

KASE CLEARING CENTER JSC

Approved

by decision of the Management Board of
KASE Clearing Center JSC

(minutes of the meeting
dated July 1, 2023 No.17)

Effective

from XX XXXX 2023¹

INSTRUCTION

for Issue, Placement, Circulation and Redemption of Clearing Participation Certificates

Almaty City

2023

¹ From the date of start of activities of KASE Clearing Center JSC

Instruction for issue, placement, circulation and redemption of clearing participation certificates (hereinafter referred to as the Instruction) has been developed subject to the Law of the Republic of Kazakhstan "Securities Market", internal document of KASE Clearing Center JSC (hereinafter referred to as the Clearing Center) "Clearing Activities Rules" under transactions with financial instruments" (hereinafter referred to as the Clearing Rules) and determines the terms and conditions and procedure for issue, placement, circulation and redemption of clearing participation certificates.

Chapter 1. GENERAL PROVISIONS

Article 1. Basic notions and symbols

1. The Instruction uses notions and terms defined by the laws of the Republic of Kazakhstan, the Clearing Rules and other internal documents of the Clearing Center and Kazakhstan Stock Exchange JSC (hereinafter referred to as the Exchange).
2. For purposes of the Instruction, the following notions shall be used:
 - 1) **assets of the property pool** – financial instruments on accounts of the property pool;
 - 2) **list of assets for issue of a clearing participation certificate (CPC)** – a list of financial instruments permitted for use as contributions to the property pool to ensure issue of clearing participation certificates;
 - 3) **clearing pool** – a set of net liabilities/net claims of the clearing participants arising as a result of net clearing subject to execution on the date of formation of the clearing pool;
 - 4) **CPC issue** – a set united by one identification code ISIN.

Article 2. Basic provisions

1. Clearing participation certificate (CPC) is a book-entry non-issue registered undated security collateralized by assets of a specially created guarantee fund for each issue – a property pool formed in the manner and subject to the terms and conditions determined by the Clearing Rules and the Instruction (hereinafter referred to as the property pool/PP).
2. CPC issuer shall be the Clearing Center.
3. It shall be allowed to issue, place and circulate clearing participation certificates of various types (CPC issues).
4. Basis for issue of a CPC of a certain name shall be a decision of the Management Board of the Clearing Center subject to the terms and conditions of such issue and terms and conditions of formation of the relevant property pool, adopted subject to the Clearing Rules.
5. Currency of the CPC issue shall be Kazakhstan tenge. Nominal cost of one CPC of any issue shall be 1 (one) Kazakhstan tenge.
6. No remuneration shall accrue or be paid under the CPC.
7. Volume of CPC issue shall be a variable value and shall depend on the total cost of the assets of the property pool at each point in time.
8. Number of CPC of a certain CPC issue shall be a variable value and shall correspond to the volume (total nominal cost) of the CPC issue, divided by nominal value of one CPC.
9. Central Securities Depository JSC shall maintain the system of registers of CPC holders.
10. Basis for the Central Depository to accept the CPC for depository services shall be an application received from the Clearing Center for assignment of ISIN, CFI and FISN codes.
11. For each separate CPC issue, the Central Depository shall assign a unique ISIN code subject to the rules of the Central Depository.
12. Procedures for issue, placement, circulation and redemption of CPC shall be identical for each CPC issue.

Article 3. Procedure for determination of volume of CPC issue

1. Volume of the CPC issue shall be determined by the Clearing Center daily based on results of the clearing day as the total nominal cost of the CPC (hereinafter referred to as the CPC cost) in the following order:

1) for each PP account opened in the trading and clearing system for a relevant CPC issue, the CPC cost shall be calculated as of the end of the clearing day, which shall be equal to a sum of the CPC cost as of the morning of the clearing day and CPC cost registered on that day, reduced by CPC cost withdrawn from circulation on the same day;

2) CPC cost determined for each PP account subject to sub-clause 1 above shall be summed up. The amount received shall be volume of the CPC issue based on results of the clearing day.

2. CPC cost as of the morning of any clearing day for a specific PP account shall be determined as equal to the CPC cost as of the end of the clearing day for the specified PP account, determined based on results of the previous clearing day.

3. Cost of registered CPC under a specific PP account shall be determined as equal to cost of issued CPC under the specific PP account which is set out in the order for registration of net transactions, transferred for execution by the Clearing Center to the Central Depository and executed by the Central Depository in the proper manner.

4. CPC cost withdrawn from circulation under a specific PP account shall be determined as equal to cost of the redeemable CPCs under the specific PP account, sent by the Clearing Center for settlement to the Central Depository subject to orders for registration of net transactions and calculated by the Central Depository subject to reports on execution of the order for registration of net transactions.

5. Cost of the assets of the property pool for each separate PP account shall be determined to be equal to cost of the single limit for the PP account.

6. Single limit on the PP account shall be used to control sufficiency of the assets of the property pool to ensure discharge of liabilities of the clearing participant under the Property Pool Agreement and shall be calculated by the Clearing Center when:

1) crediting assets to the PP account;

2) writing off assets from the PP account;

3) submitting applications for transactions indicating the PP account;

4) closing transactions indicating the PP account or discharging / terminating liabilities under these transactions;

5) changing the risk parameters for financial instruments located in the property pool subject to the internal document of the Clearing Center "Methodology for determining risk parameters of financial instruments" (hereinafter referred to as the Methodology).

7. Single limit for a PP account shall be calculated in the manner determined by the Clearing Rules, taking into account:

1) assets contributed to the property pool and accounted for on the PP account;

2) net liabilities and net claims of the clearing participant in tenge and foreign currencies calculated under purchase and sale transactions accounted for on the PP account, for all settlement dates;

3) net liabilities and net claims of the clearing participant in securities settled under purchase and sale transactions accounted for on the PP account, for all settlement dates;

4) liabilities and claims that may arise in case of closing the transactions based on applications registered in the trading and clearing system which are submitted with indication of the PP accounts;

5) current value of a cost of issued CPCs on the PP account (to be represented in the trading and clearing system with a "plus" sign; when calculating the Unified limit for the property pool, it shall be subtracted from the calculated value);

8. Current cost of the issued CPCs on the PP account shall correspond to the positive integer value of the single limit on the PP account (ignoring the tiyn).

9. When cost of assets in the property pool on the PP account increases, the Clearing Center shall issue and release additional CPCs.

After issue of the additional CPCs, current cost of the issued CPCs on the PP account shall be increased by the cost of the additional issued CPCs.

10. Cost of redeemable CPCs on a specific PP account shall be determined to be equal to the amount of reduction in value of the single limit on the PP account that arises when:

- 1) writing off the assets of the property pool from the PP account;
- 2) changing the risk parameters of the assets of the property pool subject to the Methodology.

11. When the single limit on a PP account is negative, as calculated subject to this article, and the Clearing Rules, the Clearing Center, subject to the terms and conditions and in the manner specified in article 9 of the Instruction, shall redeem the issued CPCs, otherwise it shall take actions provided for in article 11 of the Instruction.

12. After redemption of the issued CPCs, current cost of the issued CPCs on the PP account shall be reduced by cost of the redeemed clearing participation certificates.

13. Information on volume of CPC issue determined based on results of the clearing day shall be posted on the Internet resource of the Exchange and the Clearing Center no later than the business day following the clearing day on which the settlement is made.

Chapter 2. PROCEDURE FOR ISSUE OF CLEARING PARTICIPATION CERTIFICATES

Article 4. Formation of property pool

1. Formation of property pool shall be carried out in the manner determined by the Clearing Rules and the Instruction based on a decision of the Management Board of the Clearing Center subject to the terms and conditions for property pool formation.

2. Decision of the Management Board of the Clearing Center on terms and conditions for property pool formation shall include:

- 1) list of assets of the CPC issue;
- 2) start date of the property pool formation;
- 3) maximum volume of the property pool (optional/if available);
- 4) maximum share or maximum volume of any financial instrument (group of financial instruments) in the property pool (optional/if available);
- 5) other parameters and information necessary for the property pool formation and CPC issue.

3. Property pool shall be formed from relevant contributions of the clearing participants. Only those clearing participants who have acceded to the relevant Property Pool Agreement shall have the right to make such contributions. Contributions from other clearing participants shall not be assets of the property pool and shall be returned to these clearing participants.

The Clearing Center shall not make contributions to the property pool.

4. Contributions of money in tenge and foreign currencies to the property pool shall be made by transferring them to the correspondent account of the Clearing Center, as a settlement organization, in the Central Depository.

Contributions of securities to the property pool shall be made by transferring to the GCGlobal section a sub-account with the sign "trading participant sub-account" of a personal account opened in the accounting system of the Central Depository (hereinafter referred to as the GCGlobal section).

5. Ownership of property pool assets:

- 1) ownership of money in the property pool shall pass to the Clearing Center, and the Clearing Center shall have a liability to the clearing participant to return money from the property pool to the clearing participant, taking into account specific features set out in article 10 of the Instruction. Right of the Clearing Center to dispose of these funds shall be limited by the Instruction and the Clearing Rules;
- 2) ownership of the securities in the property pool shall be retained by the clearing participant in the GCGlobal section of which these securities are located. Along with that, the right to dispose of these securities shall be limited by the Instruction and the Clearing Rules.
6. List of assets issued by the CPC can be changed by including to this list or exclusion from it of any names of financial instruments.
7. Exclusion of a financial instrument from the List of Assets of the CPC issue without a decision being made by the Management Board of the Clearing Center shall be made in the following cases:
 - 1) exclusion of a financial instrument from the T+ Collateral List;
 - 2) exclusion of a financial instrument from the list of financial instruments admitted to circulation on the Exchange;
 - 3) suspension of trades in a financial instrument in the trading and clearing system of the Clearing Center for a period of more than 90 days.
8. Inclusion of financial instruments in the List of assets issued by the CPC and exclusion from it for reasons other than those specified in clause 7 of this article shall be made by decision of the Management Board of the Clearing Center.
9. The Clearing Center shall carry out separate accounting of property pools providing various CPC issues.
10. Based on results of the clearing sessions, the Clearing Center shall send to the clearing participants clearing reports on composition of the property pool through the eTransfer.kz electronic document exchange system.

Article 5. Procedure for adding assets to the property pool and representation of these transactions in the trading and clearing system

1. It shall be possible to contribute money to the property pool in the following ways:
 - 1) by executing an order to credit funds submitted by the clearing participant with the use of the trading and clearing system;
 - 2) by transferring money by the clearing participant to the relevant correspondent account of the Clearing Center, as a settlement organization, with obligatory indication of the purpose of payment and the PP account number.
2. Contribution of securities to the property pool shall be possible by executing an order for transfer of securities relevant to the list of assets of the CPC issue submitted by the clearing participant using the trading and clearing system.
3. Order to transfer securities or foreign currency not included in the list of assets of the CPC issue to the property pool shall not subject to execution by the Clearing Center.
4. The Clearing Center, subject to the Clearing Rules and the internal document regulating the opening, maintenance and closure of the trading and clearing accounts, shall carry out accounting in the trading and clearing system of money and securities contributed to the property pool.
5. Operations for contributing money to the property pool specified in sub-clause 1) of clause 1 of this article shall be represented in the "Transfers" window as separate entries about debiting of money from the cash TCS+ of the clearing participant, to which the PP account is linked, and about crediting of money to the PP cash account of the clearing participant, while in the "Cash Positions" window for the PP account, current, planned and calculated positions for the relevant currency shall be increased by the transfer amount.
6. Operations for contribution of money to the property pool specified in sub-clause 2) clause 1 of this article shall be represented in the trading and clearing system in the

"Transfers" window with separate entries about crediting of money to the PP cash account of the clearing participant and about debiting of money from cash TCS of the central counterparty, while in the "Money Positions" window for the PP account current, planned and calculated positions for the relevant currency shall be increased by the transfer amount.

7. Operations for contribution to the property pool of securities specified in clause 2 of this article shall be represented in the "Transfers" window with separate entries about crediting of money to the "Property Pool" section of the PP account of the clearing participant and about write-off of securities from the "For trading" section of the TCA+ of the clearing participant to which the PP account is linked, in this case, in the window "Positions for instruments on securities accounts" for the PP account, current, planned and calculated positions for the relevant security shall be increased.

8. Information on the number of securities / amount of money contributed by the clearing participant to the property pool in the context of PP accounts shall be provided to the clearing participant as part of the Report on property contributed to the property pools.

9. Contribution of money and securities to the PP accounts shall entail an immediate increase in current, planned and calculated positions of the single limit on the PP account in the "Cash Positions" window, used to control adequacy of the assets of the property pool to ensure discharge of liabilities of the clearing participant under the Property Pool Agreement.

10. Calculation of the single limit for a PP account shall be carried out in the manner determined by the Clearing Rules, taking into account specific features established by article 3 of the Instruction.

Article 6. Procedure for CPC release and representation of these transactions in the trading and clearing system

1. After money is credited to the PP account in the trading and clearing system in the manner provided for in article 5 of the Instruction, value of the single limit on a PP account shall be immediately increased by the amount of the cost of the credited amount of money, taking into account specifics of calculating the single limit on the PP account, defined in article 3 of the Instruction.

2. After a certain number of securities is credited to the GCGlobal section of the securities account in the trading and clearing system, value of the single limit on the PP account shall be immediately increased by the amount of the total cost of the credited quantity of securities, taking into account specific features of calculation OF the single limit on the PP account as defined in Article 3 of the Instruction.

3. Immediately after the increase in the trading and clearing system of the value of the single limit on the PP account, which occurred subject to clauses 1 or 2 of this article the Clearing Center shall:

1) increase cost of issued CPCs under the PP account by cost of the issued CPCs as determined subject to clause 4 of this article;

2) carry out placement of the clearing participation certificates through an increase in the planned value of the position on the security clearing participation certificate, accounted for under TCS+, which corresponds to the PP account, by the number of clearing participation certificates to be released, determined subject to clause 5 of this article, and take into account the specified clearing participation certificates as a collateral for the clearing participant under TCS+;

3) takes into account the new value of the single limit for the PP account;

4) admit to clearing procedures liabilities under the CPC which are accounted for under the TCS+.

4. Cost of the CPCs to be issued shall be equal to the integer value of the amount (excluding tiyn) by which the single limit on the PP account was increased when contributing money or securities to the PP account subject to clauses 1 and 2 of this article.

5. Number of clearing participation certificates to be issued shall be equal to quotient of value of CPCs to be released divided by the nominal cost of one CPC.

6. CPC release order shall be represented in the "Transfers" table with separate enties about the write-off of CPC from the TCS securities of the central counterparty and about crediting of clearing participation certificates to the TCS+ of the clearing participant, while in the window "Positions for

instruments on securities accounts" for the TCS+ of the clearing the participant's current, planned and calculated positions on the CPC shall be increased.

7. CPC release order shall be included in the order for registration of net transactions and shall be sent for settlement to the Central Depository during the next settlement and clearing session.

8. Order for registration of net transactions shall contain summary orders for CPC release under the "For trades" section of TCA+, which shall be executed by the Central Depository in the first place, other operations set out in the order can be executed only after execution of this part of the net statement.

9. After the Central Depository performs instructions of the Clearing Center to release clearing participation certificates of the CPCs credited to the "For Trades" section of TCS+, they shall be deemed registered in the accounting system of the Central Depository and become a collateral subject to the Procedure for including financial instruments in the T+ List and the T+ Collateral List.

Chapter 3. SPECIFIC FEATURES OF TRANSACTION, CLEARING SESSION AND SETTLEMENT UNDER CPC TRANSACTIONS

Article 7. Specific features of circulation

1. Circulation of CPCs of a certain name shall be permitted exclusively among clearing participants who have acceded to the property pool agreement related to the CPC issue, subject to annex 1 to the Instruction in the manner prescribed by the Clearing Rules.

2. CPC circulation shall be carried out through repo transactions collateralized by securities in modes with participation of the central counterparty subject to the Rules of Exchange Activities and the internal document of the Exchange defining the rules for conduct of repo transactions in the ASTS+ trading and clearing system.

3. During the circulation process, clearing participation certificates shall be taken into account by the Clearing Center as a collateral for transactions to be closed on the basis of partial collateral, and can be a subject of "short sale" in connection with which the sign "prohibition of short sales" shall not be established for them.

4. In the course of CPC circulation, assets of the property pool shall be used in the following order:

- 1) ensure discharge of liabilities under the property pool agreement;
- 2) ensure discharge of liabilities under repo transactions with the CPC during liquidation netting in relation to the clearing participant;
- 3) ensure discharge of the liabilities of the clearing participant under transactions, including repo transactions with clearing participation certificates;
- 4) ensure discharge of liabilities under purchase/sale transactions closed with indication of the PP account;
- 5) ensure discharge of liabilities under transactions closed with the indication of the TCS+ relevant to the PP account, and other liabilities accounted for under such TCS+.

Article 8. Features of the mark-to-market clearing session and the procedure for issue and redemption of margin claims on the PP account

1. In order to manage risks associated with issue, placement (release) and circulation of CPCs, the Clearing Center shall:

- 1) on a daily basis carry out revaluation of cost of the assets of the property pool in the context of PP accounts, as well as monitoring sufficiency of the contributed assets of the property pool to ensure discharge of the liabilities of the clearing participant under the Property Pool Agreement; in case of insufficiency in any PP account, it shall issue a margin-call to the clearing participant under this PP account;

2) when returning the assets contributed to the property pool from the PP account to the clearing participant, it shall monitor sufficiency of the property pool assets remaining on the PP account to ensure discharge of liabilities of the clearing participant under the Property Pool Agreement.

2. Procedure for calculation of the nominal cost of the assets of the property pool and monitoring their sufficiency to ensure discharge of liabilities of the clearing participant under the Property Pool Agreement shall be determined by article 3 of the Instruction.

3. Within the period established by the Clearing Regulations, the Clearing Center shall conduct a mark-to-market clearing session on the stock market in the manner prescribed by the Clearing Rules for the purposes of:

– calculation of value of a single limit for each PP account for each pool participant subject to article 3 of the Instruction;

– issue/redemption of the clearing participation certificates to/from TCA+ in connection with a change in the value of the property pool assets in the linked PP account caused by a change in risk parameters;

– identification of pool participants who have experienced margin calls on PP accounts.

4. In case of exclusion of a security from the list of assets of the CPC issue, such security shall be taken into account with the lower limit of the market risk assessment range equal to zero. From the date of exclusion of a security from the list of assets of the CPC issue, starting from the mark-to-market session, the specified security shall be excluded when calculating a single limit for all PP accounts.

5. The issue of assets specified in clause 4 of this article from the property pool to a pool participant shall be carried out in the manner established by article 10 of the Instruction.

6. If value of the single limit for a PP account calculated during the mark-to-market clearing session is positive, the Clearing Center shall issue clearing participation certificates to the pool participant in the manner set out in article 5 of the Instruction.

7. If value of the single limit for a PP account, calculated during the mark-to-market clearing session, is negative, the Clearing Center shall redeem CPCs in the manner established by article 11 of the Instruction.

8. If CPC redemption is impossible or has not entailed a non-negative value of the single limit on the PP account, the Clearing Center shall issue a margin-call to the pool participant for the property pool accounted for on the PP account.

9. The amount of margin-call for the property pool shall be equal to an absolute value of the negative single limit for the PP account, determined based on results of the mark-to-market clearing session and after CPC redemption subject to clause 8 of this article.

10. Information about the margin-call for the property pool shall be sent to the pool participant as part of the Margin-Call Report.

11. Margin-call under the property pool must be eliminated by the pool participant no later than the time established by the Clearing Rules.

12. Margin-call under the property pool can be eliminated by the pool participant by adding money or securities from the list of assets of the CPC issue to the property pool in the manner established by article 5 of the Instruction.

Margin-call under the property pool can also be terminated in full or in part by:

1) conclusion by the pool participant of transactions indicating TCA+ relevant to the PP account, according to which the Margin-call for the pool is taken into account, entailing receipt of clearing participation certificates, which should be redeemed by the Clearing Center subject to the terms and conditions established by clause 4 of article 11 of the Instruction;

2) conclusion by the pool participant of sales transactions indicating the PP account designed to sell securities included in the assets of the property pool.

13. Margin-call under the property pool accounted for on the PP account shall be deemed terminated at the point in time when the single limit for such PP account becomes non-negative.

14. If a pool participant fails to perform a margin call under the property pool within the period established by the Clearing Rules, the Clearing Center shall recognize such participant as insolvent and carry out procedures to resolve the margin default in the manner prescribed by the Clearing Rules.
15. In case of a change in risk parameters during trades, the Clearing Center shall calculate new values of the single limit for each PP account subject to article 3 of the Instruction and shall redeem clearing participation certificates in connection with changes in the cost of the assets of the property pool, in manner similar to the procedure specified in clause 7 of this article.
16. Margin calls under the property pool shall not be issued during trades.

Article 9. Procedure for settlements under repo transactions

1. Liabilities under closed repo transactions with CPCs shall be included in the clearing pool and shall be discharged in the manner determined by the Clearing Rules.
2. In order to carry out settlements under transactions with the central counterparty (CCP), the Clearing Center shall, every clearing day subject to the Clearing Regulations, determine net claims and/or net liabilities for each financial instrument under each clearing account subject to the procedure established by the Clearing Rules.
3. In order to discharge its net liabilities under repo transactions with clearing participation certificates with the central counterparty (CCP), the clearing participant of the stock market shall have to, before deadline for delivery of financial instruments by clearing participants as established by the Clearing Regulations (hereinafter referred to as the cut-off time) of each settlement and clearing session of the day of settlements, ensure availability of financial instruments on each TCS+ (own, client, client custodian), ensuring execution of net positions calculated subject to clause 2 of this article, by transferring money to the correspondent account of the Clearing Center, as a settlement organization, in Central Depository, and securities to the "For Trades" section of TCA+, as well as to the "Property Pool" section of the PP account in the amount at which the settlement positions for money and securities displayed in the trading and clearing system at the beginning of the relevant settlement and clearing session are not negative.
4. If there are insufficient financial instruments on any TCS+ of the clearing participant to carry out settlements by the cut-off time, the Exchange shall carry out procedures to settle default of net liabilities of a mala fide clearing participant through the procedure of position transfer subject to the Clearing Rules.
5. Cash settlements based on results of any clearing session shall be carried out by the Clearing Center, as a settlement organization, in the manner prescribed by the internal document of the Clearing Center, which defines the rules for making cash settlements under transactions with the central counterparty on the stock market.
6. Settlements for securities based on results of any clearing session shall be carried out by the Central Depository on the basis of an order received from the Clearing Center to register net transactions in sections of sub-accounts with the attribute "sub-account of a trading participant" of a personal account opened with the Central Depository subject to the Code of Rules of the central depository (hereinafter referred to as the securities sub-accounts), containing information about debit/credit of securities by sections of sub-accounts of personal accounts.
7. Order to register net transactions shall be executed in the following order:
 - 1) first, summary orders for CPC release in the KASE section of the securities sub-account shall be executed in an amount relevant to the cost of issued clearing participation certificates accounted for on the PP account. If this part of the statement is successfully executed, the following type of operation shall be performed;
 - 2) second, orders shall be executed to discharge net liabilities / net claims of the clearing participants and the Exchange under securities, including clearing participation certificates, for clearing pool transactions, including crediting and writing off securities to / from property pools according to TCA+ and PP accounts;
 - 3) after all the others, summary instructions for CPC redemption under the KASE section of the securities sub-account shall be executed in an amount relevant to cost of redeemable clearing

participation certificates on the PP account. These orders shall be executed by the Central Depository, in case of a positive response to the previous types of operations.

8. After execution of the order for registration of net transactions for carrying out transactions on sections of sub-accounts of personal accounts received from the Clearing Center, the Central Depository shall send the Clearing Center a report on the execution of the order for registration of net transactions.

Chapter 4. PROCEDURE FOR REDEMPTION OF CLEARING PARTICIPATION CERTIFICATES

Article 10. Procedure for issue of property from the property pool and representation of these transactions in the trading and clearing system

1. Issue of money/securities from the property pool shall be carried out on the basis of an order to transfer money/securities to a PP account submitted by the pool participant using the trading and clearing system.

2. Order for transfer of money/securities submitted by the pool participant using the trading and clearing system for the purpose of issuing assets of the property pool must contain an indication of the PP account through which money/securities are being reduced.

3. Operations to write off money from the property pool specified in clause 1 of this article shall be represented in the "Transfers" window with separate entries about debiting of money from the PP cash account of the clearing participant and about crediting of the money to the TCA+ cash account to which the PP account of the clearing participant is linked, while in the "Cash Positions" window for the PP account, current, planned and calculated positions for the relevant currency shall be reduced by the transfer amount.

4. Operations for writing off securities from the property pool specified in clause 2 of this article shall be represented in the "Transfers" window with separate entries about crediting of money to the "For trades" section of the TCA+ clearing participant to which the PP account is linked and about the write-off of securities from the "Property Pool" section of the PP account of the clearing participant, while in the "Positions on instruments on securities accounts" window for the PP account, current, planned and calculated positions for the relevant security shall be reduced.

5. Calculation of the single limit for a PP account shall be carried out in the manner determined by the Clearing Rules, taking into account specific features set out in article 3 of the Instruction.

Article 11. Procedure for CPC redemption and representation of these transactions in the trading and clearing system

1. CPC redemption shall be carried out upon issue of assets of the property pool at the initiative of the pool participant, subject to the conditions established by this article of the Instruction.

2. In case of debiting securities/money from a PP account, the amount of CPCs with TCA+ associated with the PP account on which the order to transfer money/securities is executed shall be redeemed.

3. CPC redemption when releasing assets of the property pool shall be carried out subject to the following conditions:

1) number of CPC securities to be accounted for under TCS+ relevant to the PP account shall not become negative after the CPCs are redeemed;

2) positive single limit on TCS+ relevant to the PP account shall not become negative after CPC redemption;

3) negative single limit on TCA+ relevant to the PP account shall not be decreased after CPC redemption;

4) when issuing money from the property pool, the returned amount shall not exceed:

– amount of money in the relevant currency accounted for on the PP account, or

– amount of money in the relevant currency accounted for on the PP account, and net liabilities/net claims for money in relevant currency with the current settlement date under purchase/sale transactions recorded on the PP account.

4. CPC redemption carried out with a negative value of the single limit under the property pool for the PP account shall be carried out on the condition that the number of securities in the clearing participation certificate, taken into account under the TCS+ associated with the PP account shall not become negative after CPC redemption.
5. Subject to compliance with the terms and conditions of CPC redemption specified in clauses 3 and 4 of this article, the Clearing Center shall immediately:
 - 1) reduce the cost of released CPCs on the PP account by cost of redeemable clearing participation certificates subject to clause 6 of this article;
 - 2) reduce the number of securities of clearing participation certificate to be accounted under TCS+ associated with the PP account by the number of redeemable clearing participation certificates subject to clause 7 of this article;
 - 3) take into account the new value of the single limit for the PP account.
6. Cost of redeemable CPCs shall be equal to an integer value of the amount (excluding tiyn) by which the single limit on the PP account was reduced when releasing money or securities at the initiative of a pool participant from the PP account subject to clauses 2 – 4 of this article.
7. Number of redeemable CPCs shall be equal to a quotient of cost of the redeemable CPCs divided by the nominal cost of one CPC.
8. Order for CPC release shall be represented in the "Transfers" table with separate entries about crediting of CPCs to the TCS securities of the central counterparty and debiting of CPCs from the TCS+ of the clearing participant, while in the window "Positions for instruments on securities accounts" for the TCS+ of the clearing participant current, planned and calculated positions according to the CPC shall be reduced.
9. Order to redeem CPCs shall be included in the order for registration of net transactions and shall be sent to the Central Depository for execution during the next settlement and clearing session.
10. Order for registration of net transactions shall contain summary orders for CPC redemption in the "For trades" section of the TCA+ securities, which shall be executed by the Central Depository after all the others only if the previous parts of the statement are successfully executed.

Article 12. Procedure for replacement of property in the property pool

1. If it is impossible to release property pool assets from the PP account due to a failure to comply with terms and conditions of CPC redemption as provided for in clause 3 article 11 of the Instruction, the pool participant shall have the right to replace property pool assets previously contributed into the PP account with other assets from the list of assets issued by the CPC.
2. In order to carry out such replacement, the pool participant shall have to contribute other assets of the property pool into the PP account in the manner established by article 5 of the Instruction, and cost of other contributed assets of the property pool must correspond to cost of the contributed assets of the property pool which are to be replaced.
3. After other assets of the property pool are contributed to into the PP account, the pool participant shall have the right to apply to the Clearing Center for release of relevant assets of the property pool in the manner established by article 10 of the Instruction.
4. The clearing participant shall have the right to use the assets of the property pool on the PP account to discharge liabilities under transactions in the manner specified in article 10 of the Instruction.

Chapter 5. FINAL PROVISIONS

Article 13. Final provisions

1. The Instruction and all changes and/or additions to it shall be brought to the attention of trading participants/clearing participants by posting on the Internet resource of the Clearing Center.
2. The Instruction shall be updated as necessary but at least once every three years.

3. The clearing division shall be responsible for timely introduction of changes and additions to the Instruction.

Chairman of the Management Board

Sabitov I.M.