

REGISTERED

By resolution of the National Securities  
and Stock Market Commission of  
Ukraine

No. 1124 dated October 9, 2023

APPROVED

By resolution of the Exchange Board of  
LLC “Ukrainian Resource Exchange”

Minutes

No. 5 dated September 28, 2022

**CLEARING RULES**  
**of the Limited Liability Company “Ukrainian Resource**  
**Exchange”**

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## **1. General provisions and statements on clearing activities**

1.1. The Clearing Rules of the Limited Liability Company “Ukrainian Resource Exchange” (hereinafter referred to as the Clearing Rules) have been developed and approved in accordance with the Commercial Code of Ukraine, the Law of Ukraine on Commodity Exchanges, the Law of Ukraine on Capital Markets and Organized Commodity Markets (hereinafter referred to as the Law), the Law of Ukraine on State Regulation of Capital Markets and Organized Commodity Markets, regulations of the National Securities and Stock Market Commission (hereinafter referred to as the NSSMC) governing the professional activities in the capital markets, i.e. clearing activities, the Articles of Association of the Limited Liability Company “Ukrainian Resource Exchange” (hereinafter referred to as the Exchange’s Articles of Association) and represents the main document governing the procedure for providing clearing services to clearing members by Limited Liability Company “Ukrainian Resource Exchange” (hereinafter referred to as the Exchange), as well as ensuring settlements under exchange agreements concluded on the Exchange.

1.2. The Clearing Rules shall be binding on the Exchange and all clearing participants (their clients) to whom the Exchange provides clearing services in the manner stipulated by these Clearing Rules, other internal documents of the Exchange and laws of Ukraine.

1.3. The Clearing Rules shall define the general procedure for the Exchange to carry out clearing activities related to the determination of obligations.

1.4. The Clearing Rules, as well as amendments thereto, shall be approved by the Exchange Board and registered by the NSSMC in the manner established by law.

1.5. Amendments to the Clearing Rules shall become effective within the terms determined by the Exchange Board, but in any case not before the NSSMC adopts a decision on registration of amendments to the Clearing Rules.

1.6. The Exchange shall provide permanent free access to the Clearing Rules and amendments thereto by posting them on its official website.

1.7. The Exchange shall notify the clearing participants of amendments to the Clearing Rules and communicate the other information on conducting its activities, including decisions made with respect to the clearing participants, by posting such documents and information on the Exchange's official website. The Exchange may also use the other methods of informing the clearing participants and other stakeholders in accordance with these Clearing Rules and the concluded agreements.

1.8. In the case of amendments to laws governing the clearing activities, these Clearing Rules shall remain in force to the extent not contradicting laws until the

Clearing Rules are aligned with laws.

1.9. In these Clearing Rules the following terms shall have the meaning set forth below:

Exchange Board shall mean a collegial body enforcing the rights of the Exchange's members and, within the competence defined by the Exchange's Articles of Association, the Regulations on the Exchange Board and applicable laws of Ukraine, managing the Exchange, as well as controlling and regulating the activities of the Exchange director;

internal documents of the Exchange shall mean acts of internal regulation of the Exchange, which are official documents of the Exchange, which in accordance with these Clearing Rules, laws on capital markets and organized commodity markets regulate the clearing activities of the Exchange, including terms and mechanisms for ensuring settlements (delivery of exchange-traded commodities) in respect of a certain exchange-traded commodity (group of exchange-traded commodities), and govern the relations within the structure of the Exchange and between the Exchange and clearing participants (their clients), trading participants (their clients), clearing banks authorized by the Exchange, delivery operators and other persons specified in the internal documents of the Exchange;

default shall mean the failure of the clearing participant to fulfill its obligations to pay (transfer/credit), deliver, deposit, book (freeze) and/or perform the other actions with respect to the funds, other assets and instruments in accordance with the terms and conditions specified in the agreement between the clearing participant and the Exchange, as well as the internal documents of the Exchange;

registered persons shall mean clearing participants and clients of clearing participants;

obligations of the clearing participant's client shall mean obligations under contracts/agreements/transactions concluded for the benefit of the clearing participant's client;

individual accounting shall mean accounting whereby the rights and obligations of each clearing participant's client, information on funds, products and other assets credited/booked/frozen/provided for settlements, collateral for settlements and/or delivery or organization of settlements and/or delivery under contracts/agreements/transactions concluded for the benefit of the respective client are accounted for separately from the rights and obligations, information on funds, products and other assets of such clearing participant and its other clients;

clearing participant's client shall mean a person having direct contractual relations

with the clearing participant, on the basis of which the clearing participant executes contracts/agreements/transactions for the benefit of such a person, and the rights and obligations of the clearing participant arising from such contracts/agreements/transactions may be cleared by the Exchange;

clearing session shall mean the Exchange's operating hours for clearing and performing procedures to ensure settlements and deliveries under concluded exchange agreements, including through the exchange of information and documents with third parties (in particular, clearing participants or delivery operators);

clearing account of the clearing participant shall mean an account opened by the Exchange for the clearing participant in the clearing accounting system in accordance with the internal documents of the Exchange to account for the rights and obligations of the clearing participant under the contracts/agreements/transactions, as well as information on availability and flows of funds, products and other assets credited/booked/frozen/provided for settlements, ensuring the settlements and/or delivery or organization of settlements and/or delivery under the contracts/agreements/transactions of the clearing participant;

clearing account of the client(s) shall mean an account opened by the Exchange for the clearing participant in the clearing accounting system in accordance with internal documents of the Exchange to account for the rights and obligations under contracts/agreements/transactions concluded for the benefit of the clearing participant's client(s), as well as information on availability and flow of funds, products and other assets credited/booked/frozen/provided for settlements, ensuring the settlements and/or delivery or organization of settlement and/or delivery under the contracts/agreements/transactions made for the benefit of the clearing participant's client(s);

clearing register shall mean a separate section of the clearing account of the clearing participant/clearing participant's client where their collateral, rights and obligations under exchange transactions/agreements are recorded;

clearing services shall mean services provided by the Exchange in the course of clearing activities, including clearing, opening and maintaining the clearing accounts of clearing participants and clients of clearing participants (hereinafter referred to as clearing accounts), making settlements in the clearing accounting system and/or arranging settlements and/or deliveries, as well as providing information and taking actions for risk management (including default management);

counterparty shall mean a person who is a party to an exchange agreement concluded with a clearing participant (its client);

collective accounting shall mean accounting of rights and obligations under

contracts/agreements/transactions concluded for the benefit of the clearing participant's clients, as well as information on funds, products and other assets credited/booked/frozen/provided for settlements, collateral for settlements and/or delivery or organization of settlements and/or delivery under such contracts/agreements/transactions, which is carried out on one clearing account of clients without identification and grouping of obligations, rights, information on funds, products, and other assets credited/booked/frozen/provided for settlements, collateral for settlements and/or delivery or organization of settlements and/or delivery under contracts/agreements/transactions in respect of individual clients;

margin shall mean a type of collateral consisting of highly liquid assets credited/booked/frozen/provided to the Exchange to ensure fulfillment of obligations accounted for on the clearing accounts of registered persons;

delivery operator shall mean a legal entity that, in accordance with the law and/or contractual relations, stores and/or ensures transportation (transfer) of an asset that is an exchange-traded commodity and/or approves the transfer/ acquisition/ assignment/ accounts for the transfer of such an asset (including a gas transmission system operator, gas storage operator, transmission system operator, grain storage facilities, etc.);

rights and obligations of the clearing participant's client shall mean rights and obligations under the contracts/agreements/transactions executed for the benefit of the clearing participant's client;

register of exchange agreements shall mean the information provided by the Exchange to the clearing bank of the registered person determined in accordance with these Clearing Rules in electronic form for the purpose of settlements (or a part thereof) under the exchange agreements;

clearing account manager shall mean an individual authorized by the clearing participant or a person intending to become a clearing participant to sign orders in respect of the clearing account and transactions on such clearing account;

clearing bank shall mean the servicing bank of the Exchange/clearing participant (its client), in which the account of the Exchange/clearing participant (its client) is opened as a participant of non-cash settlements and/or performs for such a participant (its client) on contractual terms any transactions or services provided for by the Law of Ukraine on Banks and Banking;

clearing accounting system shall mean the Exchange's internal accounting system used by the Exchange to open and maintain clearing accounts, to record rights and obligations of clearing participants and their clients under commodity transactions, to record information on cash and other assets credited/booked/frozen/provided for participation in exchange trading and/or settlement/delivery (organization of

settlement/delivery) under contracts/agreements/transactions.

risk appetite shall mean the level of risk that the Exchange is willing to accept in order to achieve its strategic goals before taking actions to reduce risk;

commodity collateral (delivery collateral) shall mean exchange-traded commodities credited/booked/frozen/provided by the clearing participant (its client) in the accounting system of the delivery operator for delivery (organization of delivery) under contracts/agreements/transactions;

financial collateral (settlement collateral) shall mean the funds preliminary transferred by the clearing participant (its client) to the account of such clearing participant (its client) and recorded in relevant sections of the clearing account in the clearing accounting system, which are intended for proper fulfillment of obligations by the clearing participant (its client) under exchange agreements in accordance with these Clearing Rules and other internal documents of the Exchange;

clearing participant shall mean an Exchange member and other trading participant that has entered into a clearing service agreement with the Exchange for clearing rights and obligations under contracts/agreements/transactions executed in the clearing participant's own interests and/or for the benefit of its clients.

1.10. The terms not specifically defined herein shall have the meanings established by the Law of Ukraine on Capital Markets and Organized Commodity Markets, laws and regulations of the NSSMC, as well as internal documents of the Exchange.

1.11. For the purposes of these Rules, the delivery (transfer) of products that are the subject of a contract/deed/transaction shall be deemed to be:

- 1) actual delivery of the subject of the contract;
- 2) transfer of a document certifying the ownership of the relevant goods or the relevant quantity of the relevant goods;
- 3) other methods provided for by law for transferring ownership of a certain quantity of products without physical delivery, including nomination, submission of schedules, and notifications regarding natural gas or electricity.

## **2. REQUIREMENTS FOR CLEARING PARTICIPANTS**

2.1. Clearing participants may be legal entities and/or individual entrepreneurs who have acquired the status of the Exchange member or another trading participant.

2.2. The Exchange shall provide clearing services to the clearing participant on the basis of the clearing agreement concluded with it, provided that it is registered in the manner established by these Clearing Rules and the Law. If a clearing participant makes settlement/delivery under the exchange agreements using the Exchange's clearing system, this shall be indicated in the documents submitted by it for obtaining the status of a registered person and shall be specified in the clearing agreement. A person shall acquire the status of a clearing participant from the date of entry of the clearing agreement into force.

The Exchange shall, prior to concluding the clearing agreement, provide the person intending to become a clearing participant with the information specified in part two of Article 12 of the Law of Ukraine on Financial Services and State Regulation of Financial Services Markets (except for subclause e of clause 3 of part two of this Article).

2.3. The Exchange shall make available on its website current documents and draft agreements to be concluded in order to obtain the status of a clearing participant.

2.4. The Exchange shall, in the manner stipulated by its internal documents, provide a person intending to become a clearing participant or a clearing participant with sufficient information for such person or a clearing participant to assess risks, tariffs and expenses related to obtaining the status of a clearing participant using the clearing services of the Exchange. The person intending to become a clearing participant shall be provided with the said information prior to conclusion of the clearing agreement. Receipt of such information shall be confirmed by the clearing participant in writing.

2.5. The person intending to become the clearing participant and the clearing participant shall meet the following requirements:

- have an open account with a clearing bank;
- enter into a service agreement with the relevant Delivery Operator in order to deposit commodity collateral for delivery (if the clearing participant settles/delivers exchange agreements through the Exchange's clearing system and/or uses the relevant exchange-traded commodities as collateral);
- conclude a clearing agreement with the Exchange in the form established by internal documents of the Exchange;
- appoint a clearing account manager in accordance with the requirements of the Clearing Rules and other internal documents of the Exchange;



-have software and hardware, as well as communication channels with the Exchange meeting the requirements of internal documents of the Exchange;

-not be subject to any prohibitions on establishing business relations with the Exchange as defined by internal documents of the Exchange and/or applicable laws of Ukraine.

2.6 A person intending to become a clearing participant shall provide the Exchange with the following documents confirming compliance with the requirements set forth in clause 2.5 hereof:

- application form for opening of the clearing account(s) in the form established by internal documents of the Exchange;

- information on the delivery operator(s) (full or abbreviated name and EDRPOU code) that records, stores and/or ensures delivery of assets that are the subject of exchange agreements to be entered into by a person intending to become a clearing participant and/or that the clearing participant plans to deposit as collateral;

- the original or a duly certified copy of the document containing information on the details of the clearing bank and details of the account(s) of the person intending to become a clearing participant;

- administrative documents appointing the clearing account manager;

- documents confirming that the person intending to become a clearing participant has software and hardware, as well as communication channels with the Exchange that meet the requirements of internal documents of the Exchange;

- documents and information required by the Exchange to fulfill obligations imposed on it by law (including the AML laws) in relation to a person intending to become a clearing participant and its clients (if the Exchange clears the rights and obligations of such clearing participant's clients);

- written confirmation of receipt of sufficient information to assess the risks, tariffs and costs associated with obtaining the status of a clearing participant and using the clearing services of the Exchange;

- other documents specified by internal documents of the Exchange.

2.7. If the documents specified in clause 2.6 hereof have already been submitted to the Exchange by the person intending to become the clearing participant, in particular, for obtaining the status of the Exchange member, other trading member and admission to trading, such person shall be entitled not to submit such documents again, provided that such documents have been submitted earlier (indicating the date of submission of such documents and identification details of the accompanying document), they are valid and have not been amended.

2.8. The Exchange shall be entitled to require submission of additional documents for due diligence of the person intending to become the clearing participant in compliance with laws and requirements set forth in clause 2.5 hereof.

2.9. The Exchange shall be entitled to refuse to conclude the clearing agreement with a person intending to become a clearing participant in case of:

- refusal of the person intending to become the clearing participant to submit the documents stipulated by clause 2.6 hereof and/or failure to submit additional documents at the Exchange's request;

- submission of an incomplete set of documents;

- detection of inaccurate information in the submitted documents;

- non-compliance of the person intending to become a clearing participant with the requirements of laws and those specified in clause 2.5. of the clearing rules;

- if there are sufficient grounds to believe that the clearing agreement is concluded for the purpose of legalization (laundering) of proceeds of crime, terrorist financing and financing of proliferation of the mass destruction weapons.

2.10. The Exchange shall ensure monitoring of compliance of the clearing participant with the requirements to the clearing participant established by these Clearing Rules and internal documents of the Exchange.

2.11. The Exchange shall be entitled to establish separate procedures for admission of clearing participants to certain clearing operations, which shall be determined by the internal documents of the Exchange.

2.12. The Exchange shall identify the persons with whom business relations are established on the basis of the clearing agreement, as well as persons authorized to act on their behalf, in the manner established by laws of Ukraine, including regulations of the NSSMC.

2.13. Upon registration of the clearing participant the Exchange may keep collective or individual records of clients of such clearing participant.

2.14. The Exchange shall register the clients of the clearing participant on the basis of documents and information provided by the clearing participant in compliance with internal documents of the Exchange.

2.15. The Exchange shall, upon registration of the clearing participants or clients of the clearing participants, assign to such persons a unique identification code (hereinafter referred to as the code) in the manner established by it and shall enter information on such registered person into the register of registered persons. Codes of registered persons shall be assigned to such persons in accordance with internal documents of the Exchange.

2.16. The register of registered persons shall be maintained by the Exchange in

the manner established by it and shall necessarily contain:

- full or abbreviated name (if any) of the clearing participant;
- code of the clearing participant;
- codes of the clearing participant's clients;
- location of the clearing participant;
- surname, name, patronymic and position of the individual who, in accordance with the constituent documents, shall be entitled to act on behalf of the clearing participant without a power of attorney;
- contact details of the clearing participant;
- date of registration of the clearing participant;
- information on exclusion of the clearing participant from the register of registered persons.

2.17. Access to the clearing services of the Exchange shall be provided only to the Exchange members or other trading participants in respect of contracts/agreements/transactions executed on the Exchange. The Exchange may not deny the Exchange member or another trading participant entitled to conclude contracts/agreements/transactions on the Exchange to access the Exchange's clearing services in respect of such contracts/agreements/transactions.

2.18. The Exchange Board may decide to suspend provision of clearing services to the clearing participant/clearing participant's client until elimination of the grounds that led to such a decision, which shall take effect from the day following its adoption, unless otherwise specified in such a decision, on the following grounds:

- termination of access to trading in the Exchange's sections and/or in all exchange-traded commodities (group of exchange-traded commodities) admitted to trading;
- violation of these Clearing Rules and/or internal documents of the Exchange and/or the terms of the clearing agreement and/or applicable laws of Ukraine governing the exchange trading and clearing services, in case of which internal documents of the Exchange provide for termination of access to trading and clearing services for a certain period of time;
- a default by a clearing participant.

2.19. Suspension of provision of clearing services to the clearing participant/clearing participant's client shall not release the clearing participant/clearing participant's client of its obligations under the concluded exchange agreements/exchange transactions.

2.20. The provision of clearing services to the clearing participant/clearing participant's client after suspension of such services shall be resumed by decision of the Exchange Board provided that the relevant grounds for suspension of provision of clearing services to the clearing participant/clearing participant's client are eliminated.

The decision of the Exchange Board shall take effect on the day of its adoption, unless otherwise provided for by the decision.

2.21. The Exchange Board may decide to terminate the clearing agreement with the clearing participant on the following grounds:

- application of the clearing participant on termination of the clearing participant's status (after fulfillment of its obligations to the Exchange and other clearing participants under the exchange transactions/agreements);

- in case of failure to eliminate the violation in respect of which a decision was made to temporarily suspend the provision of clearing services within one calendar year from the effective date of this decision.

- repeated (twice or more times a year) default by a clearing participant;

- occurrence of events that resulted in the clearing participant's non-compliance with clause 2.5 hereof and other internal documents of the Exchange.

2.22. From the moment of temporary suspension of clearing services to the clearing participant/its client or termination of the clearing agreement the Exchange shall set restrictions on execution of transactions by such person.

### **3. PROCEDURE AND CONDITIONS OF ADMITTING OBLIGATIONS TO CLEARING**

3.1. The Exchange shall clear only those rights and obligations that are admitted to clearing in the manner and on the terms established by these Clearing Rules, the Law and NSSMC regulations. When admitting rights and obligations to clearing the Exchange shall check their compliance with the conditions of admission provided for in these Clearing Rules and NSSMC regulations.

3.2. Exchange-traded commodities that are the subject of exchange agreements in respect of which delivery is made shall not have any restrictions that may prevent their delivery.

3.3 The Exchange shall clear rights and obligations under the following categories of contracts/agreements/transactions:

- commodity transactions with fuel and energy resources;
- commodity transactions with minerals;
- commodity transactions with wood;
- commodity transactions with agricultural products;
- commodity transactions with raw materials;
- commodity transactions with metals;
- commodity transactions with precious stones;
- commodity transactions with material fishery products;
- commodity transactions with material products of the fuel industry;
- commodity transactions with material products of the chemical industry;
- commodity transactions with material products of light industry;
- commodity transactions with material products of the food industry;
- commodity transactions with material products of the other industries.

The list of categories of contracts/agreements/transactions cleared by the Exchange shall be published on the Exchange's website.

3.4. The Exchange shall accept obligations that simultaneously meet the following requirements for clearing under exchange agreements:

- the obligations arose from exchange agreements concluded on the Exchange;
- the collateral for the obligations is confirmed by a guarantee.

3.5. The Exchange shall accept rights and obligations that simultaneously meet the following requirements for clearing under exchange agreements:

- rights and obligations arising under exchange agreements in respect of exchange-traded commodities concluded on the Exchange and secured by a guarantee;
- rights and obligations arising under exchange agreements concluded as a result of trading on the Exchange, as well as the date (time) of settlement/delivery (full or partial) under which has not yet occurred;
- the delivery operator has the opportunity to confirm the acquisition/assignment of

ownership of the exchange-traded commodity that is the subject of the exchange agreement.

3.6. The following shall serve as the ground for refusal of admission of rights and obligations to clearing:

the orders, documents and/or information submitted by the clearing participant as a basis for admission of such rights and obligations to clearing with these Clearing Rules are non-compliant;

at the time of admission of rights and obligations to clearing there are restrictions on the execution or performance of transactions under the contract/agreement/transaction on the basis of which the right and/or obligation arose, transactions with the asset being the subject of the contract/agreement/transaction on the basis of which the right and/or obligation arose, imposed by a court decision or a decision of a legally authorized body or its official, the information on which was provided to the Exchange in the manner established by law;

the total limit of the scope of rights and/or obligations of a registered person, which may be cleared by the Exchange, is exceeded for such registered person in accordance with internal documents of the Exchange and the clearing agreement;

the clearing participant commits a default under any contract/agreement/transaction cleared by the Exchange in cases stipulated by internal documents of the Exchange;

the Delivery Operator refuses to allow the acquisition/assignment of titles to the exchange-traded commodity that is the subject of the exchange agreement;

there are the other reasonable grounds specified in the clearing agreement made with the clearing participant.

3.7. Consequences of refusal to admit rights and obligations to clearing shall be determined by the clearing agreement and internal documents of the Exchange.

3.8. After the Exchange admits obligations to clearing under the exchange agreements/contracts, the relevant orders of the clearing participants shall be executed by the Exchange from the moment of their receipt by means of the Exchange's ETS. The Exchange's ETS shall record the moment of receipt of such orders, from which point they shall be considered valid, legal, irrevocable and binding, including on any third parties.

3.9. The clearing participant shall immediately inform the Exchange of any changes in the contractual relations between the clearing participant and its client, on the basis of which the rights and obligations of the client are cleared by the Exchange, if such changes may affect the clearing of the rights and obligations of such client, clearing accounts of such clearing participant's client, any actions in respect thereof and transactions thereon, as well as the collateral provided in respect of such client (hereinafter referred to as the Notice).

The Exchange shall execute the orders and/or documents received in respect of

such clearing participant's client in accordance with their terms and conditions, without taking into account the changes set forth in the Notice, if the Notice was not received at the moment of admission of rights and obligations under such orders and/or documents to clearing by the Exchange, unless otherwise provided for by law.

## **4. RIGHTS AND OBLIGATIONS OF THE EXCHANGE AND CLEARING PARTICIPANTS**

4.1 The Exchange shall be entitled to:

- collect, process and store information to identify, monitor and manage risks associated with the clearing of rights and obligations, including those related to the clearing participant's clients;

- receive information on the rules and procedures of interaction applied by the clearing participant to its clients for the Exchange to clear the obligations of such clients;

- request that clearing participants and their clients provided all required data (documents) for clearing, which should disclose the content of transactions to be recorded in clearing accounts and/or internal accounting registers;

- dispose of the collateral in accordance with internal documents of the Exchange defining the risk management and guarantee system;

- establish additional financial, operational and technical requirements to be met by the clearing participants;

- receive from the clearing participants and other persons (in particular, the clearing bank, Delivery Operator) the documents and/or information required by the Exchange for clearing and/or compliance with the laws of Ukraine by the Exchange in the manner and to the extent provided for by the laws of Ukraine, these Clearing Rules, internal documents of the Exchange and concluded agreements;

- admit rights and obligations to clearing based on information on trading results in accordance with these Clearing Rules and other internal documents of the Exchange;

- amend the Clearing Rules unilaterally, without additional consent of the clearing participants, including by approving the Clearing Rules in a new wording;

- withhold the funds of the clearing participants held on the clearing accounts as payment of the Exchange's remuneration in the manner established by these Clearing Rules and other internal documents of the Exchange, subject to reflection of the performed transactions in the cash registers of the clearing participants;

- suspend/terminate provision of services to the clearing participants in cases stipulated by these Clearing Rules and internal documents of the Exchange;

- exercise the other rights stipulated by the laws of Ukraine, the Clearing Rules, internal documents of the Exchange and agreements concluded by the Exchange with the clearing participants.

4.2. The Exchange shall:

- communicate/provide the information contained in part two of Article 12 of the Law of Ukraine on Financial Services and State Regulation of Financial Services Markets (except for subclause e of clause 3 of part two of this Article) to the person



intending to become a clearing participant;

- provide a person intending to become a clearing participant with access to current draft agreements and other documents to be concluded in order to obtaining the status of a clearing participant by posting such draft agreements and other documents on the Exchange's official website;

- continuously monitor the clearing participant's compliance with the requirements to the clearing participant established by these Clearing Rules, other internal documents of the Exchange and concluded agreements;

- identify, verify and take the other measures in respect of persons with whom business relations are established, as well as persons authorized to act on their behalf, in the manner established by the laws of Ukraine, including the NSSMC regulations and internal documents of the Exchange;

- provide services to the clearing participants in a timely manner and in full as stipulated by these Clearing Rules, other internal documents of the Exchange and concluded agreements;

- open and maintain clearing accounts of the clearing participants/clients of the clearing participants in compliance with the laws of Ukraine, internal documents of the Exchange and concluded agreements;

- register the clients of the clearing participant based on the information provided by the clearing participant;

- keep records of rights and obligations of the clearing participants/clients of the clearing participants under the exchange transactions/exchange agreements, the obligations under which are admitted to clearing, as well as collateral for settlements/deliveries in the manner established by these Clearing Rules and other internal documents of the Exchange;

- provide the clearing participants with the services stipulated by these Clearing Rules on the basis of information on the trading results, as well as information received from the clearing participants, the clearing bank, and the Delivery Operator;

- ensure the safe keeping of information that is confidential in the course of clearing activities, not disclose or use it for its own benefit or for the benefit of the third parties;

- develop a continuity and contingency plan that will provide for the measures required to maintain the functions of the Exchange, restore the continuity of its services and/or fulfill the Exchange's obligations in case of emergencies;

- ensure storage and access to all documents and other information required by law for five (5) years from the date of their receipt or preparation by persons entitled to do so by law;

- create a system to mitigate the risks of non-fulfillment or improper fulfillment of obligations arising from exchange transactions/agreements in accordance with the laws of Ukraine;

- fulfill the other obligations arising in accordance with laws of Ukraine, these Clearing Rules, other internal documents of the Exchange, as well as relevant agreements.

#### 4.3. The clearing participant shall be entitled to:

- receive the clearing services of the Exchange in a timely manner and in full in the manner stipulated by these Clearing Rules, other internal documents of the Exchange and concluded agreements;

- provide the Exchange with information for registration of the clearing participant and clients of the clearing participants by the Exchange in the manner and form prescribed by these Clearing Rules, internal documents of the Exchange and agreements concluded by the Exchange with the Clearing participant;

- receive reports and/or documents on transactions on the clearing accounts from the Exchange in cases and in the manner stipulated by these Clearing Rules, other internal documents of the Exchange and concluded agreements;

- receive information on the list of services provided by the Exchange to clearing participants, the procedure and terms of their provision, internal documents of the Exchange governing the provision of services, the cost of the Exchange's services, as well as the other information the right to receive which is provided for by laws of Ukraine, internal documents of the Exchange, as well as concluded agreements;

- exercise the other rights stipulated by the laws of Ukraine, these Clearing Rules, internal documents of the Exchange and agreements concluded by the clearing participant with the Exchange.

#### 4.4. The clearing participant shall:

- provide the Exchange with documents and information to the extent and in the manner prescribed by the laws of Ukraine, these Clearing Rules, other internal documents of the Exchange and concluded agreements;

- comply with the Exchange's requirements to clearing participants set forth in these Clearing Rules and other internal documents of the Exchange;

- inform the Exchange (in the manner and within the terms determined by internal documents of the Exchange) of any changes in the contractual relations between the clearing participant and its client, on the basis of which the Exchange may clear the client's rights and obligations, if such changes may affect the clearing of such client's rights and obligations, clearing accounts of such clearing participant's client, any actions in respect thereof and transactions thereon, as well as the collateral provided in respect of such clearing accounts of the client;

- ensure confidentiality of the information made available to the clearing participant in connection with its servicing by the Exchange;

- fulfill its obligations to execute the concluded exchange transactions/exchange agreements, the obligations under which are admitted to clearing, timely and in full;

- inform its clients that clearing accounts with collective or individual accounting are available;
- timely pay for the services received from the Exchange;
- comply with these Clearing Rules and other internal documents of the Exchange in terms of provision of clearing services by the Exchange;
- fulfill the other obligations arising in accordance with the laws of Ukraine, these Clearing Rules, other internal documents of the Exchange, as well as relevant concluded agreements.

## **5. PROCEDURE OF ACCOUNTING FOR RIGHTS AND OBLIGATIONS UNDER COMMODITY TRANSACTIONS EXECUTED ON THE EXCHANGE AND TERMINATION OF SUCH RIGHTS AND OBLIGATIONS IN THE CLEARING ACCOUNTING SYSTEM**

5.1. The rights and obligations of the clearing participants/clients of the clearing participants under the commodity transactions executed on the Exchange shall be recorded by the Exchange on the clearing accounts opened in the clearing accounting system of the Exchange.

5.2. The clearing accounting system of the Exchange shall provide for:

segregation of rights and obligations, as well as information on funds, products and other assets of any clearing participant and its clients from the rights and obligations, as well as information on funds, products and other assets of the Exchange;

segregation of rights and obligations, as well as information on funds, products and other assets of any clearing participant and its clients from rights and obligations, as well as information on funds, products and other assets of another clearing participant and its clients;

segregation of rights and obligations, as well as information on funds, products and other assets of the clearing participant from the rights and obligations, as well as information on funds, products and other assets of the clients of such clearing participant;

recording of changes in rights and obligations in respect of funds, products and other assets of the clearing participant on the clearing accounts in the accounting system based on orders from the clearing participants or orders (information) from the Exchange;

generation of extracts from the clearing accounting system in the manner established by internal documents of the Exchange or an agreement made with the clearing participant.

5.3. After registration of the clearing participant, the Exchange shall open clearing accounts of the clearing participant and/or of the clearing participant's clients (upon application of the clearing participant) in the clearing system. The Exchange may open several clearing accounts for one clearing participant in order to keep records of rights and obligations of such clearing participant's clients.

5.3. The Exchange shall open separate clearing accounts for each clearing participant. The clearing account of the clearing participant shall be an account separate from accounts of the clients of such clearing participant.

5.4. The Exchange shall enable the clearing participant to open clearing accounts for the clearing participant's clients:

with individual accounting;

with collective accounting.

The clearing participant shall select the type of clearing account for its client based on the client's request/consent in writing. The clearing participant shall offer its client to choose at least between a collectively-accounted or an individually-accounted clearing account. If the clearing participant's client chooses a clearing account with collective accounting, such clearing participant's client shall be prohibited from depositing the collateral in the form of exchange-traded commodities.

5.5. The clearing accounts of the clearing participants and their clients shall record the rights and obligations of the clearing participants and their clients, as well as information on the collateral of the clearing participants and their clients.

5.6. In case of individual accounting the Exchange shall provide:

impossibility of netting and liquidation netting of rights and obligations, funds, products and other assets accounted for on different clearing accounts (except for netting and liquidation netting of rights and obligations of the registered entity and rights and obligations of its counterparty as a result of contracts/agreements/transactions concluded with such a counterparty and except for the exception of default of the clearing participant's client);

impossibility to use funds, products and other assets credited/booked/frozen/provided for settlements/delivery or organization or provision of settlements/delivery under the contracts/agreements/transactions recorded on one clearing account to fulfill obligations under the contracts/agreements/transactions recorded on another clearing account, except in case of default of the clearing participant's client;

segregation of the rights and obligations, as well as information on funds, products and other assets of any registered person by the Exchange from the rights and obligations, as well as information on funds, products and other assets of the Exchange and any other registered person at any time.

5.7. The Exchange shall use the clearing accounting system in order to:

1) keep records of rights and obligations of clearing participants/clients of clearing participants concluded/performed on the Exchange, the obligations under which are admitted to clearing;

2) keep records of information on goods deposited for settlements or organization of settlements thereon;

3) keep records of contributions of the clearing participants to the collateral, guarantee and other funds related to clearing (if any);

4) keep records of the other information determined by the NSSMC.

The Exchange shall keep internal accounting of rights and obligations of the clearing participants/clients of the clearing participants in respect of commodities whose obligations are admitted to clearing, deposited funds and securities on the relevant clearing accounts opened in the clearing accounting system of the Exchange.

5.8. The amount of assets credited/frozen/booked in the accounting system of the

Delivery Operator in respect of such assets shall be reflected in the clearing accounting system of the Exchange (only if enabled by the Delivery Operator) by analytical accounting of rights in respect of such assets on the clearing accounts of the registered persons.

5.9. The Exchange shall receive the information on receipt of the financial collateral of the clearing participant/clearing participant's client and information on the balances from the clearing participant's clearing bank in the manner specified in the relevant agreement concluded between the bank, the clearing participant/clearing participant's client and the Exchange.

Information on the funds accounted for on the Exchange's account shall be reflected in the clearing accounts of clearing participants in the clearing accounting system as clearing assets in respect of funds.

5.10. The status of the clearing account section intended for accounting of the financial collateral of the clearing participant/clearing participant's client shall be changed on the basis of the information specified in clause 5.9 hereof.

5.11. The Exchange shall receive the information on receipt of the collateral of the clearing participant from the Exchange's clearing bank as it is credited to applicable account of the Exchange during the bank's business hours and shall update the information on the analytical accounts in the clearing system for accounting of the collateral in accordance with the schedule established by the Exchange. The clearing participant may transfer funds to the current account of the Exchange both before trading (trading session) and during trading (trading session).

5.12. The status of the clearing account section intended for accounting of the cash collateral shall be changed on the basis of the data of analytical accounting of the cash credited to the Exchange's account in the clearing bank as the clearing participant's collateral.

5.13. The Exchange shall record transactions on the clearing accounts on the basis of documents provided to the Exchange by the Exchange's clearing bank, the clearing participant's clearing bank and the Delivery Operator. The list and forms of such documents shall be stipulated by relevant agreements concluded by the Exchange with these institutions and/or internal documents of the Exchange.

5.14. The description of the structure and sections of clearing accounts opened by the Exchange shall be established by internal documents of the Exchange.

5.15. The Exchange shall account for the rights and obligations of the clearing participants/clients of the clearing participants under the exchange transactions/exchange agreements on a gross basis and determine the amount of the position of the clearing participant and/or the clearing participant's client in monetary

and commodity terms for each transaction/agreement separately.

5.16. The rights and obligations of the clearing participants and their clients shall be accounted for separately.

5.17. The Exchange shall account for and terminate the rights and obligations under commodity transactions by means of the following transactions on the clearing accounts:

- obligations and/or rights under the collateral shall be credited/debited on the basis of information on crediting/debiting of funds in the clearing register generated by the Exchange's accounting system on the basis of information on funds from the clearing bank, including those credited by the clearing participant to the Exchange's settlement account in the clearing bank and on the basis of information received from the Delivery Operator on the credited/frozen/booked assets in its accounting system (if such preliminary freezing is enabled by the Delivery Operator) deposited by the clearing participant and/or its client as collateral;

- obligations and/or rights to acquire/assign or receive commodities under exchange agreements shall be credited/debited on the basis of information from the Delivery Operator on freezing of the exchange-traded commodity (if such preliminary freezing is enabled by the Delivery Operator) or information on the Operator's acquisition/assignment of re-registration of titles to the exchange-traded commodity;

- other transactions stipulated by internal documents of the Exchange.

5.18. The accounting for obligations under exchange transactions shall be terminated by conclusion of exchange agreements on the terms of exchange transactions, and in cases of termination of obligations as a result of failure to conclude an exchange agreement on the terms of an exchange transaction, – also by imposing penalties in accordance with internal documents of the Exchange, or in other cases stipulated by law.

5.19. Accounting for rights and obligations under exchange agreements shall be terminated by means of acquisition/assignment of goods and completion of cash settlements under each exchange agreement, and in cases of termination of obligations as a result of termination of the exchange agreement, – also by means of penalties in accordance with internal documents of the Exchange, or in other cases stipulated by law.

## **6. PROCEDURE OF SUBMITTING REPORTS ON CLEARING RESULTS BY THE EXCHANGE TO CLEARING PARTICIPANTS**

6.1. The Exchange shall provide the clearing participants with access to the information on the amount of available collateral, contracts and accounts generated in accordance with the concluded exchange transactions/exchange agreements, as well as other documents and information provided for in these Clearing Rules and internal documents of the Exchange in the clearing accounting system on a daily basis.

6.2. The clearing accounting system shall provide for generation and uploading of the following documents in appropriate formats for the clearing participants and their clients:

- extracts from the clearing accounting system;
- an accounting document for the withdrawal of funds credited to the clearing accounting system as collateral;
- documents required for crediting/freezing/booking of assets in the accounting system of such assets Delivery Operator (only if enabled by the Delivery Operator) for depositing of collateral in the form of exchange-traded commodities, as well as for the delivery of goods in the course of execution of exchange agreements;
- certificates of work completion;
- general report on the debiting of the Exchange's commission.

6.3. The Exchange shall provide the clearing participants with access to information on the status of clearing accounts and transactions on clearing accounts in terms of exchange transactions/exchange agreements, commodity and cash obligations in terms of exchange agreements, amount of collateral deposited or a part thereof frozen/booked for exchange trading, inadequacy of collateral to secure exchange trading, as well as funds returned to the clearing participant's current account by means of the software used by the Exchange for keeping clearing records. The information shall be provided as of the relevant date and current time.

6.4. Upon written request of the clearing participant, the Exchange shall be entitled to provide the information specified in clause 6.3 hereof, as well as other information from the clearing accounting system related to such clearing participant, its client(s) and its (their) operations in hard copy, if the provision of such information is envisaged by applicable laws of Ukraine and the relevant agreement.

6.5. Internal documents of the Exchange may provide for the other types of documents/reports to the clearing participants and their clients, as well as the procedure for their provision by the Exchange.



## **7. PROCEDURE FOR PREPARATION, DRAFTING AND SENDING OF DOCUMENTS FOR SETTLEMENTS BY THE EXCHANGE**

7.1. The documents used by the Exchange in the course of clearing, including for settlements/delivery under exchange agreements, shall be generated in electronic form by means of the Exchange's information and telecommunication system used for clearing accounting (hereinafter referred to as the Exchange's ITS).

7.2. Procedures for execution of documents used for delivery of commodities under exchange agreements shall be governed by agreements on interaction concluded between the Exchange and the Delivery Operator (taking into account the provisions of internal documents of the Exchange governing the exchange trading in the relevant section of the Exchange, in a certain exchange-traded commodity or group of exchange-traded commodities).

7.3. Procedures for execution of documents used for cash settlements under exchange agreements shall be governed by relevant agreement concluded between the Exchange, the clearing bank and the clearing participant (its client), in view of internal documents of the Exchange governing the exchange trading in the relevant section of the Exchange and applicable laws of Ukraine.

7.4. When exchanging information with the clearing bank, the Exchange shall receive information on the status of account(s) of the clearing participants (clearing participants' clients), as well as on funds credited as collateral to applicable account of the Exchange. The Exchange shall transmit to the clearing bank the information on bank transfers under exchange agreements, withdrawal of funds of the clearing participant (its client) from the account, transfer of margin from the Exchange's current account and withholding of the Exchange's commission.

7.5. The documents used for settlements/delivery shall be generated and stored via the Exchange's ITS in chronological order.

7.6. Based on the results of clearing of obligations and depending on the settlement date, the Exchange shall perform:

- 1) cash payments;
- 2) further monitoring of conformity of the amount of collateral under exchange agreements accepted for clearing, followed by cash settlements on the settlement date.

7.7. The procedure of cash payments and delivery of goods shall include the following steps:

- based on the results of trading, exchange transactions shall be concluded and recorded using the Exchange's ITS;

- after the conclusion of exchange transactions, the parties thereto shall enter into

exchange agreements, for which purpose the Exchange's ITS may be used;

-if the Exchange controls deliveries by means of the Exchange's ITS, the Exchange shall generate notifications containing information on the volume of goods being the subject of each exchange agreement and transmit them to the Delivery Operator. The said notifications shall be submitted by the Exchange on the basis of the contract of agency concluded between the Exchange and the clearing participant, or by the Exchange on its own behalf and for the benefit of the clearing participants and their clients, if provided for by applicable laws of Ukraine and the agreement on interaction with the Delivery Operator;

-if the law authorizes the Delivery Operator to refuse to confirm the acquisition/assignment (allow the acquisition/assignment) of the title to the commodity based on the results of processing the notifications sent, such refusal shall be allowed only in cases and on the grounds provided for by applicable laws. If the Delivery Operator refuses to confirm the acquisition/assignment (allow the acquisition/assignment) of the title to the commodity, the exchange agreement shall be deemed terminated and the rights and obligations thereunder shall be deemed not admitted to clearing;

-confirmation of the said notifications by the Delivery Operator shall serve as a confirmation of fulfillment of the obligations by the seller under the exchange agreement (or a part thereof) and the basis for the Exchange, as the buyer's agent, to fulfill the obligations of the clearing participant (clearing participant's client) acting as a buyer to pay for the purchased goods (part of the goods) from its account. From the moment the Exchange receives confirmation of the acquisition/assignment (allowing the acquisition/assignment) of the title to the commodity from the Delivery Operator, the obligations under such exchange agreement shall be admitted to clearing;

-the Exchange shall, by means of the Exchange's ITS, automatically generate an order for payment under the exchange agreement (or a part thereof) from the account of the clearing participant (clearing participant's client) acting as a buyer to the account of the clearing participant (clearing participant's client) acting as a seller. Such an order shall be sent on the basis, in the manner and in the form stipulated by the relevant agreement concluded between the Exchange, the clearing bank and the clearing participant (its client).

-upon receipt by the Exchange of confirmation that funds were transferred from the clearing bank of the clearing participant (clearing participant's client) acting as a buyer to the clearing participant (clearing participant's client) acting as a seller, the obligations of the clearing participant (clearing participant's client) under the concluded exchange agreement shall be deemed fulfilled.

## **8. PROCEDURE OF ENSURING CASH SETTLEMENTS BY THE EXCHANGE BASED ON THE RESULTS OF CLEARING OF COMMODITY TRANSACTIONS**

8.1. Cash settlements, provided that settlements are made following the principle of "delivery versus payment", shall be made in the manner established by the National Bank of Ukraine by way of transferring funds by banks and the National Bank of Ukraine and/or recognition of the change in the volume of rights and obligations in respect of funds between the parties to commodity transactions concluded on the Exchange in the manner established by the National Securities and Stock Market Commission in the Exchange's clearing accounting system, subject to recognition of the transfer of the right of claim to funds, including the termination of obligations in respect of funds following the netting.

Funds of the clearing participants whose obligations are admitted to clearing, credited to the Exchange's accounts for settlement/securing settlements, shall not constitute the Exchange's income.

The Exchange may ensure cash settlements between the parties to the exchange agreement by applying the principle of preliminary booking of collateral for settlements by the clearing participant acting as a buyer in the amount required for payment under such agreement. The clearing participant shall be entitled to conclude an exchange transaction for the amount not exceeding the margin previously booked by it.

8.2. For the purposes of booking the collateral for settlements the clearing participants shall use the accounts opened with the clearing participant's clearing bank. The Exchange shall be entitled to determine several clearing banks of the clearing participants.

8.3. In order to ensure cash settlements based on the results of clearing of commodity transactions, the Exchange shall conclude relevant agreements with clearing participants.

8.4. On the basis of agreements concluded with the clearing participant, the Exchange shall be entitled to:

8.4.1. receive the information on the balances of the clearing participant's account from the clearing bank;

8.4.2. submit an order for payment in the form of a register of exchange transactions on the basis of which payment under the exchange agreements shall be made to the clearing bank;

8.4.3. based on the results of the exchange trades and the identified beneficiary(ies) of the clearing participant, initiate debiting of funds from its account;

8.4.5. verify and confirm the occurrence of grounds for the clearing bank to

transfer funds from the account to the beneficiary(ies) or to refund the funds to the clearing participant;

8.4.6. provide the clearing bank with a register of refunds in compliance with the account agreement and other information as may be provided for by such agreement;

8.4.7. perform any other actions required for the proper and full exercising of powers to ensure settlements under exchange agreements in full.

8.5. The clearing participant may credit the funds to its account within the operating day of the clearing bank. The funds credited to the clearing participant's account may be used for settlements under exchange agreements of such clearing participant in the amount required for full payment under such agreements.

8.6. The procedure of monitoring the cash settlements between the parties to the exchange agreement and implementation of risk management procedures to reduce the risks of failure to fulfill obligations accepted for clearing shall be determined by the document describing the risk management and guarantees system.

## **9. DESCRIPTION OF THE CLEARING ACCOUNTING SYSTEM**

9.1. The Exchange's clearing accounting system is an internal system used by the Exchange to maintain clearing accounts, record rights and obligations of clearing participants and their clients under exchange transactions/exchange agreements, record information on collateral (cash and commodity collateral), and which is maintained by the Exchange's ITS ensuring:

- keeping records of rights and obligations of clearing participants and clients of clearing participants under concluded exchange transactions/exchange agreements;

- maintaining records of information on collateral deposited by clearing participants (their clients) to guarantee fulfillment of the terms of exchange transactions;

- maintaining records of information on cash and other assets deposited for settlements/deliveries or organization of settlements/deliveries under exchange agreements;

- making settlements/deliveries and/or arranging settlements/deliveries under exchange agreements;

- keeping records of the other information specified in these Clearing Rules, internal documents of the Exchange and NSSMC regulations.

9.2. The Exchange's clearing accounting system shall consist of:

- documents, including electronic documents, which are the basis for clearing of rights and obligations;

- documents, including electronic documents, which are the basis for settlements/deliveries;

- clearing accounts;

- internal accounting registers;

- documents, reports and other information provided to clearing participants (their clients).

9.3. The Exchange shall keep internal records of rights and obligations of the clearing participants/clients of clearing participants under the exchange transactions/exchange agreements, the obligations under which are accepted for clearing, cash and other assets deposited for settlements/deliveries or arrangement of settlements/deliveries on the respective clearing accounts opened in the clearing accounting system.

9.4. General requirements for opening and maintenance of clearing accounts by the Exchange are set forth in Section 5 hereof. The description of the structure and sections of the clearing accounts opened by the Exchange shall be established by internal documents of the Exchange.

9.5. The documents on the basis of which the Exchange clears rights and obligations and makes settlements/deliveries under exchange agreements, as well as generates the documents specified in Sections 6 and 7 hereof, shall be provided to the Exchange in the form of documents, including electronic ones, in compliance with internal documents of the Exchange, relevant agreements on interaction with the Delivery Operator (taking into account provisions of internal documents of the Exchange governing the exchange trading in the relevant section of the Exchange, in a relevant exchange-traded commodity or a group of exchange-traded commodities), with the clearing bank.

9.6. The documents, including electronic ones, provided to the Exchange, on the basis of which it clears rights and obligations and makes settlements/deliveries under exchange agreements, as well as generated documents specified in Sections 6 and 7 hereof shall include:

- documents, including electronic ones, generated and submitted to the Exchange by clearing participants (their clients) as a basis for transactions on clearing accounts in accordance with internal documents of the Exchange;

- documents, including electronic ones, generated and provided to the Exchange by Delivery Operators in accordance with interaction agreements (in view of internal documents of the Exchange governing the exchange trading in the relevant section of the Exchange, in the relevant exchange-traded commodity or a group of exchange-traded commodities);

- documents, including electronic ones, generated and submitted to the Exchange by the clearing bank in accordance with the agreement concluded with it and the clearing participant (its client).

9.7. All documents submitted to the Exchange for clearing of rights and obligations and settlements/deliveries under the exchange transactions/agreements shall fully disclose the content of clearing transactions to be recorded in the clearing accounts and/or internal accounting registers. If the said documents do not contain all data required for clearing of rights and obligations, the Exchange shall be entitled to demand the provision of required information.

9.8. The clearing participants shall provide the Exchange with documents specified by internal documents of the Exchange by means of the Exchange's ITS used by the Exchange for keeping clearing records. In case of emergency, in order to ensure continuity of services, the documents provided to the Exchange for clearing of rights and obligations and settlements/deliveries under the exchange transactions/agreements and clearing transactions may be provided by the clearing participants in another way and in another form as may be determined by internal documents of the Exchange and a relevant agreement.

9.9. The Exchange shall clear the rights and obligations without submission of certain documents by the clearing participant in cases and on the grounds specified in Section 13 hereof, internal documents of the Exchange and the relevant agreement.

9.10. The documents exchanged by the Exchange with the Delivery Operators and the clearing bank in the course of clearing of rights and obligations, settlements/deliveries under exchange agreements shall be provided in the form of documents, including electronic ones. The details, formats and methods of exchange of such documents, including electronic ones, shall be determined by relevant agreements.

9.11. The source documents of the Exchange, including electronic ones, shall include:

- documents, including electronic ones, generated and provided by the Exchange to the Delivery Operators;
- documents, including electronic ones, generated and submitted to the clearing bank;
- documents, including electronic ones, generated and provided to clearing participants.

9.12. The internal accounting registers used by the Exchange in the course of clearing activities are intended for chronological and systematic presentation of information on:

- the status of clearing accounts;
- changes on clearing accounts;
- documents, including electronic ones, which are the basis for clearing of rights and obligations, subject to recognition of the clearing result on the clearing accounts;
- documents, including electronic ones, which are the basis for settlements/deliveries, subject to recognition of the clearing result on the clearing accounts;
- documents generated by the Exchange in the course of its clearing activities.

9.13. Internal accounting registers shall ensure control of cash and exchange commodities balances on the clearing accounts and verification of correctness of clearing operations in terms of clearing registers in the Exchange's clearing accounting system.

## 10. DESCRIPTION OF THE EXCHANGE'S RISK MANAGEMENT AND GUARANTEES SYSTEM

10.1. The Exchange's risk management and guarantees system is a set of actions taken by the Exchange aimed at reducing the risks of non-fulfillment or untimely fulfillment of obligations accepted for clearing.

10.2. The main risks associated with clearing activities of the Exchange are:

a) credit risk (counterparty risk), i.e. the risk of insolvency of one or both parties to an exchange agreement, the likelihood of losses or additional losses or shortfall in the expected income of clearing participants as a result of the counterparty's failure to fulfill its contractual obligations to it;

b) market risks, i.e. the probability of losses or additional losses under concluded exchange agreements, or shortfall in the expected income of clearing participants as a result of unfavorable changes in the market value of exchange-traded commodities in the commodity market;

c) operational risks, i.e. the probability of losses or additional losses or shortfall in the expected income of clearing participants and the Exchange as a result of inadequate or poorly organized internal processes, actions of employees or operation of systems of clearing participants and the Exchange, as well as due to external events;

d) liquidity risks, i.e. the probability of losses or additional losses or shortfall in the expected income of clearing participants due to the fact that the assets of the clearing participants cannot be converted into a liquid form to ensure fulfillment of their obligations.

10.3. Along with the other actions provided for in the risk management and guarantees system, the Exchange shall apply one or more of the following mechanisms to reduce credit risks, including the non-fulfillment or improper fulfillment of obligations arising under exchange transactions/agreements:

- mandatory one hundred percent preliminary depositing/booking/freezing of funds and other assets that are the subject of a contract/deed/transaction;

- partial preliminary depositing/booking/freezing of funds and other assets that are the subject of a contract/deed/transaction;

- obtaining of collateral.

10.3.1. mandatory one hundred percent (partial) preliminary depositing/booking/freezing of the collateral for settlement (delivery) by the clearing participant acting as a buyer/seller in the amount/volume required for settlement (delivery) under the exchange agreement;

10.3.2. application of depositing/booking/freezing of collateral, the amount of which shall be determined by the Exchange's risk manager and approved by the Exchange Board, and which is intended to ensure proper fulfillment of obligations by a clearing participant, to one of the clearing participants acting as a buyer or a seller under the exchange transaction (agreement). The said collateral may be withheld from



it in case of violation of internal documents of the Exchange in order to pay a fine to the Exchange and/or compensation to the other party, or to fulfill settlements (obligations) under the exchange transaction (agreement);

101.3.3. application of depositing/booking/freezing of collateral, the amount of which shall be determined by the risk manager and approved by the Exchange Board, and which is intended to ensure proper fulfillment of obligations by clearing participants, to both clearing participants, acting as a buyer and a seller under the exchange transaction (agreement). The said collateral may be withheld from them in case of violation of internal documents of the Exchange in order to pay a fine to the Exchange and/or compensation to the other party, or to fulfill settlements (obligations) under the exchange transaction (agreement).

10.4. The Exchange shall set the limit of the maximum amount of an order for conclusion of an exchange transaction for each clearing participant at the level of the amount of unencumbered collateral previously deposited by it.

10.5. The procedure and term/period of depositing and replenishment of collateral by trading participants (as well as return of its unencumbered balance by the Exchange to the trading participants) shall be determined by internal documents of the Exchange governing the exchange trading in relevant sections of the Exchange, in a certain exchange-traded commodity or a group of exchange-traded commodities.

10.6. The collateral shall be recorded in the relevant section of the clearing account corresponding to the analytical account of the clearing participant in the Exchange's internal accounting system.

10.7. The clearing participants shall determine the amount of collateral (cash and other assets) required to ensure the fulfillment of the exchange transactions/agreements at their sole discretion, in view of the trading conditions and requirements established by the Exchange for the amount of collateral to ensure the fulfillment of obligations, as well as their own plans for commodity transactions that the clearing participants intend to execute.

10.8. The clearing participants may use the types of collateral other than cash if provided for by internal documents of the Exchange. The use of the other types of collateral shall be governed by a separate decision of the authorized body of the Exchange.

10.9. The credit risk management model used by the Exchange in the course of clearing activities does not provide for the creation of a guarantee fund.

10.10. In order to reduce the credit risk and prevent default under the exchange transaction (agreement), as well as to ensure cash settlements and complete delivery of goods by trading participants, the Exchange may acquire the status of the agent of one

or each of the clearing participants on the basis of contracts of agency concluded with the Exchange on the basis of relevant model contracts of agency posted on the official website of the Exchange at <http://urb.ua> subject to issuance of relevant powers of attorney to the representatives of the Exchange.

10.11. The Exchange shall take the following actions to reduce operational risks in the course of clearing activities:

- create and maintain (improve) effective mechanisms for timely identification and prevention of eventual (potential) adverse events, including those that are (or may become) the causes of legal, operational, process, or personnel risks and calculate the probability of their occurrence;

- determine the risk appetite with respect to specific types of operational risks in terms of the economic feasibility of their estimation costs, analyze and monitor them, including developing a system of indicators and setting limits on their criticality and monitoring, as well as conducting of self-assessment;

- establish a culture of operational control at the local level, in particular, regarding the use of reliable hardware, software, information, process systems and means of communication adequate to the number, complexity and volume of the Exchange's transactions and checking the Exchange's resilience to software and hardware failures;

- improve the system of internal control over operational risks, including establishing a clear segregation of powers and responsibilities between the Exchange's bodies, officials, business units and employees, governing their powers and duties by relevant regulations on business units and job descriptions;

- take adequate actions to reduce/avoid losses or transfer risks to the third parties.

10.12. The Exchange shall take the following actions to reduce market risks in the course of clearing activities:

- receive timely and objective information on the status and extent of market risks;

- identify and analyze market risks arising in the course of fulfillment of obligations admitted to clearing;

- perform qualitative and quantitative assessment (measurement) of market risks;

- establish relationships between certain types of risks in order to assess the impact of actions proposed to limit one type of risk on the growth or reduction of the other risks;

- create a system of the market risk management at the stage of occurrence of a negative trend, as well as a system of quick and adequate response aimed at preventing market risk from reaching critically significant amounts (risk minimization) in order to fulfill obligations admitted to clearing.

10.13. The Exchange shall take the following actions to reduce liquidity risk in the course of clearing activities:

- detect, identify, analyze, evaluate and record the optimal level of liquidity, as well as its acceptable thresholds, both lower and upper;

- monitor the current liquidity, adequacy and acceptability of its level, and compliance with mandatory ratios;
- identify and record the factors determining the targets and parameters of liquidity management;
- predict environmental reactions to the efforts of the Exchange's management aimed at implementing the liquidity management target;
- calculate and account for the possibility of deviations from the expected scenarios of liquidity management processes and the parameters of expected outcome;
- develop and prepare the implementation of guidelines and tools intended to minimize and compensate for risks creating liquidity problems for clearing participants;
- develop and prepare the implementation of actions intended to maintain the desired level of liquidity of the clearing participants;
- develop and, if required, take actions to restore (increase) liquidity to the optimal target level;
- develop and, if required, take actions to achieve and stabilize the required level of liquidity, taking into account the risks and profitability.

10.14. In order to reduce risks associated with clearing activities, the Exchange shall be entitled to establish the other requirements and implement the other risk management actions with respect to clearing participants by amending these Clearing Rules and/or internal documents of the Exchange.

## **11. DESCRIPTION OF THE INFORMATION SECURITY SYSTEM**

11.1. The Exchange has implemented a comprehensive information security system (hereinafter referred to as the CISS) in compliance with the Law of Ukraine on Information Security in Information and Telecommunication Systems, the Law of Ukraine on Personal Data Security, the Rules for Ensuring the Information Security in Information, Telecommunication and Information-Telecommunication Systems approved by Resolution of the Cabinet of Ministers of Ukraine No. 373 dated 29.03.06, the Concept of Technical Information Security in Ukraine approved by Resolution of the Cabinet of Ministers of Ukraine No. 1126 dated 8.10.97, the Regulation on Technical Security of Information in Ukraine, approved by Presidential Decree No. 1229/99 dated 27.09.99, as well as the NSSMC regulations on information security in the course of professional activities.

11.2. The information created, collected, received, used, distributed, protected and stored by the Exchange in the course of its activities shall be regarded as classified information, except for the information that is public in accordance with laws.

11.3. Classified information shall include, but not limited to, information on clearing accounts of the clearing participants and accounts of their clients, information on transactions executed in favor of or on behalf of the clearing participants (their clients), transactions executed by them; information on activities, as well as financial and economic condition of the clearing participants (their clients), etc.

11.4. The Exchange shall ensure security of information, including classified information, by implementing organizational and technical actions aimed at preventing the loss, theft, unauthorized destruction, distortion, forgery, copying and uncontrolled dissemination of classified information.

11.5. The tasks of managing the CISS and controlling its operation, identification of requirements for information security in the Exchange's ITS, designing, developing and upgrading the CISS, as well as operating, maintaining, supporting the CISS operability, and monitoring the status of information security shall be assigned to the Chief Information Officer of the Exchange.

11.6. The tasks of the Exchange's ITS CISS are as follows:

- implementation of the adopted regulations on information security in accordance with internal documents of the Exchange governing the security of the Exchange's ITS;
- ensuring the segregation of access of the ITS users to the Exchange's ITS functions, as well as segregation of user access to the objects containing information subject to protection in accordance with regulations on information security;
- ensuring the confidentiality, integrity and availability of information processed in the Exchange's ITS CISS;

- ensuring the registration of actions of the Exchange's ITS users in relation to the ITS functions and objects containing information to be secured;
- ensuring the security of information against introduction of malicious software code (viruses, Trojans, etc.) into the Exchange's ITS;
- protection against network attacks;
- ensuring the security of information processed in the Exchange's ITS when it is transmitted through an unsecured environment;
- blocking of unauthorized actions with information requiring protection and other resources of the Exchange's ITS, localization of these actions and elimination of their consequences;
- ensuring the availability of information and functions of the Exchange's ITS to its users, as well as the fault tolerance of ITS components;
- monitoring of the actions of users and staff, registration, collection, storage, processing of data on events related to information security, and notification of the security administrator of such events;
- maintaining the integrity of critical security system resources, the application program execution environment and information in the Exchange's ITS to be secured;
- ensuring the management of the CISS facilities and monitoring of its operation.

11.7. Actions to prevent the implementation of threats associated with the Exchange's ITS operation shall be considered in the context of risk management and include the following:

- determination and implementation of authorization of administrators, users, and processes;
- determination and implementation of event auditing and system operation monitoring;
- determination and implementation of administrators' and users' access control;
- use of exclusively secure access interfaces to system components;
- identification and implementation of actions to ensure the recoverability of the system computing resources;
- implementation of actions to back up the system information assets;
- analysis of data entered into the system applications;
- determination of the procedure for accessing and exchanging system information;
- providing controls of physical access to the system resources;
- determination of the procedure for the implementation and operation of security equipment;
- implementation of a security configuration management system;
- staff management;
- implementation of organizational actions for the maintenance of system components.

11.8. The Exchange shall use the following tools to protect information:

delimitation of access to resources. Registration, setting up the authorities of the Exchange's ITS administrators and changing the rules for delimiting administrators' access shall be based on the decision of the Chief Information Officer of the Exchange;

cryptographic information protection. CISS means that have valid positive expert opinions based on the results of the state examination in the field of cryptographic information protection shall be used to protect the information transmission channels and use of the QES. CISS means shall be used in compliance with their operational documentation;

antivirus protection. The Exchange's ITS servers and workstations shall use licensed software. The antivirus protection system shall implement the following functions: protection of servers and administrators' workstations from infection by computer viruses, antivirus scanning of all media with information and data coming from external objects, event logging and alerting about suspicious activity, ensuring the automatic deletion or placement of detected files infected with unknown types of malware in a special directory accessible to the administrator only;

backup, maintenance and management of the ITS. The Exchange shall ensure backup and maintenance of the Exchange's IT systems, as well as storage of media with reference and backup copies of the network equipment configuration, and perform recovery in case of failures;

ensuring the monitoring of ITS resources. The Exchange shall audit events related to the authentication of administrators, their access to security objects, process and analyze logged information on security-critical events, and ensure monitoring of the software operation from time to time by reviewing events recorded in event logs;

establishing the procedure for ITS upgrading. The upgrading carried out during the operation of the Exchange's ITS related to the replacement/buildup/upgrading of its individual components shall not impair the level of the information security in the ITS;

establishing the procedure for protection of the ITS physical environment. The physical environment of the Exchange's ITS shall be equipped as follows:

- the entrance to the building where the ITS components are located shall be controlled by security guards;

- access to the premises shall be allowed to the authorized persons only;

- the premises where the ITS components are located shall be additionally equipped with a security alarm system to prevent unauthorized access;

- the premises shall be equipped with ventilation, fire extinguishing and guaranteed uninterrupted power supply systems;

monitoring of information security in ITS. The purpose of the monitoring is to detect and prevent violations that may lead to unauthorized actions and influences that result in leakage, destruction, blocking, violation of the integrity of information or change of the mode of access to it.

11.9. Internal documents of the Exchange governing the security of the Exchange's ITS shall determine the composition, sequence and deadlines of works for securing the information circulating in the ITS, including, but not limited to:

- organizational measures to secure the information;
- regulatory control measures;
- preventive measures;
- engineering measures;
- HR management.

## **12. CASES OF APPLICATION OF THE LIQUIDATION NETTING PROCEDURE**

12.1. When the clearing participant/clearing participant's client as a party to the commodity transaction is recognized insolvent based on the final and binding decision of the economic court, namely the decision on opening of bankruptcy proceedings or the decision on opening of insolvency proceedings with respect to the individual or individual entrepreneur, the obligations under exchange agreements to which such clearing participant/clearing participant's client is a party shall be terminated by application of the liquidation netting procedure based on the relevant decision of the Exchange's risk manager, these Clearing Rules and other internal documents of the Exchange from the date of promulgation of the relevant decision of the economic court (the liquidation netting date). The date of promulgation of the relevant decision of the economic court shall be the moment (date) when the court decision is sent to the Exchange to its official e-mail address registered in the Unified Judicial Information and Telecommunication System.

12.2. By entering into the clearing agreement with the Exchange the clearing participant shall agree to the mandatory liquidation netting procedure under exchange agreements concluded with reference to the mandatory liquidation netting procedure. The liquidation netting shall be implemented by the Exchange as the clearing entity on the terms and in the manner determined by these Clearing Rules and other internal documents of the Exchange when such clearing participant/clearing participant's client is recognized insolvent.

12.3. The liquidation netting procedure shall be implemented within three business days starting from the day following the day when the Exchange became aware of the fact of promulgation of the decision specified in clause 12.1 hereof.

12.4. In the course of the liquidation netting procedure in respect of obligations of the insolvent clearing participant/clearing participant's client under the exchange agreements, which were concluded with reference to the mandatory liquidation netting procedure, the Exchange shall:

12.4.1. Determine all obligations of the insolvent clearing participant/clearing participant's client under such agrees existing as of the date of liquidation netting.

12.4.2. Ensure fulfillment of all obligations of the insolvent clearing participant/clearing participant's client under such agreements, which became due within the term of the liquidation netting procedure, if the relevant clearing account contains the clearing assets required for complete fulfillment of the obligations of the insolvent Clearing participant/clearing participant's client.

12.4.3. Terminate all outstanding obligations of the insolvent clearing participant/clearing participant's client under such agreements, which became due within the term of the liquidation netting procedure.



12.4.4. Terminate all obligations of the insolvent clearing participant/clearing participant's client under such agreements, which become due after the expiry of the deadline for the liquidation netting procedure.

12.5. Performance of the liquidation netting by the Exchange and foreclosure on the subject of encumbrance ensuring the fulfillment of obligations of the clearing participant/clients of the clearing participants as parties to the liquidation netting procedure, in respect of which the decision provided for in subclause 12.1 hereof has been made and under one or more transactions within exchange agreements shall be done out of court and shall not require any consent and/or approval of such clearing participant, its client or any other person.

12.6. The Exchange shall send the notice of termination of obligations under commodity transactions to the clearing participant whose obligations are terminated as a result of liquidation netting within 3 business days after the date of termination of such obligations in the manner and form provided for by internal documents of the Exchange.

12.7. The Exchange shall notify the other party to the exchange agreements, one of the parties to which is the clearing participant whose obligations are terminated as a result of liquidation netting, by sending a notice of termination of such obligations to their e-mails within 3 business days after the date of termination of such obligations.

12.8. The funds remaining on the account of the clearing participant (its client(s)) after termination of obligations based on the results of liquidation netting shall be returned to the clearing participant (its client(s)) in the manner stipulated by internal documents of the Exchange governing the exchange trading in relevant sections of the Exchange, in a certain exchange-traded commodity or a group of exchange-traded commodities.

### **13. PROCEDURE FOR TERMINATION OF CLEARING ACTIVITIES BY THE EXCHANGE**

13.1. Should the General Meeting of Exchange members decide to terminate the Exchange's professional activity in the capital markets, i.e. clearing activities, or to terminate the Exchange as a legal entity, the Exchange shall take all required actions to complete clearing activities in accordance with concluded agreements, internal documents of the Exchange, and laws, including the NSSMC regulations, before the date of submission of the application for revocation of the license for professional activity in the capital markets, i.e. clearing activities (hereinafter referred to as the License), to the NSSMC.

13.2. The date of commencement of the clearing activities termination procedure shall be the date:

- determined by the decision of the General Meeting of Exchange members to terminate the clearing activities of the Exchange, or by the decision to terminate the Exchange as a legal entity, including as a result of the Exchange termination as a legal entity by its merger with another legal entity;

- when the NSSMC's decision to revoke the Exchange's License becomes final and binding, except when the License is revoked upon the relevant application of the Exchange.

13.3. In case of voluntary termination of professional activity in the capital markets, i.e. clearing activity, the Exchange shall notify the NSSMC of the decision made, indicating the date of commencement of the clearing activities termination procedure and the date of termination of clearing activity, subject to the provision of a schedule for termination of activities by the Exchange, within 5 business days.

13.4. From the date of entry into force of the NSSMC's decision to revoke the License onwards the Exchange may not enter into new agreements, except for those required to terminate its activities.

13.5. From the day following the effective date of the NSSMC decision to revoke the License the Exchange shall cease clearing activities and may perform only the actions specified in this section.

13.6. Within 5 business days from the date of commencement of the procedure for termination of clearing activities the Exchange shall post on its official website a notice of commencement of the clearing activities termination procedure in the capital markets, i.e. clearing activities, a schedule of actions during the procedure for termination of clearing activities, and notify the following persons about the commencement of termination of professional activities in the manner specified in the agreements:

- clearing participants with whom the clearing agreement(s) have been concluded
- on the need to close clearing accounts maintained in accordance with these

agreements and on termination of clearing services;

- the delivery operator(s) with whom the Exchange has concluded (an) agreement(s);

- clearing bank(s) with which the Exchange has concluded (an) agreement(s);

13.7. From the day following the date of commencement of the clearing activities termination procedure until the date of termination of activities the Exchange shall:

1) stop admitting rights and obligations to clearing;

2) fulfill obligations arising from the clearing of rights and obligations that were admitted to clearing before the date of commencement of the clearing activities termination procedure;

3) make settlements/deliveries in the clearing accounting system and/or arrange settlements/deliveries, including by preparing documents (information) for settlements/deliveries and sending them to the relevant institutions that make settlements/deliveries;

4) return unused collateral and other assets owned by registered persons and held and/or managed by the Exchange to clearing participants after completion of settlements/deliveries;

5) terminate/rescind agreements concluded in compliance with the NSSMC regulations;

6) close all clearing accounts in the manner stipulated by internal documents of the Exchange and relevant agreements;

7) perform the other actions stipulated by internal documents of the Exchange to ensure termination of professional activity in the capital markets, i.e. clearing activities.

13.8. The date of termination of activities shall be the date occurring within 60 calendar days after the date of commencement of the termination procedure. If all clearing accounts were closed before the expiry of 60 calendar days after the date of commencement of the clearing activities termination procedure, the date of termination may be the date following the date of closure of the last clearing account.

13.9. The date of termination of activity may be postponed to a later date by decision of the NSSMC on the basis of a reasoned application of the Exchange.

13.10. The Exchange shall submit an application for revocation of the License and documents stipulated by the NSSMC regulations to the NSSMC within 5 business days after the date of termination of the Exchange's activities.