

# KASE Clearing Center JSC

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**Approved**

by decision of the Management Board of  
KASE Clearing Center JSC

(minutes of the meeting  
dated September 13, 2023 No. 34)

**Effective from**

XX XX 2023<sup>1</sup>

## PROCEDURE

### for opening, maintaining and closing of trading and clearing accounts

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Almaty City

2023

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<sup>1</sup> From the start of activities of KASE Clearing Center JSC

The procedure for opening, maintaining and closing of clearing accounts, trading and clearing accounts of KASE Clearing Center JSC on the stock market (hereinafter referred to as the Procedure) has been developed subject to the Securities Market Law of the Republic of Kazakhstan, internal documents of KASE Clearing Center JSC ( hereinafter referred to as the Clearing Center), including those regulating the procedure for carrying out clearing activities under transactions with financial instruments<sup>2</sup> (hereinafter referred to as the Clearing Rules), procedure for making monetary settlements under transactions with the central counterparty on the stock market<sup>3</sup> (hereinafter referred to as the Rules for Cash Settlements), and internal documents of Kazakhstan Stock Exchange JSC (hereinafter referred to as the Exchange), including those regulating the procedure for carrying out the exchange activities (hereinafter – the Exchange Activities Rules) and determines the procedure for opening, maintaining and closing of clearing accounts, trading and clearing accounts on the stock market for the purpose of accounting and confirmation transactions with financial instruments during the clearing activities.

#### **Article 1. Basic notions and symbols**

1. The Procedure uses notions and terms defined by the laws of the Republic of Kazakhstan, the Clearing Rules, Cash Settlement Rules as well as the Exchange Activities Rules.
2. For the purposes of this Procedure, the following notions shall be used:
  - 1) **cash settlements** – cash settlements under transactions with securities to be closed on the stock market with participation of the central counterparty (hereinafter referred to as the CCP);
  - 2) **clearing account** – a set of registration records and other designations in the clearing system intended for recording the information about collateral, requirements and obligations under financial instruments under transactions, orders, transfers for settlements, transfers of collateral and other operations to establish collateral limits;
  - 3) **clearing system** – a set of software and hardware, databases, telecommunications, other equipment and software used by the Clearing Center and intended for conduct of the clearing activities subject to the Clearing Rules;
  - 4) **settlement code** – a code that determines a settlement date, procedure for controlling a collateral of transaction, clearing and settlement method;
  - 5) **CCS user** (collateral control system) – a clearing participant on the stock market being a custodian which is granted an access to the control and collateral system in order to ensure execution of transactions closed by an authorized trading participant on behalf of the client of such clearing participant;
  - 6) **KASE section** – section of a sub-account with the attribute “sub-account of a trading participant” of a personal account opened in the accounting system of Central Securities Depository JSC (hereinafter referred to as Central Depository), as in a settlement organization with respect to settlements under securities, subject to the set of rules of the Central Depository for the purpose of accounting for a contributed collateral in securities and discharge of net obligations and net claims in securities under transactions with the CCP based on results of net basis clearing and discharge of obligations and claims in securities under transactions under transactions without the CCP based

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<sup>2</sup> Rules of conduct of clearing activities under transactions with financial instruments approved by decision of the Board of Directors of KASE Clearing Center JSC (minutes of the meeting dated June 5, 2023 No. 7).

<sup>3</sup> Rules of conduct of monetary settlements under transactions with financial counterparty on the stock market approved by decision of the Board of Directors of KASE Clearing Center JSC (minutes of the meeting dated March 15, 2023 No. 2)

on results of clearing on gross basis (in the trading and clearing system it is designated as "For Trading");

- 7) **Repo section** – a "Repo" section of a sub-account with the attribute "trading participant sub-account" of a personal account opened with Central Depository, as in a settlement organization for settlements under securities, subject to the Set of Rules of the Central Depository for the purpose of blocking the securities during execution of an opening transaction related to a repo transaction carried out in the trading mode without the CCP with the direction of purchase and sale (in the trading and clearing system it is designated as "Blocked in repo");
- 8) **section GCGlobal** – section "GC Global" of a sub-account with the attribute "sub-account of a trading participant" of a personal account opened with Central Depository, as in a settlement organization for settlements under securities, subject to the Set of Rules of the Central Depository for the purpose of accounting for securities, contributed by the trading participant to the property pool (in the trading and clearing system it is designated as "Property Pool");
- 9) **settlement code** – collateral account "+"/ collateral account "0"/ PP collateral account/ KASE section / Repo section / GCGlobal section depending on type of the financial instrument that supports orders to be submitted in the trading system and transactions to be closed, as well as nature of obligations and claims arising from such transactions;
- 10) **trading system** – a set of material and technical means, internal documents of the Exchange and other necessary assets and procedures, using which transactions with equity securities and other financial instruments are closed between trading participants;
- 11) **trading account** – an account of a trading participant or a CCS user used by it to close transactions and/or exercise control functions over target placement of assets and/or ensuring the execution of transactions in the trading, trading and clearing system;
- 12) **collateral account "+"** – an accounting account of the Clearing Center, which is a set of registration records and other designations in the accounting system, carried out by the Clearing subject to the Monetary Settlements Rules and intended to maintain internal accounting of cash listed on correspondent accounts of the Clearing Center in Kazakhstan tenge and/or foreign currencies;
- 13) **collateral account "0"** – an account of the clearing participant opened subject to the accounting account in Central Depository, as a settlement organization for transactions without the CCP on the stock market (in terms of cash settlements), subject to the Set of Rules of the Central Depository in order to discharge cash obligations and claims under each completed transaction without the CCP on gross basis;
- 14) **property pool (PP) collateral account** – an accounting account of the Clearing Center, which is a set of registration records and other designations in information systems conducted by the Clearing Center subject to the Cash Settlement Rules and intended to maintain internal records of cash contributed by trading participants to relevant property pools listed on correspondent accounts of the Clearing Center in Kazakhstan tenge and/or foreign currencies;
- 15) **trading and clearing system** – a set of trading system and clearing system;
- 16) **trading participant** – a member of the Exchange which has the right to close transactions in the trading and clearing system subject to the Exchange Activities Rules;

- 17) **authorized trading participant** – a trading participant authorized by the CCS user to close transactions on behalf of its client;
  - 18) **accounting system** – an information system of the Clearing Center intended to account for cash listed on correspondent accounts of the Clearing Center as well as to store data about transactions carried out on them.
  - 19) **central counterparty (CCP)** – the Clearing Center, which is a party to transactions in financial instruments to be closed by the clearing participants or their authorized trading participants in the trading system of the Exchange;
3. Notions and terms used in this Procedure can be also used in other internal documents of the Clearing Center, its correspondence, exchange and clearing information.

## **Article 2. General provisions**

1. The Clearing Center, in order to carry out clearing activities on the stock market for the purpose of maintaining internal records of parameters of transactions and operations with financial instruments, requirements and/or obligations of participants under transactions with financial instruments, as well as accounting for collateral, shall open and maintain in the clearing system, trading and clearing system clearing accounts, trading and clearing accounts.
2. Opening of trading accounts on the stock, foreign exchange and derivatives markets, as well as clearing accounts, trading and clearing accounts on the foreign exchange and derivatives markets shall be carried out by the Exchange. Procedure for opening, maintaining and closing these accounts shall be determined by internal documents of the Exchange.
3. Set of a trading account and a clearing account linked to it that matches by number shall constitute a trading and clearing account (hereinafter referred to as TCA).
4. In the trading and clearing system, TCA shall be opened and maintained for internal accounting of transactions and other operations on the stock market with the following financial instruments: tenge, foreign currencies, securities, clearing certificates of participation.
5. TCA can be opened to a clearing participant, its client, as well as the Clearing Center to carry out clearing activities and perform functions of the CCP.
6. When opening a TCA in the trading and clearing system, codes shall be assigned subject to the internal document of the Exchange, which regulates the procedure for assigning codes to members of the Exchange and their accounts, users of trading systems, issuers of securities and financial instruments.
7. Transactions in the trading and clearing system via TCA shall be carried out on the basis of orders of the Clearing Center without additional orders of the clearing participant in manner established by the Clearing Rules, or on the basis of orders of the clearing participant.
8. Transactions and other operations with financial instruments in the trading and clearing system shall be carried out with an indication of the TCA by which they are carried out, and which are a mandatory parameter for transactions and operations with financial instruments.

## **Article 4. Clearing accounts**

1. Clearing account, depending on a type of financial instruments to be taken into account to ensure execution and discharge of obligations under closed transactions and ongoing operations on the stock market subject to the

Exchange Activities Rules, as well as a nature of transactions and operations, shall be divided into:

- 1) **cash clearing account “+”** linked to collateral account “+” corresponding to it by number, and intended to ensure execution and discharge of obligations under operations with CCP participation;
  - 2) **cash clearing account “0”** linked to collateral account “0” corresponding to it by number, and intended to ensure execution and discharge of obligations under operations without the CCP participation;
  - 3) **PP cash clearing account** linked to a PP collateral account corresponding to it by number, and intended to ensure execution and discharge of obligations under transactions carried out with cash contributed by the clearing participants to ensure issue of clearing participation certificates;
  - 4) **safekeeping clearing account** for trading linked to the KASE section corresponding to it by number and intended to ensure execution and discharge of obligations under transactions with the CCP participation;
  - 5) **safekeeping clearing account** for blocking linked to the Repo section corresponding to it by number and intended to ensure execution and discharge of obligations under transactions without the CCP participation;
  - 6) **safekeeping clearing account** linked to the GCGlobal section corresponding to it by number and intended to ensure execution and discharge of obligations under transactions carried out with securities deposited by the clearing participants to ensure issue of clearing participation certificates.
2. In the trading and clearing system of the stock market the following clearing accounts shall be opened and maintained:
    - 1) cash clearing accounts: cash clearing account “+”, cash clearing account “0”, PP cash clearing account;
    - 2) safekeeping clearing accounts: safekeeping clearing account for trading, safekeeping clearing account for blocking, PP safekeeping clearing account.
  3. Clearing accounts to be opened in the trading and clearing system of the stock market, depending on a nature of activities of the clearing participant for which they are opened and a type of collateral, requirements and obligations for financial instruments under transactions and other operations with collateral in the trading and clearing system shall be divided into:
    - 1) **own 1st level clearing account** for recording the information about collateral, claims and obligations under financial instruments under transactions with collateral to be closed using own 1st level trading account under transactions, orders and other operations;
    - 2) **client aggregate clearing account** for recording the information about cash collateral, cash claims and obligations under transactions with collateral to be closed using 1st level client aggregated trading account;
    - 3) **1st level client segregated clearing account** for recording the information about collateral, claims and obligations under financial instruments under transactions, orders and other operations with collateral to be closed using 1st level client segregated trading account;
    - 4) **client clearing account for aggregated accounting of positions** for recording information about collateral, claims and obligations under financial instruments under transactions, orders and other operations with collateral to be closed using 1st level client trading account for aggregated accounting of positions;

- 5) **aggregated custodial clearing account** for recording the information about collateral, cash claims and obligations under transactions with collateral to be closed using aggregated 1st level custodial trading account;
  - 6) **1st level client segregated custodial clearing account** for recording the information about collateral, claims and obligations under financial instruments under transactions, orders and other operations with collateral to be closed using 1st level client segregated trading account;
  - 7) **PP own clearing account** for recording the information about claims and obligations under financial instruments to be contributed to the property pool, under transactions, orders and other operations to be closed using own trading account;
  - 8) **PP client segregated clearing account** for recording the information about collateral, claims and obligations under financial instruments to be contributed to the property pool, under transactions, orders and other operations with collateral to be closed using the client segregated trading account;
  - 9) **PP client clearing account for aggregated accounting of positions** for recording the information about collateral, claims and obligations under financial instruments to be contributed to the property pool, under transactions, orders and other operations with collateral to be closed using the client trading account of the property pool for aggregated accounting of positions;
  - 10) **PP client segregated custodial clearing account** for recording the information about collateral, cash claims and obligations to be contributed to the property pool, under transactions with collateral to be closed by a CCS user on behalf and in the interests of its client using the aggregated custodial trading account of the property pool.
4. When opened, the clearing account shall be linked to a relevant settlement code.

**Article 5. Procedure for opening and closing of trading and clearing accounts on the stock market**

1. For each clearing participant which is a trading participant the following TCA types shall be opened and maintained in the trading and clearing system of the stock market:
  - 1) TCA "S" - own 1st level trading and clearing account, which is a set of:
    - own 1st level trading account;
    - own 1st level client clearing account linked to it by number;
  - 2) TCA "L" - client aggregated trading and clearing account, which is a set of:
    - client aggregated trading account;
    - client aggregated clearing account linked to it by number;
  - 3) **TCA "I"** - 1st level client segregated TCA, which is a set of:
    - 1st level client segregated trading account;
    - 1st level client segregated clearing account linked to it by the number;
  - 4) **TCA "O"** - client TCA for aggregated accounting of positions, which is a set of:
    - client trading account for aggregated accounting of 1st level positions;

- client clearing account for aggregated accounting of 1st level positions linked to it by number.
2. For a clearing participant which is a CCS user, the following types of TCA shall be opened and maintained in the trading and clearing system of the stock market:
    - 1) **TCA "K"** - 1st level aggregated custodial TCA representing a set of:
      - 1st level aggregated custodial trading account;
      - 1st level aggregated custodial clearing account linked to it by number;
    - 2) **TCA "C"** - TCA "S" - 1st level client segregated custodial TCA, which is a set of:
      - 1st level client segregated custodial trading account;
      - 1st level client segregated custodial clearing account linked to it by number.
  3. Basis for opening TCA "K" in KZT and USD currencies shall be registration of a clearing participant as a CCS user subject to the procedure provided for by the Exchange Activities Rules.
  4. Opening of TCA "C", TCA "I", TCA "O" in KZT and USD currencies shall be carried out automatically subject to information about opening of a personal account for a client by a clearing participant in the accounting system of the Central Depository received from the Central Depository on a daily basis on the next business day after the date of opening the personal account.
  5. TCA "S", TCA "L", TCA "I", TCA "O", TCA "K", TCA "C" in foreign currency other than USD shall be opened for the period of implementation of procedures for transfer of income on the basis of notices to the paying agent about made payments.
  6. When opened, the TCA, to ensure execution and discharge of obligations and claims arising as a result of conclusion of transactions with financial instruments in the trading and clearing system, shall be linked by number to a relevant settlement code opened in the settlement organization, and shall be divided into the following types:
    - 1) linked to a settlement code (collateral account "+" and the KASE section), which is used to carry out clearing settlements under transactions and operations with the CCP;
    - 2) TCA "0" – linked to a settlement code (collateral account "0") through which clearing is carried out and documents are provided for execution of settlements to the Central Depository under transactions without the CCP;
    - 3) TCA "R" – linked to a settlement code (Repo section), which is used to close purchase and sale transactions without the CCP, as well as purchase and sale transactions under repo transactions without the CCP with sale and purchase direction.TCA "0", TCA "R" types shall be opened by the Exchange.
  7. TCA of a clearing participant shall be a set of TCA "+", TCA "0", TCA "R" opened in the trading and clearing system, which match each other by a personal account number in the accounting system of the Central Depository.
  8. Closing in the trading and clearing system of TCA "S", TCA "L", TCA "I", TCA "O", TCA "K", TCA "C" shall be carried out subject to absence of outstanding obligations and balances on relevant accounts to be closed based on:
    - information received from the Central Depository about closing of a personal account in the accounting system of the Central Depository; or

- decisions of the Management Board of the Clearing Center on deprivation of status of a clearing participant on the stock market.

Closing of TCA "C" in the trading and clearing system shall not be allowed if there are linked second-level accounts in the trading and clearing system opened by the Exchange.

**Article 6. Procedure for opening and closing the trading and clearing accounts of a property pool on the stock market**

1. For a clearing participant which has joined a property pool agreement and is a trading participant in the trading and clearing system of the stock market, TCA of the property pool (hereinafter referred to as TCA PP) shall be opened and maintained.

**TCA PP** shall be divided into the following types:

- 1) **TCA "S" PP** - own TCA PP and is a set of:
  - own trading account of the property pool;
  - PP own clearing account linked to it by number;
- 2) **TCA "I" PP** - client segregated TCA PP and is a set of:
  - individual client segregated trading account;
  - 1st level PP client segregated clearing account linked to it by number;
- 3) **TCA "O" PP** - client TCA PP for aggregated accounting of positions and is a set of:
  - PP client trading account for aggregated accounting of positions;
  - PP client clearing account for aggregated accounting of positions linked to it by number;
- 4) **TCA "C" PP** - client segregated custodial TCA PP to be opened for the CCS user and is a set of:
  - PP client segregated custodial trading account;
  - PP client segregated custodial clearing account linked to it by number.

2. Opening of TCA "S" PP, TCA "I" PP, TCA "O" PP, TCA "C" PP shall be carried out on the basis of a request from a clearing participant for their opening in form subject to annex 1 to the Procedure submitted to the Clearing Center.

3. TCA PP shall be opened provided that TCA "+" is opened in the trading and clearing system of the stock market.

Each of TCA "S" PP, TCA "I" PP, TCA "O" PP, TCA "C" PP shall be linked to TCA "+" account number and account type corresponding to it.

4. When opening, in order to ensure execution and discharge of obligations and claims arising from conclusion of transactions in the trading and clearing system with financial instruments included in a relevant property pool TCAs PP shall be linked by number with relevant settlement codes of the property pool opened in settlement organizations: PP collateral account and GCGlobal section.
5. For each property pool to be formed by the Clearing Center, separate TCAs PP shall be opened.
6. TCA "S" PP, TCA "I" PP, TCA "O" PP, TCA "C" PP shall be closed in the absence of outstanding obligations of the clearing participant and balances on such accounts on the basis of:

- request from a clearing participant to close the trading and clearing account of the property pool, submitted in the form subject to annex 1 to the Procedure, provided to the Clearing Center; or
- decisions of the Management Board of the Clearing Center on deprivation of status of a clearing participant on the stock market.

**Article 7. Procedure for maintaining the trading and clearing accounts, trading and clearing accounts of property pool**

1. Basis to make entries to the trading and clearing system representing movement of financial instruments, as well as entries for writing off or crediting the financial instruments under TCA, as well as TCA PP shall be:
  - 1) relevant statements and other payment documents provided by the clearing participants or settlement organization;
  - 2) reports or other documents on clearing results indicating values of claims and obligations of the clearing participants and the Clearing Center;
  - 3) requests of the clearing participants, if the operation set out in the statement can be carried out by the Clearing Center subject to the Cash Settlement Rules, Clearing Rules and the Procedure;
  - 4) orders submitted to the trading and clearing system by the clearing participants subject to the Exchange Activities Rules;
  - 5) transactions made in the trading and clearing system by the clearing participants, subject to the Exchange Activities Rules;
  - 6) transfers made in the trading and clearing system by the clearing participants subject to the Exchange Activities Rules, Clearing Rules and Instructions for Issue, Placement, Circulation and Redemption of Clearing Participation Certificates<sup>4</sup>.
2. Disclosure under TCA and TCA PP of transactions of crediting and writing off the financial instruments shall be carried out automatically after receipt and processing of the above documents no later than the next business day.
3. Date of crediting and writing off the financial instruments under the TCA set out in clause 2 of this article shall be a date of movement of such instruments, date specified in a document on clearing results or in request of the clearing participant.
4. Execution of cash settlement transactions shall be carried out according to a relevant aggregated accounting account.
5. Clearing participant which is a trading participant admitted to concluding transactions on conditions of partial collateral, subject to the Clearing Rules, shall have the right, using the trading and clearing system, to set for TCA "+" the sign "prohibition of short sales" and/or the sign "prohibition of unsecured purchases".
6. Under transactions to be closed by TCA PP on the basis of an application for sale of a financial instrument from the property pool submitted by the trading participant or the Clearing Center, clearing shall be carried out with full collateral under the specified financial instrument.
7. TCA "+" shall be intended for internal accounting and shall contain the following information:

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<sup>4</sup> Instruction for issue, placement, circulation and cancellation of clearing participation certificates approved by decision of the Management Board of KASE Clearing Center JSC (minutes of a meeting dated July 1, 2023 No. 17).

- 1) about parameters of transactions, applications, transfers for settlements, transfers of collateral and other operations carried out with indication of TCA "+";
  - 2) about cash and securities claims and obligations to be calculated on a net basis under transactions set out in sub-clause 1) of this clause as well as requirements and obligations for transfer of repo incomes and transfer of coupons under purchase and sale transactions under transactions carried out with indication of TCA "+";
  - 3) about cash positions by currency on accounts intended for discharge of net claims and net obligations for cash under transactions carried out with indication of TCA "+", as well as intended for accounting for cash as a collateral;
  - 4) about positions for each security on accounts intended for execution of net claims and net obligations under transactions carried out with indication of TCA "+", claims and obligations under transactions carried out with indication of TCA "R", as well as intended for accounting for securities as a collateral;
  - 5) about size of the single limit, about size of margin call, if any, to be accounted on TCA "+";
  - 6) about settlement codes in settlement organizations on which positions in cash and securities set out in sub-clauses 3) and 4) of this clause are taken into account.
8. With respect to cash assets on TCA "+", the Clearing Center shall carry out daily reconciliation of balances with relevant aggregated accounting account subject to the Rules of Internal Cash Accounting.
9. With respect to securities on TCA "+", the Clearing Center shall carry out daily reconciliation of balances subject to information about positions on accounts of the clearing participants and their clients received from the Central Depository.
10. TCA PP shall be intended for internal accounting and contain the following information:
- 1) about parameters of transactions, orders and other operations carried out with indication of TCA PP;
  - 2) about cash and securities claims and obligations to be calculated on a net basis, under transactions set out in sub-clauses 1) of this clause, carried out with indication of TCA PP;
  - 3) about cash positions by currency on accounts intended for execution of net claims and net obligations for cash under transactions carried out with indication of TCA PP, as well as intended for accounting for cash as a collateral, including collateral for issue of clearing participation certificates;
  - 4) about positions under each security on accounts intended for compliance with net requirements and net obligations under transactions carried out with indication of TCA PP, as well as intended for accounting for securities as a collateral, including collateral for issue of clearing participation certificates;
  - 5) about size of a single limit for property pool, about size of margin-call, if any, taken into account on TCA PP;
  - 6) about settlement codes in settlement organizations on which positions in cash and securities set out in sub-clauses 3) and 4) of this clause are taken into account;
  - 7) about input value of nominal value of issued clearing participation certificates, instructions for issue of which were executed by the Central

Depository, nominal value of clearing participation certificates to be issued during the closest interaction with the Central Depository, nominal value of clearing participation certificates subject to redemption during the closest interaction with the Central Depository, and current value of nominal value of the issued clearing participation certificates.

11. With respect to financial instruments of TCA PP, the Clearing Center shall carry out daily reconciliation of balances with a relevant aggregated accounting account subject to the Cash Settlement Rules.
12. With respect to financial instruments of TCA PP, the Clearing Center shall carry out daily reconciliation of balances subject to information about positions on accounts of the clearing participants and their clients in the stock market, received from the Central Depository.

**Article 8. Final provisions**

1. Responsibility for timely introduction of changes and additions to the procedure shall be borne by the clearing division.
2. The procedure shall be updated as necessary, but at least once every three years.

Chairperson of the Management Board

Khoroshevskaya N.Yu.

**Annex 1**

to the Procedure for opening, maintaining and closing of trading and clearing accounts

**REQUEST**

**to open/close trading and clearing account of the property pool**

opening

closing

[Full name of the trading participant of the stock market] hereby asks KASE Clearing Center JSC to open/close in trading and clearing system ASTS+ (stock market) [trading and clearing account of the property pool / trading and clearing accounts of the property pool]:

No.	Details of trading and clearing account		
	Property pool	[own / client's]	Trading and clearing account linked to KASE section to which issued CPCs will be credited
1.			

[Position of the chief executive officer]

[signature]

[Surname, initials]