

February 2022

AIX Regulation Newsletter

*AIX Regulation Newsletter is a regular update from AIX Regulation & Compliance office (“**R&C**”), which is issued from time to time to provide information and guidance for AIX Market Participants on various regulatory matters, expected standards and disciplinary action taken for breaches of AIX Group Business Rules.*

About R&C

R&C operates under a self-regulatory (SRO) model to ensure the effectiveness of regulation and market integrity of AIX Markets. R&C performs front-line regulatory functions on the AIX Markets under supervision of Astana Financial Services Authority (“**AFSA**”) and reports on regulatory matters to AIX Board of Directors.

R&C is responsible for the monitoring the AIX Markets, developing and enforcing the AIX Group Business Rules and related procedures and facilitating effective engagement between Market Participants, R&C and AFSA.

Any dispute in relation to R&C’s regulatory rulings may be referred to the AIX Appeals Committee at secretary@aix.kz. If appeal has failed at the level of the AIX Appeals Committee, it could be referred to AFSA at <https://afsa.aifc.kz/submit-your-complaint/> and/or to the AIFC Court as the final court of appeal.

This Newsletter Content

This edition of the Newsletter covers:

- 1) updates to the Guide on Issuer's Continuing Obligations;
- 2) announcement on the educational webinar for Issuers on Annual Reports;
- 3) general overview and update of Trading Members’ continuing obligations;
- 4) Trading Member’s obligations with regards to suspended clients' accounts at the AIX CSD.

I. Guide on Issuer's Continuing Obligations

The [Guide to continuing obligations of listed companies](#) (the "**Guide**") have been revised to reflect the following changes of AIX Market Disclosure Rules arising from recent amendments introduced to AIX Business Rules in October 2021 (effective since December 2021):

- Obligation to disclose the audited annual financial statements of the guarantor by the Issuer, where there is a guarantee attached to the Admitted Security (see item 6.2-1, Part 1 of the Guide); and
- In relation to concurrent disclosures, distinction between the information to be disclosed when the Issuer has Securities of the same Class and different Class listed on AIX and other Regulated Exchange (see section 12(1), Part 1 of the Guide).

Along with that, R&C introduced another set of amendments which comprise editorial and clarifying changes to assist in better understanding of the events required to be disclosed, *inter alia*:

- To single-out the requirement to disclose the changes in timetables for interest payments (see section 3.1-1, Part 1 of the Guide);
- Emphasize the obligation on prior notification of AIX with regards to upcoming maturity of time-limited securities (see section 4.4, Part 1 of the Guide); and
- Clarification on interpretation of significant transaction disclosure requirement (see section 2.1, Part 1 on the Guide).

For further queries, please contact Issuers Regulation team at listings@aix.kz.

II. Educational webinar for Issuers on Annual Reports

AIX R&C is pleased to announce that it is holding a webinar with regards to content requirements of Annual Report. The webinar is designed for educational purposes and aimed at the Reporting Entities and all parties involved in the AIX listing/post-listing procedures. Please click the following link to join: <https://bit.ly/3oU7Tcw> on **22 February 2022, at 11.00 a.m.** (Nur-Sultan time). If you have any question with regards to the webinar, please contact listings@aix.kz.

III. Trading Members & Participants Continuing Obligations

In order to preserve their AIX membership and/or AIX CSD participation, Trading Members and CSD Participants should always comply with their continuing obligations set out in AIX Group Business Rules and their Membership (Participation) Agreements, which generally include:

- ✓ Continuing Membership Eligibility Standards
- ✓ Reporting Obligations
- ✓ Specific Undertakings

The [Guide to the Key Continuing Obligations of Trading Members](#) have been revised to reflect the following changes of AIX Membership and Trading Rules arising from recent amendments introduced to AIX Business Rules in October 2021 (effective since December 2021):

- appointment of process agent in AIFC (as opposed to process agent with an address within the whole territory of Kazakhstan) to conform with changes introduced in AIFC AMI Rules in December 2020;
- clarificatory changes to Member's continuing reporting obligations (market abuse, license effectiveness, profile details);
- Alignment of time periods for reporting of off-the-Order-Book transactions in AIX TRD15.4 and the Market Notice on Reporting of off-the-Order-Book transactions.

[Guide to the Key Continuing Obligations of CSD Participants](#) was also revised and updated.

For further details concerning continuing obligations of AIX Trading Members and AIX CSD Participants please refer to dedicated sections on AIX web-site "[Already a Member](#)" or "[Already a Participant](#)" and/or contact broker@aix.kz.

IV. Trading Member's obligations with regards to suspended clients' accounts at the AIX CSD

Astana International Exchange Ltd. hereby informs its Trading Members on their obligation with regards to suspended clients' accounts at the AIX CSD in furtherance of TRD 3.2, TRD 3.3 and TRD 4.1 of AIX Business Rules.

Applicable Rules

- ✓ TRD3.2(R): “Any liabilities arising from the submission of electronic instructions and messages to the Order Book are the responsibility of the Member concerned.”
- ✓ TRD3.3(R): “Members must have adequate order management systems and controls that are designed to avoid errors in Orders submitted to the trading system.”
- ✓ TRD4.1 (R): “A Member must before submitting any Order to the Order Book ensure that its trade can be settled including by verifying as appropriate: (a) a seller of Admitted Securities has sufficient unencumbered Securities available in its account; or (b) a buyer has sufficient cash available in a settlement bank account or client account maintained by the Member.”
- ✓ BRG8.1(R) (Members to Act as Principals): “As between Members and AIX, each Member shall act as principal in all of its activities with AIX (including without limitation, when trading and/or clearing and/or settling) and shall be responsible and liable to AIX in respect of such activities as principal and not as agent.”

Expected Standard

Every Trading Member is reminded of the responsibility to ensure that if the clients' accounts have been suspended in the Member's order management system (due to outdated KYC information or otherwise), such clients' accounts must be also suspended at the AIX CSD. For this purpose, a respective Trading Member must notify AIX CSD via Secure File Transfer Protocol, provided by AIX CSD - share.aix.kz.

Where the client's account has been suspended, the Trading Member must ensure that no orders are submitted to the AIX trading system on behalf of such suspended client. Trading Members must have appropriate systems and controls in place to block such accounts into their order management system.

If a client with a suspended account is allowed by the Trading Member to submit orders to the AIX trading system that result in binding transactions, the Trading Member will be liable as Principal to settle the trade on its Settlement Account.