

# KAZAKHSTAN STOCK EXCHANGE

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## PRESS RELEASE

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### **KASE introduces a single margining limit system for stock market orders and transactions**

Kazakhstan Stock Exchange JSC (KASE) has developed a single limit mechanism in order to improve its margining system for T+2 stock market orders and transactions.

The new mechanism will allow assessing an aggregate portfolio of a trading participant for its further use as margin for open T+2 positions. T+2 traded securities may serve as margin as well as cash.

With a single limit a trading participant's portfolio is assessed at the market value taking into account the relevant discounts established by the Exchange. This market value shall be the margin limit applicable to T+2 transactions.

The following amendments to KASE internal documents approved by KASE Board of Directors and agreed upon with the National Bank of Kazakhstan shall be put into effect on February 06, 2017 in order to implement this system:

- 1) amendments No. 3 to Rules of executing clearing activities on deals in financial instruments (Rules);
- 2) amendments No. 2 to Regulations on clearing participants (Regulations);
- 3) amendments No. 5 to Procedure of execution of deals on the stock market according to scheme T+2 (Procedure).

Currently, all orders for T+2 transactions submitted to the KASE trading system should be secured with an initial margin (initial margin for selling orders can be replaced with an asset worth the order amount). The trading system automatically checks the initial margin (or asset) adequacy along with the order examination.

According to the amendments approved, KASE shall no longer use the initial margin to measure the order security adequacy but replace it with a single limit. Thus, the participants will now be able to secure their orders and deals with any T+2 traded assets available in their accounts with Central Securities Depository (KACD) given the discounts on these assets.

The single limit is required to measure and maintain the margin adequacy for the submission of orders and conclusion of transactions using the clearing participants' (personal or a clients') accounts. The single limit is calculated separately for the clearing participants' personal accounts and each client account of these clearing participants.

This system has been developed based on the best international stock trading and clearing practices.

The conditions and procedure for the interaction between KACD and KASE will be simplified. It is planned to cancel the procedure of blocking the assets used as security in the bank and personal accounts of the clearing participants and their clients opened with KACD. Instead, the intraday monitoring of the participants and their clients in real time will be introduced as part of the trading and post-trading procedures.

The business days of KACD and KASE will be therefore synchronized in order to exercise the foregoing.

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### **Details**

Kazakhstan Stock Exchange (KASE) is the leading stock exchange in the Central Asian region and the only exchange in Kazakhstan, carrying out their activities in the financial market. It is a universal trading platform for repo market instruments, foreign currencies, government and corporate securities, bonds of international financial institutions as well as derivatives.

KASE is the member of the World Federation of Exchanges (WFE), Federation of European and Asian Stock Exchanges (FEAS) and other international and local professional associations. In 2015, KASE joined the UN Sustainable Stock Exchanges initiative.

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