

KASE CLEARING CENTER JSC

A p p r o v e d

by decision of the Board of Directors of
KASE Clearing Center JSC

(minutes of the meeting
dated July 25, 2023 No. 10)

E f f e c t i v e

from July 25, 2023

REGULATION on Clearing Fees and Forfeits

Almaty City

2023

A M E N D M E N T S H E E T

1. Changes and additions No. 1:

- approved by decision of the Board of Directors of KASE Clearing Center JSC (minutes of the meeting dated September 12, 2023 No. 12);
- effective from September 13, 2023.

This Regulation on clearing fees and forfeits (hereinafter referred to as the Regulation) determines the composition and size (rates) of the clearing fees, charges as well as the amount of forfeits payable by clients of KASE Clearing Center JSC (hereinafter referred to as the Clearing Center), deadlines and procedure for payment of such fees, charges and forfeits, as well as responsibility for their late payment or incomplete payment (*this paragraph was amended by decision of the Board of Directors of the Clearing Center dated September 12, 2023*).

Chapter 1. GENERAL PROVISIONS

Article 1. Notions

1. The Regulation uses notions established by the laws of the Republic of Kazakhstan, internal documents of Kazakhstan Stock Exchange JSC (hereinafter referred to as the Exchange) and the Clearing Center.
2. For the purposes of the Regulation:
 - 1) purchase and sale transactions of any financial instruments shall mean transactions that are not related to repo transactions and transferred to the Clearing Center for clearing;
 - 2) repo transactions shall mean repo transactions (including transactions that are part of these transactions) transferred to the Clearing Center for clearing;
 - 3) initiator of trades with a single seller or buyer of a financial instrument shall be understood as a member of the Exchange, on the initiative of which the trades are conducted with a single seller or buyer of a financial instrument as defined by the internal documents of the Exchange;
3. Tariffs of the Clearing Center shall be fees and charges payable by clients of the Clearing Center in the course of receiving the services of the Clearing Center (*this clause was changed by decision of the Board of Directors of the Clearing Center dated September 12, 2023*).
4. Rates of the Clearing Center shall be established by this Regulation and other internal documents of the Clearing Center.

Fees, fines, charges and forfeits shall be charged by the Clearing Center in Kazakhstan tenge in the manner and within the timeframe established by this Regulation, and must be paid by clients of the Clearing Center in Kazakhstan tenge.

If volume of a transaction or operation, from value of which any fee is charged, is expressed in a foreign currency, then for the purpose of calculation of the fee such volume shall be recalculated into Kazakhstan tenge at the exchange rate of this currency to the Kazakhstan tenge established by the National Bank of the Republic of Kazakhstan on the date of conclusion of the specified transaction (carrying out the specified operation) (*this clause was changed by decision of the Board of Directors of the Clearing Center dated September 12, 2023*).
5. Fees, charges, fines and forfeits shall be paid by the client of the Clearing Center on its own. Payment by a third party shall be allowed only in case of a written request from the client to the Clearing Center indicating the reasons for the impossibility of such payment (*this clause was supplemented by decision of the Board of Directors of the Clearing Center dated September 12, 2023*).

Chapter 2. FEES AND CHARGES

(This is changed by decision of the Board of Directors of the Clearing Center dated September 12, 2023)

Article 2. General provisions on clearing fees

1. Clearing fees shall be fees for clearing transactions with financial instruments, which shall be paid by the clearing participants in the course of their clearing services *(this paragraph was supplemented by decision of the Board of Directors of the Clearing Center dated September 12, 2023)*.

Clearing fees shall be:

- 1) clearing fee for transactions in foreign currencies, including transactions related to currency swap transactions (taking into account specific features established by clause 4 of this article);
 - 2) clearing fee for derivative transactions;
 - 3) clearing fee for transactions with other financial instruments, in addition to those set out in sub-clauses 1 and 2 of this clause (taking into account the specific features established by clauses 4 and 5 of this article).
2. Clearing fees set out in clause 1 of this article shall be paid on a monthly basis, for the lapsed calendar month, based on invoices of the Clearing Center to be presented to the clearing participants at the beginning of a calendar month following the one which ended, with the exception established by the second paragraph of this clause.

Clearing fee for transactions with derivatives shall be paid by the clearing participant on the day of the transaction with a derivatives contract by deducting the amount of the clearing fee by the Clearing Center from the amount of the clearing participant's collateral located on the correspondent account of the Clearing Center.
 3. If any clearing member is simultaneously a seller and a buyer under a transaction, it shall pay the clearing fee for that trade twice, as a seller and as a buyer.
 4. In relation to repo and currency swap transactions, clearing fees shall be charged only under transactions for opening these transactions. No clearing fees shall be charged for closing trades.
 5. Clearing fees for trades closed by the Clearing Center for the purpose to settle outstanding or improperly discharged liabilities can be canceled by decision of the Management Board of the Clearing Center if there is confirmation that improper discharge by the clearing participant of its liabilities has taken place due to:
 - 1) a technical failure that occurred in the operation of any information system used by the Clearing Center or its individual component;
 - 2) improper performance by the Clearing Center of its functions provided for by the internal documents of the Clearing Center and/or the clearing service agreement;
 - 3) a technical failure that occurred in the operation of any information system of a critical supplier of the Clearing Center or its individual component;
 - 4) occurrence of force majeure circumstances (force majeure situations, i.e. natural disasters, acts of God, wars, military operations, terrorist acts, civil unrest, changes in the laws, actions and decisions of (authorized) regulatory bodies, decisions of local executive bodies, government bodies

- and officials, including quarantine announcements, and other similar circumstances that the clearing participant could not foresee and which directly affected proper performance by the clearing participant of its duties) or other events related to suspension of the activities of financial market organizations, including in connection with introduction of a state of emergency or occurrence of an emergency in localities in which the Clearing Center and/or the Clearing Participant are located;
- 5) incorrectly set parameters in the trading and clearing system of any financial instrument that is the subject of a transaction or swap/repo operation;
 - 6) other cases and/or events beyond reasonable control of the clearing participant.
6. No clearing fees shall be charged under foreign currency purchase and sale transactions closed by the National Bank of the Republic of Kazakhstan in the course of management of the National Fund of the Republic of Kazakhstan, as a fund the main goals of which are to ensure stable social and economic development of the country and accumulation of financial resources for future generations.
 7. The National Bank of the Republic of Kazakhstan, as a state body ensuring development and implementation of the state monetary policy in the Republic of Kazakhstan, shall be exempt from payment of clearing fees for repo transactions in which it participates as a repo seller, as well as from payment of clearing fees under transactions with fixed-term contracts.
 8. With respect to transactions related to trades with a single seller or buyer of a financial instrument, clearing fees shall be charged only under transactions of purchase and sale of securities with participation of the Clearing Center as the central counterparty and shall be paid to:
 - 1) the clearing participants who are participants in such trades, as they are defined by internal documents of the Exchange, in relation to trades initiated by the National Bank of the Republic of Kazakhstan or the Ministry of Finance of the Republic of Kazakhstan;
 - 2) the clearing participant being an initiator of trades in relation to trades other than those set out in sub-clause 1) of this clause with a single seller or buyer of a financial instrument (taking into account the specific features provided for in clause 10 of this article) *(this clause was changed by decision of the Board of Directors of the Clearing Center dated 12 September 2023)*.
 9. The following shall be exempt from payment of the clearing fee:
 - 1) The Ministry of Finance of the Republic of Kazakhstan when placing securities issued by it;
 - 2) The National Bank of the Republic of Kazakhstan when placing (selling) securities issued by it or by the Ministry of Finance of the Republic of Kazakhstan..
 10. If the initiator of trades with a single seller or buyer with participation of the Clearing Center is an issuer of securities that is not a clearing participant, relations between it and the Clearing Center with respect to payment of the clearing fee shall be governed by an agreement entered into by and between the initiator of such trades and the Clearing Center.

Article 3. Amounts of clearing fees

1. The clearing participant on the foreign exchange market shall pay clearing fees at the rates fixed in annex 1 to the Regulation, subject to the scheme for payment of clearing fees established to it by the decision of the Management Board of the Clearing Center, depending on the scheme for payment of a monthly membership fee on the foreign exchange market established by the Exchange for this organization.
2. Clearing participants of the stock market shall pay clearing fees at the rates of clearing fees set out in annex 2 to the Regulation, depending on the scheme for payment of the monthly membership fee on the stock market established by the Exchange for this organization.
3. Clearing fees for repo transactions shall be calculated using the formula:

$$K = Q \times n \times P, \text{ ұрықу:}$$

K – clearing fee for repo transactions;

Q – amount of the opening transaction related to this repo transaction;

n – term of this repo transaction (in days) (taking into account the specific features established by clause 4 of this article);

P – rate of the clearing fee for repo transactions as set out in table 2 of annex 3 to the Regulation.

4. For purposes of calculation of the clearing fee for a repo transaction with an Intraday maturity, term of this transaction shall be assumed to be equal to one.
If the term of a repo transaction is changed, the clearing fee for this repo transaction shall not be recalculated.
5. Clearing participants on the derivatives market shall pay clearing fees under transactions with derivative financial instruments, calculated according to the formula:

$$K = Fee_{fut} \times N, \text{ ұрықу:}$$

K – clearing fee for a transaction with derivatives contracts;

Fee_{fut} – clearing fee for one futures contract, determined subject to clause 6 of this article;

N – number of derivatives contracts in the transaction..

6. Clearing fee for one derivatives contract, depending on the estimated value of one derivatives contract, determined one business day before opening of trades with such contract, shall be:
 - 1) 0.5 KZT – with an estimated value of a fixed-term contract up to 50,000 KZT inclusive;
 - 2) 1.0 KZT – with an estimated value of a fixed-term contract from 50,001 KZT to 150,000 KZT inclusive;
 - 3) 1.5 KZT – with an estimated value of a fixed-term contract from 150,001 KZT to 400,000 KZT inclusive;
 - 4) 2.0 KZT – with an estimated value of a fixed-term contract exceeding 400,000 KZT.
7. If during one trading session clearing participant of the Clearing Center entered into transactions with derivatives contracts, as a result of which a position was opened and then completely closed on derivatives contracts of the same name, the clearing fee under these transactions to the extent related to this clearing participant shall be 50% of the clearing fee calculated subject to clause 5 of this article.

8. To determine the clearing fee payment scheme for any clearing participant, the Clearing Center shall request from the Exchange information about the exchange fee payment scheme assigned to this clearing participant.

Article 3-1. Charge for accounting of collateral *(this article was supplemented by decision of the Board of Directors of the Clearing Center dated September 12, 2023)*

1. Charge for accounting of collateral shall be a charge for provision of services for receiving, accounting and monitoring the collateral in the system for ensuring completeness of settlements of the interbank payment card system.
2. Amount of the charge for accounting of collateral is set out in table 3 of annex 2 to this Regulation.
3. Charge for accounting of collateral shall be charged from each client of the Clearing Center which is a participant in the system for ensuring completeness of settlements in the interbank payment card system.

The charge shall be calculated separately for each collateral account. Moreover, each client of the Clearing Center can have one or more such accounts.
4. Charge for accounting of the collateral set out in clause 1 of this article shall be paid on a monthly basis, for the expired calendar month, based on invoices to be presented by the Clearing Center at the beginning of the first calendar month following the expired month.

Chapter 4. PRESENTATION AND PAYMENT OF INVOICE. LIABILITY FOR NON-PAYMENT (INCOMPLETE OR LATE PAYMENT) OF CLEARING FEES

Article 4. Presentation of an invoice by the Clearing Center *(this article was amended by decision of the Board of Directors of the Clearing Center dated September 12, 2023)*

1. The Clearing Center shall present invoices to its clients for payment of periodic clearing fees and charges by sending electronic files of invoices of the Clearing Center through the eTransfer.kz electronic document exchange system.
2. Files of invoices to be sent by the Clearing Center shall be generated in .pdf (Portable Document Format) format.

Invoices to be presented by the Clearing Center to its clients shall be prepared using cryptographic security measures that ensure confidentiality and impossibility of correction of the provided data.
3. Day of presentation of an invoice for payment of periodic clearing fees and charges shall be deemed to be day of sending an electronic file of this invoice via the eTransfer.kz electronic document exchange system.
4. Sufficient proof of presentation of an invoice for payment of periodic clearing fees and charges shall be a relevant entry into the eTransfer.kz system.
5. In case of a technical failure in the eTransfer.kz electronic document exchange system, invoice for payment of periodic clearing fees and charges will be presented by sending the originals of such invoices in hard copy through a postal operator(s).

Article 5. Payment of an invoice of the Clearing Center *(this article was amended by decision of the Board of Directors of the Clearing Center dated September 12, 2023)*

1. Client of the Clearing Center shall pay an invoice of the Clearing Center for payment of periodic clearing fees and charges within five business days after it is presented.

2. With the exception established by paragraph two of this clause, money received by the Clearing Center as payment of periodic clearing fees and charges shall not be refunded, including in cases of suspension of the clearing services for a given participant or suspension of its status as a clearing participant.

At the request of the payer of the periodic clearing fee or commission, the Clearing Center shall have the right to refund it the money transferred by it as payment of this fee, when such transfer is a result of a technical error.

3. Outstanding payment of periodic clearing fees can be repaid through offset subject to the internal documents of the Clearing Center.

Chapter 5. FORFEITS

Article 6. **Responsibility for non-payment (incomplete or late payment) of periodic clearing fees** *(this article was amended by decision of the Board of Directors of the Clearing Center dated September 12, 2023)*

1. For non-payment (incomplete or late payment) by a client of the Clearing Center of clearing fees and charges, the Clearing Center shall collect from this client a forfeit to the extent of 0.2% of the amount of payment due to the Clearing Center towards payment of this fee or charge for each calendar day of the delay.

Payment of the forfeit set out in paragraph one of this clause shall not exempt the client of the Clearing Center from the liability to pay the clearing fees and charges.

2. In case of non-payment (incomplete payment) by the clearing participant of clearing fees within ten business days after the period established by this Regulation lapses, the Management Board of the Clearing Center shall have the right to suspend the status of this clearing participant.

Article 7. **Forfeits**

1. Forfeits shall be charged to a mala fide or insolvent clearing participant for default on or improper discharge by a mala fide or insolvent clearing participant of its liabilities subject to the Rules for clearing activities under transactions with financial instruments as approved by the Board of Directors of the Clearing Center.
2. Mala fide or insolvent clearing participant under transactions with the CCP closed on the stock and foreign exchange markets shall have to pay the Clearing Center a fine for application by the Clearing Center of the position transfer procedure and/or application of the forced liquidation procedure and/or application of the liquidation netting procedure:
 - 1) in the amount of 15 times the monthly calculation index in effect on the date of such application for the first application of the procedure within three calendar months;
 - 2) in the amount of 50 times the monthly calculation index in force on the date of such application when the procedure is repeated within three calendar months as counted from the date of the previous application (for each such application).

If, during one clearing day, the Clearing Center has applied the procedures set out in paragraph one of this clause for several trading and clearing accounts of a mala fide or insolvent clearing participant, such participant shall have to pay the Clearing Center a fine for application by the Clearing Center of settlement procedures for each trading clearing account.

If during the clearing day the Clearing Center has applied the procedures set out in paragraph one of this clause several times to one trading and clearing account of a mala fide or insolvent clearing participant, such participant shall have to pay the Clearing Center a non-recurrent fine for application by the Clearing Center of settlement procedures.

If more than three calendar months have passed between the procedures set out in paragraph one of this clause, then for the first subsequent violation a fine will be charged in the amount set out in sub-clause 1 of this clause..

3. The clearing participant shall have to pay a fine to the Clearing Center if the margin-call that arose with the clearing participant following the results of the mark-to-market clearing session is not eliminated by the clearing participant before the cut-off time, subject to the Regulation for conducting clearing sessions for transactions with central counterparty:
 - 1) in the amount of 15 times the monthly calculation index in force on the date of such violation for three calendar months;
 - 2) in the amount of 50 times the monthly calculation index in force on the date of such violation for three calendar months calculated from the date of previous application (for each such violation).
4. Fine set out in clause 2 and 3 of this article shall be paid by the clearing participant within five business days after the Clearing Center presents the relevant invoice.

The day of payment of the forfeits set out in paragraph one of this clause shall be deemed to be the day the amount of forfeits is credited to the settlement account of the Clearing Center (*this paragraph was changed by decision of the Board of Directors of the Clearing Center dated September 12, 2023*).

5. Charge of fines and forfeits to the clearing participants can be canceled by decision of the Management Board of the Clearing Center in situations where default on or improper discharge by the clearing participant of its liabilities was caused by:
 - 1) a technical failure that occurred in the operation of any information system of the Clearing Center or its individual component;
 - 2) improper performance by the Clearing Center of its functions provided for by the internal documents of the Clearing Center and/or the clearing service agreement;
 - 3) a technical failure that occurred in operation of any information system of a critical supplier of the Clearing Center or its individual component;
 - 4) occurrence of force majeure circumstances (force majeure situations, i.e. natural disasters, acts of God, wars, military operations, terrorist acts, civil unrest, changes in the laws, actions and decisions of (authorized) regulatory bodies, decisions of local executive bodies, government bodies and officials, including quarantine announcements, and other similar circumstances that the clearing participant could not foresee and which directly affected proper discharge by the clearing participant of its duties) or other events related to suspension of the activities of financial market organizations, including in connection with introduction of a state of emergency or occurrence of an emergency in localities in which the Clearing Center and/or the Clearing Participant are located;
 - 5) incorrectly set parameters of any financial instrument that is the subject of a transaction or swap/repo operation;
 - 6) other cases and/or events beyond reasonable control of the clearing participant.

Article 8. Violation of the payment discipline by the clearing participant

1. Violation of the payment discipline on the foreign exchange market by the clearing participant shall be recognized as follows:
 - 1) failure to credit or incomplete credit of an amount of the net liability of this clearing participant on the day of settlements to the correspondent account of the Clearing Center;
 - 2) violation by the clearing participant of settlement deadlines in discharge of net liabilities under trades on the foreign exchange market established by an internal document of the Clearing Center regulating the time of settlement and clearing sessions;
 - 3) violation of details of the correspondent account of the Clearing Center when making a payment in favor of the Clearing Center to pay the liability of this clearing participant.
2. Violation of the payment discipline by the clearing participant shall be an unconditional and sufficient basis for a failure of the Clearing Center to discharge net liabilities of this clearing participant.
3. If any of the cases set out in clause 1 of this article are identified, the Clearing Center shall have the right to take measures provided for by the Rules for clearing activities under transactions with financial instruments.
4. The procedure for settling the liabilities of the clearing participant who has violated the payment discipline shall be established by the Rules for clearing activities for transactions with financial instruments.
5. For violation of the payment discipline, the clearing participant shall have to pay a fine in favor of the Clearing Center:
 - 1) in the amount of 15 times the monthly calculation index in effect on the date of such violation for the first violation of the payment discipline within three calendar months;
 - 2) in the amount of 50 times the monthly calculation index in effect on the date of such violation in case of a further violation of the payment discipline within three calendar months to be counted from the date of the previous violation (for each such violation).

If more than three calendar months have passed between violations of the payment discipline, then for the first subsequent violation a fine will be charged in the amount set out in sub-clause 1 of this clause.

6. The fine set out in clause 5 of this article shall be paid by the clearing participant within five business days after the Clearing Center presents the relevant invoice.
7. The Clearing Participant can be exempt from payment of the fine set out in clause 5 of this article by decision of the Management Board of the Clearing Center provided that during study of the circumstances of violation of the payment discipline it is established that the Clearing Participant issued instructions to the servicing bank to transfer money in favor of the Clearing Center not later than the deadline established by the internal document of the Clearing Center regulating the time of settlement and clearing sessions and the servicing bank of the clearing participant executed the specified instructions no later than the specified period. Along with that, violation of the payment discipline has taken place due to late crediting of money to the correspondent account of the Clearing Center by its servicing bank.

Chapter 6. FINAL PROVISIONS

Article 9. Final provisions

Regulation on Clearing Fees and Forfeits

1. The Regulation shall be posted on the Internet resource of the Clearing Center.
2. The Regulation shall be updated as necessary but at least once every three years.

Chairman of the Management Board

Sabitov I.M.

Annex 1

to Regulation on
Clearing Fees and
Forfeits

RATES (SIZES)
of clearing fees
on the currency market

Description of the payment scheme of clearing fees	Rate of the clearing fee
1	3
Scheme 1	0.0005 %
Scheme 2	0.0003 %
Scheme 3	0.0002 %
Scheme 4	0.0005 %
Scheme 5	0.0002 %

Notes to the table:

- the symbol “–” means that this rate is not applicable to this scheme;
- the clearing fee rate is set as a percentage of the amount of each transaction closed by the participant of the Clearing Center for the period for which the clearing fee is paid;
- rates of the clearing fee do not apply to transactions of closing currency swap transactions.

RATES (SIZES)
of clearing fees on the stock market

Table 1

No.	Securities	Schemes	Clearing fees
1	2	3	5
1	Clearing fees under purchase and sale transactions closed by any method of open trades for listing securities		
1.1.	All types of securities	Scheme 1	0.005 %, but not less than 1 MCI
1.2.	Shares and other securities except for bonds traded in "clean" prices	Scheme 2	0.003 %
1.3.	1) government securities issued by the Ministry of Finance of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan; 2) securities nominated in USD issued by the Ministry of Finance of the Republic of Kazakhstan subject to the laws of another state except for the Republic of Kazakhstan		0.00002 % × period of time until repayment in days but not more than 0.002 %
1.4.	Bonds traded in "clean" prices except for bonds from those set out in clause 1.3.		0.00003 % × period of time until repayment in days but not more than 0.003 %
2	Clearing fees under direct transactions of purchase and sale at listing securities and purchase and sale transactions for securities admitted to circulation in the "Non-listing securities" sector		
2.1.	All types of securities	Scheme 1	0.01 %, but not less than 25 MCIs
2.2.	Shares and other securities except for bonds traded in "clean" prices	Scheme 2	0.01 %
2.3.	Bonds traded in "clean" prices		0.0001 % × period of time until repayment in days but not more than 0.01 %
3	Clearing fees under transactions closed at trades with the sole seller or buyer of financial instrument		
3.1	All types of securities	Scheme 1/ Scheme 2	0.005 % of an amount of transaction but not more than 5.000-fold MCI

Notes to the table:

- rates of the clearing fees for purchase and sale transactions are set out as a percentage of the

amount of such transactions;

- for the purpose of calculating clearing fees for transactions of purchase and sale of securities from those specified in clauses 1.3, 1.4 and 2.3, the period until maturity of these securities is defined as a period of time calculated in calendar days.

Table 2

Clearing fees under repo operations				
No.	Description	Scheme	Gross calculations (without the Clearing Center)	Netting (with the Clearing Center)
			Clearing fees	Clearing fees
1	2	3	5	8
1	Clearing fee under repo operations	Scheme 1	0.000025 %, but not less than 0.175 MCI	0.00015 %, but not less than 0.01 MCI
		Scheme 2	0.000015 %, but not less than 0.175 MCI	0.000115 %
2	Clearing fee under swap operations of the stock market closed in regulation regimes	Scheme 1/ Scheme 2	–	0.0001 %*

Notes to the table:

- for the purpose of calculation of the clearing fees under repo transactions, the rate is multiplied by the amount of the opening transaction related to this transaction and by the term of the repo transaction, calculated in calendar days;
- the symbol “*” means the size of the rate to be charged from the amount of the opening transaction related to the swap transaction.

Regulation on Clearing Fees and Forfeits

Table 3 *(this table is added by decision of the Board of Directors of the Clearing Center dated September 12, 2023)*

No,	Description	Rate	Note
1	2	3	4
1.	Fee for accounting of pledged collateral	25 MCIs	For each collateral account of the client of the Clearing Center