</p>
	<p><b>1. Terms and definitions</b>                  The Exchange – Kazakhstan Stock Exchange JSC;                  Application for Accession to the Agreement – a written application of the Clearing participant according to the form of the Exchange for accession to the Agreement, filled in by the Clearing participant;                  Clearing participant – a legal entity that has received the status of a clearing participant in accordance with the Regulations on Clearing Participants, which has acceded to the Agreement on the basis of an Application for accession to the Agreement submitted and accepted by the Exchange;                  Clearing Rules – the Exchange's internal document "Rules for Clearing Deals in Financial Instruments";                  Parties – the Exchange and the Clearing participant.                  The concepts and terms contained in the Agreement are used in the meanings established by the legislation of the Republic of Kazakhstan, internal documents of the Exchange: Clearing Rules, Regulations on Clearing Participants posted on the Exchange's Internet resource <a href="http://www.kase.kz">www.kase.kz</a>.</p>
	<p><b>2. General provisions</b>                  2.1. The Agreement is an agreement of accession concluded by the Parties in accordance with the provisions of Article 389 of the Civil Code of the Republic of Kazakhstan, the terms of which can be accepted by the Clearing participant only by acceding to the Agreement as a whole.                  2.2. The Agreement is published on the Exchange's Internet resource <a href="http://www.kase.kz">www.kase.kz</a>.                  2.3. In accordance with the Agreement, the Clearing participant instructs and the Exchange undertakes to provide clearing services (with or without performing the functions of the central</p>

	<p>counterparty) in relation to deals in financial instruments concluded by the Clearing participant and (or) its authorized Trading participant in the Exchange's trading system, in the manner and under the conditions established by the legislation of the Republic of Kazakhstan, the Clearing Rules and other internal documents of the Exchange relating to the Exchange's clearing activities.</p> <p>2.4. The terms of the Agreement are determined by the Clearing Rules, the Regulations on Clearing Participants and other internal documents of the Exchange related to the Exchange's clearing activities.</p> <p>2.5. Trades for which the Exchange carries out clearing activities, assuming or not assuming the functions of the central counterparty, the scope of services, conditions and procedure for their provision, amount and procedure for payment, as well as other rights and obligations of the Parties related to clearing services, are established by the Clearing Rules.</p> <p>2.6. A deal with a person connected with the Exchange by special relations can be carried out only by decision of the Board of Directors of the Exchange, except for cases when the standard terms of such deals are approved by the Board of Directors of the Exchange.</p>
	<p><b>3. Conditions of accession to the Agreement</b></p> <p>3.1. The Client joins the Agreement by signing the Application for joining the Agreement and accepting it by the Exchange.</p> <p>3.2. By signing the Application for Accession to the Agreement, the Clearing participant confirms and agrees that:</p> <ul style="list-style-type: none"> <li>- received, read, understood and agreed to the provisions of the standard terms of the Agreement in full, without any comments and objections, and undertakes to timely and fully comply with all provisions of the Agreement;</li> <li>- assumes all possible adverse consequences of non-performance and / or improper performance of the provisions of the Agreement;</li> <li>- the Clearing participant agrees with all the conditions and procedure for the implementation by the Exchange of the services provided for by the Agreement;</li> <li>- all provisions of the Agreement fully comply with the interests and will of the Clearing participant;</li> <li>- a Clearing participant is not entitled to refer to the absence of his signature in the Agreement as evidence that the Agreement has not been read / understood / accepted by him, if the Exchange has a copy of the Application for accession to the Agreement.</li> </ul>
	<p><b>4. Relations of the Clearing participant with the Clearing participant's clients</b></p> <p>4.1. The Agreement and the Clearing Rules do not create and, as a result, do not regulate the relationship between the Exchange and the clients of the Clearing participant.</p>

## Regulations on clearing participants

	<p>The relations of the Clearing participant with his client (clients) arising, in particular, in connection with the execution of deals in the interests of such client (such clients), the execution and (or) termination of obligations from them, including as a result of clearing, shall be regulated primarily by the legislation of the Republic of Kazakhstan and agreements concluded between the Clearing participant and his client (clients). Notwithstanding possible references in the agreement concluded by the Clearing participant with his client (clients), the Clearing Rules do not replace such agreement under any circumstances.</p> <p>Nothing in the Clearing Rules can be interpreted as the terms of the agreement between the Exchange and the client (s) of the Clearing participant.</p>
	<p><b>5. Rights and obligations of the Parties</b></p>
	<p>5.1. The Exchange undertakes to:</p> <ol style="list-style-type: none"> <li>1) carry out clearing services (with or without performing the functions of a central counterparty) in relation to transactions concluded by the Clearing participant and (or) his authorized Trading Member, on the terms and in the manner established by the Clearing Rules and the requirements of the legislation of the Republic of Kazakhstan;</li> <li>2) notify the Clearing participant of the amendments and / or additions made to the Clearing Rules (including by approving the new edition of the Clearing Rules) within the period and in the manner prescribed by the Clearing Rules;</li> <li>3) fulfill other obligations stipulated by the legislation of the Republic of Kazakhstan and internal documents of the Exchange.</li> </ol>
	<p>5.2. The Clearing participant undertakes to:</p> <ol style="list-style-type: none"> <li>1) comply with the requirements of the Clearing Rules, the Regulation on Clearing Participants and other internal documents of the Exchange related to the Exchange's clearing activities;</li> <li>2) duly fulfill all obligations arising as a result of the conclusion by the Clearing participant and / or the Trading participant authorized by him of deals in respect of which the Exchange provides clearing services (with or without performing the functions of the central counterparty), including obligations to pay clearing fees in favor of the Exchange;</li> <li>3) timely fulfill obligations to deposit (additionally deposit) the guarantee fee (guarantee fees), collateral, pay clearing fees, in case of failure to fulfill his obligations stipulated by the Exchange's internal documents, pay forfeits (fines), when they are charged by the Exchange, as well as make other payments and ( or) reimburse the Exchange's expenses in the amount and</li> </ol>

	<p>in the manner stipulated by the Clearing Rules, the Regulations on Clearing Participants and other internal documents of the Exchange;</p> <p>4) accept and fulfill obligations on all deals for which the Exchange performs the functions of the central counterparty (including obligations arising as a result of novation) concluded by the Exchange on behalf of the Clearing participant as part of the procedures for settlement of defaults in accordance with the requirements of the Clearing Rules;</p> <p>5) guarantee and prevent, in the course of his activities, situations that create the possibility of involving the Exchange in litigation with its clients and other third parties, independently settle all claims of his clients arising from the essence of the services rendered by the Clearing participant, in the event that the client of the Clearing participant presents claims and (or) requirements to the Exchange to assist the Exchange in settling his client's claims to the Exchange, to provide information on the merits of the claim, proposals for resolving the situation with the Clearing participant's client, to ensure the participation of his representatives when this claim is considered by the relevant authorized body of the Republic of Kazakhstan or by the court;</p> <p>6) notify his clients about the default management procedures applicable by the Exchange, including when performing the functions of the central counterparty on behalf of the Clearing participant using his client account, and bear independently (without involving the Exchange) responsibility to their clients if any questions arise, related to the execution of deals in their interests, including those related to the fulfillment and (or) termination of obligations under them, as well as the application by the Clearing participant of the provisions of the Clearing Rules;</p> <p>7) provide, within the framework of information disclosure to the Exchange, reliable information and documents in the amount, procedure and terms stipulated by the Regulation on Clearing Participants, the Clearing Rules (if any) and other internal documents of the Exchange;</p> <p>8) fulfill other obligations stipulated by the Clearing Rules, the Regulations on Clearing Participants, other internal documents of the Exchange and the legislation of the Republic of Kazakhstan.</p>
	<p>5.3. The Exchange may:</p> <p>1) collect, process and store information about concluded deals;</p>

	<ol style="list-style-type: none"><li>2) unilaterally make changes and / or additions to the Clearing Rules, the Regulations on Clearing Participants, the Agreement (including by approving them in a new version) and other documents of the Exchange on clearing activities (with or without the Exchange performing the function of the central counterparty);</li><li>3) open clearing and trading and clearing accounts provided for by the Clearing Rules and the legislation of the Republic of Kazakhstan;</li><li>4) determine the obligations of the Clearing participant, including the payment of clearing fees in favor of the Exchange, in accordance with the procedure established by the internal documents of the Exchange; make settlements based on the results of clearing, write off clearing fees from the collateral accounts of the Clearing participant in the manner prescribed by the Clearing Rules, the Regulations on Clearing participants, the Regulations on Membership Fees, Exchange and Clearing Fees;</li><li>5) interact with other organizations and institutions in order to properly fulfill their obligations under the Agreement;</li><li>6) request the Clearing participant to fulfill the terms of the Agreement;</li><li>7) use own assets of the Clearing participant (held on the accounts in the Central Securities Depository JSC and (or) the settlement organization servicing the Clearing participant) on the terms and in the manner established by the Clearing Rules, the Regulations on Clearing participants, the Regulations on Membership, to settle default on a deal concluded by the Clearing participant in the interests of his client using the services of the central counterparty;</li><li>8) refuse to fulfill the Agreement unilaterally if the Clearing participant fails to fulfill the obligations stipulated by the Clearing Rules and the legislation of the Republic of Kazakhstan, by suspending clearing services and (or) revoking the status of a clearing participant;</li><li>9) by their actions generate obligations of the Clearing participant on all deals (including obligations arising as a result of novation) concluded by the Exchange on behalf of the Clearing participant within the framework of the procedures for settlement of defaults in accordance with the requirements of the Clearing Rules;</li><li>10) The Management Board has the right to make a decision to suspend the clearing services for a Clearing Participant in any exchange market for a certain period in cases stipulated by the Regulations on</li></ol>
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## Regulations on clearing participants

	<p>Clearing Participants;</p> <p>11) exercise other rights provided for by the Agreement, the Clearing Rules, the Regulations on Clearing Participants and the legislation of the Republic of Kazakhstan.</p>
	<p>5.4. A Clearing participant may:</p> <p>1) send to the Exchange requests for reports in accordance with the Clearing Rules;</p> <p>2) to refuse to execute this Agreement unilaterally, provided that there are no unfulfilled obligations on deals concluded on the Exchange and the requirements stipulated by the Clearing Rules are met;</p> <p>3) exercise other rights provided for by this Agreement, the Clearing Rules, and the legislation of the Republic of Kazakhstan.</p>
	<p><b>6. Responsibility of the Parties</b></p> <p>6.1. For non-fulfillment and (or) improper fulfillment of obligations under the Agreement, the Clearing participant bears material liability in accordance with the legislation of the Republic of Kazakhstan, the Clearing Rules and other internal documents of the Exchange relating to the Exchange's clearing activities.</p> <p>6.2. The Exchange is liable only for those deals in financial instruments concluded by the Clearing participant for which it acts as the central counterparty. In this case, the Exchange's liability is limited in accordance with the Clearing Rules.</p> <p>6.3. The Exchange is not responsible for any losses that have arisen outside the control framework adopted by it, as well as a result of events or events provided for by the Regulations on Clearing Participants.</p> <p>6.4. The Parties are released from liability for partial or complete failure to fulfill obligations under the Agreement, which was a consequence of the occurrence of force majeure circumstances, for the duration of such circumstances. If the duration of force majeure circumstances exceeds 30 calendar days, the Parties have the right to terminate the Agreement by notifying the other Party at least 10 calendar days before the planned date of termination of the Agreement.</p>
	<p><b>7. Force majeure circumstances</b></p> <p>7.1. Force majeure circumstances mean:</p> <p>1) natural disasters, earthquakes, floods, mudflows, fires and other natural disasters that entail the impossibility of performance or hinder the performance by the Party of its obligations and occurring at the location of the head office of the Party referring to these natural disasters;</p> <p>2) war, hostilities of any nature, blockade, terrorist acts, revolutions, civil unrest, strikes, lockouts that entail the impossibility of performance or hinder the performance of the Party's obligations and occurring at the</p>

	<p>location of the head office (main bank, headquarters, etc.) of the Party referring to the events specified in this clause;</p> <p>3) embargoes established by state bodies, prohibitions and restrictions established by regulatory legal acts of the Republic of Kazakhstan, including the introduction of a state of emergency on the territory of the Republic of Kazakhstan or its individual parts, acts of authorized state bodies and local executive bodies, including declarations of quarantine, lawful blocking or changing the legislation of the Republic of Kazakhstan, including states other than the Republic of Kazakhstan, which resulted in the impossibility of fulfillment or hindering the fulfillment by the Party of its obligations under the Agreement and occurring at the location of the head office of the Party referring to the events specified in this clause;</p> <p>4) malfunction of the Exchange's software and hardware or other subjects of the infrastructure of the regulated securities market, the foreign exchange market, the derivatives market and other sections of the exchange markets, whose activities can significantly affect the Exchange's fulfillment of its obligations under the Agreement;</p> <p>5) temporary suspension or complete discontinuation of the operation of the servicing banks, as well as other circumstances, the occurrence of which entails the impossibility of fulfillment or prevents the fulfillment of obligations by the Party under the Agreement and occurring at the location of the head office of the Party referring to the events specified in this clause.</p> <p>7.2. A document confirming the fact of the occurrence of a force majeure circumstance from those specified in sub-items 1)-3) of item 7.1. of the Agreement, and the duration of their validity, is a certificate of the Chamber of Commerce and Industry of the Republic of Kazakhstan or another competent body (organization) of the relevant state, with the exception of circumstances widely covered in the media, or arising from regulatory legal acts of the Republic of Kazakhstan, acts of authorized bodies and local executive bodies.</p> <p>7.3. A document confirming the fact of the occurrence of a force majeure circumstance, which is indicated in sub-item 4) of item 7.1. of the Agreement, and the duration of its validity, is a certificate signed by the first head of the Exchange, or the corresponding conclusion of the Exchange.</p> <p>The certificate must be submitted by the Exchange within 7 working days from the moment of occurrence of the circumstance specified in sub-item 4) of item 7.1. of the Agreement.</p> <p>7.4. The Clearing participant is obliged to immediately notify the Exchange about the</p>
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## Regulations on clearing participants

	<p>occurrence of a force majeure circumstance, the expected period of its validity and its termination.</p> <p>7.5. The Party shall not be liable for non-fulfillment or improper fulfillment of its obligations under the Agreement, if this was caused by the failure of the other Party to fulfill its obligations under the Agreement or provided for by the legislation of the Republic of Kazakhstan governing the relations of the Parties under the Agreement.</p> <p>7.6. Payment by a Party of the forfeit (fine) provided for by the Clearing Rules and the Regulations on Clearing Participants does not relieve this Party from fulfilling its obligations under the Agreement.</p>
	<p><b>8. Confidential information</b></p> <p>8.1. By submitting to the Exchange the Application for joining the Agreement, the Clearing participant thereby gives it its irrevocable and unconditional consent to disclosure by the Exchange in accordance with the requirements of the legislation of the Republic of Kazakhstan and its internal documents of information provided by the Clearing participant, which may constitute a commercial secret and other protected information of the Clearing participant (hereinafter – Confidential Information).</p> <p>8.2. The clearing participant confirms and guarantees that:</p> <ol style="list-style-type: none"><li>1) in connection with the specified consent, he does not and will not have claims against the Exchange, including about violation of intellectual property rights, as well as property claims, both at the time of joining the Agreement and in the future, and also agrees that the Exchange is not responsible to him for the disclosure of Confidential Information in accordance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Exchange;</li><li>2) Confidential information of the Clearing participant in no way violates and / or infringes on the intellectual property rights of third parties, including employees of the Clearing participant.</li></ol>
	<p><b>9. Notifications</b></p> <p>9.1. All notifications and other messages provided for by the Agreement must be drawn up in writing and delivered to the address of the location of the other Party or to the e-mail address of the Exchange <a href="mailto:clearing@kase.kz">clearing@kase.kz</a> and by e-mail of the Clearing participant whose address is indicated in the Application for accession to the Agreement, with the subsequent delivery of the original of this notice or message to the address of the location of the other Party within three working days from the date of its sending by e-mail</p> <p>9.2. All notifications and other messages</p>

	<p>provided for by the Agreement must be drawn up in writing and delivered to the address of the location of the other Party or to the e-mail address of the Exchange clearing@kase.kz and by e-mail of the Clearing participant whose address is indicated in the Application for accession to the Agreement, with the subsequent delivery of the original of this notification or message to the address of the location of the other Party within three working days from the date of sending it by e-mail.</p> <p>9.3. Any notification or other message delivered in writing to the address of the location of the other Party or by e-mail is considered duly transmitted, sent, received or delivered in all cases on the first business day from the date of its delivery to the addressee.</p> <p>9.4. Delivery of a notification or other message in writing must be confirmed by a receipt for such delivery and the signature of the messenger, and delivery by e-mail must be confirmed by a sending confirmation.</p>
	<p><b>10. Anti-corruption conditions and personal data</b></p> <p>10.1. When fulfilling their obligations under the Agreement, the Parties and / or their employees do not pay, do not offer to pay and do not allow the payment of money or other valuables, directly or indirectly, to any persons, in order to influence the actions or decisions of these persons in order to obtain any unlawful benefits or other improper purposes.</p> <p>10.2. When fulfilling their obligations under the Agreement, the Parties and / or their employees do not carry out actions that are qualified by the legislation of the Republic of Kazakhstan applicable for the purposes of the Agreement, as giving/receiving a bribe, commercial bribery, as well as actions that violate the requirements of the legislation of the Republic of Kazakhstan on anti-corruption.</p> <p>10.3. Each of the Parties refuses to stimulate in any way the employees of the other Party, including by providing money, gifts, gratuitous performance of work (services) to them and other methods not named in this paragraph, which puts the employee in a certain dependence, and aimed to ensure that this employee performs any actions in favor of the Party providing incentives to him.</p> <p>10.4. If a Party suspects that a violation of any anti-corruption conditions has occurred or may occur, the respective Party undertakes to notify the other Party in writing within 5 working days. After a written notification, the respective Party has the right to suspend the fulfillment of obligations under the Agreement until confirmation that a violation has not occurred or will not occur. This confirmation must be sent within 5 business days from the date of the written notice.</p> <p>10.5. By signing the Agreement, each of the</p>

	<p>Parties guarantees that it has the necessary duly executed consents of individuals (their employees / authorized persons) to collection and processing by the other Party of their personal data being transferred to the other Party, in accordance with the provisions of the legislation of the Republic of Kazakhstan. At the same time, each Party undertakes to ensure the confidentiality and security of personal data of employees / authorized persons of the other Party, coming to it from them or from the Party itself, and security during their processing for the purposes and in connection with the execution of the Agreement in accordance with the requirements of the legislation of the Republic of Kazakhstan on issues protection of personal data. Also, a Party does not have the right to use the personal data of employees / authorized persons of the other Party, received from them or from the specified Party, for purposes not related to the fulfillment of its obligations under the Agreement, and in any way transfer the personal data of employees / authorized persons received under the Agreement of the other Party to any third parties, for purposes not related to the fulfillment of their obligations under the Agreement, undertakes to store these personal data no longer than the purpose of their processing requires, and to destroy them when the processing goals are achieved or if it is no longer necessary to achieve them, taking into account the requirements of the legislation of the Republic of Kazakhstan, to comply with other requirements of the legislation of the Republic of Kazakhstan on the protection of personal data as part of the execution of the Agreement.</p>
	<p><b>11. Disputes settlement procedure</b>  11.1. Disputes and disagreements between the Exchange and the Clearing participant arising in connection with the implementation by the Exchange of clearing services in relation to deals in financial instruments concluded by the Clearing participant in the Exchange's trading system, as well as in connection with the determining and fulfillment of the obligations of the Clearing participants and in connection with the conclusion of the Agreement, are subject to settlement by negotiations.  11.2. If the Parties do not reach an agreement, they resolve differences and disputes in accordance with the requirements of the Regulations on Clearing participants.</p>
	<p><b>12. Validity and termination of the Agreement</b>  12.1. The Agreement comes into force from the date of entry into force of the Exchange's decision on assigning the Clearing participant the status of a clearing participant, and is valid for an indefinite period.  12.2. The Agreement is considered terminated:  1) from the date of the Exchange's decision to</p>

	<p>strip the Clearing Participant of the status of a clearing participant;</p> <ol style="list-style-type: none"> <li>2) upon expiration of one month (30 calendar days) from the date of receipt by the Exchange of a notification from the Clearing Participant on unilateral refusal to execute the Agreement, and provided that the Clearing Participant has no obligations under the deals concluded on the Exchange and the requirements stipulated by the Clearing Rules are met;</li> <li>3) upon expiration of 10 calendar days from the date of receipt by one of the Parties of a notification from the other Party about termination of the Agreement in accordance with section 7 of the Agreement;</li> <li>4) on other grounds provided for by the Agreement and (or) the legislation of the Republic of Kazakhstan.</li> </ol> <p>12.3. Termination of the Agreement does not relieve the Parties from fulfilling obligations arising before termination of the Agreement.</p> <p>12.4. The Agreement is considered terminated and the obligations of the Parties ceased after the Parties fulfill their obligations under the Agreement in full.</p>
	<p><b>13. Final provisions</b></p> <p>13.1. The Exchange has the right to make changes and / or additions to the Agreement or approve its new version by posting such changes and (or) additions / the new version of the Agreement on the Exchange's Internet resource <a href="http://www.kase.kz">www.kase.kz</a>.</p> <p>By signing the Application for Accession to the Agreement, the Clearing participant gives his consent to join the changes and (or) additions to the Agreement, or the presentation of the Agreement in a new version as a whole, and agrees that the Clearing participant independently monitors changes in the version of the Agreement, including its annexes, by viewing the Internet resource of the Exchange <a href="http://www.kase.kz">www.kase.kz</a>. In case of disagreement with the changes and (or) additions to the Agreement, the Clearing participant is entitled to terminate the Agreement by submitting to the Exchange a written application for termination of the Agreement.</p> <p>13.2. The rights and obligations of the Clearing participant cannot be transferred to third parties.</p> <p>13.3. The Agreement is governed by the substantive law and the legislation of the Republic of Kazakhstan.</p> <p>13.4. The Agreement was developed in accordance with the legislation of the Republic of Kazakhstan and the Exchange's internal documents related to the Exchange's clearing activities.</p> <p>13.5. The Clearing participant confirms that he is familiar with the Clearing Rules, the Regulations on Clearing Participants and other internal documents of the Exchange posted on the</p>

## Regulations on clearing participants

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	<p>Exchange's Internet resource <a href="http://www.kase.kz">www.kase.kz</a>, regulating the Exchange's clearing activities, and understands the meaning of their provisions, conditions and requirements, as well as unconditionally agrees to their terms, conditions and requirements.</p> <p>13.6. The Clearing participant confirms that he is familiar with and agrees with the Exchange's right to determine the obligations of the Clearing participant, including the payment of clearing fees in favor of the Exchange, in accordance with the procedure established by the Exchange's internal documents; make settlements based on the results of clearing, write off clearing fees from the collateral accounts of the Clearing participant.</p> <p>13.7. If one of the parts of the Agreement is recognized as invalid in the manner prescribed by the legislation of the Republic of Kazakhstan, then this fact does not automatically entail invalidation of the entire Agreement as a whole and / or its individual parts.</p> <p>13.8. The Agreement is drawn up in the state and Russian languages. In the event of a discrepancy in the Agreement in the state and Russian languages, the conditions set forth in the text of the Agreement in Russian shall prevail when interpreting the terms of the Agreement.</p> <p>13.9. Other issues not regulated by the provisions of the Agreement are resolved in accordance with the legislation of the Republic of Kazakhstan.</p>
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**Appendix 3**

to the Regulations on clearing participants

*(This Appendix was changed by decisions of the Exchange's Board of Directors dated September 7, 2018, November 7, 2018, September 16, 2019, February 26, 2020 and June 3, 2020)*

**AMOUNTS OF GUARANTEE FEES  
to clearing guarantee funds of exchange markets**

Amounts of guarantee funds	Stock market	Currency market	Derivatives market	
			For sector of stock market derivatives	For sector of stock market derivatives
Clearing participant being a bank	KZT17,000,000	KZT25,000,000	KZT1,000,000	KZT2,000,000
Clearing participant being a non-bank	KZT3,000,000	KZT1,000,000		



**Appendix 4**

to the Regulations on clearing participants

*(This appendix was changed by a decision of the Exchange's Board of Directors dated June 3, 2020)*

[on a letterhead, with indication of the outgoing No. and date of application]

Kazakhstan Stock  
Exchange JSC

**APPLICATION**  
**for assignment / change of the clearing participant's category**

The clearing participant **[full name of the clearing participant in accordance with the certificate of his state registration (most recent state re-registration)]** on **[indicate the exchange market]** asks Kazakhstan Stock Exchange to assign the following category **[indicate] / change** the category to the category [tick]:

- "with partial security"
- "with full cover"

[Chief executive's position]

[signature]

[surname, initials]