KAZAKHSTAN STOCK EXCHANGE

Approved

by a decision of the Board
of Kazakhstan Stock Exchange
(minutes No.61
dated June 23, 2021)

Effective as of

July 7, 2021

SPECIFICATION

of foreign currency to tenge futures

Almaty

2021

This Specification has been developed in accordance with the internal document of Kazakhstan Stock Exchange JSC (hereinafter referred to as the Exchange) "Rules for carrying out exchange activities" and defines the standard conditions, parameters of trading, the procedure for the occurrence, modification and termination of obligations on futures for the exchange rate of foreign currency to tenge (hereinafter referred to as the futures contract).

Chapter 1. CONCLUSION OF A FUTURES CONTRACT

1. This Specification uses the concepts defined by the internal document of the Exchange "Rules for carrying out exchange activities" and other internal documents of the Exchange.
2. The underlying assets of futures contracts, the terms and parameters of trading of which are determined by this Specification, are the exchange rates of the corresponding foreign currencies in relation to tenge.
3. The main parameters of trading a futures contract are set out in the appendix to this Specification.
4. When trading a futures contract, the price is indicated in Kazakhstani tenge per lot or per unit of foreign currency in accordance with the parameters of this contract set out in the appendix to this Specification.
5. Trading in a futures contract is opened for six terms of circulation.

   At the end of the circulation of a futures contract with the nearest execution period, trades with the longest execution period of such a contract are opened.
6. The day of the beginning of the circulation of the futures contract is the fifth day of each calendar month.

   If the day of the beginning of the circulation of a futures contract falls on a holiday or a weekend, then the day of the beginning of the circulation is the next working day after it, on which exchange trading of futures contracts is held.
7. The last day of the futures contract circulation is the third Thursday of the month and year of the contract execution.

   If the third Thursday of the month and year of execution of the futures contract is not a trading day, the last day of circulation is the last trading day preceding the third Thursday of the month and year of execution of the futures contract.
8. The day of execution of a futures contract is the last day of its circulation, except for the cases provided in paragraphs 18 and 19 of this Specification.
9. An additional method of trading a futures contract is the method of concluding direct transactions.

Chapter 2. OBLIGATIONS UNDER THE FUTURES CONTRACT

10. Performance of obligations under a futures contract is carried out without delivery of the underlying asset, while the parties to such a contract are obliged to pay each other an amount of money in tenge (variation margin) in accordance with sub-paragraphs 1) and 2) of paragraph 12 of this Specification, the amount of which depends on the change in the value of the underlying asset.
11. The variation margin is calculated during the Exchange's clearing session in accordance with the Exchange's internal document "Regulations for Conducting Clearing Sessions on Transactions with a Central Counterparty" and is paid in the period from the first day of the futures contract conclusion to the day of its execution inclusive.
12. In order to calculate the variation margin, one of the following formulas is used:

1) when calculating the variation margin on a futures contract, for which the calculation of the variation margin was not previously carried out:

$$VM_0 = (P_{last} - P_{fut}) \times \frac{S_{tick}}{tick}, \text{ where}$$

VM_0 – the amount of the variation margin on a futures contract for which the calculation of the variation margin was not previously carried out, rounded to the second decimal place according to the rules of mathematical rounding;

P_{last} – the current (last) settlement price of a futures contract is determined in accordance with the Exchange's internal document "Methodology for determining the risk parameters of financial instruments";

P_{fut} – the price of concluding a futures contract;

S_{tick} – the cost of the minimum change in the price of a futures contract, determined in accordance with the appendix to this Specification;

tick – the minimum change in the contract price determined in accordance with the appendix to this Specification;

2) when calculating the variation margin under a contract for which the calculation of the variation margin was carried out earlier:

$$VM = \left(P_{last} - P_{previous}\right) \times \frac{S_{tick}}{tick}, \text{ where}$$

VM – the amount of the variation margin on a futures contract, for which the calculation of the variation margin was carried out earlier, rounded to the second decimal place according to the rules of mathematical rounding;

$P_{previous}$ the previous settlement price of the futures contract (or the initial settlement price of the futures contract).

13. The obligations to pay the variation margin are fulfilled in accordance with the procedure and terms established by the Exchange's internal document "Rules for Clearing Transactions in Financial Instruments" (hereinafter referred to as the Clearing Rules). At the same time:
    1) if the variation margin is positive, then the seller of the futures contract has an obligation to pay the variation margin;
    2) if the variation margin is negative, then the buyer of the futures contract has an obligation to pay the variation margin in an amount equal to the absolute value of the calculated variation margin.
14. The execution price of a futures contract corresponds to the estimated price of the underlying asset of such a futures contract, calculated on the day of its execution based on the results of the trading day in accordance with the internal document of the Exchange "Methodology for determining the risk parameters of financial instruments".

Chapter 3. BASIS FOR TERMINATION OF OBLIGATIONS ON A FUTURES CONTRACT

15. Obligations under a futures contract are completely terminated upon the expiration of the term of circulation of this contract, as a result of its execution.
16. The obligations of a trading participant under a futures contract are completely terminated as a result of the occurrence of counterclaims by such a participant on a futures contract with the same underlying asset and the circulation period in the amount of its obligations in the manner and terms provided for by the Clearing Rules.

17. Obligations under a futures contract may be terminated for other reasons specified in the Clearing Rules, in accordance with the procedure established by them.

Chapter 4. SPECIAL CONDITIONS

18. If it is impossible to determine the current settlement price of the corresponding foreign currency to tenge, including in the case of suspension/termination of the determination of such a price, the Management Board of the Exchange has the right to make one or more of the following decisions:
    1) on changing the date of the last day of circulation of the futures contract;
    2) about changing the date of the day of execution of the futures contract;
    3) on changing the current (last) settlement price and / or determining the procedure for calculating and transferring the variation margin.
19. The Exchange has the right to change the date of the last day of circulation and/or the date of the day of execution of the futures contract, if the last day of its circulation is declared a non-working day.
20. Unless otherwise provided by the decision of the Exchange's Management Board, from the date of entry into force of the decision (decisions) adopted (accepted) by The Management Board of the Exchange, in accordance with paragraphs 18 and 19 of this Specification, the terms of existing obligations under previously concluded futures contracts are considered changed taking into account the specified decision(s).

Chapter 5. FINAL PROVISIONS

21. Responsibility for the timely introduction of changes and/or additions (updating) to this Specification lies with the trading department.
22. This Specification is subject to updating as necessary, but at least once every three years calculated from the date of entry into force of this Specification.

Chairperson of the Management Board A. Aldambergen

Appendix

to the Specification of Foreign Currency Exchange Rate Futures to Tenge

PARAMETERS OF CONDUCTING TRADING IN FUTURES ON FOREIGN CURRENCY EXCHANGE RATE AGAINST TENGE

No	Name of the futures	The code of the underlying asset	The underlying asset	The procedure for specifying the futures price in the application	Lot	Minimum price change, tenge	Minimum price change cost, tenge
1	2	3	4	5	6	7	8
1.	Futures on the US dollar to tenge rate	US	US dollar to tenge rate	In tenge for one US dollar	USD 1.000	0.01	10