

**Rules for Clearing Operations  
on the Commodity Market  
International Trading System Limited**

## Table of contents

PART I GENERAL PROVISIONS .....	3
1. General Terms and Definitions.....	3
2. Basic Provisions.....	5
3. Confidentiality of Information.....	5
4. Procedure for Amending the Clearing Rules .....	6
5. Conclusion and Termination of the Clearing Services Agreement. Rights and Obligations of the Clearing Organization and Clearing Members .....	6
6. Requirements for Clearing Members .....	9
7. Registration as a Clearing Member .....	11
8. Procedure for Admission to Clearing Services, Suspension, Resumption, and Termination of Clearing Members' Access to Clearing Services .....	12
9. Emergency Situations .....	14
10. Risk Management Measures in Clearing .....	15
11. Anti-Corruption Clause .....	15
12. Procedure for Interaction of the Clearing Organization with Settlement Organizations and the Trading Platform.....	15
13. Storage and Recording of Internal Accounting Documents and Information of the Clearing Organization .....	16
14. Payment for Clearing Services .....	16
PART II COMMODITY MARKET CLEARING .....	17
15. Procedure and Conditions for Admission of Obligations to Clearing .....	17
16. Clearing Procedure and Performance of Obligations under Contracts .....	17
17. Clearing Collateral .....	19
18. Procedure for Conducting Operations with Funds Intended to Secure the Performance of Obligations .....	19
19. Procedure for Maintaining Clearing Registers .....	20
20. Reporting Forms .....	21
21. Dispute Resolution Procedure and Applicable Law .....	21

## PART I GENERAL PROVISIONS

### 1. General Terms and Definitions

- 1.1. **AIFC** – Astana International Financial Centre.
- 1.2. **AIFC Legislation** – documents constituting the current law of the AIFC in accordance with Article 4 of the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Centre".
- 1.3. **Applicant** – a legal entity that has submitted an application to the Clearing Organization for registration as a Clearing Member.
- 1.4. **Buyer** – a Clearing Member who is a party to the Contract and has claims for the transfer (delivery) of the Commodity.
- 1.5. **Clearing Account** - a bank account opened by the Clearing Organization with the Settlement Organization to which the monetary funds are credited which may be used for performance and/or securing the performance of the obligations of the Clearing Members admitted to clearing.
- 1.6. **Clearing Collateral** – a method of securing the performance of obligations admitted to clearing, as provided for by the Clearing Rules.
- 1.7. **Clearing Fee** – a fee for the provision of clearing services and other payments that the Clearing Organization charges to Clearing Members in accordance with the Clearing Rules and Tariffs.
- 1.8. **Clearing Member** – a legal entity with which the Clearing Organization has a valid signed Clearing Services Agreement.
- 1.9. **Clearing Organization** – Private company International Trading System Limited ("ITS Ltd."), operating a clearing house as a central counterparty based on a license from AFSA.
- 1.10. **Clearing Regulations** – a document approved by the senior executive officer of the Clearing Organization and disclosed on the Website and that sets procedure for interaction of the Clearing Organization with the Clearing Members.
- 1.11. **Clearing Rules** – these Rules for Clearing Operations on the Commodity Market of ITS Ltd.
- 1.12. **Clearing Services Agreement** – an agreement for the provision of clearing services, the terms of which are stipulated in the Clearing Rules, concluded between a Clearing Member and the Clearing Organization.
- 1.13. **Clearing Session** – part of the Operating Day during which obligations under Contracts are admitted to clearing and actions are taken to perform obligations under Contracts, including the preparation of documents for Settlements, in accordance with the Clearing Rules.
- 1.14. **Clearing System** - a set of computing facilities, software, databases, telecommunication facilities and other equipment used by the Clearing Organization to carry out clearing.
- 1.15. **Commodity** – a commodity, obligations in respect of which are admitted to clearing by the Clearing Organization in the manner established by the Clearing Rules.
- 1.16. **Contract** – a contract for the sale and purchase of a Commodity concluded on the organized Commodity trading in accordance with the Internal Documents of the Trading Platform.
- 1.17. **Contracts Register** – a consolidated register of contracts containing information about Contracts concluded on the organized trading of the Trading Platform.
- 1.18. **Delivery Completion Date** – the date defined by the Internal Documents of the Trading Platform as the last day of the period for the transfer (delivery) of the Commodity under the Contract.
- 1.19. **Electronic Document** – documented information provided in electronic form, i.e. in a form suitable for perception using electronic computing machines, as well as for transmission via

information and telecommunication networks or for processing in the electronic document management system.

- 1.20. **Electronic Signature** – information in electronic form, which is attached to or otherwise linked to other information in electronic form (the information to be signed) and which is used to identify the person signing the information.
- 1.21. **Emergency** – a circumstance that the Clearing Organization considers to have violated, violate or be likely to violate the proper provision of services to the Clearing Members in accordance with the Clearing Rules.
- 1.22. **Guaranty Security** – part of the Clearing Collateral that secures the performance of the Clearing Member's obligation to pay Penalty.
- 1.23. **Identification Code** – a unique code of a Clearing Member, client of a Clearing Member, assigned by the Clearing Organization or the Trading Platform in accordance with the internal documents of the Clearing Organization and/or the Internal Documents of the Trading Platform.
- 1.24. **Internal Documents of the Trading Platform** – trading rules of the Trading Platform, Specifications, and other internal documents of the Trading Platform regulating the organization of trading in Commodities.
- 1.25. **Operating Day** – the period during which the Clearing Organization provides clearing services in accordance with the Clearing Rules.
- 1.26. **Penalty** – a sum of money defined by the Contract, payable by the Clearing Member under the Contract in case of non-performance (improper performance) of its obligations under the Contract.
- 1.27. **Prepayment** – a sum of money, the payment of which by the Buyer is, in accordance with the Contract, a condition for the performance of the Supplier's obligations under the Contract.
- 1.28. **Security Date** – the date defined by the Internal Documents of the Trading Platform on which the Buyer's monetary obligations under the Contract in the amount of the Prepayment must be secured in the manner prescribed by the Contract and the Clearing Rules.
- 1.29. **Settlement Organization** - a credit institution with which the Clearing Account is opened, which performs cash settlements in connection with clearing activities of the Clearing Organization and information about which is disclosed on the Website.
- 1.30. **Settlements** – a set of operations aimed at performing monetary obligations that have been admitted to clearing.
- 1.31. **Specification** – a document of the Trading Platform that defines the basic terms of Contracts.
- 1.32. **Supplier** – a Clearing Member who is a party to the Contract and has obligations to transfer (deliver) the Commodity.
- 1.33. **Tariffs** – an internal document of the Clearing Organization containing the amount and procedure for payment for clearing services.
- 1.34. **TCA (Trading and Clearing Account)** – a group of clearing registers designed to account for the internal accounting objects of the Clearing Organization, united in the internal accounting of the Clearing Organization by a common attribute.
- 1.35. **Trading Session** – the period of the trading day during which Contracts can be concluded on the organized trading of the Trading Platform.
- 1.36. **Trading Platform** – Private company ETSE Ltd., operating as an MTF.
- 1.37. **Website** – an official website of Clearing Organization at <https://itsx.kz/>.
- 1.38. Other terms not specifically defined in the Clearing Rules are used in the meanings established by the Internal Documents of the Trading Platform and/or documents of the Settlement

Organization and/or the AIFC Legislation.

## **2. Basic Provisions**

- 2.1. The Clearing Rules are developed in accordance with the AIFC Legislation and the charter of the Clearing Organization.
- 2.2. The Clearing Rules regulate relations as to the recording, determination, and performance of obligations admitted to clearing, as well as other relations in the process of carrying out clearing activities and define the terms of Clearing Services Agreements.
- 2.3. The Clearing Organization clears obligations under Contracts concluded in the name and on behalf of Clearing Members or in the name of Clearing Members and on behalf of their clients.
- 2.4. Clearing under the Clearing Rules is carried out with partial collateralization.
- 2.5. Clearing under the Clearing Rules is carried out without the participation of a central counterparty.
- 2.6. The Clearing Organization provides clearing services to Clearing Members on business days during the Operating Day. The start and end times of Operating Days are determined by the Clearing Regulations.

The Clearing Organization has the right to decide to provide clearing services on a weekend or non-working holiday, as well as to decide not to provide clearing services on a business day. The Clearing Organization shall notify Clearing Members and the Trading Platform of these decisions not later than 1 (one) business day before the day for which the relevant decision is made by publishing the relevant information on the Website.

- 2.7. The list (names) of trading venues and Settlement Organizations with which the Clearing Organization interacts is published on the Website.
- 2.8. Publication of information on the Website is considered a proper way of informing Clearing Members about decisions made by the Clearing Organization. The date of informing is considered the date of posting the information on the Website. Clearing Members are obliged to independently review messages on the Website and cannot refer to their lack of awareness if the relevant information is disclosed on the Website.
- 2.9. In the event of circumstances causing and/or creating preconditions for disruptions (failures) in the operation of the Clearing System and/or directly preventing its normal (regular) functioning, including force majeure circumstances or circumstances equivalent to force majeure, as well as technical malfunctions, equipment failures and malfunctions, software failures and errors, including those related to virus and other attacks on the software and hardware complex, disruptions, malfunctions, and failures of communication systems, power supply, air conditioning and other life support systems, as well as other circumstances such as violations of access control rules and/or attempts of unauthorized access to the Clearing System, other events hindering normal functioning, which cannot be prevented by the forces and means available to the Clearing Organization, the Clearing Organization shall immediately notify the Clearing Members, the Trading Platform, and the Settlement Organization by any available means of communication and shall take all possible measures to eliminate these circumstances.
- 2.10. In the event of Emergency circumstances that may prevent the normal performance of clearing activities, the Clearing Organization shall be guided by an internal document establishing measures taken by the Clearing Organization in the event of Emergency circumstances that may prevent the normal performance of such activities and aimed at ensuring the continuity of such activities.

## **3. Confidentiality of Information**

- 3.1. The Clearing Organization is obliged to ensure the confidentiality of information that has become known to the Clearing Organization in connection with the provision of clearing

services, including information provided to the Clearing Organization by Clearing Members, the Settlement Organization, and the Trading Platform.

- 3.2. Such information includes, in particular, information about the financial condition of Clearing Members, about obligations subject to clearing, about Clearing Accounts, and about transactions on these accounts (hereinafter referred to as "Information" in this article).
- 3.3. By entering into the Clearing Services Agreement, the Clearing Member agrees that the Information or part thereof may be provided to the Settlement Organization, the Trading Platform, as well as AIFC state authorities and other persons who, in accordance with the AIFC Legislation, have the right to request such information.
- 3.4. The Clearing Organization's possession of the Information is a necessary condition for carrying out clearing.
- 3.5. For the purpose of performance of contractual obligations, the Clearing Organization has the right to collect, store, and process, including automated processing (using information systems), any information related to personal data specified in the application and/or other documents provided for the conclusion and execution of Clearing Services Agreements in accordance with the requirements of the Law of the Republic of Kazakhstan dated May 21, 2013 No. 94-V "On Personal Data and Their Protection" (as amended), as well as the requirements for personal data processing contained in international treaties ratified by the Republic of Kazakhstan.
- 3.6. Clearing Members confirm that all personal data transferred by Clearing Members and the Clearing Organization to each other in accordance with the Clearing Rules, if required for the performance of the Clearing Services Agreement, are reliable and obtained from the subjects of personal data in a lawful manner and are transferred with the consent of the subjects of personal data if such consent is provided for by the AIFC Legislation.
- 3.7. Each party to the Clearing Services Agreement undertakes to maintain the confidentiality of personal data and ensure the security of personal data during their processing, as well as take necessary and sufficient measures to ensure the performance of obligations established by the said Agreement for the protection of processed personal data, as provided for by the AIFC Legislation. Clearing Members are responsible for taking all necessary legal, organizational, and technical measures to protect personal data from unauthorized or accidental access, destruction, modification, blocking, copying, dissemination, as well as from other illegal actions with such data.

#### **4. Procedure for Amending the Clearing Rules**

- 4.1. The Clearing Organization has the right to unilaterally amend the Clearing Rules.
- 4.2. The Clearing Rules and amendments thereto are to be approved by directors of the Clearing Organization.
- 4.3. The Clearing Rules and amendments thereto shall enter into force not earlier than 5 (five) days after the disclosure of information about this, unless a longer period is established by the Clearing Organization.
- 4.4. The Clearing Organization shall inform Clearing Members of all amendments to the Clearing Rules by publishing the new version of the Clearing Rules on the Website.
- 4.5. The Clearing Organization shall provide free access to the Clearing Rules for all interested parties, regardless of the purpose of obtaining such information, on the Website.

#### **5. Conclusion and Termination of the Clearing Services Agreement. Rights and Obligations of the Clearing Organization and Clearing Members**

- 5.1. The rights and obligations of the Clearing Organization and Clearing Members, including the obligation of Clearing Members to pay the Clearing Fee, are determined by the Clearing Services Agreement, including the Clearing Rules and Tariffs.

The terms of the Clearing Services Agreement are determined by the Clearing Rules and Tariffs.

The Clearing Organization is not obliged to conclude Clearing Services Agreements with every Applicant and has the right to refuse to conclude a Clearing Services Agreement without explanation.

- 5.2. The Clearing Services Agreement is concluded in writing by signing a document on paper or by exchanging Electronic Documents signed with the Electronic Signatures of the parties.
- 5.3. A condition for concluding the Clearing Services Agreement is the submission by the Applicant to the Clearing Organization of the following documents:
  - 5.3.1. a Clearing Services Agreement signed by the Applicant (in the form established by the Clearing Regulations) in 2 copies;
  - 5.3.2. other documents specified in the Clearing Regulations.
- 5.4. The documents submitted by the Applicant are to be sent as an Electronic Document signed with an Electronic Signature. If it is impossible to send them electronically, they are submitted on paper.
- 5.5. The Clearing Organization has the right to request the Applicant to submit additional documents or information. The Applicant is obliged to submit the requested documents and information in the manner and within the timeframe specified in the Clearing Organization's request.
- 5.6. While making a decision on concluding a Clearing Services Agreement, the Clearing Organization has the right to use information about the Applicant from public sources, including the public register of legal entities registered in the AIFC.
- 5.7. If the Applicant has previously submitted to the Clearing Organization one or more of the required documents and these documents are valid as of the date of the Clearing Organization's request, the Applicant is exempt from resubmitting these documents.
- 5.8. The Clearing Organization's decision on concluding a Clearing Services Agreement with the Applicant or on refusing to conclude it has to be made by the Clearing Organization within 10 business days from the date of receipt of all necessary documents and information and is brought to the Applicant's attention not later than 1 business day from the date of the decision by sending a corresponding notification in the form established by the Clearing Regulations. The Clearing Organization has the right not to conclude a Clearing Services Agreement with the Applicant, including in case of the Applicant's non-compliance with the requirements established by the Clearing Rules.
- 5.9. The Clearing Organization has the right not to conclude a Clearing Services Agreement with the Applicant, in particular, in the following cases:
  - if the Clearing Organization has previously decided to terminate the Applicant's access to clearing services;
  - if the chief executive officer of the Applicant was the chief executive officer of a Clearing Member, in respect of which the Clearing Organization previously made a decision to terminate access to clearing services;
  - if the Applicant has a debt to the Clearing Organization in connection with a breach of obligations under the Clearing Services Agreement;
  - if the persons who are members of the Applicant's management bodies were or are persons who are members of the management bodies of a legal entity that has a debt to the Clearing Organization in connection with a breach of obligations under the Clearing Services Agreement;
  - if a legal entity that has a debt to the Clearing Organization due to a breach of obligations under the Clearing Services Agreement is a shareholder, a participant, or a founder of the Applicant;

- if the chief executive officer of the Applicant is disqualified or deprived of the right to hold the relevant position in accordance with the AIFC Legislation;
  - if the Clearing Organization has reasonable doubts about the completeness and/or accuracy of the information contained in the documents or information provided by the Applicant;
  - if the Clearing Organization has reasonable doubts about the Applicant's ability to properly perform its obligations under the Contracts and/or the Clearing Services Agreement;
  - if there are grounds provided for by anti-money laundering rules of the AIFC Legislation.
- 5.10. If the Clearing Organization decides to conclude a Clearing Services Agreement with the Applicant, the Clearing Organization signs 2 copies of the Clearing Services Agreement and sends 1 copy to the Clearing Member.
- 5.11. The Clearing Services Agreement is concluded for an indefinite period and is valid from the moment the Clearing Organization signs the agreement until the date of termination of the Clearing Member's access to clearing services in accordance with the Clearing Rules or termination of the said agreement in accordance with the AIFC Legislation.
- 5.12. The Clearing Services Agreement may be terminated upon the written application of one of the parties sent to the other party in the form established by the Clearing Regulations.
- 5.13. A Clearing Member has the right to terminate the Clearing Services Agreement only if it has no obligations under the said agreement, as well as no outstanding obligations admitted to clearing.
- 5.14. The Clearing Organization has the right to terminate the Clearing Services Agreement in case of violation of the Clearing Rules by the Clearing Member, as well as if the provision of clearing services to the Clearing Member has led or may lead to a violation of the AIFC Legislation or the Clearing Rules by the Clearing Organization. In this case, the Clearing Organization shall not compensate the Clearing Member for losses related to the termination of the Clearing Services Agreement.
- 5.15. In case of termination of the Clearing Services Agreement by the Clearing Organization unilaterally:
- if there are no obligations of the Clearing Member as of the date of the decision to terminate the Clearing Services Agreement, the Clearing Services Agreement shall be terminated at the beginning of the Operating Day following the day of the decision;
  - if there are outstanding obligations of the Clearing Member that have arisen before the Clearing Organization's decision to terminate the Clearing Services Agreement, the Clearing Services Agreement shall be terminated at the beginning of the Operating Day following the day of completion of Settlements on the said obligations.
- Termination of the Clearing Services Agreement on the grounds specified in clause 5.14 of the Clearing Rules does not require prior notification of the Clearing Member. The Clearing Organization shall inform the Clearing Member of the decision made not later than the business day following the day of the decision to unilaterally terminate the Clearing Services Agreement by sending a notification. Such notification may be sent in the form of an Electronic Document signed with an Electronic Signature.
- 5.16. Upon termination of the Clearing Services Agreement, the Clearing Organization shall return to the Clearing Member the funds due to it, accounted for in the Clearing Accounts, not later than 3 (three) business days from the date of termination of the Clearing Services Agreement. These funds are to be transferred according to the details specified in the documents provided in accordance with the Clearing Regulations. The Clearing Organization's obligation to return funds is considered duly performed at the moment the funds are debited from the correspondent account of the bank in which the Clearing Account is opened.
- 5.17. The Clearing Services Agreement shall be terminated on the day of termination of the Clearing

Member's activities as a result of its liquidation or reorganization.

- 5.18. Termination of the Clearing Services Agreement does not release the Clearing Member and the Clearing Organization from the performance of obligations that have arisen before the termination of the Clearing Services Agreement, except as provided for in clause 5.17 of the Clearing Rules.
- 5.19. The Clearing Organization is not responsible for the obligations of the Clearing Member.
- 5.20. In case of failure to provide or untimely provision by the Clearing Member of information about changes to the documents that have been submitted to the Clearing Organization upon conclusion or execution of the Clearing Services Agreement, or the submission of incomplete or inaccurate information about changes to these documents, the Clearing Organization shall not be liable for losses incurred by the Clearing Member in connection with this.
- 5.21. The Clearing Organization shall not be liable for non-performance or improper performance of its obligations under the Clearing Services Agreement if such non-performance or improper performance is a consequence of:
- actions or omissions of the Clearing Member, including failure to provide or untimely provision of information by the Clearing Member and/or provision of incomplete or inaccurate information by the Clearing Member;
  - occurrence of the Emergency (provided that Clearing Members are duly informed of its occurrence);
  - non-performance or improper performance by the Settlement Organization, persons with whom the bank accounts of the Settlement Organization are opened, including in case of suspension or termination of operations with funds (except for cases where such non-performance or improper performance is due to the fault of the Clearing Organization);
  - non-performance or improper performance of obligations by the Trading Platform to Clearing Members, their clients;
  - suspension or termination of organized trading in Commodities conducted by the Trading Platform;
  - decisions and actions of AIFC state authorities, other bodies, institutions and organizations, and/or state authorities, regulators in the financial market of other states.
- 5.22. A Clearing Member or the Clearing Organization shall be exempted from liability for non-performance or improper performance of its obligations under the Clearing Services Agreement if it proves that their proper performance was impossible due to force majeure circumstances. The Clearing Member (the Clearing Organization) is obliged to take all reasonable measures to immediately notify the Clearing Organization (the Clearing Member) of the occurrence and termination of force majeure circumstances, as well as to provide the Clearing Organization (the Clearing Member) with documents confirming their occurrence and termination. In case of violation of this obligation by the Clearing Member (the Clearing Organization), it shall not refer to these circumstances as grounds for exemption from liability.

## **6. Requirements for Clearing Members**

- 6.1. The provision of clearing services is conditional upon the Clearing Member's admission to clearing services. A Clearing Member admitted to clearing services is obliged to comply with the following requirements simultaneously throughout the entire period of clearing services:
- 1) The Clearing Member must be registered as a Clearing Member, and this registration must not be suspended or revoked;
  - 2) The Clearing Member must be a participant in the organized Commodity trading conducted by the Trading Platform;
  - 3) The Clearing Member must have access to the electronic document management system specified by the Clearing Regulations for the purpose of interacting with the Clearing

Organization;

- 4) Based on the reporting or other information submitted upon conclusion and execution of the Clearing Services Agreement, the Clearing Member must have no facts of deterioration of financial condition and/or facts giving reasonable grounds to believe that a deterioration of the Clearing Member's financial condition is possible, and/or facts reasonably indicating the Clearing Member's inability to timely and fully perform its obligations under the Contracts and/or the Clearing Services Agreement;
- 5) The Clearing Member must duly perform its obligations to provide information and/or documents to the Clearing Organization in accordance with the requirements of the AIFC Legislation, as well as the Clearing Rules, including timely and fully submitting to the Clearing Organization all documents (information) necessary for admission to clearing services. The Clearing Organization has the right to request the Clearing Member to submit additional documents for registration and updating of information about the Clearing Member. The Clearing Member is obliged to submit these documents in the manner and within the timeframe specified in the request;
- 6) The Clearing Member must ensure the relevance, accuracy, and completeness of documents and/or information submitted to the Clearing Organization, including for the purpose of identifying the Clearing Member, as well as timely submission of changes to such documents and/or information;
- 7) The Clearing Member is obliged to comply with the Clearing Rules, including duly paying for the Clearing Organization's services, as well as other documents approved by the Clearing Organization in accordance with the Clearing Rules and disclosed on the Website;
- 8) The Clearing Member is obliged, within the timeframe specified in the Clearing Organization's request, to provide copies of balance sheets, profit and loss statements, tax returns for corporate income tax and value-added tax (with a mark of the tax authority on receipt), as well as other documents and information specified in the Clearing Organization's request, including those related to the identification of the Clearing Member or its clients, fulfillment by the Clearing Organization of the requirements of the anti-money laundering rules of the AIFC Legislation.

6.2. The Clearing Member is obliged to:

- duly perform obligations to submit information and documents to the Clearing Organization in accordance with the requirements of the AIFC Legislation;
- ensure the relevance, accuracy, and completeness of documents submitted to the Clearing Organization for its identification, and timely submission of changes and additions to such documents and questionnaires, including:
  - 1) not later than 10 business days from the date of entry into force of changes to the Clearing Member's documents, submit to the Clearing Organization documents confirming these changes and additions, including updated forms of documents obtained for the identification of the Clearing Member, but not less than once every 3 years or at the request of the Clearing Organization;
  - 2) notify the Clearing Organization not later than 5 business days from the date of the decision on reorganization or termination of activities (liquidation) of the Clearing Member;
  - 3) ensure that in the event of reorganization of the Clearing Member, the legal entity to which the rights and obligations under the Clearing Services Agreement are transferred shall immediately after the completion of the reorganization notify the Clearing Organization and submit documents confirming the reorganization and transfer of the Clearing Member's rights and obligations, including under the Clearing Services Agreement, to this legal entity;

- 4) immediately notify the Clearing Organization of the introduction of insolvency (bankruptcy) procedures against the Clearing Member;
  - 5) if, in accordance with the AIFC Legislation and the Clearing Rules, the Clearing Member must submit documents for the execution of a clearing operation, including documents establishing the legal relationship between Clearing Members and their clients, these documents must be submitted by the Clearing Member to the Clearing Organization before the execution of the Clearing Member's instructions provided for by the Clearing Regulations;
  - 6) in case of early revocation of a power of attorney before the expiration of the authority of the person to whom the power of attorney was issued, the Clearing Member must, not later than the Operating Day preceding the date of termination of authority, submit to the Clearing Organization a notification in free form indicating the date of termination of this person's authority. Upon expiration of the power of attorney or appointment of a new person, a new power of attorney must be provided to the Clearing Organization. The Clearing Organization shall cease accepting instructions and other documents of the Clearing Member signed or transmitted by a person whose authority has expired on the next Operating Day after the date of expiration of the power of attorney. Reports and other documents are also not issued to persons whose authority has expired.
- 6.3. If it is necessary to amend a document confirming the appointment of a person authorized to act on behalf of the Clearing Member without a power of attorney, or the details of a bank card, the Clearing Member is obliged to submit to the Clearing Organization the specified documents with the new details, which will automatically mean the invalidity of the corresponding old documents. The authority of the Clearing Member's representative to sign documents stipulated by the Clearing Rules, as well as to conduct operations and receive information/reporting documents from the Clearing Organization on behalf of the Clearing Member, is confirmed by a power of attorney (except for the chief executive officer of the organization, whose authority is confirmed by the constituent documents) in the form provided for by the Clearing Regulations.

## **7. Registration as a Clearing Member**

- 7.1. The Clearing Organization shall decide on registering an Applicant as a Clearing Member upon fulfillment of all established requirements for Clearing Members simultaneously with the decision on accepting the Applicant for clearing services and concluding a Clearing Services Agreement.
- 7.2. The Clearing Organization shall inform the Applicant of the decision made by sending a notification in the form of an Electronic Document signed with an Electronic Signature not later than 1 (one) business day after the Clearing Organization makes the decision to register the Applicant as a Clearing Member.
- 7.3. From the date of signing the Clearing Services Agreement by both parties, the Applicant becomes a Clearing Member, and information about it is included in the register of Clearing Members.
- 7.4. Upon registration of the Applicant as a Clearing Member, it is assigned an Identification Code. Only one Identification Code can be assigned to one Clearing Member.
- 7.5. The Clearing Organization enters the Identification Code assigned to the Clearing Member into the register of Clearing Members and informs the Clearing Member of the assigned Identification Code by sending a corresponding notification in the form established by the Clearing Regulations.
- 7.6. The register of Clearing Members contains the following information:
  - full name of the Clearing Member;
  - Identification Code of the Clearing Member;
  - location, telephone number, fax number, email address of the Clearing Member;

- date of inclusion of the Clearing Member (date of registration as a Clearing Member) in the register of Clearing Members;
- current status of admission to clearing services (admitted, admission suspended, admission terminated, awaiting admission, admission resumed) indicating the date and grounds for assigning the corresponding status.

7.7. A Clearing Member has the right to register its clients in accordance with the procedure provided for by the Clearing Rules.

7.8. Registration of clients of Clearing Members is carried out based on a notification received from the Trading Platform about the registration of a client of a participant in the organized Commodity trading conducted by the Trading Platform, which is a Clearing Member. From this date, information about clients of Clearing Members is included in the register of clients of Clearing Members.

7.9. The Clearing Organization maintains a register of clients of Clearing Members, which contains the following information for each client:

- Identification Code of each client of Clearing Members;
- date of inclusion in the register of clients of Clearing Members (date of registration as a client of a Clearing Member);
- current status of admission to clearing services (admitted, admission suspended, admission terminated, awaiting admission, admission resumed) indicating the date and grounds for assigning the corresponding status.

7.10. The register of Clearing Members and the register of clients of Clearing Members may contain additional information.

## **8. Procedure for Admission to Clearing Services, Suspension, Resumption, and Termination of Clearing Members' Access to Clearing Services**

8.1. Admission to clearing services may be granted to persons registered as Clearing Members in accordance with the Clearing Rules.

The Clearing Organization shall notify the Clearing Member of the granting of admission to clearing services in the form provided for by the Clearing Regulations within 1 business day from the date the Clearing Organization makes the relevant decision.

8.2. The Clearing Organization has the right to suspend a Clearing Member's access to clearing services (to suspend the provision of clearing services to the Clearing Member, except for the services specified in clause 8.6 of the Clearing Rules) on the basis of at least one of the following grounds:

- 1) violation of the requirements for a Clearing Member in accordance with the Clearing Rules, violation of its obligations under the Clearing Services Agreement, including violations of obligations to pay the Clearing Fee;
- 2) violation of the AIFC Legislation by the Clearing Member;
- 3) receipt by the Clearing Organization from the Trading Platform of information on the suspension or termination of the Clearing Member's admission to participate in the organized Commodity trading conducted by the Trading Platform;
- 4) receipt by the Clearing Organization from the Clearing Member of an application for suspension of access to clearing services;
- 5) introduction of bankruptcy procedures against the Clearing Member;
- 6) adoption of a decision on the liquidation or reorganization of the Clearing Member (except for the reorganization of the Clearing Member, which does not entail termination of its activities);
- 7) violation of obligations to submit information, the submission of which is required in accordance with the AIFC Legislation and the Clearing Rules, as well as in case of

incompleteness and/or inaccuracy of information submitted by the Clearing Member to the Clearing Organization;

- 8) existence of grounds provided for by the anti-money laundering rules of the AIFC Legislation.

8.3. The Clearing Member's application for suspension of access to clearing services shall be submitted in the form provided for by the Clearing Regulations, as an Electronic Document signed with an Electronic Signature. This application may contain the date from which the Clearing Member requests to suspend access to clearing services, which cannot be earlier than 1 business day from the date the Clearing Organization receives the application, and/or the period for which the Clearing Member requests to suspend access to clearing services. The Clearing Organization may refuse to suspend the Clearing Member's access to clearing services if it has outstanding obligations, by sending a corresponding notification to the Clearing Member.

8.4. Access to clearing services is suspended from the moment determined by the relevant decision of the Clearing Organization, subject to receipt of information on the existence of grounds for suspending the Clearing Member's access to clearing services. The Clearing Member's obligations under Contracts concluded after the suspension of access to clearing services are not admitted to clearing. Admission of obligations to clearing is resumed after the resumption of the Clearing Member's access to clearing services.

8.5. The Clearing Organization shall inform the Clearing Member of the suspension of access to clearing services not later than the business day following the day of the decision to suspend access, by sending a corresponding notification in the form established by the Clearing Regulations.

8.6. In case of suspension of the Clearing Member's access to clearing services, the Clearing Organization continues to perform clearing and other functions related to the clearing of obligations of this Clearing Member arising from Contracts concluded before the moment of suspension of its access to clearing services.

8.7. If the Clearing Member's access to clearing services has been suspended, such access may be resumed by decision of the Clearing Organization not earlier than the beginning of the Operating Day after the discovery of the fact of termination of the grounds on which the Clearing Member's access to clearing services was suspended.

8.8. The Clearing Organization shall inform the Clearing Member of the resumption of access to clearing services not later than the business day following the day of resumption, by sending a corresponding notification in the form established by the Clearing Regulations.

8.9. The Clearing Organization has the right to terminate a Clearing Member's access to clearing services on the basis of at least one of the following grounds:

- 1) existence of facts of deterioration of the financial condition of the Clearing Member and/or information giving reasonable grounds to consider a deterioration of the Clearing Member's financial condition possible and/or the Clearing Member's inability to timely and fully perform obligations under the Contracts and the Clearing Services Agreement;
- 2) receipt by the Clearing Organization from the Trading Platform of information on the termination of the Clearing Member's admission to participate in the organized Commodity trading conducted by the Trading Platform;
- 3) receipt by the Clearing Organization from the Clearing Member of an application for termination of access to clearing services;
- 4) introduction of bankruptcy procedures against the Clearing Member;
- 5) adoption of a decision on the liquidation or reorganization of the Clearing Member (except for the reorganization of the Clearing Member, which does not entail termination of its activities);
- 6) existence of grounds provided for by the anti-money laundering of the AIFC Legislation.

- 8.10. The Clearing Member's application for termination of access to clearing services shall be submitted in the form provided for by the Clearing Regulations, as an Electronic Document signed with an Electronic Signature. This application may contain the date from which the Clearing Member requests to terminate access to clearing services, which cannot be earlier than 1 business day from the date the Clearing Organization receives the application. The Clearing Organization may refuse to terminate the Clearing Member's access to clearing services if it has outstanding obligations, by sending a corresponding notification to the Clearing Member.
- 8.11. Termination of the Clearing Member's access to clearing services entails termination of the Clearing Services Agreement from the moment of termination of such access.
- 8.12. Access to clearing services is terminated from the moment determined by the relevant decision of the Clearing Organization, subject to receipt of information on the existence of grounds for terminating the Clearing Member's access to clearing services. The Clearing Member's obligations under Contracts concluded after the termination of access to clearing services are not admitted to clearing.
- 8.13. The Clearing Organization shall inform the Clearing Member of the termination of access to clearing services not later than the business day following the day of the decision to terminate access, by sending a corresponding notification in the form established by the Clearing Regulations.
- 8.14. The Clearing Organization has the right to disclose on the Website information about violations of the Clearing Rules by Clearing Members and about facts of violation of their obligations admitted to clearing.

## **9. Emergency Situations**

- 9.1. An Emergency may be declared in a situation related to the occurrence of circumstances that prevent the provision of clearing services to Clearing Members and/or the performance by the Clearing Organization of its obligations to Clearing Members, including:
  - 9.1.1. circumstances that have caused or may cause malfunctions (failures) of the Clearing Organization's equipment or otherwise prevent its normal (regular) functioning (including force majeure circumstances, as well as failures, malfunctions, outages of communication systems, power supply, and other life support systems, as well as other circumstances);
  - 9.1.2. military actions, acts of terrorism, sabotage, mass riots, strikes, changes in political regime, other political complications;
  - 9.1.3. decisions of AIFC state authorities, other bodies, institutions, and organizations;
  - 9.1.4. fires or other accidents, destruction or significant damage to the premises occupied by the Clearing Organization;
  - 9.1.5. any other circumstances that create or may create a threat to the life or health of the Clearing Organization's employees and/or the employees of Clearing Members.
- 9.2. An Emergency may be declared by decision of the Clearing Organization.
- 9.3. If the Clearing Organization declares an Emergency, the Clearing Organization shall take the following actions:
  - 9.3.1. notify the Settlement Organization, the Trading Platform, and Clearing Members by any means available to the Clearing Organization in this situation about the occurrence of the Emergency and the actions taken in connection with this;
  - 9.3.2. fully or partially cease providing clearing services to Clearing Members.
- 9.4. As measures to resolve the consequences of an Emergency, the Clearing Organization may make the following decisions:
  - 9.4.1. change the method, procedure, and date of performance of obligations by Clearing Members and/or the Clearing Organization;
  - 9.4.2. take other actions aimed at resolving the Emergency.
- 9.5. When making decisions to resolve the consequences of Emergency situations, the Clearing Organization has the right to:
  - 9.5.1. establish the conditions, timeframes, and/or procedure for the execution of the Clearing Organization's decisions by Clearing Members;

- 9.5.2. make the procedure for entry into force of the Clearing Organization's decisions and/or the loss of force of these decisions conditional upon certain circumstances.
- 9.6. The Clearing Organization shall inform Clearing Members of the measures taken to resolve the Emergency not later than the day of adoption of these measures by available means of communication, which may include publishing information on the Website.
- 9.7. The Clearing Organization and Clearing Members shall act in the manner determined by the Clearing Organization's decisions until the end of the Emergency or until the moment determined by the Clearing Organization's decision.
- 9.8. The decision to end the Emergency may be made by the Clearing Organization, and the relevant information is brought to the attention of the Settlement Organization, the Trading Platform, and the Clearing Members.
- 9.9. The Clearing Organization shall not be liable for non-performance or improper performance of obligations under Contracts and Clearing Services Agreements if such non-performance or improper performance is a consequence of an Emergency.

## **10. Risk Management Measures in Clearing**

- 10.1. The set of measures aimed at managing risks in clearing includes the following (but is not limited to):
  - 10.1.1. Risk management is carried out by an independent, separate structural unit of the Clearing Organization, whose exclusive function is risk management;
  - 10.1.2. Separate accounting of collateral and obligations of each Clearing Member through the maintenance of clearing registers;
  - 10.1.3. Establishing initial requirements for Clearing Members in accordance with the Clearing Rules, including requirements for the financial stability of Clearing Members, and regular monitoring of their compliance;
  - 10.1.4. Verification of the Contracts' security by funds in the amount of the Guaranty Security;
  - 10.1.5. Implementation of procedures for resolving situations of non-performance of obligations by a Clearing Member.
- 10.2. A complete list of measures aimed at managing risks in clearing is contained in the internal documents of the Clearing Organization, which define the rules for organizing the risk management system in clearing and combining clearing activities with other types of activities of the Clearing Organization.

## **11. Anti-Corruption Clause**

- 11.1. The Clearing Organization and Clearing Members, in accordance with the AIFC Legislation, have developed and implemented measures to prevent and combat corruption. The Clearing Organization and Clearing Members do not perform actions that are qualified by the AIFC Legislation as giving and/or receiving a bribe, commercial bribery, do not pay and do not offer to pay any funds or valuables, directly or indirectly, to any persons to influence the actions or decisions of these persons in order to obtain any unlawful advantages or to achieve other unlawful purposes, and do not take other actions that violate the requirements of regulatory acts constituting the AIFC Legislation and providing for anti-corruption measures.

## **12. Procedure for Interaction of the Clearing Organization with Settlement Organizations and the Trading Platform**

- 12.1. The Settlement Organization opens one or more Clearing Accounts for the Clearing Organization based on a corresponding agreement(s). The Settlement Organization informs the Clearing Organization about the opening of the Clearing Account.
- 12.2. The procedure for interaction between the Clearing Organization and the Settlement Organization, including the content, procedure, and timeframe for transferring information (composition, procedure, and timeframe for transferring documents) exchanged between the Clearing Organization and the Settlement Organization, as well as the time for carrying out settlement operations, are established by the agreement concluded between them.

- 12.3. During the servicing of Clearing Accounts, information (documents) is exchanged between the Clearing Organization and the Settlement Organization, including:
- transfer by the Clearing Organization to the Settlement Organization of the following payment orders:
    - for debiting funds from TCAs of Clearing Members to the bank accounts of Clearing Members on the instructions of Clearing Members;
    - for debiting funds for their transfer to bank accounts (including Clearing Accounts) of the Clearing Organization;
    - for returning funds with incorrect payment details.
  - transfer by the Settlement Organization to the Clearing Organization of information on receipts/debits of funds on Clearing Accounts.
- 12.4. The procedure for interaction between the Clearing Organization and the Trading Platform during clearing under Contracts, including the content, procedure, and timeframe for transferring information (composition, procedure, and timeframe for transferring documents) exchanged between the Clearing Organization and the Trading Platform, is established by the agreement concluded between them.
- 12.5. The Clearing Organization transfers to the Trading Platform information on the amounts of funds intended for use as a Guaranty Security, in the manner and timeframe established by the agreement between the Trading Platform and the Clearing Organization.
- 12.6. The Trading Platform transfers the Contracts Register to the Clearing Organization, the content and timeframe for the transfer of which are established by the agreement between the Trading Platform and the Clearing Organization.
- 12.7. The Clearing Organization sends information about Clearing Members to the Trading Platform and receives from the Trading Platform information about participants in the organized Commodity trading conducted by the Trading Platform, in the volume and manner established by the agreement between the Trading Platform and the Clearing Organization.
- 13. Storage and Recording of Internal Accounting Documents and Information of the Clearing Organization**
- 13.1. The Clearing Organization stores and records documents related to clearing activities and internal accounting information related to internal accounting, including:
- documents and information received from the Trading Platform;
  - documents and information received from Clearing Members (agreements, instructions, other documents);
  - documents and information received from the Settlement Organization;
  - copies of the Clearing Organization's instructions sent to the Settlement Organization;
  - documents and information about funds and Commodities intended for the performance of obligations admitted to clearing;
  - documents and information about funds that are the subject of Clearing Collateral;
  - other documents and information at the discretion of the Clearing Organization.
- 13.2. The Clearing Organization maintains a database using the Clearing System, which includes the following registration journals and registers:
- registers of Clearing Members and their clients;
  - document logs for registering documents related to clearing activities and received by or sent by the Clearing Organization;
  - other registers and journals, the maintenance of which allows grouping documents and internal accounting information.
- 13.3. The Clearing Organization's registers and journals are maintained in electronic form. Entries in these registers and journals are made every Operating Day upon receipt by the Clearing Organization of information (documents), information about which is subject to entry in the corresponding register or journal.
- 14. Payment for Clearing Services**

- 14.1. Clearing Members are obliged to pay the Clearing Organization a Clearing Fee in the amount, manner, and timeframe determined by the Clearing Rules and Tariffs.
- 14.2. The Tariffs are an integral part of the Clearing Services Agreement.
- 14.3. The Tariffs and amendments thereto shall enter into force at the beginning of the Operating Day following the day of disclosure of the Tariffs or their new version on the Website, unless another timeframe is established by the AIFC Legislation or a decision of the Clearing Organization.
- 14.4. Payment of the Clearing Fee by Clearing Members is made monthly by paying the invoice issued by the Clearing Organization, within 30 calendar days from the date of its issue, unless another payment timeframe is established by the Clearing Rules, Tariffs, or specified in the invoice.
- 14.5. In case of late payment of the Clearing Fee by a Clearing Member, the Clearing Organization has the right to suspend the Clearing Member's access to clearing services until the debt is paid, and if circumstances arise that clearly indicate that the debt will not be repaid within a reasonable timeframe, the Clearing Organization has the right to terminate the Clearing Member's access to clearing services.
- 14.6. The Clearing Organization has the right to unilaterally change the amount of the Clearing Fee.

## **PART II COMMODITY MARKET CLEARING**

### **15. Procedure and Conditions for Admission of Obligations to Clearing**

- 15.1. Admission of obligations under Contracts to clearing is carried out by the Clearing Organization based on the Contracts Registers transmitted by the Trading Platform, by making entries in the corresponding clearing registers on the date of receipt of the Contracts Register.
- 15.2. In case of invalidity of a Contract, the obligation under which has been admitted to clearing and has not been terminated, or in case of failure to provide a copy of the Contract and all amendments thereto to the Clearing Organization within the timeframe specified by the Contract, such obligation is excluded from among obligations admitted to clearing. Unless other consequences of the invalidity of the Contract are established by the legislation applicable to the Contract, each party to such Contract is obliged to return to the other party everything received as a result of the performance of obligations under the Contract, and if it is impossible to return what was received in kind, to compensate for its value.
- 15.3. The obligations of Clearing Members arising from the invalidity of Contracts are to be performed by Clearing Members without the participation of the Clearing Organization.
- 15.4. Unless otherwise provided by the Clearing Rules, obligations under Contracts that have not passed the security control on the Security Date in accordance with clause 16.2 of the Clearing Rules are excluded from among obligations admitted to clearing.

### **16. Clearing Procedure and Performance of Obligations under Contracts**

- 16.1. On the day of receiving the Contracts Register from the Trading Platform, the Clearing Organization blocks the Guaranty Security in the "Funds blocked for trading" clearing register, checks the sufficiency of the Guaranty Security in the "Funds blocked for trading" clearing register for each Contract, information about which is contained in the Contracts Register. If the Guaranty Security is sufficient, the Clearing Organization debits the corresponding amount of the Guaranty Security from the "Funds blocked for trading" clearing register for each such Contract and credits this amount to the "Funds blocked for security/performance" clearing register, and also begins to record obligations under each Contract, information about which is contained in the received Contracts Register, in the corresponding clearing registers specified in Article 18 of the Clearing Rules.
- 16.2. Every Operating Day, starting from the Operating Day following the day of receiving the Contracts Register, and until the Security Date inclusive, the Clearing Organization performs security control in respect of each Contract, the obligations under which are recorded by the

Clearing Organization in the clearing registers. A Contract is considered secured if the amount of funds recorded in the Buyer's "Funds blocked for security/performance" clearing register for the performance and/or security of performance of this Contract, less the Guaranty Security for this Contract, is not less than the amount of the Prepayment under this Contract.

- 16.3. The Buyer is obliged to transfer the amount of funds for making the Prepayment under the Contract to the "Funds blocked for security/performance" clearing register not later than the Security Date.
- 16.4. For each Contract that has passed the security control in accordance with this article, the Clearing Organization sends information to the Supplier about the security of the Contracts as part of clearing reports.
- 16.5. The party (parties) to the Contract on which, in accordance with the terms of the Contract, the obligation to provide the Clearing Organization with documents confirming the transfer (delivery) of the Commodity is imposed, is (are) obliged to provide these documents to the Clearing Organization in the manner, volume, and timeframe determined by the Contract.
- 16.6. On the day of receiving the documents confirming the transfer (delivery) of the Commodity, the Clearing Organization debits funds in the amount of the Prepayment under the Contract from the Buyer's "Funds blocked for security/performance" clearing register and credits them to the Supplier's "Available funds" clearing register.

To receive funds to their bank account, the Supplier submits an instruction to the Clearing Organization in the form provided for by the Clearing Regulations. This instruction may be submitted before the funds are credited to the Supplier's "Available funds" clearing register.

- 16.7. On the day of receiving the documents confirming the transfer (delivery) of the Commodity, the Clearing Organization enters information on the performance of obligations under the Contract into the clearing registers.
- 16.8. If, on the Security Date, the Contract has not passed the security control in accordance with this article, the Clearing Organization debits the Guaranty Security in the amount of the Penalty under the Contract from the Buyer and credits it to the Supplier's "Available funds" clearing register.
- 16.9. Specifications, to the extent that they define the actions of Suppliers, Buyers, and the Clearing Organization in performing obligations under Contracts, are considered an integral part of the Clearing Rules and regulate the relations of Suppliers and Buyers with the Clearing Organization in connection with the performance of obligations admitted to clearing, subject to prior approval of the Specifications with the Clearing Organization.
- 16.10. If, in accordance with the Specification, the Supplier/Buyer has an obligation to pay a Penalty to the Buyer/Supplier, the Clearing Organization, on the day such obligation arises, recognizes such Supplier/Buyer as an unscrupulous Clearing Member and debits the Penalty from the "Funds blocked for security/performance" clearing register of the Supplier/Buyer obliged to pay the Penalty and credits it to the "Available funds" clearing register of the Buyer/Supplier to whom it should be paid.
- 16.11. If, in accordance with the Contract, payment of the Penalty under the Contract terminates the obligations under the Contract, the Clearing Organization, on the day the Penalty is credited to the "Available funds" clearing register of the Buyer/Supplier, ceases recording obligations under the Contract in the clearing registers.
- 16.12. In case of termination of obligations under the Contract, including by agreement of the parties, or amendment of the material terms of the Contract, the Clearing Organization, on the day of receipt of documents confirming such termination or amendment, excludes the obligations under this Contract from among obligations admitted to clearing.
- 16.13. In case of exclusion of obligations under the Contract from among obligations admitted to clearing, the Clearing Organization unblocks the funds that have been blocked to secure

performance or for performance of the said Contract by Clearing Members, and Settlements under such Contract are to be made by the parties without the participation of the Clearing Organization.

## **17. Clearing Collateral**

- 17.1. Clearing Collateral is a method of securing the performance of Clearing Members' obligations admitted to clearing. The assets that are the subject of Clearing Collateral may be used to perform these obligations.
- 17.2. Unless otherwise provided by the Clearing Rules, the obligations of Clearing Members admitted to clearing are secured by Clearing Collateral.
- 17.3. Assets intended for Clearing Collateral may only consist of funds in Kazakhstani tenge and foreign currency. These funds are subject to preliminary reservation (blocking) in the clearing registers opened for Clearing Members who have contributed these funds as Clearing Collateral, in the internal accounting of the Clearing Organization.
- 17.4. The Clearing Collateral of a Clearing Member is credited to the Clearing Account and recorded in the internal accounting of the Clearing Organization in the corresponding clearing register of the Clearing Member.
- 17.5. The procedure for using Clearing Collateral is regulated by the Clearing Rules. Entering into a separate agreement is not required.
- 17.6. The Clearing Organization has the right to use funds constituting Clearing Collateral in its own interests. In this case, the funds constituting Clearing Collateral are transferred by the Clearing Organization to its own bank (correspondent) account. The Clearing Organization is obliged to return the funds to the Clearing Collateral in the amount and within the timeframe necessary to satisfy the claims secured by the Clearing Collateral, as well as to return to the Clearing Member, at its request, the funds constituting Clearing Collateral.
- 17.7. The Clearing Organization has the right to invest funds constituting Clearing Collateral in its own name and at its own expense. Income from their investment is not credited to the Clearing Collateral unless otherwise provided by a decision of the Clearing Organization.
- 17.8. The Clearing Organization has the right to pay interest to Clearing Members on funds constituting Clearing Collateral, in cases, in the amount, manner, and timeframes determined by decisions of the Clearing Organization.
- 17.9. If a Penalty is required to be paid under the Contract, only the funds of the Guaranty Security under this Contract, recorded in the clearing register of the Clearing Member obliged to pay the Penalty, are used for its payment.
- 17.10. The amount of the Guaranty Security for securing a Contract is determined in accordance with its terms.
- 17.11. The amount of the Prepayment is set equal to the Contract amount, unless otherwise provided by the terms of the Contract.
- 17.12. The Guaranty Security blocked to secure the performance of the Contract has to be unblocked by the Clearing Organization on the day information on the termination of obligations under the said Contract is entered into the clearing registers.

## **18. Procedure for Conducting Operations with Funds Intended to Secure the Performance of Obligations**

- 18.1. When carrying out clearing in accordance with the Clearing Rules, the Clearing Organization uses a Clearing Account opened with the Settlement Organization, intended for recording Clearing Collateral.
- 18.2. The Clearing Organization has the right to open several Clearing Accounts with one or more Settlement Organizations.
- 18.3. Information about the details of the Clearing Accounts is published on the Website.

- 18.4. Clearing Members and clients of Clearing Members credit funds to the Clearing Account independently within the timeframe established by the Clearing Regulations. Upon receipt of information about the crediting of funds by the Clearing Member to the Clearing Account, these funds are recorded in the corresponding clearing registers related to this Clearing Member in accordance with the procedure defined by the Clearing Rules.
- 18.5. Funds are to be debited from the Clearing Account to the bank accounts of Clearing Members/clients of Clearing Members based on the Clearing Member's instruction in the form established by the Clearing Regulations. The instruction for debiting funds must contain the details of the bank account to which the funds should be transferred and the number of the clearing register from which the debit is made.
- 18.6. The currency of funds recorded as Clearing Collateral may be changed to another currency based on an application for currency exchange of funds recorded as Clearing Collateral, submitted by the Clearing Member to the Clearing Organization.  
The exchange of currency of funds recorded as Clearing Collateral is carried out by the Clearing Organization in the following manner:
- the application for currency exchange of funds recorded as Clearing Collateral is sent by the Clearing Member as an Electronic Document signed with an Electronic Signature. This application must indicate the currency and amount of funds recorded as Clearing Collateral to be exchanged;
  - the exchange of currency of funds recorded as Clearing Collateral is carried out by the Clearing Organization at the exchange rate at the time of the transaction;
  - the Clearing Organization executes the application for currency exchange of funds recorded as Clearing Collateral no later than the timeframes specified in the Clearing Regulations;
  - for carrying out the procedure for currency exchange of funds recorded as Clearing Collateral, the Clearing Organization charges a fee from Clearing Members in accordance with the Tariffs.

## **19. Procedure for Maintaining Clearing Registers**

- 19.1. When carrying out clearing activities, the Clearing Organization opens Trading and Clearing Accounts for Clearing Members/clients of Clearing Members, within which the Clearing Organization opens and maintains the following clearing registers intended for recording obligations, Guaranty Security, Clearing Collateral of Clearing Members and their clients:
- 19.1.1. "Available funds" – a clearing register intended for recording funds of the Clearing Member/its clients, credited to secure the performance of obligations under Contracts concluded on the organized Commodity trading conducted by the Trading Platform, and not encumbered with obligations under concluded Contracts.
- 19.1.2. "Funds blocked for security/performance" – a clearing register intended for recording the Guaranty Security and Prepayment;
- 19.1.3. "Funds blocked for trading" – a clearing register intended for recording funds intended for transfer to the Trading Platform for the purpose of controlling the availability of the Guaranty Security when concluding a Contract;
- 19.1.4. "Monetary obligations" – a clearing register intended for recording monetary obligations of the Clearing Member under Contracts;
- 19.1.5. "Commodity delivery obligations" – a clearing register intended for recording obligations for the transfer (delivery) of a commodity by the Clearing Member under Contracts.
- 19.2. The balance of funds at the beginning of the Operating Day in the "Available funds" clearing register is set equal to the amount of funds in the clearing registers intended for recording Clearing Collateral credited to the Clearing Account, less the funds in the "Funds blocked for security/performance" and "Funds blocked for trading" clearing registers. The value of the "Funds blocked for trading" clearing register has to be increased by the amount specified in the Clearing Member's instruction to transfer funds to this clearing register from other clearing registers, but not more than the value of the clearing register from which the funds are transferred, or by the amount credited by the Clearing Member to the Clearing Account.
- 19.3. The value of the "Funds blocked for security/performance" clearing register is to be increased by the amount of the Guaranty Security for newly concluded Contracts after receiving the

Contracts Register from the Trading Platform and/or increased by the amounts specified in the Clearing Member's instruction to transfer funds to this clearing register from other clearing registers and/or by the amount credited by the Clearing Member to the Clearing Account. The value of the "Funds blocked for security/performance" clearing register has to be decreased by the amount of the Guaranty Security /Prepayment under Contracts, the obligations under which have been performed. Simultaneously with the decrease in the value of the "Funds blocked for security/performance" clearing register of the Clearing Member, the value of the Clearing Member's "Available funds" clearing register has to be increased by the amount of the Guaranty Security under Contracts, the obligations under which have been performed, and the value of the Supplier's "Available funds" clearing register has to be increased by the amount of the Prepayment under Contracts, the obligations under which have been performed.

- 19.4. Monetary obligations and claims are entered into the "Monetary obligations" clearing register. Obligations and claims for the transfer (delivery) of the Commodity under each Contract are entered separately into the "Commodity delivery obligations of the Clearing Member" clearing register.

## **20. Reporting Forms**

- 20.1. The Clearing Organization generates reports for Clearing Members containing information on the results of clearing and settlements, on obligations admitted to clearing, on obligations excluded from clearing, on obligations determined as a result of clearing, on the use of Clearing Collateral, on changes in the amount of funds in internal accounting registers where funds are recorded, the right to dispose of which is granted to the Clearing Organization for the performance or securing the performance of obligations based on the clearing results.
- 20.2. The forms of reporting documents provided to Clearing Members are established by the Clearing Regulations.
- 20.3. Reports for Clearing Members are to be generated by the Clearing Organization and sent in the manner provided for in the Clearing Regulations, and at the time established in the Clearing Regulations, but not later than the next business day after the day of making the corresponding entry in the clearing registers.
- 20.4. Hard copies of reports are to be provided at the request of Clearing Members to authorized representatives of Clearing Members or sent by mail to the address specified in Application for registration as a Member with a return receipt requested. The request for hard copies of reports is made in the form established by the Clearing Regulations.
- 20.5. Additional forms (formats) of information (documents and messages), as well as methods for their transmission, may be provided for by a separate agreement(s) between the Clearing Organization and the Clearing Member(s).
- 20.6. Clearing Member reports for previous dates are provided upon written request not later than 3 (three) business days from the date of receipt of the request.

## **21. Dispute Resolution Procedure and Applicable Law**

- 21.1. All disputes, disagreements, and claims arising in connection with the provision of clearing services by the Clearing Organization in accordance with the Clearing Rules, with the conclusion, amendment, or termination of Clearing Services Agreements, as well as the performance of obligations under or in connection with Clearing Services Agreements, shall be resolved in the AIFC Court in accordance with its rules in effect on the date of filing the statement of claim.
- 21.2. Referral of disputes to the AIFC Court is possible only after compliance with the pre-action claim procedure for dispute settlement. In case of full or partial refusal to satisfy the claim or failure to receive a response within 7 days from the date of receipt of the claim, the claimant has the right to file a lawsuit with the AIFC Court.
- 21.3. The decisions of the AIFC Court are final and binding on the parties.
- 21.4. Clearing Members are obliged to refrain from actions aimed at delaying the dispute resolution process in the AIFC Court, and in case of a decision by the AIFC Court, from delaying the execution of rulings and decisions issued by the AIFC Court.

21.5. The AIFC Legislation applies to Clearing Services Agreements.