

**Regulations on clearing activities of  
INTERNATIONAL TRADING SYSTEM LIMITED**

## TABLE OF CONTENTS

SECTION I. GENERAL PROVISIONS .....	3
Article 1. General Provisions .....	3
SECTION II. SPECIFICS OF INTERACTION BETWEEN CC AND CLEARING MEMBERS IN COURSE OF CLEARING SERVICE PROVISION .....	3
Article 2. Specifics of Trading Account / Guarantee Account opening, .....	3
as well as operations with Trading Account / Guarantee Account .....	3
Article 3. Crediting/ returning/ transfer of Collateral Assets and crediting/ returning of Default Fund .....	5
Article 4. Forms/ formats of documents used in the interaction between CC .....	5
and Clearing Member in course of clearing and interaction with Settlement Depository .....	5
Article 5. Clearing reports and notifications of CC .....	6
Article 6. List of securities, regarding which OTC Offers can be sent .....	7
Article 7. Use of information .....	7
Annex 1 .....	8
Annex 2 .....	11
Annex 3 .....	27
Annex 4 .....	50
Annex 5 .....	62

## **SECTION I. GENERAL PROVISIONS**

### **Article 1. General Provisions**

1.1. These Regulations on Clearing Activities of International Trading System Limited (the Clearing Regulations) are developed in accordance with Clearing Rules of International Trading System Limited (the Clearing Rules) and Membership Rules of International Trading System Limited (the Membership Rules).

1.2. Clearing Regulations set out operational day schedule for International Trading System Limited (CC) (including time for implementation of operations performed in accordance with the Clearing Rules), time limits for submission to CC and receipt from CC of documents in course of interaction with Clearing Members in accordance with the Clearing Rules, forms/ formats of documents used in document flow between Clearing Members and CC, as well as other provisions, except for provisions, that shall be included in the Clearing Rules.

1.3. CC may unilaterally introduce changes in the Clearing Regulations. Information on introduction of changes to the Clearing Regulations, in particular, adoption of the Clearing Regulations in new revision, is disclosed by way of publication of the said changes or new revision on CC Web-Site. Clearing Regulations and changes thereto come into force upon disclosure of relevant information on the date defined by CC.

1.4. Terms and definitions used in these Clearing Regulations have the meanings set out in the Clearing Rules.

## **SECTION II. SPECIFICS OF INTERACTION BETWEEN CC AND CLEARING MEMBERS IN COURSE OF CLEARING SERVICE PROVISION**

### **Article 2. Specifics of Trading Account / Guarantee Account opening, as well as operations with Trading Account / Guarantee Account**

2.1. The Clearing Member opens a Trading Account in the Settlement Depository. The Clearing Member may also open a "Guarantee" type account for contribution securities to the Guarantee Fund (hereinafter referred to as the "Guarantee Account").

2.2. To open a Trading Account / Guarantee Account in Settlement Depository the person, in whose name the Trading Account / Guarantee Account is being opened, or their authorised representative must provide CC for subsequent transfer to Settlement Depository with an application on opening of a Trading Account / Guarantee Account in the form set out in documents of the Settlement Depository (the Application). If Application is submitted to CC for subsequent transfer to Settlement Depository in form of electronic document, it must be accompanied by a covering letter in free form containing request to transfer the Application to the Settlement Depository.

2.3. The list of documents provided by the person, for whom Trading Account / Guarantee Account is being opened, or their authorised representative to CC for subsequent transfer to Settlement Depository for Trading Account / Guarantee Account opening is presented in documents of the Settlement Depository. CC may also request additional documents (information).

To open second and subsequent Trading Accounts in Settlement Depository, subject to availability of a valid Trading Account / Guarantee Account in the Settlement Depository, provision of documents indicated in clause 2.3 is not required, unless such documents were changed, data in the questionnaire of the person, for whom the Trading account / Guarantee Account is being open, changed or the questionnaire validity term expired.

The Application can be submitted in PDF format by the person, for whom the Trading Account / Guarantee Account is being open, or their authorised representative via the EDMS in form of an Electronic Document Signed Digitally. In such case, the Application mentioned herein must be signed by the authorised person. If the Application mentioned herein is submitted via the EDMS, Clearing Member must provide CC with this Application in paper format for subsequent transfer to Settlement Depository within 30 business days from the day of its sending via the EDMS.

2.4. To close a Trading Account / Guarantee Account in Settlement Depository the person, for whom Trading Account / Guarantee Account is opened, or their authorised representative must provide CC with Application on Trading Account / Guarantee Account closing in the form set out in documents of the Settlement Depository

Application on Trading Account / Guarantee Account closing can be submitted in PDF format by the person, for whom the Trading Account / Guarantee Account was opened, or their authorised representative via EDMS in form of an Electronic Document Signed Digitally. If the Application mentioned herein is submitted via the EDMS, Clearing Member must provide CC with this Application in paper format for subsequent transfer to Settlement Depository within 30 business days from the day of its sending via the EDMS.

2.5. Crediting/ withdrawal of securities to/ from Trading Account / Guarantee Account is ensured by way of securities transfer to/ from Nominee Custody Account opened for the Settlement Depository using details published on CC Web-Site.

2.6. To credit/ withdraw securities to/ from Trading Account / Guarantee Account opened by Settlement Depository from/ to custody account(s) opened in another depository or from/ to personal account(s) in securities

holder register system persons, for whom Trading Account / Guarantee Account are opened, or their authorised representatives must provide CC with orders for external crediting/ withdrawal of securities in form of Electronic Documents in XML format signed with Digital Signature or in form of documents in paper format, that must comply with PP61B.xsd scheme at securities crediting and withdrawal. Forms/ formats used to send orders are set out in Annex 4 to the Clearing Regulations. Orders mentioned in this clause can be submitted to CC at the earliest on the next business day after the day of Trading Account / Guarantee Account opening by Settlement Depository. If orders are submitted on the date of Trading Account / Guarantee Account opening by Settlement Depository, CC provides Clearing Member with motivated refusal from the order fulfilment (MT596.SWF message) in the form set out in Annex 4 to the Clearing Regulations in form of an Electronic Document signed with Digital Signature via EDMS.

2.7. To transfer securities between Trading Accounts / sections of Trading Accounts opened by Settlement Depository / Trading Account and Guarantee Account, persons, for whom Trading Accounts / Guarantee Account are opened, or their authorised representatives must provide CC with orders for securities transfer in form of Electronic Documents in XML format signed with Digital Signature or in form of documents in paper format, that must comply with PP61B.xsd scheme. Forms/ formats used to send orders are set out in Annex 4 to the Clearing Regulations.

2.8. To cancel orders person, for whom Trading Account / Guarantee Account was opened, or their authorised representatives must provide CC with an order to cancel operation in form of an Electronic Document in XML format signed with Digital Signature or in form of a document in paper format, that must comply with PP61B.xsd scheme. Forms/ formats used to send orders are set out in Annex 4 to the Clearing Regulations.

2.9. Orders indicated in clauses 2.2.-2.8. of these Clearing Regulations in form of Electronic Documents in XML format signed with Digital Signature are submitted to CC address ITSCP@DEPO. It is allowed to send orders indicated in clauses 2.2.-2.8. of these Clearing Regulations in paper format in case of technical failures in the EDMS and sending is implemented by courier service.

2.10. To notify on order fulfilment status or provide motivated refusal, CC sends operation initiator MT596 message in form of an Electronic Document signed with Digital Signature in the format set out in Annex 4 to the Clearing Regulations using address ITSCP@DEPO.

2.11. If clearing service provision to Clearing Member is terminated by CC, withdrawal of securities takes place on the date of termination of clearing service provision to the Clearing Member.

2.12. If the Clearing Member sends an order to CC to change the Type of Account from Trading Account to Account, from the moment of receipt of this instruction, CC shall cease to accept orders of the Clearing Member for this Trading Account. The CC writes off the securities on this Trading Account from the Collateral Assets and removes the TCA, which includes this Trading Account. Removal of a TCA is carried out on the condition that there are no open positions and obligations/requirements for the return of income from Repurchase Agreement on the TCA.

2.13. In case of deletion of the TCA and/or termination of the agreement for clearing services with the Clearing Member, CC sends a free-form letter to Settlement Depository to change the Type of Account from Trading Account to Account. From the moment of receipt of this order, Settlement Depository stops accepting orders from CC for crediting, debiting, and transferring securities on this Trading Account.

2.14. After changing the status of the Trading Account, all depository orders are submitted to the Settlement Depository directly, without the participation of the CC.

2.15. In case of a corporate event, as a result of which the number of securities changes, CC may refuse to accept or process orders for external crediting/ withdrawal of the said securities regarding Trading Account / Guarantee Account starting from the 6th business day before the date of register closing for the purpose of the corporate event.

2.16. Only securities included in the Lists of securities that can be contributed to the Default Fund may be credited to the Guarantee Account.

2.17. Payments for corporate events involving securities held in the Guarantee Account are credited to the Guarantee Fund's TCA, regardless of the payment method selected by the Clearing Member when opening the Guarantee Account.

2.18. In the event of a corporate event involving securities held in the Guarantee Account, the crediting and/or debiting of securities following the corporate event is made to the Guarantee Account.

2.19. The Clearing Member is obligated to replace bonds held in the Guarantee Account with other securities or cash no later than 30 calendar days prior to the maturity date of these bonds.

2.20. Securities held in the Guarantee Account cannot be used to secure and/or fulfill the Clearing Member's obligations under Contracts, OTC Contracts, and other obligations admitted to clearing.

2.21. In case of termination of the agreement for clearing services with the Clearing Member and in the absence of securities recorded in the Guarantee Account, the CC shall independently close the Guarantee Account.

### **Article 3. Crediting/ returning/ transfer of Collateral Assets and crediting/ returning of Default Fund**

3.1. Funds are credited as Collateral Assets by way of funds transfer to CC Clearing Accounts using the details published on CC Web-Site.

3.2. Funds are contributed to the Default Fund by way of funds transfer to CC Clearing Accounts using the details published on CC Web-Site or by sending an application for funds transfer between TCAs in form of an Electronic Document TRANSFER\_SETTLE Message in the form provisioned in Annex 3 to the Clearing Regulations.

3.3. Funds indicated in clauses 3.1. and 3.2. are credited to TCA indicated by the Clearing Member in the purpose of payment at the time of funds transfer.

3.4. If settlement documents for funds transfer contain incorrect or incomplete purpose of payment, Clearing Member may send a letter to CC to confirm relevant purpose of payment via EDMS Letter indicated in this paragraph can be sent to CC by the bank being the sender of funds under settlement documents with incorrect or incomplete purpose of payment via SWIFT system.

3.5. Funds are returned by way of submission by the Clearing Member to the Company of an application for returning of funds in form of an Electronic Document CLAIM WITHDRAW Message in the form provisioned in Annex 3 to the Clearing Regulations sent to address ITSCP@REGISTER.

3.6. The return of funds from the Guarantee Fund is carried out by the Clearing Member sending the following to the CC at ITSCP@REGISTER:

1) an application for returning of funds in form of an Electronic Document GUARANTEE\_WITHDRAW Message in the form provisioned in Annex 3 to the Clearing Regulations.

or

2) an application for funds transfer between TCAs in form of an Electronic Document TRANSFER\_SETTLE Message in the form provisioned in Annex 3 to the Clearing Regulations.

3.7. If the execution of an order to return funds from the Guarantee Fund results in the Guarantee Fund falling below the minimum contribution of the Clearing Member to the Guarantee Fund, then the CC will suspend the Clearing Member's access to clearing services no later than the next business day after the submission of such an order..

3.8. Funds are transferred between TCA/ sections of clearing registers of a Clearing member by way of submission by the Clearing Member to CC of an application for funds transfer between TCA in form of an Electronic Document TRANSFER\_SETTLE Message in the form provisioned in Annex 3 to the Clearing Regulations sent to address ITSCP@REGISTER.

### **Article 4. Forms/ formats of documents used in the interaction between CC and Clearing Member in course of clearing and interaction with Settlement Depository**

4.1. Forms/ formats of documents are presented in Annexes 3, 4, and 5 to the Clearing Regulations.

4.2. Documents used in interaction between CC and Clearing Members during clearing under Contracts, Internal OTC Contracts and interaction with Settlement Depository are submitted by Clearing Members to CC in form of Electronic Documents signed with Digital Signature.

4.3. Following documents are used for interaction between CC and Clearing Members during clearing of obligations under Internal OTC Contracts:

5.3.1. Order for clearing of Internal OTC contracts in order to ensure clearing of obligations under OTC Agreements (compiled and submitted by Clearing Members to CC via the System in form of an Electronic Document signed with Digital Signature) containing following information:

- subject matter of Internal OTC contracts;
- date and time of submission of the Order for clearing of Internal OTC contracts;
- ID of the Clearing Member having submitted the order for clearing of Internal OTC contracts; ID of the Clearing Member being the counterparty under Internal OTC contracts;
- direction of Internal OTC contracts;
- TCA;
- short code of the Clearing Member's client, if Internal OTC contracts was executed at the expense and under instructions of the Clearing Member's client;
- availability/ lack of the check of Available Funds sufficiency at the time of acceptance of the Order for clearing of Internal OTC contracts;
- price of 1 security/ price of currency unit being the subject matter of Internal OTC contracts (regarding Sales and Purchasing Agreement);
- price of 1 security/ price of currency unit under the first part of OTC Repurchase Agreement/ Swap Agreement (regarding Repurchase Agreement/ Swap Agreement);
- price of 1 security/ price of currency unit under the second part of OTC Repurchase Agreement/ Swap Agreement (regarding Repurchase Agreement/ Swap Agreement);

- repurchase/ swap rate (regarding Repurchase Agreement/ Swap Agreement);
- date of fulfilment of Internal OTC contracts (regarding sales and purchasing agreement);
- date of fulfilment of the first part of OTC Repurchase Agreement/ Swap Agreement (regarding Repurchase Agreement/ Swap Agreement);
- date of fulfilment of the second part of OTC Repurchase Agreement/ Swap Agreement (regarding Repurchase Agreement/ Swap Agreement);
- price currency/ matched currency of Internal OTC contracts;
- amount of securities in lots/ currency constituting the subject matter of Internal OTC contracts;
- lot size (for securities);
- Internal OTC contracts amount in price currency (regarding sales and purchasing agreement);
- amount of the first part of OTC Repurchase Agreement/ Swap Agreement in price currency (regarding Repurchase Agreement);
- amount of the second part of OTC Repurchase Agreement/ Swap Agreement in price currency (regarding Repurchase Agreement);
- amount/ procedure for calculation of fine for non-fulfilment of obligations under Internal OTC contracts;
- details of cash account for fulfilment of obligations under Internal OTC contracts (if necessary), that may include following: name of the recipient bank, correspondent account number, settlement account number; SWIFT of the recipient bank, SWIFT of the correspondent bank, recipient account, account currency ;
- details of custody account for fulfilment of obligations under Internal OTC contracts (if necessary), that may include following: name of the depository, recipient custody account number, custody account section number.

4.4. OTC Offer sent to execute Internal OTC contracts and Pairs of OTC Agreements (compiled and presented by Clearing Members to CC via the System in form of an Electronic Document signed with Digital Signature) contains following information:

- ID code of security being the subject matter of Internal OTC contracts or Pair of OTC Agreements;
- date and time of OTC Offer submission;
- ID of the Clearing Member having sent the OTC Offer;
- ID of the Clearing Member, sending of a matching OTC Offer by which constitutes a condition for execution of Internal OTC contracts or Pair of OTC Agreements between CC and the Clearing Member having sent the OTC Offer;
- sending of Internal OTC contracts or Pair of OTC Agreements;
- TCA/ Analytical TCA;
- short code of the Clearing Member's client, if Internal OTC contracts or Pair of OTC Agreements is to be executed at the expense and under instructions of the Clearing Member's client;
- price of 1 security being the subject matter of OTC Sales and Purchasing Agreement;
- price of 1 security under the first part of OTC Repurchase Agreement or the First Agreement in the Pair of OTC Agreements;
- Repurchase rate;
- date of fulfilment of OTC Sales and Purchasing Agreement;
- date of fulfilment of the first part of OTC Repurchase Agreement or the First Agreement in the Pair of OTC Agreements;
- date of fulfilment of the second part of OTC Repurchase Agreement or the Second Agreement in the Pair of OTC Agreements;
- price currency of Internal OTC contracts or Pair of OTC Agreements;
- settlement currency under Internal OTC contracts or Pair of OTC Agreements;
- amount of securities in a lot;
- lot size;
- amount of OTC Sales and Purchasing Agreement in price currency;
- repurchase amount of OTC Repurchase Agreement or amount of the First Agreement in the Pair of OTC Agreements in price currency;
- amount of the second part of OTC Repurchase Agreement or amount of the Second Agreement in the Pair of OTC Agreements in price currency.

#### **Article 5. Clearing reports and notifications of CC**

5.1. Every day CC generates and sends to Clearing Members the following reports/notifications/statements:

- CLR06 Report on Obligations Accepted for Clearing (Extract from the Register of Agreements Accepted for Clearing);

- CLR06C Extract from the Register of Agreements Accepted for Clearing (under agreements executed at the expense of and on behalf of clients of the Clearing Member);
  - CLR13 Report on final net obligations/ net claims;
  - CLR14 Report on Collateral, Margin Requirement and Debt;
  - CLR15 Report on Obligations of the Clearing Member for Commission Fee Payment: provided daily from the time of arising of the Clearing Member's obligation to pay amounts of clearing charges till fulfilment of such obligations and/ or on the date of withholding of these amounts from Collateral Assets of the Clearing Member;
  - CLR20 Notification of the Clearing Member's Trading and Clearing Accounts;
  - CLR21 Notification of the Clearing Member's Accounts for Funds withdrawal;
  - CLR22 Report on Claims for Cash Register Debt;
  - CLR23 Report on obligations under agreements;
  - CLR23C Notification of Obligations under Agreements (under agreements concluded at the expense of and on behalf of clients of the Clearing Member);
  - CLR76 Report on contributions to the Default Fund;
  - CLR82 Notification of Assignment of the Codes / Registration of the Short Codes of the Clients of the Clearing ;
  - CLR98 Report on global operations and obligations/ claims for income transfer: provided daily from the time of arising of the Clearing Member's obligation to transfer Income till the time of fulfilment of these obligations, as well as from the time of execution by the Clearing Member of Agreement, procedure for execution of obligations under which is to be changed in connection with securities issuer reorganisation, conversion and/ or fractioning of securities without securities issuer reorganisation, or other actions affecting fulfilment of obligations under Agreement, till the time of fulfilment of obligations under this Agreement;
  - CLR98A Notification of the Amount of Obligations/Claims for Income Transfer: provided once at the time of determination of Clearing Members' obligations to transfer Income;
  - CLR99 Collateral Report.
- 5.2. Forms and formats of clearing reports, extracts, and notifications are set out in Annex 5 to the Clearing Regulations.
- 5.3. CC sends reports, extracts, and notifications indicated in this Article to Clearing Members with the use of address ITSCP@REPORT.
- 5.4. If CC is unable to send reports, extracts, and notifications with the use of the address indicated in clause 5.3 of these Clearing Regulations, CC uses address [clearing@itsx.kz](mailto:clearing@itsx.kz) in such case, CC sends reports, extracts, and notifications to the addresses of Clearing Members indicated in the Application for registration as a Clearing Member or in application on changes in data of the Clearing Member, in form of an Electronic Document signed with Digital Signature.
- 5.5. CC may send information messages and other letters from address [info@itsx.kz](mailto:info@itsx.kz), as well as from the following EDMS addresses: ITSCP@CLIENT, ITSCP@DEPO.
- 5.6. In case of a corporate event, as a result of which the number of securities changes, CC may change contents of the Security Code field by indicating ID code of the security obtained as a result of the corporate event in CLR99 Collateral Report starting from the 6th business day before the date of register closing for the purpose of the corporate event.

## **Article 6. List of securities, regarding which OTC Offers can be sent**

- 6.1. Clearing Member may send OTC Offers regarding securities included in the list of securities, depending on the tariff plan selected by the Clearing Member.
- 6.2. Lists of securities, regarding which Clearing Member may send OTC Offers, are defined by CC and published on CC Web-Site.

## **Article 7. Use of information**

7.1. To identify Clearing Members and fulfil applicable requirements of legislation in the area of combating money laundering and terrorism financing in accordance with AIFC Rules on combating money laundering and terrorism financing and sanctions, CC may provide affiliated legal entities, including Settlement Depository, with necessary information, as well as any documents, including personal data obtained by CC from Clearing Member in the amount required by such legal entity in accordance with requirements regarding compliance with legislation and further service provision to Clearing Member set out by such legal entity.