

# **AIX CSD**

## **User Committee**

Terms of Reference

October 2020

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## 1. General

### 1.1. Definitions

The **AIX CSD** means Astana International Exchange Central Securities Depository Limited.

A **Board** means the Board of Directors of the AIX CSD.

A **Compliance Officer** means the individual whose name has been provided to the AIX CSD regulator as accountable for the Compliance function of the AIX CSD, and his/her representative.

A **Connected Person** means, for a natural person, all cases of the immediate family, such as:

- spouse or legal partner;
- parents and grandparents, and their spouses or legal partners;
- children and grandchildren, and their spouses or legal partners; and
- siblings and their spouse or legal partners. It also includes any person having the same domicile or habitual residence as the User committee member.

A **Member** means any person duly appointed to the User Committee in accordance with these Terms of Reference.

A **Secretary** means the individual duly appointed by the AIX CSD to act as the User Committee secretary.

### 1.2. Purpose

The User Committee is established for the Depository system that the **AIX CSD** operates.

The User Committee is established for the purpose to provide non-binding opinions to the Board on key areas of the **AIX CSD** activity that impact the participants of the **AIX CSD**.

### 1.3. Review of Terms of Reference

These Terms of Reference shall be subject to periodic review and approval by the **Board**.

### 1.4. Reference information

Terms of Reference owner: **AIX CSD**.

Key contact: **Secretary**.

Approved: **Board**.

## 1.5. Publication

These Terms of Reference are available on the [www.aix.kz](http://www.aix.kz).

## 2. User Committee Terms of Reference

### 2.1. Members

The User Committee is composed of representatives of participants in the Depository system.

The **Members** should have appropriate knowledge of the post-trade industry, have sufficient seniority and experience.

Nominees for **Members** are proposed based on decision of the **AIX CSD** participants.

Breach by any **Member** of its duties under these Terms of Reference may result in his/her removal as a **Member** of the User Committee and any further action deemed appropriate to the circumstances.

Under exceptional circumstances, the **Members** may appoint delegates to attend a User Committee meeting by sending email to the **Secretary**.

### 2.2. Rights of Members

The User Committee provides independent advice to the **Board**, on key arrangements that impact the participants, i.e.:

- criteria for accepting participants,
- service level, including relevant significant developments needed to adapt to legal, regulatory, IT or other market changes impacting the way participants interact with the **AIX CSD**,
- review of the **AIX CSD** rules and procedures,
- proposed changes or additions to the **AIX CSD** fee schedule.

The User Committee is informed by the **AIX CSD** and acts in accordance with these Terms of Reference.

The User Committee is regularly informed of the performance of the Depository system.

The User Committee may submit a non-binding opinion to the **Board** containing detailed reasons regarding the pricing structures of the **AIX CSD**.

## 2.3. Duties of Members

Each **Member** undertakes to actively engage in the User Committee meetings, dedicating sufficient time to their role as **Member**.

Each **Member** attends User Committee meetings in person or by video teleconference or by phone.

Each **Member** shall share with the User Committee appropriate market views in their role as **Members** rather than represent their individual organisations.

Each **Member** agrees that any information disclosed by the **AIX CSD** to **Members** in the exercise of their functions as **Members**, is a priori confidential, unless clear statement to the contrary is provided. Each **Member** undertakes to keep such information confidential and not use it for purposes other than for the exercise of their User Committee function.

Each **Member** acknowledges he/she understands general principles of competition law and shall refrain from bringing commercially sensitive information to the User Committee.

Each **Member** shall dedicate the required time to review and approve the minutes of the User Committee meeting shortly after its occurrence.

## 2.4. Meeting attendees

All **Members**.

Non-voting attendees:

- **Secretary** nominated by the **AIX CSD** management,
- Relevant representatives of the **AIX CSD** management,
- Any additional invitees as deemed necessary for User Committee meeting.

At the beginning of each User Committee meeting, the **Secretary** determines whether there is sufficient and balanced representation of participants in order to proceed with the meeting.

The meeting is competent to vote if half or more than half of all Members are present in the meeting.

## 2.5. Frequency of meetings

A minimum of three scheduled meetings per year.

Additional ad-hoc meetings as deemed necessary by the User Committee.

## 2.6. Meeting agenda and notice

The **Secretary** sets the agenda.

Notice of meetings shall be sent in electronic form to the declared email addresses of **Members**.

## 2.7. Committee support and resources

Administrative and logistical support is given by the **AIX CSD**.

Minutes shall be drafted by the **Secretary**, circulated to the **Members** for comments and approval by email within a short timeframe.

Minutes shall be circulated for information of the Board of AIX CSD upon each meeting by giving notice through AIX CSD Secretary.

## 2.8. Voting

Any advice, non-binding opinion or request of the User Committee shall be determined by a simple majority of **Members** present in the meeting.

Each **Member** has one vote and all votes are equal. A **Member** may appoint a proxy to vote at a User Committee meeting in their place.

In case of equality of votes the issue is sent for additional discussion and a second vote until a decision is taken by a simple majority of **Members**.

The User Committee will be informed by the **AIX CSD** of any decision in which the **Board** decides not to follow the advice of the User Committee. The Board retains full discretion to

accept or reject any advice, non-binding opinion or request of the User Committee on any grounds the Board will deem appropriate.

## 2.9. Conflicts of Interest

The **Members must** comply with the User Committee policy on conflicts of interest (chapter **Conflict of Interest policy** of these Terms of Reference).

When the **Member** thereof has a potential or actual conflict of interest in the context of a specific matter falling in the remit of its mandate as a **Member**, he/she shall abstain from voting on that matter.

## 2.10. Resignation

The **Members** may resign at any time by notice in writing.

Any **Member** resignation notice should be delivered to the **Secretary**, sufficiently in advance in order for the User Committee secretary to ensure proper succession as necessary.

## 3. Conflicts of Interest policy

### 3.1. Conflict of interest

A conflict of interest (referred to as “actual Conflict of Interest”) is a situation pertaining to a **Member**.

- where the judgment of a **Member** concerning one interest may be unduly influenced by a second interest of that **Member** or a **Connected Person**, and
- creating a risk of damage to the interests of the **AIX CSD** or **Member** or one (or more) of the **Member’s** clients.

A potential conflict of interest (“referred to as “potential Conflict of Interest”) is a situation which could potentially create, or could be perceived to create, an actual Conflict of Interest. A Conflict of Interest refers to an actual Conflict of Interest or a potential Conflict of Interest.

The **Member** may be conflicted either:

- personally (including **Connected Person**), or
- as an employee or representative of a **Member**.

### 3.2. Identification and notification of conflicts of interest

As soon as the **Member** becomes (or should be reasonably) aware of a Conflict of Interest as defined above and impacting his/her role within User Committee, he/she should inform the **Secretary** of the Conflict of Interest. The **Member** has the duty to consider and disclose any Conflict of Interest both upon receipt of the agenda of the upcoming meeting and during discussions at the meeting.

### 3.3. Managing conflicts of interest

The **Compliance Officer**, upon request of the **Secretary**, concludes whether a Conflict of Interest does exist for a **Member**, or not.

In his/her appraisal, the **Compliance Officer** will consider whether the particular matter does give rise to a Conflict of Interest for a **Member**, by reference to each of the underlying elements of the definition outlined in Identification and notification of conflicts of interest (existence of two conflicting interests and the risk of damage). Where the **Compliance Officer** determines that a **Member** has a Conflict of Interest in relation to a particular matter, that **Member** shall abstain from voting on that matter.

### 3.4. Keeping a record of actual and potential conflicts of interest

The **Secretary** will ensure that disclosures of Conflicts of Interest by **Members** and decisions relating to Conflicts of Interest, are adequately documented and recorded in the minutes of any relevant meeting.

### 3.5. Creating awareness

The **Secretary** is responsible for creating awareness regarding these Terms of Reference (including with third parties as required) and ensuring **Members** are informed of their responsibilities relating to conflicts of interest.

The **Secretary** is available to answer any questions that arise in relation to conflicts of interest.



### 3.6. Oversight of Conflict of Interest policy

The content of Conflict of Interest policy and all changes to these Terms of Reference thereto will be submitted for approval to the **Board**, subject to the right of the User Committee to request amendments to the Conflict of Interest policy of these Terms and Conditions, to the extent permitted by the **AIX CSD**'s applicable laws. The **Secretary** is accountable for overseeing the first line implementation of this policy with **Compliance Officer** for ensuring compliance from a second line point of view.

Together they will:

- review this policy at least once a year;
- report any material findings to the **Board**;
- recommend amendments or additions, where appropriate.

### 3.7. Breach of Conflict of Interest policy

Breach by any **Member** of its duties under Conflict of Interest policy may result in his/her removal as a **Member** of the User Committee pursuant to these Terms of Reference.

### 3.8. Roles and Responsibilities

The **Board** has overall responsibility for ensuring there are effective policies, processes and procedures in place for the management of conflicts of interest in **AIX CSD**, including identification and management of conflicts of interests that relate to **Members**.

**Members** are responsible for identifying any Conflict of Interest arising in respect of their own User committee membership and for acting in accordance with the Conflict of Interest chapter of these Terms of Reference and the general legal and regulatory provisions on conflicts of interest of the acting law of the AIFC.

The **Secretary** is responsible for:

- supporting the processes and procedures for the identification and management of Conflicts of Interests including making the Conflict of Interest chapter of these Terms of Reference available to all **Members** and ensuring due awareness on how the Conflict of Interest policy applies to **Members**;
- Minuting and recording the Conflict of Interest and the measures taken.

The **Compliance Officer** is responsible for:

- Monitor the effectiveness of Conflict of Interests measures and controls;

- Report to the **Board** on an annual basis on the overall compliance with this policy.

This Conflict of Interest policy will be part of the independent audit and review of the effectiveness of the Conflict of Interest policies, processes and procedures to be carried out by Internal Audit in the **AIX CSD**.