



**ASTANA INTERNATIONAL EXCHANGE  
CENTRAL SECURITIES DEPOSITORY  
MARKET CONSULTATION PAPER NO. 5 /2021**

**AMENDMENTS TO AIX CENTRAL SECURITIES DEPOSITORY  
BUSINESS RULES**

**I. Overview**

1. This consultation paper is issued by Astana International Exchange Central Securities Depository Limited (AIX CSD) in order to invite all interested parties to comment on the amendments to AIX CSD Business Rules.
2. Amendments to AIX CSD Business Rules were elaborated in order to:
  - (i) enabling international investors to settle their AIX trades at the higher level depository (Nominated Custodian), such as Euroclear, without physical delivery of the securities to AIX CSD;
  - (ii) providing basis for alternative (apart from BIS Model II) settlement model for AIX Trading Members based on Euroclear Settlement Model.
3. All comments should be in writing and sent to [A.Kolesnichenko@aix.kz](mailto:A.Kolesnichenko@aix.kz)
4. In sending your comments by email, please state "AIX CSD Consultation Paper No. 2/2021" as the subject and include your name, job title, contacts and organisation you represent in the email body. AIX CSD reserves the right to publish and share with third parties any comments received as part of Market Consultation, unless expressly requested otherwise at the time of making comments.
5. The deadline for providing comments is November 10, 2021.
6. Comments received as part of Market Consultation will be considered and will or will not be incorporated in the final draft of revised AIX CSD Business Rules at the discretion of AIX CSD.

## II. Background

AIX CSD sees a high demand and readiness of trading members to settle their trades at Euroclear. Given that the AIX CSD already has an account at Euroclear, the enhanced settlement model will allow these same investors to settle their trades at Euroclear.

Main advantages of the settlement at Euroclear are:

- Settlement finality in EU,
- Provide multicurrency settlement at Euroclear,
- Provide segregated proprietary/clients cash accounts (noted as needed by foreign trading members as per Mifid2 Regulations),
- Tier 1 reputable settlement partner.

Currently AIX CSD facilitates settlement of all transactions executed on AIX in AIX CSD Depository System pursuant to BIS Model II, where transfer of securities is provided on gross basis and the transfer of securities is done by netting buy and sell money obligations of a Participant for the Transactions.

AIX CSD intends to introduce new provisions:

- enabling international investors to settle their AIX trades at the higher level depository (Nominated Custodian), such as Euroclear, without physical delivery of the securities to AIX CSD;
- providing basis for alternative (apart from BIS Model II) settlement model for AIX Trading Members based on Euroclear Settlement Model.

The ultimate goal is to increase attractiveness of AIX market. Proposed amendments will facilitate execution of trades on AIX and ease their settlement in EU (or other jurisdiction where another potential Nominated Custodian may operate). For this purpose, new amendments have been drafted.

## III. Summary of key modification

AIX CSD is proposing to insert an amendment to the AIX CSD Business Rules so as to establish alternative settlement model allowing a Participant of the AIX CSD to choose as settlement place the depository system of the Nominated Custodian (for example, Euroclear Bank SA/NV (Euroclear)) for trades carried out on AIX.

**IV. Draft of proposed amendments for Market Consultation**

# AMENDMENTS

to

# AIX Central Securities Depository Business Rules

**Rule 5.2.7.** Except as described in Rule 5.2.7.-1, **Settlement** of transactions executed on the **AIX** shall be made in the **Depository System** according to BIS Model II, where the transfer of **Admitted Product** shall be done on gross basis, while the transfer of money shall be done by netting buy and sell money obligations of a **Participant** for the **Transactions**, the **Participant** is obliged to **Settle** on a **Settlement Day**, at a level of **Participant**.

**Rule 5.2.7. -1.** **Settlement** of transactions executed on the **AIX** can be made according to BIS Model I, where the transfer of **Admitted Product** and money shall be done on gross basis, in cases when such settlement is partially or fully placed on the level of an **AIX CSD** account in the system of a **Nominated Custodian** and followed with corresponding conditions and procedures. The **AIX CSD** shall inform the **Participants** of the conditions and procedure for such settlements in a Notice.

## **V. Attachments to this consultation paper:**

1. Annex 1 - Comparison table of the proposed amendments to the AIX CSD Business Rules.