

# CLEARING RULES INTERNATIONAL TRADING SYSTEM LIMITED

## COMPARISON TABLE

In this table, *underlining* indicates new text, otherwise the Article remains unaltered.

№	Current	Proposed	Justification
<b>Definitions and Interpretation</b>			
1.	<b>Article 3. Clearing Procedure</b>  3.5. Cash and securities settlements in connection with the performance of the Contracts are settled on the Settlement Dates of the Agreements. Cash and securities settlements in connection with the execution of Internal OTC Contracts take place on the Settlement Dates specified in the terms of the said contracts.	<b>Article 3. Clearing Procedure</b>  3.5. Cash and securities settlements in connection with the performance of the Contracts are settled on the Settlement Dates of the Agreements. Cash and securities settlements in connection with the execution of Internal OTC Contracts take place on the Settlement Dates specified in the terms of the said contracts.  <u>If, as a result of the adoption of a regulatory legal act of the Republic of Kazakhstan or a decision of the Trading Platform, the Settlement Date falls on a day that is not a Settlement Day, the CC shall determine to postpone the Obligation Performance Date to the nearest following Settlement Day, unless a different date is determined by a decision of the CC. Such decision shall be taken within ten (10) Business Days from the date on which the CC became aware or should reasonably have become aware of the adoption of the relevant regulatory legal act of the Republic of Kazakhstan or the decision of the Trading Platform</u>	The changes are due to the fact that when launching instruments with long execution periods (T+30 and more), there is a risk that the execution date will be recognized as a weekend/holiday. For this case, the new version of the Clearing Rules provides for changing the execution date to the next business day.

2.	<p><b>Article 30. Procedure for the Income Transfer under Repurchase Agreements, OTC Repurchase Agreement, Pairs of Contracts, Bond Sale and Purchase Agreements</b></p> <p>30.6. The CC should admit the calculated obligations to transfer and/or claims to receive the Income of each Clearing Member to clearing in the following order:</p> <ul style="list-style-type: none"> <li>- obligations to transfer the Income determined on the basis of information on outstanding repurchase agreements/ outstanding agreements of purchase and sale, the subject of which are securities, except for bonds are admitted to clearing within one (1) day from the date of drawing up the list of persons entitled to receive the Income. In the event that the CC is unable to determine the amount of obligations in accordance with this article within the specified term, the obligations to transfer the Income is admitted to clearing as soon as the CC receives the missing information, whereby the term for the said obligation should not exceed the term set forth in clause 30.5 of this Rules;</li> <li>- obligations to transfer the Income determined on the basis of information on outstanding repurchase agreements/ outstanding Contracts of purchase and sale the subject of which are bonds, Contracts with the obligation to transfer the Income are allowed for clearing within five (5) days from the date of disclosure by the issuer of information on the fact of settlement (fully or partially) of its obligations to pay the Income. In the event that the CC is unable to determine the amount of obligations in accordance with this article within the specified term, the obligations to transfer the Income are admitted to clearing as soon as the CC receives the missing information, whereby the term for the said obligation should not exceed the term set forth in clause 30.5 of these Rules.</li> </ul> <p>30.7. On the date specified in clause 30.5 of these Rules, the obligations to transfer the Income should be included in the clearing pool under the Agreements and/or in the OTC Clearing Pool and should be settled as set out in Article 24 of these Rules.</p>	<p><b>Article 30. Procedure for the Income Transfer under Repurchase Agreements, OTC Repurchase Agreement, Pairs of Contracts, Bond Sale and Purchase Agreements</b></p> <p>30.6. <u>Unless otherwise stipulated by this clause</u>, the CC should admit the calculated obligations to transfer and/or claims to receive the Income of each Clearing Member to clearing in the following order: - obligations to transfer the Income determined on the basis of information on outstanding repurchase agreements/ outstanding agreements of purchase and sale, the subject of which are securities, except for bonds are admitted to clearing within one (1) day from the date of drawing up the list of persons entitled to receive the Income. In the event that the CC is unable to determine the amount of obligations in accordance with this article within the specified term, the obligations to transfer the Income is admitted to clearing as soon as the CC receives the missing information, whereby the term for the said obligation should not exceed the term set forth in clause 30.5 of this Rules;</p> <ul style="list-style-type: none"> <li>- obligations to transfer the Income determined on the basis of information on outstanding repurchase agreements/ outstanding Contracts of purchase and sale the subject of which are bonds, Contracts with the obligation to transfer the Income are allowed for clearing within five (5) days from the date of disclosure by the issuer of information on the fact of settlement (fully or partially) of its obligations to pay the Income. In the event that the CC is unable to determine the amount of obligations in accordance with this article within the specified term, the obligations to transfer the Income are admitted to clearing as soon as the CC receives the missing information, whereby the term for the said obligation should not exceed the term set forth in clause 30.5 of these Rules.</li> </ul> <p><u>With respect to obligations to transfer the Income determined on the basis of information on outstanding Repurchase Agreements / outstanding Sale and Purchase Agreements, the subject matter of which are US-issued securities recorded in the buyer's Trading Custody Account as of the record date, the CC should not admit such obligations to clearing. Instead, the CC should perform such obligations in its status of QDD in accordance with these Rules and the QI/QDD Provisions. In such case, the CC receives the Income directly from the Settlement Depository for the benefit of Beneficial Owners. The transfer of the Income to Beneficial Owners performed by the CC in its status of QDD shall constitute due and proper performance of the relevant obligations.</u></p>	<p>The amendments are related to a change in the procedure for transferring income (dividends/coupons) under Repurchase Agreements.</p> <p>The new procedure envisages the transfer of income from the buyer under a Repurchase Agreement to the seller through the transfer of said income from the CSD to the Central Counterparty (CC) directly, bypassing the buyer in the event that the securities received as a result of the execution of the first part of the Repurchase Agreement are expected to be paid by the depository.</p> <p>The current procedure involves the depository paying income directly to the buyer of a Repurchase Agreement and then transferring it through the CC to the seller of the Repurchase Agreement. The change in procedure is due to the CC receiving Qualified Derivatives Dealer (QDD) status.</p>
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