

# AIX CSD PROCEDURES

(Retail Custody)

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## 1. PURPOSE

These Procedures set out processes and conditions governing provision by AIX CSD of Custody Services, which may or may not be connected to the provision of clearing services by AIX CSD, to Retail Clients.

## 2. INTERPRETATION

For the avoidance of doubt all capitalized terms used herein shall have meanings given to them in AIX CSD Business Rules, AIX CSD Procedures or these Procedures.

**Account** means a personal custody sub-account in the name of a Retail Client under AIX CSD's nominee account established in the depository system of AIX CSD pursuant to and in accordance with terms and conditions of the Agreement.

**Admitted Products** shall have the meaning given in AIX CSD Business Rules.

**AIX** means Astana International Exchange Limited.

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

**Agreement** means a model custody service agreement between AIX CSD and a Retail Client in relation to Custody Services.

**App** means a mobile application developed by AIX under the brand name "Tabys" and licensed to AIX CSD on a non-exclusive basis for the purpose of facilitating exchange of information between AIX CSD as custodian and its Retail Clients in connection with Custody Services, including, but not limited to, remote KYC and onboarding, client identification, client communication, client reporting and facilitation of Corporate Action.

**Corporate Action** means corporate action initiated by an Issuer in respect of Admitted Products, such as distribution of dividend or coupons, payment of principal on maturity or other payments due to Retail Client from the Issuer, exercising voting rights, securities splits, corporate reorganizations, and other action carried out by the Issuer that directly affects holders of Admitted Products.

**Custody Services** mean services rendered by AIX CSD in respect of the Admitted Products to Retail Clients via the App in the depository system of AIX CSD pursuant to the terms of the documents listed in clause 3.1 hereof, including the following services: the electronic recording of interests in Admitted Product, the electronic transfer of title to Admitted Product, opening and maintenance of Accounts, the deposit and withdrawal to/from such Accounts of Admitted Products and/or money arising from, or in connection with, the holding of Admitted Products, and facilitating Corporate Action.

Direct Subscription means purchase by Retail Client of Admitted Products directly from an Issuer, which has issued such Admitted Products on AIX, pursuant to the terms and conditions set out in the offering documentation published by the Issuer of Admitted Products on its website and/or via Regulatory Announcement Service on AIX website.

**Issuer** means a legal entity which issued Admitted Product and seeks to admit (or has admitted) it to the AIX Official List.

**Retail Clients** mean Kazakhstani and foreign natural persons holding or intending to hold Admitted Products, who successfully passed KYC clearance of AIX CSD and accepted terms of the Agreement and Terms of Service via the App.

**Privacy Policy** means a document that explains how AIX CSD and its affiliates handle personal data of Retail Clients gathered in connection with opening and maintain their Accounts and rendering Custody Services to Retail Clients.

**Terms of Service** mean standard terms and conditions governing access to, and use of, the App.

### **3. CLIENT AGREEMENT AND CLIENT CLASSIFICATION**

- 3.1. Custody Services are provided to Retail Clients in respect of Admitted Products in online format via the App in accordance with the terms of:
- Agreement between AIX CSD and a Retail Client in relation to Custody Services;
  - Terms of Service governing access to, and use of, the App;
  - Privacy Policy on personal data processing;
  - AIX CSD Business Rules and Procedures (as supplemented by these Procedures) as might be applicable in relation to the depository system standard operational processes in connection with the Custody Services.

The Agreement, the Terms of Service and the Privacy Policy are published on [AIX CSD's website](#) (please refer to section "Retail Custody") and in the App. AIX CSD Business Rules and Procedures are published on AIX CSD's website (please refer to section "Clearing & Settlement/ Regulatory Documents"). A Retail Client accedes to the documents set out in this clause 3.1 by accepting their terms via the App. Such acceptance is deemed a due execution of the said documents in electronic format by both parties, AIX CSD and Retail Client.

- 3.2. AIX CSD may amend the Agreement, the Terms of Service and Privacy Policy unilaterally in any respect at any time by notifying Retail Client directly via the App. If a Retail Client does not wish to accept amendments, the Retail Client may terminate its relationship with AIX CSD by closing its Account via the App.
- 3.3. AIX CSD classifies all Retail Clients as a "Retail Client" for the purposes of the AIFC Conduct of Business Rules and Retail Clients will be afforded a level of protection available to "Retail Client" under the AIFC Conduct of Business Rules. Retail Client is not a Professional Client or a Market Counterparty.

### **4. SCOPE OF CUSTODY SERVICES**

- 4.1. AIX CSD does not render to Retail Clients any services other than Custody Services.
- 4.2. If a Retail Client wishes to sell, but and/or otherwise deal in its Admitted Products held on its Account, the Retail Client must appoint a broker, being a Participant of AIX CSD, and submit sell and/or buy orders to such broker. AIX CSD does not accept, or process, sell and/or buy orders.
- 4.3. Unless specifically provided in the Agreement between AIX CSD and a Retail Client or these Procedures, operations of AIX CSD are governed by the AIX CSD Rules and the AIX CSD Procedures (<https://aix.kz/clearing-settlement/regulatory-documents/>).

### **5. ACCOUNT**

- 5.1. In order to open an Account in the depository system of AIX CSD, a Retail Client must download the App to its personal mobile device and complete KYC procedure, following which the Retail Client will be offered to accept terms of the Agreement, the Terms of Service and

the Privacy Policy. Once accepted, AIX CSD opens an Account in the name of the Retail Client.

The Account is being opened as Retail Client's personal sub-account under the AIX CSD's nominee account established in the depository system of AIX CSD pursuant to AIX CSD Rules and Procedures with a sole purpose of providing Custody Services in respect of the Admitted Products.

- 5.2. AIX CSD will maintain a separate Account for each Retail Client and ensure that the Admitted Products held on behalf of the Retail Client are not mixed with its own assets, or those of other Retail Clients or AIX CSD Participants.
- 5.3. Retail Client may instruct AIX CSD via the App to close an Account. An Account may only be closed if the Account has zero balances. Once Account is closed, the Agreement between AIX CSD and Retail Client (including other documents set out in clause 3.1 of these Procedures) shall automatically terminate. Notwithstanding termination of such agreement by Retail Client, the provisions of the Agreement and all mutual rights and obligations arising therefrom in so far as they relate to dealing or operations with Admitted Product, except in so far as the same are contrary to or inconsistent with such termination or withdrawal, shall continue to be binding on the parties in respect of all acts, deeds, matters and things done or effected during the period when such Agreement was effective.
- 5.4. AIX CSD may on its own initiative close any Account that has a zero balance and has had no Account activity for a period of 6 months or more.
- 5.5. Each Retail Client irrevocably authorises AIX CSD (and directs AIX CSD to accept without reference to the Retail Client) to debit or credit Admitted Product from or to the Retail Client's Account and/or take such other action in respect of its Account in accordance with AIX CSD Business Rules (including allocation of Admitted Products to a Retail Client in Direct Subscription) and/or as a result of a Corporate Action and/or pursuant to Retail Client's Depository Instruction (FOP Instructions or take-up / give-up instructions). AIX CSD must debit and/or credit and/or take such other action in respect of Admitted Products and Accounts as instructed or authorised in accordance with AIX CSD Business Rules.

## **6. CLIENT ASSETS**

- 6.1. All money arising from, or in connection with, the holding of Admitted Products, held on behalf of a Retail Client will be kept on a nominee account of AIX CSD (segregated from AIX CSD's own funds) opened with the approved Settlement Bank (a Third-Party Account Provider). AIX CSD selects and approves Settlement Banks pursuant to the AIX CSD Policy for the selection of the Settlement Bank(s), subject to successful due diligence in respect of such Settlement Bank and its compliance with eligibility criteria.
- 6.2. Money recorded in AIX CSD nominee account in the Settlement Bank for a Retail Client is (deemed to be) held by AIX CSD as trustee for that Retail Client to the exclusion of all other Retail Clients or Participants; and such Retail Client is recognized as the sole beneficial owner of that money.
- 6.3. No money balance held on behalf of a Retail Client on AIX CSD nominee account in the Settlement Bank will bear interest.
- 6.4. AIX CSD may not use Admitted Securities and/or money of a Retail Client held on its Account for AIX CSD's own purpose or that of another person.

## **7. RECONCILIATION**

- 7.1. AIX CSD reconciles Admitted Products and cash on Retail Clients' Account on daily basis pursuant to its routine operational procedures under the AIX CSD Business Rules and Procedures.

## **8. CORPORATE ACTION**

- 8.1. A Retail Client holding Admitted Product at AIX CSD shall be entitled to all rights incidental to beneficial ownership of the Admitted Product held in an Account in its name, including receipt of interest and dividend or other distribution payments and exercise of voting and other rights. Any interest, dividend, distribution or other benefit received or accrued on any Admitted Product will be credited to the relevant Account of the Retail Client.
- 8.2. Upon receipt of details of any Corporate Action in respect of Admitted Products, AIX CSD will, as soon as is reasonably practicable, notify Retail Clients, for whom it holds those Admitted Products, via the App of those details.
- 8.3. AIX CSD will, upon request of an Issuer of Admitted Product or a relevant authorised person in connection with Corporate Action, provide the Issuer of Admitted Product or a relevant authorised person with the name of a Retail Client on behalf of whom AIX CSD holds those Admitted Products.
- 8.4. *Voting*  
AIX CSD provides proxy voting services to the Retail Clients wishing to exercise their voting rights pertaining to Admitted Product via the App.
- 8.5. *Payments*  
Where any interest, dividend or other amount of money in respect of Admitted Products as a result of a Corporate Action is received on AIX CSD's nominee account in the Settlement Bank, AIX CSD will credit the amount to Retail Client's Account at AIX CSD. Retail Client can withdraw money from its Account to its banking card and/or its bank account; any fees associated with such withdrawal to be borne by the Retail Client.

Neither AIX CSD nor the Settlement Bank shall be obliged to pay interest on any such amounts.

- 8.6. *Disclosures by the Issuer*

An Issuer of Admitted Product must disclose to the public any significant matters about the Issuer and its Securities via AIX Regulatory Announcement Service (<https://aix.kz/listings/continuous-disclosure-obligations/company-disclosures-2/>) as prescribed by the AIX Market Disclosure Rules and AIFC Markets Rules. The Retail Clients must familiarize themselves with such disclosures.

AIX CSD is not liable for fulfilment by Issuers of their continuing disclosure obligations and any content thereof. Any complaints relating to disclosure obligations of Issuers of Admitted Products must be filed with AIX pursuant to section 11 "Compliant Handling" hereof.

## **9. CLIENT COMMUNICATION AND REPORTING TO CLIENTS**

- 9.1. Communication between AIX CSD and Retail Client for the purpose of the client reporting in relation to Account and Custody Services is done via push notifications in the App directly to the Retail Client as a main communication channel.

- 9.2. AIX CSD may publish depository announcements on its website (<https://aix.kz/clearing-settlement/depository-announcement/>), send e-mails, SMS, or any other electronic means as specified in the Agreement (please refer to section “Notices”) and/or Terms of Service (please refer to section “Communications”).
- 9.3. An Investor will receive the following push notifications via the App:
- Confirmation of the Account being opened upon successful registration in the App;
  - Notification on Account movements (credits and debits);
  - Notifications on Corporate Action related to Admitted Products kept on the Account, in order to allow Retail Clients to exercise their rights;
  - Notification on execution of Retail Client’s transfer instructions.
- 9.4. In addition, Retail Client may generate Account statements in the App at any time.
- (i) The Account balance statement will include the following information:
- Account details and name of the Account owner
  - Date of the statement
  - Details of the Admitted Products (Issuer, ISIN)
  - Number of Admitted Products in the Account
  - Amount of cash, including currency
  - Registered Financial Collateral (if any)
- (ii) The Account movement statement will include the following information:
- Account details and name of the Account owner
  - Date of the statement and reporting period covered by the statement
  - Details on asset transfers to/from the Account (Admitted Products and cash)
  - Applicable fees and expenses charged by AIX CSD

## 10. CONFLICTS OF INTEREST

- 10.1. As a commercial company established to operate in the global capital markets, and to adhere to and implement international standards, integrity and professionalism are key to the success of AIX Group along with our professional approach and attention to our clients, counterparties and partners. AIX Group Code of Conduct (<https://aix.kz/about-aix/rules-regulations/>) establishes basic principles in how we do business, our corporate values and behavioural framework which governs the activities of AIX Group.
- 10.2. We avoid or declare conflicts of interest that may lead (or be seen to lead) to divided loyalties, either now or in hindsight. In order to identify and manage conflict of interest that may arise during the performance of official duties by AIX Group employees, AIX Group may adopt and implement any specific conflict of interest policies.
- 10.3. AIX Group maintains a List of Insiders; and any personal trading by AIX Group’s employees in Restricted Securities is subject to the AIX Group Personal Trading Procedures and requires prior approval of the AIX Group Compliance Officer.
- 10.4. AIX Group takes a zero tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever AIX operates and implementing and enforcing effective systems to counter bribery

and corruption, including AIX Group Anti-Bribery and Corruption Policy (<https://aix.kz/about-aix/rules-regulations/>).

## **11. COMPLAINTS HANDLING**

- 11.1. A Retail Client may file a complaint pursuant to a process as published on the AIX website at <https://aix.kz/about-aix/rules-regulations/making-a-complaint/>. The complaint will be handled pursuant to the AIX Group Internal Compliance Procedures. Based on outcome of the review of the complaint, AIX Group Compliance Officer may initiate a disciplinary proceeding.
- 11.2. If a Retail Client is not satisfied with the AIX Group's response, the Retail Client may contact the Astana Financial Services Authority (AFSA) at <https://afsa.aifc.kz/submit-your-complaint/>.
- 11.3. AIX and AIX CSD are regulated by the AFSA.

## **12. RECORDKEEPING**

- 12.1. The records-management program of AIX CSD ensures that all records that are required to conduct its business, to fulfil its legal responsibilities, and to support its tax liabilities are maintained and available. The detailed procedures on recordkeeping and retention periods are set out in the AIX Group Information Policy, which applies to activities of AIX CSD.
- 12.2. AIX CSD maintains Retail Clients' records in the back office of the App, including personal data, the Agreements, operations in the Account, submitted instructions relating to the Account (and assets therein), all notifications to Retail Clients. These records are kept for at least seven (7) years from the date on which the business relationship with the Retail Client has ended and could be shared with the regulator (AFSA or Financial Intelligence Unit of the Republic of Kazakhstan) to the extent and within the time established by applicable law.