

# KAZAKHSTAN STOCK EXCHANGE

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## Appendix R4

to Rules of Exchange  
Securities Trading

### Agreed on

with the Committee on Regulation and  
Supervision of the Financial Market and  
Financial Organizations of the National Bank  
of the Republic of Kazakhstan

on July 7, 2011

Acting Chairman of the Committee on  
Regulation and Supervision of the Financial  
Market and Financial Organizations of the  
National Bank of the Republic of Kazakhstan

K. KOJAKHMETOV

### Approved

by Kazakhstan Stock Exchange  
Board of Directors decision

(minutes of meeting No. 12 of May 31, 2011)

### Effective

from September 12, 2011

### Agreed on

with Central Securities Depository

on June 15, 2011

President

B. KAPYSHEV

## NOTICE

The Regulations below have been translated into English by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with the Regulations original version in Russian, the latter prevails.

# REGULATIONS

## on Conducting Settlements on Securities Transactions under T+0 Scheme with Full Backing (Gross Settlements)

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Almaty

2011

**Regulations on Conducting Settlements on Securities Transactions  
under T+0 Scheme with Full Backing (Gross Settlements)**

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These Regulations define the order of settlements on securities deals concluded during trading sessions at Kazakhstan Stock Exchange (hereinafter – the Exchange), as well as the order of conducting trading procedures related with the backing of transactions being concluded.

**Chapter 1. GENERAL PROVISIONS**

**Article 1. Main Terms**

1. The terms used in these Regulations mean the following:
  - 1) **"Position's Limit"** is a restriction preventing a trading participant from arriving at a negative value of the position in his accounts in the trading system;
  - 2) **"Position"** is an amount of money (money position) or number of securities (position in securities), registered respectively at money or trading accounts of a trading participant (and/or his clients) in the Exchange's trading system, whereas:

**"Entry Position"** is a position indicating the amount of money (entry money position) or number of securities available in accounts of a trading participant at the Central Depository or in a position in the Inter-Bank Data Transmission System of the Republican State Enterprise "Kazakhstan's Center for Inter-Bank Settlements" (hereinafter – the IDTS KCIS) designated for settlements upon trading being conducted by the Exchange;

**"Current Position"** is a position indicating an entry position with account taken of deals and other transactions conducted by a trading participant in the Exchange's trading system as at the current moment of a trading day;

**"Plan Position"** is a position calculated by the Exchange's trading system based on a trading participant's current position with account taken of (excluding) parameters of orders submitted by that trading participant to the Exchange's trading system;
  - 3) **"Confirmation System User"** means legal entities registered by the Exchange as users of the Confirmation System and connected thereto. However, only the following categories can be users of the Confirmation System:
    - legal persons authorizing trading participants to conclude deals through trading accounts belonging to such persons; and
    - legal persons whose money accounts are used for settlements on deals concluded by other trading participants;
  - 4) **"Settlement Confirmation"** means submission by a trading participant to the Exchange's trading system of additional confirmations of the following:
    - readiness of the trading participant to fulfill his liabilities on a deal involving purchase (selling) of securities he concluded earlier (day T-n). It means that settlements on such a deal are carried out on the day of submission of the relevant confirmation; and/or
    - readiness to fulfill liabilities on the order submitted by the trading participant for the purpose of concluding a deal at a special trading session for placement, purchase, buy-back or selling of securities arranged by the Exchange, on the day of settlements upon results of such trading session;
  - 5) **"Confirmation System"** is a set of software and hardware of the Exchange allowing users of the Confirmation System to obtain data on securities transactions concluded in the trading system on behalf of such users or their clients (with regard to whom such users are nominal

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holders of securities) and based on results of processing of such data to forward confirmations of such deals or refusals to confirm such deals to the Exchange's trading system (messages about compliance of deals' terms to terms of deal conclusion orders);

- 6) **"Message of Readiness to Fulfill Liabilities on a Repo Transaction/Readiness Message"** means submission by a repo transaction participant to the Exchange's trading system of the relevant confirmation of his readiness to fulfill his liabilities on the repo transaction (on a closing repo transaction or on transfer of a compensatory payment on a repo transaction);
  - 7) **"Trading Participant"** is an Exchange member taking part in securities trading being conducted by the Exchange;
  - 8) **"Central Depository"** means the JSC "Central Securities Depository".
2. Other definitions used in these Regulations are determined by other internal documents of the Exchange.

**Article 2. Main Provisions**

1. Settlement scheme T+0 with full backing for securities transactions used at the Exchange, regulates the order of trading procedures and settlements stipulating that:
  - 1) settlements on all securities transactions concluded at the Exchange, including initial offering of securities, settlements on repo transactions and transfers of compensatory payments on repo transactions are carried out on the day of conclusion of such deals, with exceptions provided by sub-item 3) of this item;
  - 2) submission by a trading participant of an order for conclusion of a securities purchase (selling) deal to the Exchange's trading system with settlements to be made the same day, and/or submission of a settlement confirmation by a trading participant, as well as submission by a trading participant of a message of readiness to fulfill his liabilities on a repo transaction are only possible when money (securities) is (are) available on the trading participant's respective account, to the amount sufficient for conclusion of such deals or fulfillment of liabilities on such repo transaction;
  - 3) settlements on deals concluded within special trading sessions for placement, purchase, buy-back or selling of a financial instrument arranged by the Exchange are carried out within terms set by the Exchange's internal documents regulating the procedure of conducting such special trading sessions and relevant settlements, or within terms set by respective decisions of the Exchange's Board of Directors.
2. Settlements on securities are carried out by the Central Depository in accordance with terms of these Regulations and internal documents of the Central Depository.
3. The Central Depository carries out settlements on deals based on orders for execution of such settlements coming in from the Exchange in the order provided by the respective agreement between the Exchange and Central Depository.
4. Settlements on securities deals and repo transactions are carried out in the gross settlements mode and executed separately on each of such deals/repo transactions in the real time mode without a set-off of claims and liabilities on other deals of trading participants.

**Article 3. Classification of Trading Participants**

1. Admission to exchange trading in securities is granted in accordance with the Exchange's internal document regulating membership to the Exchange. For purposes of these Regulations securities trading participants are classified as follows:
  - 1) the first group includes trading participants who in accordance with these Regulations are allowed to independently determine the entry money position in their money accounts in the Exchange's trading system;
  - 2) the second group includes trading participants whose entry positions are determined by the Exchange based on data provided by the Central Depository.
2. The first group of trading participants includes Exchange members from category "stock market member", i.e. the National Bank of the Republic of Kazakhstan (hereinafter – the National Bank), all banks of the lower (second) tier of the banking system of the Republic of Kazakhstan and JSC "Development Bank of Kazakhstan" (hereinafter – the Bank/Banks).
3. The second group of trading participants includes Exchange members from category "stock market member", which are not banks (with the exception set in item 4 of this article).
4. A trading participant from the first group committing within the last 30 days two instances of non-fulfillment of his liabilities on payment for securities purchased at the Exchange and/or on transfer of a compensatory payment on a repo transaction due to insufficient amount of money in his position at the IDTS KCIS, shall be transferred into the second group.
5. Transfer of a trading participant from the first group into the second group of trading participants in accordance with item 4 of this article is carried out by the Exchange on the day following the day of occurrence of the second instance of failure to meet liabilities which was committed by him within the last 30 days.

Reverse transfer of a trading participant, represented by a bank from the second group of trading participants into the first group of trading participants is carried out automatically not earlier than 30 days after his transfer into the second group. However, the term indicated in these Regulations may be reduced based on a decision of the Exchange's Board of Directors.

The Exchange shall notify the Central Depository of transferring a trading participant from the first group into the second group or vice versa, not later than the end of the business day preceding such transfer.
6. The National Bank possesses a special status of trading participant and it is not subject to terms and conditions provided in items 4 and 5 of this article; nor are his money accounts subject to observation of position's limits set by these Regulations for trading participants, in the Exchange's trading system.

**Article 4. Trading Participants' Accounts**

1. In order to take part in securities trading arranged by the Exchange, each trading participant should have the following accounts:
  - 1) in the Exchange's trading system:
    - **money accounts** are accounts set up for the purpose of registering money of a trading participant and/or his clients designated for participation in securities trading arranged by the Exchange;
    - **trading accounts** are accounts set up for the purpose of registering securities of a trading participant and/or securities of his clients designated for participation in securities trading arranged by the Exchange.

Each trading account of a trading participant corresponds with a certain sub-account of such participant and/or his clients maintained at the Central Depository;

- **positional accounts** are sections of the trading account where particular titles of securities are registered;

2) in the Central Securities Depository:

- **sub-account** is a sub-account set up in a trading participant's personal account at the Central Depository; it is designated for registering securities meant for participation in securities trading arranged by the Exchange.

A trading participant's own securities and/or securities of his clients are registered in the sub-account;

- **current and correspondent accounts (prepayment accounts)** are accounts of trading participants at the Central Depository, where money designated for participation in securities trading arranged by the Exchange is registered.

Trading participants from the first group should have correspondent accounts and trading participants from the second group should have current accounts at the Central Depository.

A trading participant's own money and money of his clients is registered in the prepayment account;

3) The first group participants should maintain the following items with the IDTS KCIS:

- **a position at the IDTS KCIS**, a position designated for registering money of an IDTS KCIS user, which was transferred by himself to the IDTS KCIS account at the National Bank for the purpose of making money transfers through the IDTS KCIS.

2. In case of transfer of a trading participant from the first group into the second group of trading participants, the Central Depository shall use such participants' correspondent accounts at the Central Depository for their money settlements.
3. Control over observation of trading participants' positions limits is carried out in the Exchange's trading system, in their money and trading accounts.
4. The procedure of opening, maintaining and closing down of accounts mentioned in item 1 of this article is regulated by internal documents of the Exchange, the Central Depository and the IDTS KCIS.

## **Chapter 2. CONCLUDING DEALS AND CONDUCTING SETTLEMENTS**

### **Article 5. Backing of Deals**

1. To be able to conclude deals in the Exchange's trading system all trading participants should have the following:
  - in sub-accounts at the Central Depository: the number of securities appropriate for the deal to be concluded;
  - the amount of money appropriate for the deal to be concluded, i.e.:
    - trading participants from the first group should have the adequate amount of money in their positions at the IDTS KCIS in order to be able to make gross settlements;
    - trading participants from the second group should have the adequate amount of money in their prepayment accounts maintained at the Central Depository.

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2. Each day, before opening of securities trading, and in an order and within terms set in the agreement between the Exchange and the Central Depository, the Exchange requests, and the Central Depository submits to the Exchange's trading system information about the following :
- the balance (number) of securities available in sub-accounts of trading participants;
  - amounts of money of trading participants available in their prepayment accounts at the Central Depository.

Values of entry positions in the Exchange's trading system are updated according to data submitted by the Central Depository to the Exchange's trading system.

3. The Exchange's trading system ensures control of observation of positions' limits by way of monitoring entry positions, current positions and plan positions of trading participants, except for limits on money positions of the National Bank.
4. Checking of orders submitted by trading participants during special trading sessions for placement, purchase, buy-back or selling of securities as on whether the money is sufficient for making settlements upon results of conducting such trading sessions, is carried out by the Exchange's trading system on the day of executing settlements upon such special trading sessions and in the period of time specified in the terms of conducting such trading sessions.

In case of insufficiency of trading participants' money for making settlements upon results of conducting special trading sessions, such trading participants shall carry responsibility mentioned in respective regulations on such special trading sessions.

5. On the day of conducting gross settlements on deals in securities concluded by trading participants on day T-n, such trading participants should submit to the Exchange's trading system the settlement confirmation on respective deals in order to confirm sufficiency of money/securities of such trading participants.

In case of untimely presentation of the settlement confirmation on securities deals made by trading participants earlier (on day T-n) or their non-presentation on the day of conducting due settlements, no settlements on such unconfirmed deals shall be effected. It means that deals are considered terminated due to non-presentation/untimely presentation of the settlement confirmation by the respective trading participant. Responsibility of a trading participant for non-fulfillment of such deals is determined in these Regulations and other internal documents of the Exchange.

6. Orders for conclusion of securities purchase (selling) deals, messages of readiness to fulfill liabilities on repo transactions, as well as settlement confirmations submitted by trading participants shall be rejected by the Exchange's trading system in case of exceeding values of fixed positions' limits.

7. A trading participant may use securities or money available in his accounts at the Central Depository for purposes other than execution of trading and settlements at the Exchange under scheme T+0 with full backing only in case of absence of need for backing of deals he concludes during exchange trading in securities, or in case of absence of need for backing of repo transactions he executes in the Exchange's trading system in accordance with these Regulations.

In case of need for use of securities or money available in a trading participant's accounts at the Central Depository designated for trading and settlements under scheme T+0 with full backing, for other purposes, that trading participant shall submit to the Central Depository a corresponding

order, which can be executed only after the Exchange's trading system in a special way has checked such trading participant's compliance with positions' limits; and depending upon whether the result of such checking by the Exchange's trading system is positive or negative, the Central Depository shall execute such order or refuse such participant execution of his order.

At the end of a trading day, the Exchange's trading system shall submit to the Central Depository information of the following:

- 1) irreducible money balances in trading participants' prepayment accounts;
- 2) irreducible balances of securities in trading participants' sub-accounts,

which serve as backing for deals and/or open positions of trading participants and cannot be used by them without the Central Depository having obtained from the Exchange a permission to use such backing.

8. Trading participants from the first group are granted the right to independently determine values of entry money positions in their accounts in the Exchange's trading system.

A value a trading participant from the first group sets in the Exchange's trading system for the entry money position in his own money account, should reflect the amount of money he reserved for deals in the Exchange's trading system, and the value of the entry position in a client money account should not exceed the total of the balance(s) in the bank account(s) of that (those) client(s) of such trading participant.

In case of absence of money in first group trading participants' positions maintained at the IDTS KCIS, those trading participants, when making money settlements, carry full responsibility for non-execution of those settlements, in accordance with terms set in these Regulations and the Rules of Repo Transactions Execution.

#### **Article 6. Changing Positions during Trading**

1. During trading, trading participants have the possibility to increase or decrease:
  - the number of securities in their sub-accounts at the Central Depository;
  - the amounts of money available in their prepayment accounts at the Central Depository.

Information about an increase in the number of securities or amount of money in trading participants' prepayment accounts shall be submitted by the Central Depository to the Exchange's trading system immediately after such an increase.

A reduction in the number of securities available in sub-accounts or money in prepayment accounts of a trading participant at the Central Depository shall be carried out only after his positions' limits have been checked in accordance with terms set in item 7 of article 5 of these Regulations.

2. In case of emergence or availability of restrictions concerning financial instruments or money at disposal of a particular depositor of the Central Depository, being imposed by authorized government bodies, the Central Depository shall send a notification of a decrease in the number of securities available for making settlements and/or the amount of money available in accounts of such depositor.

After the Exchange has received from the Central Depository a notification mentioned in the previous paragraph, the Exchange's trading system shall effect respective changes in trading participants' positions within the trading system and for the purpose of control of limits observation it will annul trading participants' active orders, if their positions' limits are breached as a result of a

change in entry positions. In such case plan and current positions of trading participants shall be changed accordingly in the Exchange's trading system.

In case of non-execution of settlements on deals concluded in the trading system as a result of a position change due to circumstances mentioned in the first paragraph of this article, responsibility for non-execution according to terms set in article 10 of these Regulations, shall rest with the deal's party on whose accounts the mentioned restrictions were imposed.

3. After receiving from the Central Depository information about an increase/decrease in the number of securities and money in trading participants' accounts at the Central Securities Depository, the Exchange's trading system shall increase/reduce corresponding entry positions of those trading participants in trading and money accounts in accordance with terms set in these Regulations.
4. Trading participants from the first group may independently change values of their entry money positions during trading, in accordance with terms set in these Regulations.

The trading systems shall refuse a first group trading participant a possibility to change entry positions on money during trading, if such change causes non-observation of position's limits.

5. The trading system shall accept orders, messages of readiness to fulfill liabilities on repo transactions, and settlement confirmations from trading participants only provided they observe their positions' limits as a result of acceptance of such orders, messages of readiness and settlement confirmations.

In case of acceptance of orders, messages of readiness and settlement confirmations from trading participants, the Exchange's trading system shall accordingly change values of plan positions on trading and money accounts, for which such orders, messages of readiness and settlement confirmations were accepted.

#### **Article 7. Carrying out Gross Settlements**

1. At the moment of registering in the Exchange's trading system of:
  - a securities purchase (selling) deal, including securities initial offering deals;
  - a deal concluded during a special trading session;
  - a closing repo transaction;
  - a message of readiness to fulfill liabilities on a closing repo transaction from both sides of the repo transaction;
  - a message of readiness to fulfill liabilities on transfer of a compensatory payment on a repo transaction

the Exchange's trading system shall send to the Central Depository information on mentioned deals and compensatory payments on repo transactions in the form of settlement instructions, and trading participants' current positions shall not change until the moment of receipt from the Central Depository of information about execution of settlements on one deal or the other or with regard to transfer of a compensatory payment on a repo transaction<sup>1</sup>.

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<sup>1</sup> Until the moment of receiving from the Central Depository of information on execution of settlements on a deal or transfer of a compensatory payment on a repo transaction, plan positions of trading participants are calculated with taking account of parameters of that deal, for the purpose of eliminating the possibility of concluding other deals with the same assets of trading participants.

After receiving the mentioned information from the Central Depository, the Exchange's trading system shall accordingly change current and plan positions of trading participants.

The Exchange's trading system shall send settlement instructions to the Central Depository separately on each transaction and/or transfer of a compensatory payment on a repo transaction, in order of their registration in the Exchange's trading system.

2. After executing settlements according to settlement instructions received from the Exchange's trading system, the Central Depository shall inform the Exchange's trading system of conducting such settlements, reporting on each instruction.

After receiving from the Central Depository messages of settlements executed on a particular deal and/or transfer of a compensatory payment on a repo transaction, the Exchange's trading system shall accordingly change values of trading participants' positions. The number of securities and amount of money in entry and current positions of trading participants in the Exchange's trading system is set in accordance with the message from the Central Depository.

### **Chapter 3. SPECIFICS OF CONFIRMATION SYSTEM'S OPERATION**

#### **Article 8. Order of Deals Confirmation by Confirmation System Users**

1. Information on all securities purchase (selling) deals, opening and closing repo transactions, orders submitted during special trading sessions and messages of readiness to transfer a compensatory payment on repo transactions executed in the trading system over accounts controlled by users of the Confirmation System, is brought to the knowledge of those Confirmation System users by way of reflecting the said information in terminals of the Exchange's trading system used by those Confirmation System users.
2. Securities purchase (selling) deals, opening and closing repo transactions and messages of readiness to transfer a compensatory payment on repo transactions respectively executed in the trading system and submitted to the trading system over accounts controlled by users of the Confirmation System, are sent by the Exchange's trading system to the Central Depository for settlements only provided that confirmations on such deals and readiness messages were received from those Confirmation System users if such confirmations were compulsory according to the Rules of Exchange Securities Trading and Rules of Repo Transactions Execution.
3. A Confirmation System user should send to the Exchange's trading system a confirmation or refusal to confirm a securities purchase (selling) deal, opening or closing repo transaction, an order submitted during a special trading session, or a message of readiness to transfer a compensatory payment on a repo transaction not later than the end of operation of the Confirmation System, specified by the Regulations of Trades and the Confirmation System Operation.

#### **Article 9. Responsibility for Non-Fulfillment of Liabilities due to Refusal to Confirm or Non-Receipt of Confirmation from a Confirmation System User**

1. In case a refusal to confirm a securities purchase (selling) deal has been received from a Confirmation System user, such deal shall be terminated. As a result, the trading participant who concluded those deals, shall be liable to pay within five business days a fine (penalty) to the party towards whom he failed to fulfill liabilities concerning a securities purchase (selling) deal, equaling to 5.0 % of the failed deal's amount, by way of transferring the fine (penalty) to the Exchange's correspondent account at the National Bank in accordance with terms set in these Regulations.

In case a refusal on opening or closing repo transactions has been received from a Confirmation System user, the respective transaction shall be terminated; the responsibility of the party who concluded that transaction but failed to meet its liabilities thereupon, is determined by the Rules of Repo Transactions Execution.

2. In case a refusal on a message of readiness to transfer a compensatory payment on a repo transaction has been received from a Confirmation System user, or a Confirmation System user failed to present a confirmation or refusal to confirm readiness to transfer such compensatory payment, transfer of the compensatory payment on the repo transaction shall not be executed. That also means that the trading participant who was due to transfer the mentioned compensatory payment on that repo transaction, shall carry responsibility specified by the Rules of Repo Transactions Execution.
3. Refusal to confirm securities purchase (selling) deals, opening and closing repo transactions, and refusal to confirm a message of readiness to transfer a compensatory payment on a repo transaction, which respectively were concluded and which are effected by a trading participant in the trading system with the use of accounts controlled by a Confirmation System user, cannot be made by that Confirmation System user due to absence of money or securities at such trading participant's disposal, since during accepting of orders for conclusion of such deals from a trading participant or during accepting from him messages of readiness to execute a closing repo transaction or transfer of a compensatory payment on a repo transaction, the Exchange's trading system is controlling observation of limits of that trading participant's positions.
4. Deals not confirmed by a Confirmation System user by the end of time specified by the Regulations of the Confirmation System Operation, shall be declared terminated.

Responsibility provided in article 10 of these Regulations with regard to a deal terminated due to non-presentation of confirmation by a Confirmation System user in due time, shall be borne by the trading participant who concluded such deal.

5. A Confirmation System user who refused to confirm a securities purchase (selling) deal, a message of readiness to transfer a compensatory payment on a repo transaction, or failed to confirm a deal or a readiness message by the end of time specified by the Regulations of Trades and the Confirmation System Operation, must within the next business day provide to the Exchange a letter explaining the reasons for the refusal to confirm or reasons for the non-confirmation.
6. In case a Confirmation System user fails to confirm his liabilities on delivery of confirmation or refuses to confirm a securities purchase (selling) deal, an opening or closing repo transaction, a message of readiness to transfer a compensatory payment on repo transactions, being executed in the trading system over accounts controlled by that Confirmation System user, in time, specified by these Regulations, that Confirmation System user shall be liable to pay within five business days a fine (penalty) in favour of the Exchange, to the amount of 50 MCI (Monthly Calculation Index) by way of transferring the fine (penalty) to the Exchange's correspondent account at the National Bank.

#### **Chapter 4. TRADING PARTICIPANTS' RESPONSIBILITY FOR NON-FULFILLMENT OF THEIR LIABILITIES ASSOCIATED WITH DEALS**

##### **Article 10. Responsibility for Non-Execution of Deals**

1. A trading participant carries full responsibility for non-execution (improper execution) of his liabilities associated with deals he concluded in the Exchange's trading system, including those made at the account and on behalf of his clients. A trading participant's responsibility towards other trading participants is determined in these Regulations and other internal documents of the Exchange.
2. In case a trading participant fails to execute his liabilities associated with a securities purchase (selling) deal by the end of an operating day of the Central Depository, such deal shall be deemed terminated and that trading participant shall be liable to pay to the counterparty and/or the Exchange a fine (penalty)

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within five business days following the day of non-execution, by way of transferring the fine (penalty) to the Exchange's correspondent account at the National Bank in accordance with terms set in these Regulations.

Responsibility for non-execution of repo transactions or liabilities on execution of compensatory payments on repo transactions is determined by the Rules of Repo Transactions Execution.

3. In case of termination of a deal due to its non-execution by one of that deal's parties, the party which concluded the deal but failed to execute its liabilities associated with that deal, shall be liable to pay to the Exchange the full amount of commission fees due on a failed deal and calculated for that particular deal, in accordance with terms set in the Exchange's internal documents, without taking into account any preferences granted with regard to the Exchange's commission fees.
4. In case of receipt from the Central Depository of a notice in accordance with terms set in item 2, article 6 of these Regulations, and ensuing impossibility to execute settlements due on a deal concluded by an Exchange member, such deal of that Exchange member shall be deemed terminated and he shall be liable to pay a fine (penalty) in favour of the party towards whom he failed to meet liabilities associated with the deal.

A party of a securities purchase (selling) deal, who concluded the deal but failed to meet its liabilities associated with the deal, shall be liable to pay a fine (penalty) to its counterparty, equaling to 5.0 % of the terminated deal's amount, in the order set in the first paragraph of item 2, article 10 of the Regulations.

5. In case a trading participant from the first group has an amount of money in his position at the IDTS KCIS not sufficient for fulfillment of his liabilities associated with a deal, namely in case of him setting the value of the entry money position in his money account in violation of requirements set in these Regulations, the trading participant, who is the counterparty under that deal, shall receive via the trading system a message about that instance of the counterparty's liabilities non-fulfillment, and he may at his own discretion terminate that deal at any moment of time before the end of the trading day or until the moment of execution of that deal by way of repeated conducting of settlements on that deal.
6. Repeated settlements on a failed deal shall be carried out only upon mutual agreement of the parties, by way of submitting a special message to the Exchange's trading system by each party of that deal indicating their readiness to make repeated settlements on the deal.
7. A trading participant from the first group, who concluded a deal but failed to meet his liabilities associated with that deal due to absence of money in his position at the IDTS KCIS, shall be obliged to pay a fine (penalty) equaling to:
  - 1) 0.5 % of the failed deal's amount in favour of the party towards whom he failed to meet his liabilities, if that party refused to conduct repeated settlements on the failed deal;
  - 2) 50 MCI in favour of the Exchange in case of conducting repeated settlements on the failed deal;
  - 3) 5.0 % of the failed deal's amount in favour of the party towards whom he failed to meet his liabilities, if that deal was not executed during carrying out of repeated settlements.

Payment of a fine by the party, who concluded a deal but failed to fulfill its liabilities on that deal, is effected in the order set in item 2, article 10 of the Regulations.

8. After the party, who concluded a deal but failed to fulfill its liabilities on that deal, transfers the fine (penalty) to the Exchange's correspondent account at the National Bank, the Exchange shall transfer the respective amount of fine to

the party, liabilities towards whom failed to be met, within two business days following the day of arrival of that fine to the Exchange's correspondent account.

9. In case of emergence of disputes (disagreements) with regard to payment of a fine (penalty), a trading participant may within five business days designated to payment of the fine to the party, liabilities towards whom failed to be met:

- 1) turn to the Exchange with a plea for a mutual solution of the disputes (disagreements) and disclosure for this purpose of information on the counterparty of the terminated deal. In case of receipt of such plea, the Exchange shall be obliged to ask the counterparty of the deal for its consent to disclose information about itself, and if such consent is obtained, to provide the pleading party with the name of the counterparty under the deal for the purpose of a mutual solution of the disputes (disagreements) without calling the Arbitration Commission on Stock Market Issues.

In case the party, towards whom liabilities failed to be met, refuses a mutual solution of the dispute (disagreements), the obligation of payment of the fine by the failed party shall be postponed for up to five business days, following the date of submission by the suffering party to the Exchange of the written request stating his refusal to mutually solve the dispute (disagreements) regarding payment of fine.

In case of consent of the failed deal's parties to a mutual solution of the disputes (disagreements) regarding payment of fine, both parties shall have to send to the Exchange a written request stating absence of mutual pecuniary claims regarding that deal, and a refusal request from the party, whose claims regarding payment of rightful fine failed to be met;

- 2) turn to the Arbitration Commission on Stock Market Issues (hereinafter - the Arbitration Commission) with a request to have the dispute considered by the Arbitration Commission.

In case of one of the deal's parties turning to the Arbitration Commission with a request to solve the dispute (disagreements) within the time mentioned in the first paragraph of this item, the obligation of payment of the fine (penalty) by the failed party of the deal shall be postponed for up to five business days, following the date of decision by the Arbitration Commission, unless otherwise stated by the Arbitration Commission's decision or the parties' agreement.

The Arbitration Commission considers disputes in accordance with Regulations on Arguments and Conflicts Resolution Procedures and the Exchange Arbitration Commission, in the part not contradicting requirements set in these Regulations.

In case of failure to reach an agreement on the emerged dispute (disagreement) or disagreement of the parties with the Arbitration Commission's decision, such dispute (disagreement) shall be subject to settlement by way of legal action in accordance with the legislation of the Republic of Kazakhstan.