

AIX Market Operations & On-Boarding

Astana International Exchange Central Securities Depository Limited

Market Notice 2019-07-01_06

Introduction of multicurrency settlement facilitation program

Date	01/07/2019
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AIX hereby informs its Trading Members and AIX CSD informs its Participants of the introduction of a multicurrency settlement facilitation program effective 01/07/2019. Details of the new service are summarized below. The terms used in this market Notice shall have the same meaning as defined in AIX CSD Procedures.

Purpose of the new service

Multicurrency settlement facilitation program (hereinafter – MCT) allows investors to trade Base Currency denominated Securities in Alternative Currency. In the process of settlement, the Multicurrency Settlement provides the execution of settlement of a transaction conducted on AIX where the client shall deliver or receive Alternative Currency for/from settlement while the settlement of the AIX transaction in the Depository System is performed in the Base Currency in accordance with AIX CSD Business Rules and AIX CSD Procedures.

Availability of the service

MCT is available to Trading Members, using FIX connectivity for order entry. It is not available on the WebTrader proprietary interface. No specific authorization is required to use the program apart from the successful completion of test scripts and procedures on the AIX test platform. MCT is also available to Custodians taking-up transactions for settlement in accordance with AIX CSD Business Rules.

Before using the service, Trading Member and Custodian shall sign Annex to the Participant Agreement with AIX CSD in order to enter into an agency relationship with a third-party entity that will conduct the conversion on behalf of the Trading Member/Custodian.

MCT is applied for secondary trading of equities only. The list of these eligible securities will be defined by AIX. AIX and the AIX CSD will publish the list of eligible securities and the list of eligible currencies for trading and settlement under the MCT on www.aix.kz in AIX Market Watch page.

Trades with Alternative Currency are not allowed for IPO/SPO transactions, including the initial book-building.

The MCT program is available daily up to a limit of Alternative Currency USD-equivalent 1,000,000 (USD One million) per trade and cumulated amount of USD 10,000,000 (USD Ten million) between the hours of 11:00 and 15:00 Nur-Sultan time and USD 1,000,000 (USD One million) per trade and cumulated amount of USD 2,000,000 (USD Two million) between the hours of 15:00 and 17:00. Once one of the daily limits is reached, AIX shall de-activate the service for the remainder of the trading session for that day. This limit may be reviewed over time by way of Market Notice.

Order entry and instrument convention

When using the MCT on behalf of their customers, Trading Members should select the instrument marked in an Alternative Currency (sub-instrument) from the list of securities.

Day-validity order type must be used at all times when using the service. Good-Til-Cancel (GTC) and Good-Til-Date (GTD) validities are not supported for MCT.

When entering an order, the Trading Member accepts the published conversion rate of the selected currency as disclosed by AIX. A Trading Member may change the currency at any time prior to the matching of the order by cancelling the initial order in the AIX trading system and entering a new order with a new selected settlement currency.

Once executed, an order with an Alternative Currency being selected cannot be cancelled, nor the Alternative Currency changed. The selected currency by the Trading Member will be the mandatory currency to be delivered by the Trading Member/Custodian for the settlement of the trade or to be received after the settlement takes place, in accordance with AIX CSD Rules and AIX CSD Procedures. The Trading Member and a Custodian cannot request a change of the currency after a trade is matched in the AIX trading system.

Currency conversion rate

For the selected currencies, two fixed daily conversion rates per currency (one for buy and one for sell) are provided by the agent and published, once a day on the AIX Market Watch page. If the MCT functionality is used, the currency of the orders is automatically converted and displayed in Alternative Currency via the FIX interface and on the AIX Market Watch page. New daily conversion rates are published once a day, after 11:00 am and before the opening of the continuous trading.

Currency conversion

When a trade takes place using the MCT service, the currency conversion takes place immediately at the displayed daily buy or sell conversion rate.

Alternative Currency Settlement Account

The appropriate Alternative Currency Settlement Account for the Trading Member or the Custodian as Participants of AIX CSD must be created before an order is matched on AIX for the selected Alternative currency. This will be done by the AIX CSD personnel, upon request of a CSD Participant, which should be initiated by the Trading Member or the Custodian as Participants of AIX CSD before participation in the scheme.

Trade settlement

Before settlement on T+2, the Trading Members (or the Custodian in case of taking-up transaction) buying in Alternative Currency shall credit the AIX Alternative Currency cash-settlement account with the corresponding amount in accordance with AIX CSD Business Rules and AIX CSD Procedures. Trading Members (or the Custodian in case of taking-up transaction) selling in Alternative Currency shall be credited the amount in Alternative Currency when settlement takes place. All related information shall be made available via the AIX CSD Depository System.

Default procedures – In case money or securities are missing for settlement where the trades had MCT trade details, such trades will be treated as regular settlement fail and rescheduled for the next settlement day. The conversion rate will not change. On the settlement day, the seller receives the currency she/he has elected, the buyer provides the required amount in the currency she/he has elected, while the settlement takes place in the currency the instrument is denominated.

Fees

The new program is provided at no additional cost to AIX Trading Members and CSD Participants.

Market Data

When MCT takes place, the amount in Alternative Currency is converted into the nearest tick size compliant price in the Market Data feed and on the Market Watch page and the trade value updated based on this same converted price. This has no incidence on the settlement value of the Alternative Currency trade for which the investor will pay or receive the amount traded in Alternative Currency.

Test platform

The new service is installed on the AIX test platform and we encourage Trading Members and AIX CSD Participants to test the new feature and become familiar with it. AIX MOD and C&S Departments will provide assistance for any request.