

# KAZAKHSTAN STOCK EXCHANGE

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**Approved**

by the decision of Kazakhstan Stock  
Exchange Council Committee  
on Currency Market

(protocol No. 6 of August 24, 1999)

## **NOTICE**

Rules have been translated into English by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incomppliance of this translation with the original version of Rules in Russian, the Russian version shall always prevail.

# **RULES**

## **on Execution of Settlements on Foreign Currency Trades Results**

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Almaty

1999

## LIST OF AMENDMENTS

### 1. Additions No. 1:

- approved by the decision of Kazakhstan Stock Exchange Council Committee on Currency Market (protocol No. 12 of December 19, 1999);
- effective from December 20, 1999.

### 2. Change No. 2:

- approved by the decision of Kazakhstan Stock Exchange Council Committee on Currency Market (protocol No. 1 of January 25, 2000);
- effective from January 26, 2000.

### 3. Changes and Additions No. 3:

- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 12 of September 20, 2002);
- effective from October 1, 2002.

### 4. Changes and Additions No. 4:

- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 14 of October 9, 2002);
- effective from October 16, 2002.

### 5. Changes and Additions No. 5:

- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 11 of May 8, 2003);
- effective from May 19, 2003.

### 6. Changes No. 6:

- agreed on with the National Bank of the Republic of Kazakhstan on November 18, 2003;
- approved by the decision of the Exchange Council of Kazakhstan Stock Exchange (protocol No. 25 of October 22, 2003);
- effective from November 1, 2003.

### 7. Addition No. 7:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of the Financial Market and Financial Organizations on March 5, 2004;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 35 of February 6, 2004);
- effective from March 1, 2004.

### 8. Changes and Additions No. 8:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on March 19, 2004;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 6 of March 10, 2004);
- effective from March 23, 2004.

### 9. Change No. 9:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on September 1, 2004;

- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 27 (3) of August 4, 2004);
- effective from August 1, 2004.

**10. Change No. 10:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on March 14, 2005;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 3 (3) of March 19, 2005);
- effective from March 19, 2005.

**11. Changes and Additions No. 11:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on September 18, 2006;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 26 of August 1, 2006);
- effective from September 19, 2006.

**12. Additions No. 12:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on August 27, 2008;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 22 of July 31, 2008);
- effective from July 1, 2008.

**13. Changes and Additions No. 13:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on November 4, 2008;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 25 of October 9, 2008);
- effective from November 1, 2008.

**14. Additions and Changes No. 14:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on October 8, 2009;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 22 of August 27, 2009);
- effective from November 9, 2009.

**15. Changes No. 15:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on January 12, 2010;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 30 (3) of November 23, 2009);
- effective from January 13, 2010.

**17. Addition and Changes No. 16:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on February 8, 2011;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 33 of December 24, 2009);
- effective from February 9, 2010.

**18. Changes and Additions No. 17:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on May 20, 2010;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 8 of April, 2010);
- effective from June 7, 2010.

**19. Changes No. 18:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on August 24, 2010;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 11 of May 28, 2010);
- effective from September 1, 2010.

**20. Change No. 19:**

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on October 14, 2010;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 21 of September 23, 2010);
- effective from October 18, 2010.

**21. Changes and Additions No. 20:**

- agreed on with the Committee on Control and Supervision of Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan (FSC NBK) on December 2, 2011;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 28 of October 27, 2011);
- effective from December 28, 2011.

**22. Change No. 21:**

- agreed on with the Committee on Control and Supervision of Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan (FSC NBK) on June 29, 2012;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 10 of May 28, 2012);
- effective from July 2, 2012.

**23. Changes and Additions No. 22:**

- agreed on with the National Bank of the Republic of Kazakhstan on March 5, 2014;
- approved by the decision of Kazakhstan Stock Exchange Council (minutes No. 3 of February 7, 2014);
- effective from March 27, 2014.

**24. Changes No. 23:**

- agreed on with the National Bank of the Republic of Kazakhstan on September 25, 2014;
- approved by the decision of Kazakhstan Stock Exchange Council (minutes No. 31 of September 9, 2014);
- effective from October 14, 2014;

**25. Changes and addition No. 24:**

- approved by the decision of Kazakhstan Stock Exchange Council (meeting minutes No. 1 of January 15, 2015);
- effective from January 20, 2015.

**26. Changes No. 25:**

- approved by the decision of Kazakhstan Stock Exchange Council (meeting minutes No. 23 of October 8, 2015);
- effective from October 9, 2015.

**27. Changes and additions No. 26:**

- approved by the decision of Kazakhstan Stock Exchange Board of Directors (meeting minutes No. 13 of April 14, 2016);
- effective from April 15, 2016.

**28. Changes No. 27:**

- approved by the decision of Kazakhstan Stock Exchange Board of Directors (meeting minutes No. 17 of June 9, 2016);
- effective from June 15, 2016.

**29. Changes No. 28:**

- approved by the decision of Kazakhstan Stock Exchange Board of Directors (meeting minutes No. 31 of October 11, 2016);
- effective from October 12, 2016.

**30. Changes and addition No. 29:**

- approved by the decision of Kazakhstan Stock Exchange Board of Directors (meeting minutes No. 10 of February 7, 2017);
- effective from February 7, 2017.

The concepts used herein shall mean the following:

- 1) **"bank account"** – a trades participant's bank account in KZT, used for crediting of the money, arriving from the Exchange in return for net-requirements of that trades participant;
- 2) **"Exchange"** – Kazakhstan Stock Exchange *(this paragraph was changed by a decision of the Exchange Council of January 15, 2004)*;
- 2-1) **"Committee"** – the Committee on Foreign Currencies Market, the order of establishment of which, its functions and authorities are defined by the Regulations on Committee on Foreign Currencies Market *(this sub-item was included by the decision of the Exchange Council of December 24, 2009)*;
- 3) **"National Bank"** – the National Bank of the Republic of Kazakhstan;
- 4) **"net-obligation of a trades' participant"** or **"net-obligation"** – an obligation of a trades' participant to the Exchange in the currency (KZT or foreign currency), that originated as a result of his participation in the Exchange trades in foreign currencies and decreased by the sum of his requirements to the Exchange in this currency;
- 5) **"net-position of a trades' participant"** or **"net-position"** – a net-obligation or a net-requirement of a trades' participant;
- 6) **"foreign currency net-buyer"** – a trades' participant that according to the trading results has net-obligations in KZT and net-requirements in foreign currency;
- 7) **"foreign currency net-seller"** – a trades' participant that according to the trading results has net-obligations in foreign currency and net-requirements in KZT;
- 8) **"net requirement of a trades' participant"** or **"net-requirement"** – a requirement of a trades' participant to the Exchange in the currency (KZT or foreign currency), which originated as a result of his participation in the Exchange trades in foreign currencies and decreased by the sum of his obligations to the Exchange in this currency;
- 9) **"Exchange trader"** or **"trader"** – an individual, who is entitled to conclude deals and perform other actions on behalf of an Exchange member using the Exchange's trading system *(this sub-item was changed by a decision of the Exchange Council of May 28, 2012)*;
- 10) **"a trades' participant"** or **"participant"** – a member of the currency market, participating in the Exchange trades in foreign currencies (bank or non-bank organization) *(this sub-item was supplemented by the decision of the Exchange Council of August 27, 2009 and changed by a decision of the Exchange Council of November 23, 2009)*.

*(The preamble is changed by a decision of the Exchange Council of May 8, 2003).*

## Chapter I. GENERAL PROVISIONS

### Article 1. Settlements Procedures

1. Settlements in KZT and foreign currencies according to the results of trades in foreign currencies conducted by the Exchange are carried out by way of payments of the trades' participants and the Exchange in return for the trades' participants net-positions, determined in compliance with internal documents of the Exchange determining the terms and procedure of execution by the Exchange of clearing activities on transactions in financial instruments *(this item was changed by decisions of the Exchange Council on May 8, 2003 and January 15, 2015)*.
- 1–1. *(This item was included by the decision of the Exchange Council of May 8, 2003 and removed by the decision of the Exchange Council of January 15, 2015)*.
2. The basis for making settlements according to the results of the Exchange trades in foreign currencies is corresponding Exchange certificates *(this item was changed by a decision of the Exchange Council of May 8, 2003)*.

3. The settlements according to the results of the Exchange trades in foreign currencies in KZT and foreign currencies are made through the correspondent accounts of the Exchange.

The Exchange's correspondent account in Kazakhstan tenge is opened in the National Bank. The Exchange's correspondent accounts in foreign currencies are opened by a decision of the Exchange's Management Board based on recommendations of the Committee as specified in the Exchange's internal document "Procedure of Review and Monitoring of the Exchange's Correspondent Banks"<sup>1</sup>.

The list of the Exchange's correspondent accounts and their details are available on [www.kase.kz](http://www.kase.kz).

In case of a change in the list and/or details of the Exchange's correspondent accounts it shall notify thereon trading participants by way of sending individual messages via e-mail and releasing respective information statements and the changed list and/or details of the Exchange correspondent accounts on the Exchange's website.

The Exchange must notify trading participants on a change and the list and/or details of its correspondent accounts not later than five working days before the use in settlements of the changed list and/or details of the Exchange's correspondent accounts.

*(This item was changed by a decision of the Exchange's Council of May 8, 2003 and a decision of the Exchange's Board of Directors of April 14, 2016).*

## **Article 2. Bank and Correspondent Accounts of Trades' Participants**

*(This heading was changed by a decision of the Exchange's Board of Directors of January 15, 2015)*

4. For crediting Kazakhstan tenge incoming from the Exchange in return for net liabilities of trades' participants, trades' participants may use bank accounts as follows:
- 1) trades' participant being a bank (except for the National Bank), – only one (own) bank account;
  - 2) National Bank – one own bank account and several bank accounts designated to accounting of assets held in trust management with the National Bank *(this sub-item was changed by a decision of the Exchange Board of Directors of October 8, 2015)*;
  - 3) trades' participant being a non-banking organization, – several own and clients' bank accounts.

*(This item was changed by the decisions of the Exchange Council of August 27, 2009 and January 15, 2015).*

5. A trades' participant individually determines his correspondent accounts in foreign currencies for making settlements with the Exchange (with the exception specified by paragraph two of this item). At the same time the National Bank for purposes of a separated accounting of assets in its trust management can define (a) particular correspondent account(s) in foreign currencies for execution of settlements with the Exchange on transactions concluded by the National Bank on account of such assets *(this paragraph was changed by a decision of the Exchange Council of January 15, 2015 and a decision of the Board of Directors of Exchange of October 8, 2015)*.

For carrying out settlements with the Exchange in the Chinese yuan trades' participants not being market-makers for the Chinese yuan can use only those

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<sup>1</sup> Approved by a decision of the Exchange's Management Board (minutes No. 15 dated February 3, 2015) *(this footnote was included by a decision of the Exchange's Board of Directors of April 14, 2016)*.

correspondent accounts in the Chinese yuan which were opened in the same banks where the Exchange's correspondent accounts in the Chinese yuan were opened *(this paragraph was changed by a decision of the Board of Directors of Exchange of October 11, 2016)*.

*(This item was changed by a decision of the Exchange Council of February 7, 2014)*.

6. Trades' participants must provide the Exchange with the details of their bank accounts designated for crediting of Kazakhstan tenge arriving from the Exchange in payment for net liabilities of trades' participants according to form of Appendix 2 to these Rules.

Trades' participants must provide to the Exchange lists of correspondent accounts in foreign currencies designated for execution of settlements with the Exchange pursuant to Appendix 3 hereto.

*(This item was changed by the decisions of the Exchange Council of May 8, 2003, August 27, 2009 and January 15, 2015)*.

7. Trades' participants must immediately inform the Exchange on the change of the banking details provided to the Exchange in accordance with item 6 of these Rules, as well as on closure of bank and correspondent accounts indicated in items 4 and 5 of these Rules *(this item was changed by a decision of the Exchange Council of January 15, 2015)*.
8. A trades' participant is fully liable for the consequences of unreliable indication of the banking details provided to the Exchange in accordance with item 6 of these Rules, as well as for consequences of violation of the obligation specified by item 7 of these Rules *(this item was changed by a decision of the Exchange Council of January 15, 2015)*.

### **Article 3. Unforeseen Situations**

9. The situations, in respect of which the settlement procedures are not determined by the laws of the Republic of Kazakhstan, these Rules or other internal documents, are subject to resolution by the Chairman of the Exchange's Management Board or the deputy Chairman of the Exchange's Management Board, supervising settlements proceedings *(this item was changed by a decision of the Exchange's Board of Directors of April 14, 2016)*.
10. In case of difficulties in making decision on an unforeseen situation the Chairman of the Exchange's Management Board or the deputy Chairman of the Exchange's Management Board, supervising settlements proceedings, is entitled to pass the resolution on settlement of this situation to consideration of the Exchange's Board of Directors *(this item was changed by a decision of the Exchange Council of May 8, 2003 and a decision of the Exchange's Board of Directors of April 14, 2016)*.

### **Article 4. Prohibition on Making Payments in Favor of the Exchange by Third Parties**

11. Unless otherwise determined by the Exchange's Board of Directors, making payments in return for net-obligations of a trades' participant to the Exchange by their affiliates, subsidiaries and other third parties is prohibited, unless this may result in failure of trades' participant net-obligations *(this item was changed by a decision of the Exchange Council of May 8, 2003 and decision of the Exchange's Board of Directors of April 14, 2016)*.



## Chapter II. PAYMENTS OF TRADES' PARTICIPANTS IN FAVOR OF THE EXCHANGE

### Article 5. Participants' Kazakhstan tenge Payments

12. A trades' participant must guarantee crediting of Kazakhstan tenge in return for his net-obligations to the Exchange on the foreign currencies purchased thereby to the correspondent account of the Exchange.
13. *(This item was changed by a decision of the Exchange Council of May 8, 2003 and removed by a decision of the Exchange Council of February 7, 2014).*

### Article 6. Trades' Participants Foreign Currency Payments

14. A trades participant – a foreign currency net-seller must provide the Exchange with the notification, in the form of Appendix 5 hereto, on the correspondent accounts of the Exchange to be credited with the foreign currency sold thereby *(this item was changed by a decision of the Exchange Council of May 8, 2003).*
15. The notification is signed by a trader of a trades' participant and must be presented to the Exchange before 16.00 of Almaty time of the trading day *(this paragraph was changed by a decision of the Exchange Council of August 1, 2006).*

The receipt of notifications, presented after 16:00 (Almaty time) of the trading day, is allowed only upon a written permission of the Chairman of the Exchange's Management Board or the deputy Chairman of the Exchange's Management Board, supervising settlements proceedings in foreign currencies *(this paragraph was changed by a decision of the Exchange Council of August 1, 2006 and a decision of the Exchange's Board of Directors of April 14, 2016).*

16. In case of failure of notification presentation on the date indicated in item 15 hereof, the junior of the prior presented notifications is effective.
17. The notification, formalized and presented in compliance with items 14, 15, 16 hereof, has the force of a trades' participant one-sided obligation on delivery of the foreign currency, sold thereby, to the correspondent accounts of the Exchange indicated in the notification.
18. For violation of the notification terms, a trades' participant bears the same responsibility as for violation of the sold foreign currency delivery terms.

### Article 7. Trades' Participants Regimes of Payment in Favor of the Exchange

*(This article was changed by a decision of the Exchange Council of May 8, 2003).*

19. Trades' participants make payments in return for their net-obligations in the following regimes:
  - 1) in the regime of preliminary delivery of the being sold and/or payment of the purchasable foreign currency, meaning, that the trades' participant, executing payments in this regime, must guarantee crediting of the foreign currency tradable thereby and/or Kazakhstan tenge in return for the foreign currency purchasable thereby to the correspondent accounts of the Exchange before trading *(this sub-item was changed by the Exchange Council decision of October 27, 2011);*

At this setting in the exchange trading system of limits, equal to amounts of a foreign currency and/or Kazakhstan tenge, received to the exchange correspondent accounts to participate in exchange trades, is implemented before the beginning of trades and during trading sessions, as far as received to the exchange correspondent accounts of a foreign currency

and/or Kazakhstan tenge from trades participants *(this paragraph was included by the Exchange Council decision of October 27, 2011)*;

- 2) in the regime of immediate delivery of the tradable foreign currency and/or payment of the purchasable foreign currency, meaning, that the trades' participant, making payments in this regime, must guarantee crediting of the foreign currency tradable thereby and/or KZT in return for the foreign currency purchasable to the correspondent accounts of the Exchange on the day of settlements on, or before the time, specified in Appendix 4 hereto;
- 3) in the regime of uncontrolled delivery of being sold foreign currency, meaning, that the trades' participant, making payments in this regime, must guarantee crediting of the foreign currency tradable thereby on the correspondent accounts of the Exchange within a settlement day (of Almaty time) *(this sub-item was changed by the Exchange Council decision of October 27, 2011)*;
- 4) in the mode of immediate delivery of the foreign currency being sold and/or payment of the foreign currency being bought with specifying a day total limit of net-positions on all foreign currencies meaning that the trades participant, who makes payments in this mode, may participate in exchange trades within the specified day total limit of net positions on all foreign currencies on terms defined in the mode specified in sub-item 2) of this item. In case of necessity of selling and/or buying a foreign currency in the size exceeding the specified daily total limit of net-positions, the trades participant needs to preliminary deliver the foreign currency being sold and/or foreign currency being bought to the amount that exceeds the set daily total limit of net-positions *(this sub-item was included by the Exchange Council decision of October 27, 2011 and changed by a decision of the Exchange's Board of Directors dated February 7, 2017)*;
- 5) in the mode of immediate delivery of the foreign currency being sold and/or payment of the foreign currency being bought with specifying the opening limit of positions on all foreign currencies. Setting of this mode means that the trades participant carrying put payments in this mode may participate in exchange trades within the opening limit of positions on all foreign currencies on terms defined in the mode specified in sub-item 2) of this article.

The amount of the opening limit of the position of a trades' participant is defined in accordance with the Rules of Execution of Clearing Activities on Deals in Financial Instruments.

In case of need in selling and/or purchase of foreign currency in the amount exceeding the position's opening limit, the trades' participant needs to carry put preliminary delivery of the foreign currency being sold and/or payment of the foreign currency being bought in the amount of excess of the mentioned position opening limit.

*(This sub-item was changed by a decision of the Exchange's Board of Directors dated February 7, 2017).*

20. A trades' participant is entitled to independently select the regime of payments in return for his net-obligations with the following exceptions:
  - 1) regime of uncontrolled delivery of the tradable foreign currency may be selected only by the National Bank being a regulatory body of KZT rate to foreign currencies;
  - 2) regime of immediate delivery of being sold foreign currency may be selected by a trades' participant, provided he preliminarily concludes with the Exchange the agreement that provides blocking of the securities belonging to this participant in favor of the Exchange for securing his obligations to the Exchange ("Agreement on Relations in Terms of

Securities Blocking") *(this sub-item was changed by decisions of the Exchange Council of August 1, 2006 and May 28, 2010);*

- 3) a trades' participant is not entitled to select the regime of immediate delivery of the being sold/bought foreign currency, if pursuant to items 21 and 36 hereof, subject to the decision of the Committee or the Exchange Management Board it is determined in regard of this participant that he must make payments in return for his net-obligations exceptionally in the regime of preliminary delivery of the tradable and/or payment of the purchasable foreign currency *(this sub-item was changed by decisions of the Exchange Council of December 24, 2009 and October 27, 2011);*
  - 4) a trades' participant may not select the mode of immediate delivery of the currency being sold and/or payment for the foreign currency being bought, if in accordance with a decision of the Committee the mode described in sub-item 4) or sub-item 5) of item 19 hereof was set for that participant *(this sub-item was included by the decision of the Exchange Council of October 27, 2011 and changed by decision of the Exchange Council of February 7, 2014 and changed by decisions of the Exchange's Board of Directors of June 9, 2016 and February 7, 2017).*
  - 5) *(This sub-item was included by the decision of the Exchange Council of February 7, 2014 and removed by a decision of the Exchange's Board of Directors of June 9, 2016).*
21. On admission of an organization to the currency market member (with the right to participate in trades in foreign currencies) the Committee is entitled to prescribe this organization, after becoming a trades' participant, to initially make payments in return for its net-obligations exceptionally in the regime of preliminary delivery of being sold and/or bought foreign currency *(this paragraph was changed by decisions of the Exchange Council of November 23, 2009 and December 24, 2009).*

The term, during which this organization must make payments in return for its net-obligations exceptionally in the regime of preliminary delivery of the tradable and/or payment of the purchasable foreign currency, is set by the Committee, which upon expiry of this term is entitled to extend this term or provide this organization with an opportunity to select the regime indicated in sub-item 2) or 4) of item 19 of these Rules *(this paragraph was changed by decisions of the Exchange Council of December 24, 2009 and January 15, 2015).*

22. The trades' participant, that selected the regime of immediate delivery of the tradable and/or payment of the purchasable foreign currency, for to switch to such regime, must formalize an application in the form of Appendix 6 hereto.
- 22-1. If a trades' participant makes payments in return for his net-obligations in the regime of preliminary delivery of the tradable foreign currency, the size of his net-obligations in a foreign currency, according to the results of trading may not exceed the sum of the foreign currency placed on the correspondent accounts of the Exchange, and was received by the Exchange from this participant before the beginning of the trades.

If a trades' participant makes payments in return for his net-obligations in the regime of preliminary payment of the tradable foreign currency, the size of his net-obligations in KZT according to the results of trading may not exceed the sum of KZT, placed on the correspondent account of the Exchange, received by the Exchange from this participant before the beginning of the trades.

A trades' participant, making payments in return for his net-obligations in the regime of immediate or uncontrolled delivery of the tradable foreign currency, is entitled to sell foreign currency at trades without limitation of its sum.

A trades' participant, making payments in return for his net-obligations in the regime of immediate payment for the purchased foreign currency, is entitled to purchase foreign currency at trades without limitation of its sum.

**Article 8. Net-Obligations Default Consequences**

23. The following cases are considered as a trades' participant net-obligations default:
- 1) default or incomplete crediting of the sum of net-obligations of this trades' participant to the correspondent account of the Exchange on the settlement day;
  - 2) incorrect indication of banking details of the correspondent account of the Exchange at making payment in return for the net-obligation of this trades' participant;
  - 3) in case this participant executes payments in return for his net-obligations in the regime of immediate delivery of the tradable and/or the payment of the purchasable foreign currency – crediting of the net-obligation sum of this trades participant to the correspondent account of the Exchange on the settlement day, subject to the term, specified in Appendix 4 hereto.

*(This item was changed by the Exchange Council decision of May 8, 2003).*

24. *(This item was excluded by the Exchange Council decision of May 8, 2003).*
25. A trades participant's failure to discharge his net-obligations to the Exchange in regard of the deals concluded thereby is an unconditional and sufficient ground for non-fulfillment of the net-requirements of this trades' participant by the Exchange.
- 25-1. In case a trades' participant, making payments in return for his net-obligations in foreign currency in the regime of immediate delivery of the tradable foreign currency, due to technical reasons, cannot execute its delivery to the correspondent account of the Exchange at the fixed dates, such trades' participant, for the purpose of fulfillment of his requirements by the Exchange must block government securities in the volume of his net-requirements in favor of the Exchange *(this paragraph was changed by the Exchange Council decision of May 8, 2003 and supplemented by the Exchange Council decision of August 1, 2006).*

*(The second paragraph of this item was included by the Exchange Council decision of October 9, 2002 and excluded by the Exchange Council decision of May 8, 2003).*

The technical reasons indicated above mean faults in operation of payment systems of trades' participants, their foreign correspondent banks, and foreign (international) inter-bank payments centers *(this paragraph is included by the Exchange Council decision of August 1, 2006).*

Government securities may be blocked in favor of the Exchange by a trades' participant only in case of providing the Exchange with the written confirmation of the presence of the technical reasons due to which he cannot deliver the tradable foreign currency to the correspondent account of the Exchange on the fixed dates (except as provided in the fourth paragraph of this item). This confirmation must be signed by a person, having the right of first signature on behalf of the trades' participant in compliance with the signatures and stamp print form presented to the Exchange *(this paragraph was included by the Exchange Council decision of August 1, 2006).*

In case the trades' participant encounters technical problems, not related to the technical reasons indicated above, government securities may be blocked by a trades' participant in favor of the Exchange only upon authorization of the Chairman of the Exchange's Management Board or the deputy Chairman of the Exchange's Management Board, supervising settlements in foreign currencies *(this paragraph was included by the decision of the Exchange Council of*

*August 1, 2006 and changed by the decision of the Exchange Council of April 14, 2016).*

*(This item was included by a decision of the Exchange Council's Committee on currency market of December 19, 1999).*

- 25-2. Government securities that are blocked in the capacity of obligations coverage on foreign currency delivery are evaluated according to the Exchange's internal document "Methodology of Securities Valuation"<sup>2</sup> *(this item is included by the decision of the Exchange Council Committee on the currency market of December 19, 1999 and changed by decisions of the Exchange Council of August 1, 2006 and February 7, 2014 and a decision of the Exchange Council of April 14, 2016).*
- 25-3. In case of non-fulfillment by a trades' participant of its net-obligations on foreign currency delivery, the Exchange sells the government securities, contributed in the capacity of the obligations coverage on foreign currency delivery. With that, the government securities are sold at the current market rate, and claims on the side of the trades' participant on possible difference between the selling price and the price, that is considered by a trades' participant as more fair, are not accepted by the Exchange *(this item was included by the decision of the Exchange Council Committee on the currency market of December 19, 1999 and changed by a decision of the Exchange Council of February 7, 2014).*
- 25-4. The cash raised from the sales of government securities, are used for coverage of trades' participant obligations as a result of compulsory liquidation of his positions *(this item was included by the decision of the Exchange Council Committee on the currency market of December 19, 1999).*
26. In case of failure of the net-obligations on the purchased foreign currencies by one of the trades' participants, the National Bank has the right to purchase such foreign currencies at the prices of the concluded deals *(this item was changed by the Exchange Council decision of October 9, 2008).*
27. Subject to consent on acquisition of the foreign currencies, purchased by other trades' participants, but not paid by them on time, the National Bank must send a written statement on its consent to the Exchange within the term specified by Appendix 4 hereto *(this item was changed by the Exchange Council decision of October 9, 2008).*
28. The fact of foreign currencies payment by the National Bank in connection with realization of the right provided thereto in compliance with item 26 hereof is a necessary and sufficient ground for delivery of the foreign currencies paid thereby to the National Bank *(this item was changed by the Exchange Council decision of October 9, 2008).*
29. At realization by the National Bank of the right, provided thereto by item 26 hereof, the forfeit, charged on the trades' participant, that did not pay (untimely or incompletely paid) the foreign currencies purchased by him, is calculated on the basis of the number of days, determined as the trading day plus all nearest following that day non-working days *(this item was changed by the Exchange Council decision of October 9, 2008).*
30. At failure to fulfill net-obligations by one or several trades' participants with regard to use or non-use by the National Bank of the right provided thereto by item 26 hereof, the Exchange must immediately notify on ensued circumstances the trades' participant (participants), whose net-requirements cannot be fulfilled in due time *(this item was changed by the Exchange Council decision of October 9, 2008).*
31. In case of failure to fulfill his net-obligations before the beginning of the following trades, such trades' participant is disqualified from participation in the

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<sup>2</sup> Approved by a decision of the Exchange Council (minutes No. 7 of meeting on March 31, 2011) *(this footnote was included following a decision of the Exchange's Board of Directors of April 14, 2016).*



- Exchange trades until the issues connected with his non-fulfillment of the corresponding net-obligations are settled, and at the nearest trades a compulsory net-position liquidation of such participant is executed.
32. A compulsory liquidation may become optional, in case the trades' participant, whose net-requirements are not fulfilled, provides the Exchange with the written consent on affording the trades' participant that conceded a net-obligations failure, an opportunity to fulfill his net-obligations with a certain delay, paying the forfeit, or without the requirement thereof.
  33. A net-position is liquidated compulsorily in the following way: during the Exchange trades in foreign currencies the authorized representative of the Exchange on behalf of the trades' participant that did not fulfill his net-obligations on the previous trades, concludes the deal, in the volume of the existing net-position of the trades' participant, but of an opposite direction. The time of compulsory net-position liquidation is solely determined by the Exchange, pretensions from the trades' participant that failed to discharge his net-obligations on the deal (several deals) price parameters liquidating a net-position are not admitted by the Exchange.
  34. A net-position compulsory liquidation deal is concluded on the best offers as of the deal conclusion moment. In case there are offsetting unpaid net-positions of two or more participants on the previous trades, then primarily, such net-positions are to be offset in relation to each other on the average weighted rate set in accordance with the results of the trading day of execution of the deals that formed such net-positions.
  35. The exchange rate difference formed due to the difference between the price of conclusion of the deals that formed the net-position and the price of its compulsory liquidation forms either a net-obligation or a net-requirement of a trades' participant according to the results of the trades, during which compulsory net-position liquidation was executed.
  36. The trades' participant that conceded a non-fulfillment of his net-requirements is switched to the regime of preliminary delivery of the tradable and preliminary payment of the purchasable foreign currency for the period of up to three months by the decision of the Exchange Board (*this paragraph was changed by the decisions of the Exchange Council of October 9, 2002 and May 8, 2003*).  
*(This paragraph was included by the decision of the Exchange Council of May 8, 2003, changed by the Board of Directors decision of December 24, 2009 and excluded by the decision of the Exchange Council of September 9, 2014).*
  37. *(This item was excluded by the decision of the Exchange Council of October 9, 2002).*
  38. *(This item was excluded by the decision of the Exchange Council of October 9, 2002).*

### Chapter III. PAYMENTS OF THE EXCHANGE IN FAVOR OF TRADES PARTICIPANTS

#### Article 9. Execution of Payments of the Exchange in Favor of Trades Participants

39. The sum, payable by the Exchange in favor of the trades' participant, is subject to reduction by the sum of the expired maturity dates outstanding net-obligations of this trades participant before the Exchange.

#### Article 10. Exchange's Kazakhstan tenge Payments

- 39-1. In case the trades participant – net-seller of foreign currency uses several bank accounts for crediting Kazakhstan tenge, incoming from the Exchange in payment for net-claims of that trades participant, he must provide to the

Exchange an instruction according to the form of Appendix 6a to these Rules as to, on which bank accounts Kazakhstan must be delivered in payment of foreign currency sold by that trades participant.

The instruction is signed by the trader of the trades' participant and must be presented to the Exchange before 16:00 (Almaty time) of the trade day. Acceptance of instructions submitted after 16:00 (Almaty time) of the trades day is allowed upon written permission from the Chairman of the Exchange's Management Board or the deputy Chairman of the Exchange's Management Board supervising execution of settlements in foreign currencies (*This paragraph was changed by a decision of the Exchange's Board of Directors of April 14, 2016*).

The instruction is acknowledged only if bank details indicated therein correspond with details, which were earlier provided to the Exchange by the trades' participant in accordance with item 6 of these Rules.

At non-provision of the instruction by the deadline indicated in paragraph two of this item, or in case of incompliance of the instruction provided with the condition of paragraph three of this item, the last of instructions earlier provided to the Exchange is effective.

The instruction drawn up and provided to the Exchange in compliance with conditions of paragraphs one-three of this item has the power of a trades participant requirement mandatory for the Exchange to deliver Kazakhstan tenge in payment for foreign currency sold by this trades participant to bank accounts indicated in this instruction.

For violation of terms of the instruction the Exchange shall bear the same responsibility as for violation of the deadline for delivery to trades of Kazakhstan tenge in payment of foreign currency he sold.

*(This item was changed by a decision of the Exchange Council of January 15, 2015).*

40. On the dates fixed in Appendix 4 hereto, the Exchange gives a direction on the transfer of KZT in return for the net-requirements of the trades' participant (*this item was changed by a decision of the Exchange Council of May 8, 2003*).

#### **Article 11. Exchange Foreign Currency Payments**

41. A trades' participant – a foreign currency net-purchaser must provide the Exchange with the direction on which of his correspondent accounts the foreign currency purchased by him must be delivered to in the form of Appendix 7 hereto (*this item was changed by a decision of the Exchange Council of May 8, 2003*).
42. The direction is signed by a trades' participant trader and must be presented to the Exchange before 16.00 of Almaty time of the trading day (*this paragraph was changed by a decision of the Exchange Council of August 1, 2006*).
- The receipt of directions submitted after 16:00 of Almaty time of the trading day is allowed only upon written permission of the Chairman of the Exchange's Management Board or the deputy Chairman of the Exchange's Management Board, supervising settlements in foreign currencies (*this paragraph was changed by a decision of the Exchange Council of August 1, 2006 and by a decision of the Exchange's Board of Directors of April 14, 2016*).
43. The direction is considered as valid only in case the correspondent accounts indicated therein are included in the effective list of correspondent accounts of this trades' participant.
44. At failure to present the direction in the term specified in item 42 hereof, or in case of discrepancy of the direction presented, with that provided in item 41 hereof, the junior of the prior presented directions is effective.

## Rules on Execution of Settlements on Foreign Currency Trades Results

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45. The direction formalized and presented in compliance with items 41–43 hereof stands in force of the mandatory for execution by the Exchange trades' participant requirement on delivery of the foreign currency purchased by him to the correspondent accounts indicated in the direction.
46. For the breach of the direction, the Exchange incurs the same responsibility as for breach of the terms of delivery of the foreign currency to the trades' participant who purchased it.
47. The Exchange must give directions (payment orders) on foreign currencies transfer to its correspondent banks according to requests of trades' participants – their net-purchasers before the term specified in Appendix 4 hereto.

President

D. Karasaev



**Appendix 1**

to Rules on Execution of  
Settlements on Foreign  
Currency Trades Results

*(This appendix was changed and supplemented by a decision of the Exchange Council of September 20, 2002, changed by a decision of the Exchange Council of October 22, 2003, supplemented by a decision of the Exchange Council of February 6, 2004, changed by decisions of the Exchange Council of March 10, 2004, of August 4, 2004 and of March 19, 2005, supplemented by a decision of the Exchange Council of July 31, 2008, changed and supplemented by a decision of the Exchange Council of October 9, 2008, changed by decisions of the Exchange Council of April 29, 2010, of September 23, 2010, of October 27, 2011, supplemented by a decision of the Exchange Council of February 7, 2014, changed by a decision of the Exchange Council of September 9, 2014 and removed by a decision of the Exchange's Board of Directors of April 14, 2016).*

**L I S T**

of correspondent accounts of the Exchange

**Appendix 2**

to Rules on Execution of  
Settlements on Foreign  
Currency Trades Results

*(This appendix was changed and supplemented by a decision of the Exchange Council of March 10, 2004, supplemented by a decision of the Exchange Council of April 29, 2010).*

**D E T A I L S**  
of bank account

*(This title was changed by a decision of the Exchange Council of August 1, 2006).*

A trades' participant:

Bank account number (IIC):

Beneficiary bank:

Bank identifier code:

Business identification number

TIN:

Economic activity sector:

Chief executive officer

Chief accountant

L.S

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The signatures are checked (personal stamp of the authorized Exchange officer), date

**Appendix 3**

to Rules on Execution of Settlements on Foreign Currency Trades Results

**LIST**  
of correspondent foreign currency accounts

*(This title was changed by a decision of the Exchange Council of August 1, 2006).*

(Please, fill in with printed letters or with a typewriter; write in the missing, delete as applicable)

A trades' participant (In Russian and in English)	Sheet				
	Effective from				
	In addition to the submitted prior				
	In exchange for the submitted prior				
Currency	USD	EUR	RUB	CNY	

Item No.	Correspondent bank, its address and details (S.W.I.F.T., CHIPS, EAF, Bank Identifier Code, correspondent account in a CB RF unit, etc.)	Trades' participant codes (BIC, CHIPS UIC, etc.)	The trades participant No.

*(The line "Currency" was changed by a decision of the Exchange Council of March 10, 2004 and supplemented by the decision of the Exchange Council of February 7, 2014).*

Chief executive officer

Chief accountant

L.S

The signatures have been checked (personal stamp of the authorized Exchange officer), date

**Appendix 4**

to Rules on Execution of Settlements on Foreign Currency Trades Results

*(This appendix was changed pursuant to the decision of the Exchange Council's Committee on the currency market of January 25, 2000 and the decisions of the Exchange Council of May 8, 2003, March 10, 2004, changed and supplemented by a decision of the Exchange Council of August 1, 2006, changed by a decision of the Exchange Council of October 27, 2011, supplemented by a decision of the Exchange Council of February 7, 2014 and changed by a decision of the Exchange's Board of Directors of June 9, 2016).*

**SCHEDULE**

**of execution of payments on deals involving purchase-selling of foreign currencies**

**General note:** this appendix features the Almaty time of the settlement execution day.

**Part 1. PAYMENTS IN KAZAKHSTAN TENGE**

Conditions	Time
A	1
Point of time, before which Kazakhstan tenge payable for the foreign currency bought, must be credited by trade participants to the Exchange's correspondent account:	
• at purchase of Chinese yuan	12:00
• at purchase of foreign currencies other than Chinese yuan	16:30
Point of time, before which the Exchange must receive the consent of the National Bank for purchase by itself of foreign currency bought but not paid for by other trade participants	17:00
Point of time, before which the Exchange submits orders for transfer of Kazakhstan tenge to trade participants	17:30

**Part 2. PAYMENTS IN FOREIGN CURRENCIES**

Currency	Time of delivery to the Exchange*	Time of transferring to trade participants**	Time of delivery to the Exchange at blocking of government securities***
A	1	2	3
<b>USD</b>	16:30	17:30	24:00
<b>EUR</b>	16:30	17:30	21:00
<b>RUB</b>	16:30	17:30	19:00
<b>CNY</b>	12:00	14:00	n/a

\* Point of time, before which the foreign currency sold must be credited by trade participants to the Exchange's correspondent accounts.

## Rules on Execution of Settlements on Foreign Currency Trades Results

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- \*\* Point of time, before which the Exchange submits orders (payment instructions) for transfer to trade participants of foreign currency they bought.
- \*\*\* Point of time, before which the foreign currency sold must be credited by trade participants to the Exchange's correspondent accounts in case of blocking of government securities in accordance with item 25-1 of the Rules on Execution of Settlements on Foreign Currency Trades Results.

**Appendix 5**

to the Rules on Execution of Settlements on Foreign Currency Trades Results

*(This appendix was changed and supplemented by a decision of the Exchange Council of September 20, 2002, changed by a decision of the Exchange Council of October 22, 2003, supplemented by decisions of the Exchange Council of February 6, 2004 and July 31, 2008 and changed by decisions of the Exchange's Board of Directors of April 14, 2016 and October 11, 2016).*

**NOTIFICATION**

Kazakhstan Stock Exchange JSC

(trades participants' name)	Notification provision date
	Notification provision time
	Notification effective date

Hereby the above-mentioned trades' participant notifies that the foreign currency he sold will be delivered to the following correspondent accounts of Kazakhstan Stock Exchange JSC:

Currency	Corresponding bank	Amount of currency delivered*
USD		.000
		.000
EUR		.000
		.000
CNY		.000
		.000

\* Not filled out in case of delivery of sold foreign currency to only one of corresponding accounts of the Exchange in that currency.

This notification is valid unless the trades' participant provided a more recent notification.

From the trades' participant  (signature, surname, trader's initials)	Traders' signature checked  (personal stamp of the Exchange's verifying employee, checking date)
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**Appendix 6**

to the Rules on Execution of  
Settlements on Foreign  
Currency Trades Results

*(This appendix was changed by the decisions of the Exchange Council of May 8, 2003 and  
of January 15, 2004).*

[on a letter-head]

Kazakhstan Stock Exchange

**APPLICATION**

Herewith we express our intent to execute settlements on the results of the foreign currency trades,  
held by your company, in the regime

- immediate delivery of the tradable foreign currency
- immediate payment of the purchasable foreign currency

in compliance with the Rules on Execution of Settlements on Foreign Currency Trades Results  
on the following foreign currencies:

- US dollar
- Euro
- Russian ruble

[position]

[signature]

[surname, initials]<sup>3</sup>

[position]

[signature]

[surname, initials]<sup>4</sup>

L.S

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<sup>3</sup> Position title, signature, last name and initials of the person having the right of the first signature on behalf of the trades' participant in compliance with the card of specimen signatures and stamp print form presented to the Exchange *(numbering of this footnote was changed by a decision of the Exchange's Board of Directors on April 14, 2016).*

<sup>4</sup> Position title, signature, last name and initials of the person having the right of the second signature on behalf of the trades' participant in compliance with the card of specimen signatures and stamp print form presented to the Exchange *(numbering of this footnote was changed by a decision of the Exchange's Board of Directors on April 14, 2016).*

**Appendix 6a**

to Rules on Execution of Settlements on Foreign Currency Trades Results  
*(the serial number of this appendix was changed by a decision of the Exchange Council of January 15, 2015)*

*(This appendix was included by the decision of the Exchange Council on August 27, 2009 and changed by a decision of the Exchange Council on January 15, 2015).*

**INSTRUCTION**

Kazakhstan Stock Exchange JSC

Trades' participant
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Hereby we inform you that Kazakhstan tenge in return for the foreign currency we sold must be delivered to the following bank details of ours:

Bank account No.	Amount

This instruction is effective as of \_\_\_/\_\_\_/\_\_\_ and is valid unless we submitted a later one.

From the trades' participant:

\_\_\_\_\_

Signature checked (personal stamp of Exchange authorized employee),  
date

**Note:**

In case of Kazakhstan tenge transfer to one bank account, the line "Amount" can be left blank.



**Appendix 7**

to the Rules on Execution of Settlements on Foreign Currency Trades Results

**DIRECTION**  
to Kazakhstan Stock Exchange

(Please, fill in with printed letters or on a typewriter; write in the missing, delete as applicable)

A trades' participant

Herewith, we notify that the foreign currency purchased by us must be delivered to our correspondent accounts in the following correspondent banks:

Currency	Corresponding Bank	Sum

This direction is effective from \_\_\_\_ / \_\_\_\_ / \_\_\_\_ and stands in force insofar as the junior was not submitted by us.

On behalf of the trades' participant:

The signature is checked (a personal stamp of the authorized Exchange officer),  
date

\_\_\_\_\_

**Notes:**

- 1) It is required to indicate only the correspondent bank name in the graph "Correspondent Bank". Other details are determined in compliance with the effective List of foreign currency correspondent accounts provided by a trades' participant.
- 2) In case of transfer of the purchased foreign currency only to one of the correspondent accounts regarding this currency, filling the graph "Sum" is not mandatory.