

KAZAKHSTAN STOCK EXCHANGE JSC

Coordinated

with KASE Clearing Center JSC

July 19, 2023

Approved

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

(minutes of a meeting
dated July 26, 2023 No. 18)

Effective

from July 27, 2023

NOTICE

The Procedure below has been translated by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with the original version in Russian, the latter prevails.

PROCEDURE

**for transfer of functional under clearing and
settlement activities and activities of central
counterparty from Kazakhstan Stock Exchange
JSC to KASE Clearing Center JSC**

Almaty City

2023

SHEET OF AMENDMENTS

1. Changes and additions No. 1:

- coordinated with KASE Clearing Center HSC on September 13, 2023;
- approved by decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes of the meeting dated September 20, 2023 No. 26);
- effective from September 20, 2023.

This Procedure has been developed subject to the Law of the Republic of Kazakhstan “Securities Market”, the Rules for Clearing Activities for Transactions with Financial Instruments approved by decree of the Management Board of the National Bank of the Republic of KAZAKHSTAN dated October 29, 2018 No. 254, the charter and internal documents (hereinafter referred to as the Internal Documents) of Kazakhstan Stock Exchange JSC (hereinafter referred to as the Exchange), the charter and internal documents of KASE Clearing Center JSC (hereinafter referred to as the Clearing Center) and determine the terms and conditions and procedure for the Exchange to transfer functionality for clearing and settlement activities and activities of the central counterparty on the stock market to the Clearing Center.

Chapter 1. GENERAL PROVISIONS

1. This Procedure uses the concepts provided for by the laws of the Republic of Kazakhstan, the Internal Documents of the Exchange, as well as the following terms, definitions and abbreviations:
 - 1) **personal account** – a personal account of the Exchange with the Central Depository;
 - 2) **position** – an obligation and/or a claim that a clearing participant has to the Exchange as a result of concluding a transaction(s) with financial instruments and accounted for on the clearing account of the clearing participant;
 - 3) **Clearing Rules of the Exchange** – an internal document of the Exchange “Rules for clearing activities for transactions with financial instruments”;
 - 4) **Clearing Rules of the Clearing Center** – an internal document of the Clearing Center “Rules for clearing activities for transactions with financial instruments”;
 - 5) **Central Depository** – Central Securities Depository JSC.
2. The Exchange shall transfer to the Clearing Center:
 - 1) clearing accounts in the trading and clearing system ASTS+ of the stock market;
 - 2) accounting accounts opened in the internal accounting system of the Exchange for stock market participants;
 - 3) positions of clearing participants on the stock market;
 - 4) right to dispose of financial instruments listed in the “KASE”, “REPO” and “GC Global” sections of sub-accounts of the clearing participants.
3. Based on orders of clearing participants, the Exchange shall transfer to the correspondent account of the Clearing Center:
 - 1) money accounted for in the correspondent account of the Exchange to ensure discharge of obligations and to secure transactions with financial instruments of clearing participants in the stock market;
 - 2) guarantee fees of clearing participants of the stock market, recorded on the correspondent account of the Exchange.
4. Transfer and transmission specified in clause 2 of this Procedure shall be carried out:
 - 1) after completion of clearing and settlements on the stock market on a business day preceding the date of commencement of clearing activities by the Clearing Center for transactions concluded on the KASE stock market (hereinafter referred to as the day of transfer of positions).
 - 2) subject to this Procedure and on the basis of relevant agreements entered into by and between the Clearing Center and clearing participants.
5. The Clearing Center, before the day of transfer of assets, shall ensure entry into clearing service agreements with clearing participants, including their consent to processing of information received from the Exchange and necessary for implementation of clearing activities, control and monitoring

of clearing participants. Commencement date of such agreements must be the date the Clearing Center starts performing clearing activities on the stock market of the Exchange.

6. The Clearing Center shall notify the Exchange of an expected day of transfer of positions 15 business days before its occurrence. The Exchange shall notify the clearing participants of the day of transfer of positions 10 business days before its occurrence by an official letter sent by email and a corresponding information message in the stock market trading system.
7. The Exchange on the day of transfer of positions, after the close of trading shall:
 - 1) deprive all members of the Exchange who were previously assigned the status of a “clearing participant of the stock market” of this status;
 - 2) remove from the list of those accepted for clearing services all financial instruments of the stock market;
 - 3) redeem all issues of clearing participation certificates.
- 7-1. On the date of transfer of assets, the Exchange shall close the personal account with the Central Depository *(this clause is included by decision of the Board of Directors of the Exchange dated September 20, 2023)*.

Chapter 2. PROCEDURE FOR TRANSFERRING POSITIONS AND MONEY

8. The clearing participant, no later than 12:00 on the day of transfer of positions, shall have to provide the Exchange with an order executed in the form of appendix 1 to this Procedure.
9. If the clearing participant does not provide an order within the specified period, the Exchange shall suspend him from trading on the day of transfer of positions and on the same day shall carry out procedures to liquidate positions subject to provisions of the Clearing Rules of the Exchange in relation to unfulfilled claims and obligations.
10. Based on the orders of the clearing participant specified in clause 8 of this Procedure, the Exchange shall record and reconcile positions, money and size of the clearing guarantee fund of the clearing participant as of the end of the day of transfer of positions.
11. After recording and reconciliation subject to clause 10, the Exchange, at the end of trading and clearing procedures on the day of transfer of positions, and also in strict accordance with the order of the trading participant, shall transfer to the Clearing Center:
 - 1) clearing accounts in the trading and clearing system ASTS+ of the stock market;
 - 2) accounting accounts opened in the internal accounting system of the Exchange for stock market participants;
 - 3) positions of clearing participants on the stock market;
 - 4) transfer money accounted for on the correspondent account of the Exchange to ensure discharge of obligations and to ensure transactions with financial instruments of clearing participants of the stock market;
 - 5) transfer money deposited into the clearing guarantee funds of the stock market.
12. The actions specified in sub-clauses 1)-3) clause 11 of this Procedure shall be recorded in an acceptance certificate between the Clearing Center and the Exchange.

Chapter 3. TRANSFER OF THE PERSONAL ACCOUNT OF THE EXCHANGE TO THE CENTRAL DEPOSITORY

13. *(This clause is deleted by decision of the Board of Directors of the Exchange dated September 20, 2023)*.

14. *(This clause is deleted by decision of the Board of Directors of the Exchange dated September 20, 2023).*
15. *(This clause is deleted by decision of the Board of Directors of the Exchange dated September 20, 2023).*

Chapter 4. REDEMPTION OF CLEARING CERTIFICATES OF PARTICIPATION

16. Clearing participants shall, no later than 5 business days before the day of transfer of positions, be required to close all open positions on transactions with CCP and transfer financial instruments from the property pool account to their trading account.
17. Redemption of clearing participation certificates shall be carried out subject to the internal document of the Exchange "Instructions for issue, placement, circulation and redemption of clearing participation certificates."
18. On the business day following the day of transfer of positions, the Exchange shall send a notice to the Central Depository of cancellation of all clearing participation certificates previously issued by the Exchange.

Chapter 5. TRANSFER OF THE RIGHT OF DISPOSAL OF SECTIONS OF "KASE", "REPO" and "GCGlobal" PERSONAL ACCOUNTS

19. Transfer of the right to dispose of sections of the personal accounts "KASE", "REPO" and "GC Global" shall be carried out on the day following the day of transfer of positions, based on internal documents of the Central Depository, the Clearing Center and the Exchange.

Chapter 6. FINAL PROVISIONS

21. Issues not regulated in this Procedure shall be regulated subject to the current laws of the Republic of Kazakhstan, the charter of the Exchange, its internal affairs, as well as decisions of bodies and officials of the Exchange adopted in the prescribed manner within their competence.

Chairperson of the Management Board

Aldambergen A.O.

Appendix 1

to Procedure for transfer of functional under clearing and settlement activities and activities of central counterparty from Kazakhstan Stock Exchange JSC to KASE Clearing Center JSC

ORDER

for transfer of money, obligations and claims

_____ (full name of the clearing participant) hereby instructs Kazakhstan Stock Exchange JSC to:

transfer to KASE Clearing Center JSC:

obligations and/or claims arising to the clearing participant in relation to the Exchange as a result of concluding a transaction(s) with financial instruments and accounted for in the clearing account of the clearing participant;

transfer to the correspondent account of KASE Clearing Center JSC with Central Securities Depository JSC:

1. money listed in the correspondent account of the Exchange with Central Securities Depository JSC to ensure discharge of obligations and to ensure transactions with financial instruments of clearing participants of the stock market;
2. money listed on the correspondent account of the Exchange with the National Bank of the Republic of Kazakhstan, which are contributions to the guarantee clearing funds of the stock market.

Transfer and transmission shall be carried out at the end of a business day on which the Exchange last day carries out activities of the central counterparty on the stock market.

Transfer money, obligations and claims in the amount determined by the Exchange at the end of the business day on which the Exchange last day carries out activities of the central counterparty on the stock market.

By signing this order, _____ (full name of the clearing participant) confirms his consent to disclosure by the Exchange to the Clearing Center of information constituting a commercial and other secret protected by the laws in relation to his positions, transactions concluded by him on the Exchange, as well as other information necessary for the Clearing Center to carry out this order, and also confirms that he is acquainted with the Procedure for transfer of functionality for clearing and settlement activities and activities of the central counterparty from Kazakhstan Stock Exchange JSC to KASE Clearing Center JSC, agrees with it and undertakes to comply with the terms and conditions of the Procedure in full.

[Position of the chief executive]

[signature]

[surname, initials]

Prepared by: _____ (full name) _____ (telephone)