

APPROVED BY

the decision of the Supervisory Board
of the CCP NCC

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**CLEARING RULES
OF THE CENTRAL COUNTERPARTY NATIONAL CLEARING CENTRE.
PART VII. SECURITY LEVELS OF THE CENTRAL COUNTERPARTY AND
MEASURES, AIMED AT LIMITATION OF THE LIABILITY OF THE CLEARING
HOUSE**

Moscow, 2023

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SECTION I. GENERAL PROVISIONS

These “Clearing Rules of the Central Counterparty National Clearing Centre. Part VII. Security levels of the central counterparty and measures, aimed at limitation of the liability of the Clearing House” (hereinafter referred to as the Clearing Rules for limiting liability of the Clearing House) is the integral part of the Clearing Rules of the Central Counterparty National Clearing Centre and jointly with “the Clearing Rules of the Central Counterparty National Clearing Centre. Part I. The Common part” (hereinafter the Common part of the Clearing Rules) govern specifics for using measures and means aimed at limitation of the liability of the Clearing House for non-fulfillment or undue fulfillment of obligations towards Clearing Members, included into the clearing pool on the relevant Market, in case if there are Defaulting Clearing Members and/or in case of non-fulfillment / undue fulfillment by the Liquidity Provider(s) of obligations towards the Clearing House under OTC Trades in foreign currency and OTC Trades in precious metals and setting special essential terms of liability insurance contract of the Clearing House.

Clearing Rules for limiting liability of the Clearing House use the terms defined in the Common part of the Clearing Rules.

Article 1. Measures aimed at limitation of the responsibility of the central counterparty (central counterparty security levels)

- 1.1. With the aim to limit the responsibility of the Clearing House for the non-fulfillment or undue fulfillment of obligations, included into the clearing pool on the relevant Market, towards the Clearing Members, in case if there are Defaulting Clearing Member, the Clearing House uses the following funds and measures in the following consequence:
 - 1.1.1. Collateral of Defaulting Clearing Members (except for general collateral certificates) on such Market and assets of Defaulting Clearing Members from the asset pool on such Market (in case if the Market, where the Margin Call / Debt has arisen, is the securities Market). Assets of Defaulting Clearing Members from an asset pool are used in the order, defined in the Common part of the Clearing Rules.
 - 1.1.2. Collateral of Defaulting Clearing Members (except for general collateral certificates) on other Markets and assets of Defaulting Clearing Members from the asset pool, used within the cross-default procedure, executed in accordance with the Common part of the Clearing Rules.
 - 1.1.3. Collateral for Stress of Defaulting Clearing Members on such Market.
 - 1.1.4. Contributions of Defaulting Clearing Members to the Default Fund of such Market.
 - 1.1.5. Collateral for Stress of Defaulting Clearing Members on other Markets, used within the cross-default procedure, executed in accordance with the Common part of the Clearing Rules.
 - 1.1.6. Contributions of Defaulting Clearing Members to Default Funds of other Markets, used within the cross-default procedure, executed in accordance with the Common part of the Clearing Rules.
 - 1.1.7. Dedicated own resources of the CCP, determined for this Market.
 - 1.1.8. Additional dedicated own resources of the CCP, determined for all Markets (used upon the decision of the Clearing House).

- 1.1.9. Contributions of Non-defaulting Clearing Members to the Default Fund of such Market and contribution of the PJSC Moscow Exchange to the Default Fund of the FX Market and Precious Metals Market (if such Market is the foreign exchange Market and precious metals Market).
- 1.1.10. Contribution of the PJSC Moscow Exchange to the Default Fund of such Market, posted upon demand of the Clearing House.
- 1.1.11. Additional resources, used upon the decision of the Clearing House.
- 1.1.12. Procedure for discounting obligations of the Clearing House to return Collateral, stipulated by the Article 3.
- 1.2. Amount of the PJSC Moscow Exchange to the Default Fund of the FX Market and precious metals Market is equal to the product of the number of Liquidity Provides and of the minimum contribution to the Default Fund of the FX Market and Precious Metals Market of Clearing Members of categories “B” or “O”, set by the Clearing Rules on the FX Market and Precious Metals Market.
- 1.3. Amount of the dedicated own resources of the CCP for all Markets and the amount of the dedicated own resources of the CCP for each Market is calculated by the Clearing House in accordance with the Dedicated Own Resources of the CCP Calculation Methodology.
 - 1.3.1. Dedicated Own Resources of the CCP for the Securities Market, Deposit Market and Credit Market constitutes 3 400 000 000 (three billion and four hundred million) Russian rubles.
 - 1.3.2. Dedicated Own Resources of the CCP for the FX Market and Precious Metals Market constitutes 2 600 000 000 (two billion and six hundred million) Russian rubles.
 - 1.3.3. Dedicated Own Resources of the CCP for the Derivatives Market constitutes 1 500 000 000 (one billion and five hundred million) Russian rubles.
 - 1.3.4. Dedicated Own Resources of the CCP for the Commodities Market constitutes 0 (zero) Russian rubles;
 - 1.3.5. Dedicated Own Resources of the CCP for the Standardised Derivatives Market constitutes 1 000 000 000 (one billion) Russian rubles.
- 1.4. Amount of the additional dedicated own resources of the CCP for all Markets constitutes 3 500 000 000 (three billion and five hundred million) Russian rubles.
 - 1.4.1. Additional dedicated own resources of the CCP for all Markets is used upon the decision of the Clearing House except for the case, set out in the sub-paragraph 2.1.3.
- 1.5. Total amount of cash funds, posted by the PJSC Moscow Exchange to the Default Fund of one or several Markets, can not exceed 5 000 000 000 (five billion) Russian rubles.
- 1.6. In case if the Dedicated Own Resources of the CCP is used, the Clearing House shall make decision upon the necessity of the replenishment of the Dedicated Own Resources in accordance with the Methodology for the calculation of the Dedicated Own Resources of the CCP and other internal documents of the Clearing House.
- 1.7. In case if Dedicated Own Resources of the CCP are used on the Market, size of the Dedicated Own Resources of the CCP on such Market is calculated as the difference between the size of dedicated own resources, set by this article, and the sum of the used part of Dedicated Own Resources of the CCP, enlarged for the sum, for which Dedicated

Own Resources of the CCP is replenished (hereinafter referred to as current dedicated own resources of the CCP).

- 1.8. In case if Dedicated Own Resources of the CCP are used, size of the additional Dedicated Own Resources of the CCP is calculated as the difference between the size of the additional dedicated own resources, set by this Article, and the sum of the used part of the additional Dedicated Own Resources of the CCP, enlarged for the sum for which additional Dedicated Own Resources of the CCP is replenished (hereinafter referred to as current additional dedicated own resources of the CCP).
- 1.9. Additional own resources of the Clearing House is used upon the decision of the Clearing House except for the case, set out in the sub-paragraph 2.1.5.

Article 2. Limitation of the Clearing House liability on OTC trades in foreign currency and OTC trades in precious metals

- 2.1. In accordance with the paragraph 1 article 15 of the Civil Code of the Russian Federation, liability of the Clearing House towards the Clearing Members on OTC trades in foreign currency and OTC trades in precious metals in the form of losses compensation in case of non-fulfillment / improper fulfillment by the Liquidity Provider(s) of obligations towards the Clearing House, is limited in the order, defined in the Article Article 1, meanwhile the following CCP security levels are used:
 - 2.1.1. Contribution of the PJSC Moscow Exchange to the Default Fund of the FX Market and Precious Metals Market in the amount, which is equal to the product of the minimum contribution to the Default Fund of the FX Market and Precious Metals Market of Clearing Members of categories “B” or “O”, set by the Clearing Rules on the FX Market and Precious Metals Market, and of the number of Liquidity Providers, which did not fulfill its obligations towards the Clearing House.
 - 2.1.2. Dedicated Own Resources of the CCP for the FX Market and Precious Metals Market, set in accordance with the sub-paragraph 1.3.2.
 - 2.1.3. Additional dedicated own resources of the CCP for the FX Market and Precious Metals Market for all Markets, set in accordance with the paragraph 1.4.
 - 2.1.4. Contributions of Non-defaulting Clearing Members to the Default Fund of the FX Market and Precious Metals Market and the contribution of the PJSC Moscow Exchange to the Default Fund of the FX Market and Precious Metals Market.
 - 2.1.5. Additional resources of the Clearing House.
 - 2.1.6. Procedure for discounting obligations of the Clearing House to return Collateral, stipulated by the Article Article 3 taking into account specifics defined in this article.
- 2.2. Article Article 3 is applicable in case if the Liquidity Provider has not fulfilled its obligation towards the Clearing House, meanwhile the Debt of the Clearing Member is considered as the non-fulfilled obligation of the Liquidity Provider in the relevant currency / relevant precious metal and negative financial result from the balancing trades, executed by the Clearing House for the fulfillment of obligations of the Clearing House towards Non-Defaulting Clearing Member under OTC trades in foreign currency and/or OTC trades in precious metals due to non-fulfillment by the Liquidity Provider of obligations towards the Clearing House, while the contribution of the Clearing Member to the Default Fund of the Market is considered as the contribution of the PJSC Moscow Exchange to the Default

Fund of the FX Market and Precious Metals Market, in the amount, equal to the product of the minimum contribution to the Default Fund of the FX Market and Precious Metals Market of Clearing Members of the category “B” or “O”, set out by the Clearing Rules on the FX Market and Precious Metals Market, and the number of Liquidity Providers, which did not fulfill its obligations towards the Clearing House.

- 2.3. Total amount of obligations with the deferred settlement on the FX Market and Precious Metals Market, calculated in accordance with the sub-paragraph 3.2.2, due to non-fulfillment of obligations by Liquidity Providers towards the Clearing House, is spread over:
 - 2.3.1. firstly, between Clearing Members, which executed OTC Trades in foreign currency with Liquidity Providers and/or OTC trades in precious metal with Liquidity Providers and which as of the Settlement Day, on which obligations with the deferred settlement have been calculated, have the Net Claim with the arrived Settlement Date / Total Net Claim towards the Clearing House in cash funds in the relevant currency / relevant precious metal on the FX Market and Precious Metal, proportionally to the size of such Net Claim / Total Net Claim;
 - 2.3.2. secondly, between Clearing Members, which executed OTC Trades in foreign currency with Liquidity Providers and/or OTC trade in precious metal with Liquidity Providers and which have the claim towards the Clearing House to return Collateral in cash funds, recorded under the Settlement Account, registered for the FX Market and Precious Metals Market, or under the Unified Pool Settlement Account, proportionally to the size of the abovementioned claims;
 - 2.3.3. thirdly, between all Clearing Members, accepted to the clearing services on the FX Market and Precious Metals Market, in accordance with the paragraph 3.4.
- 2.4. In accordance with the paragraph 2 of the article 393 and article 15 of the Civil Code of the Russian Federation, the Clearing House is not liable to the Clearing Members under OTC Trades in foreign currency and OTC trades in precious metal in the form of interest payment on the total sum of cash funds if the payment is delayed in case of non-fulfillment / improper fulfillment by the Liquidity Provider of obligations towards the Clearing House.
- 2.5. Provisions, defined in the paragraphs 2.1 and 2.3, constitute the agreement between Clearing Members on the FX Market and Precious Metals Market and the Clearing House on limitation of the Clearing House liability towards the Clearing Members under OTC Trades in foreign currency and OTC trades in precious metal in case of non-fulfillment / improper fulfillment by the Liquidity Provider of obligations towards the Clearing House pursuant to the paragraph 1 of the article 15 and paragraph 2 of the article 393 of the Civil Code of the Russian Federation.

Article 3. Discounting the Clearing House obligations to return Collateral

- 3.1. With the aim to limit the responsibility of the Clearing House for non-fulfillment or unduly fulfillment of obligations, included into the clearing pool on the relevant Market, towards Clearing Members, in case of there is at least one Defaulting Clearing Member, which did not fulfill its obligations towards the Clearing House, and/or in case if liquidation netting has been held in respect of Clearing Members / Clearing Members clients in accordance with the Common part of the Clearing Rules, the Clearing House applies the procedure for

discounting obligations of the Clearing House to return Collateral in cash funds to Clearing Members / Authorized Accounts Owner, determined in this article.

3.2. On the basis of the mark-to-Market clearing session results, on each Market the Clearing House calculates the obligations with deferred fulfillment. Obligations with deferred fulfillment can be fulfilled by the Clearing House by the end of the fourth Settlement Day since of the date of its calculation in accordance with the terms of this article.

3.2.1. Obligations with deferred fulfillment on an Market emerge in case if the total sum of the Debt of all Clearing Members, not secured with Collateral, Collateral for Stress, contribution to the Default Fund of such Clearing Member, lessened for the value of the Tax Debt of such Clearing Member (hereinafter referred to as the non-secured Debt of the Clearing Member) and absolute values of net obligations of Clearing Members, calculated on the basis of the liquidation netting results, executed in respect of the Clearing Member (client of the Clearing Member), exceeds the amount of available funds, procedure for the calculation of which is set out in the paragraph 3.3.

3.2.2. Obligations with deferred fulfillment emerge on the Market under the following condition:

$NCD + LN > DW$, where

NCD is the sum of non-secured Debts of Clearing Members on the particular on-exchange Market,

LN is the sum of net obligations of Clearing Members, calculated on the basis of the liquidation netting results, executed in respect of the Clearing Member (client of the Clearing Member),

DW is the amount of available funds on the Market, procedure for the calculation of which is set out in the 3.3.

Total sum of obligations with deferred fulfillment on the particular Market is calculated according to the following formula:

$OwPF = |NCD + LN - DW|$, where

OwPF is the total sum of obligations with deferred fulfillment on the particular Market.

3.2.3. The sum of non-secured Debts of Clearing Members on the particular Market is calculated according to the following formula:

$NCD = \sum_{cm} |D_{cm}|$, where

NCD is the sum of non-secured Debts of Clearing Members on the particular Market,

D_{cm} is the non-secured Debt of the Clearing Member;

Σ is the sum, extended over all Clearing Members on the Market;

$D_{cm} = \min((\sum_{sa} \max(\min(D_{sa}; 0); \min(SI_{sa}; 0)) + CfS_{cm} + DF_{cm}); 0)$, where

D_{sa} is the value, equal to the difference between the Debt, recorded under the Settlement Account of the Clearing Member and the size of the Tax Debt, recorded under the Settlement Account of such Clearing Member (recorded with minus). Debt in the foreign currency is converted into Russian rubles according to the Central exchange rate, the last one, calculated by the Clearing House,

\sum_{sa} is the sum, extended over all Settlement Accounts of the Clearing Member on the Market,

Sl_{sa} is the Single Limit in respect of the Settlement Account of the Clearing Member (for the securities Market and Deposit Market, for the fx Market and precious metals Market, for the commodities Market / the value SZ_{sc} (for the derivatives Market) / Security ratio (for the Standardised Derivatives Market),

CfS_{cm} is the assessment of the Collateral for Stress of the Clearing Member on the Market,

DF_{cm} is the assessment of the Default Fund contribution of the Clearing Member on the Market;

$CfS_{cm} = msCfS_m \times (1 + \min((Sl_{CfS} / \sum_m msCfS_m); 0)),$

$DF_{cm} = msDF_m \times (1 + \min((Sl_{DF} / \sum_m msDF_m); 0)),$ where

msCfS_m, msDF_m is the minimum size of the Collateral for Stress / Default Fund contribution of the relevant Market;

Sl_{CfS}, Sl_{DF} is the Single Limit of the Clearing Member in respect of the Collateral for Stress / Single Limit of the Clearing Member in respect of the Default Fund (taking into account the sign);

\sum_m – is the total sum of the Collateral for Stress minimum values / contributions to the Default Funds of all Markets for such Clearing Member.

- 3.3. The value of available funds is determined as the sum of funds, defined in sub-paragraphs 1.1.7-1.1.11.
- 3.4. The total sum of obligations with deferred fulfillment on the particular Market, calculated in accordance with the sub-paragraph 3.2.2, is extended over Settlement Accounts of Clearing Members, which, as of the Settlement Day, on which obligations with deferred fulfillment are calculated, has the Net Claim with the arrived Settlement Date / Total Net Claim towards the Clearing House in cash in the relevant currency, proportionally to the size of such Net Claim / Total Net Claim in accordance with the sub-paragraph 3.5.3.
 - 3.4.1. If allocation of the total sum of obligations with the deferred settlement on the Market among Clearing Members, which have Net Claims with the arrived Settlement Date / Total Net Claim towards the Clearing House in cash on such Market, is impossible then remained unallocated amount of obligations with the deferred settlement is allocated amount Clearing Members, which have the claim to the Clearing House to return Collateral in cash, proportionally to the size of the defined claims in accordance with the sub-paragraph 3.5.4.
 - 3.4.2. Information on the size of the obligation with deferred fulfillment is disclosed in the Clearing System of the relevant Market under each Settlement Account of the Clearing Member.
- 3.5. The Clearing House calculates the size of obligations with the deferred settlement and checks the opportunity to terminate it at least once a Settlement Day.
 - 3.5.1. If the sum of all non-secured Debts of Clearing Member on the Market, calculated in accordance with the paragraph 3.2, and of absolute values of net obligations of Clearing Members, calculated on the basis the liquidation netting results, executed in respect of the Clearing Member (client of the Clearing Member), does not exceed the amount of available funds, procedure for the calculation of which is defined in the paragraph 3.3, then values of all obligations with deferred fulfillment become equal to zero.

- 3.5.2. If the total sum of obligations with deferred fulfillment on the Market, calculated in accordance with the sub-paragraph 3.2.2, is less than the defined sum, calculated during the previous calculation of obligations with deferred fulfillment, the size of obligations with deferred fulfillment, recorded under the Settlement Accounts of Clearing Members, is lessened according the following formula:

$$\text{OwPF}_{sa} = \text{round}(\text{OwPF}_{sa_old} \times (1 - \min((\Delta\text{OwPF} / \sum_{sa} \text{OwPF}_{sa_old}); 1)); 2),$$

where

OwPF_{sa} is the new value of the size of obligations with deferred fulfillment, recorded under the Settlement Account of the Clearing Member,

OwPF_{sa_old} is the previous value of the size of obligations with deferred fulfillment, recorded under the Settlement Account of the Clearing Member,

ΔOwPF is the sum, by which the total sum of obligations with deferred fulfillment on the Market is reduced,

\sum_{sa} – is the sum, extended over all Settlement Accounts of Clearing Members, under which obligations with the deferred settlement are recorded.

- 3.5.3. If the total sum of obligations with the deferred settlement on the Market, calculated in accordance with the sub-paragraph 3.2.2, is more than the sum, calculated during the previous calculation of obligations with the deferred settlement, size of obligations with the deferred settlement, recorded under the Settlement Accounts of Clearing Member, under which the Net Claim with the arrived Settlement Date / Total Net Claim against the Clearing House in cash funds on such Market is recorded, is enlarged according to the following:

$$\text{OwPF}_{sa} = \text{OwPF}_{sa_old} + \min((\Delta\text{OwPF} / \sum_{sa} \text{TO}_{sa}); 1) \times \text{TO}_{sa},$$

where

OwPF_{sa} is the new value of the size of the obligation with the deferred settlement, recorded under the Settlement Account of the Clearing Member,

OwPF_{sa_old} – is the previous value of the size of the obligation with the deferred settlement, recorded under the Settlement Account of the Clearing Member,

ΔOwPF is the sum, by which the total sum of obligations with deferred fulfillment on the Market is reduced,

TO_{sa} is the Net Claim with the arrived Settlement Date / Total Net Claim towards the Clearing House in cash funds, recorded under the Settlement Account of the Clearing Member, reduced for the size of the Debt, recorded under such Settlement Account, calculated during the previous (within one Settlement Day) calculation of obligations with the deferred settlement;

\sum_{sa} is the sum, extended over all Settlement Accounts of Clearing Members, under which the Net Claim with the arrived Settlement Date / Total Net Claim towards the Clearing House in cash funds is / are recorded.

- 3.5.4. If allocate the total sum of obligations with the deferred settlement among Clearing Members on the Market, which have the Net Claim with the arrived Settlement Date / Total Net Claim towards the Clearing House in cash funds on such Market, is impossible, the sum of obligations with the deferred settlement, recorded under Settlement Accounts,

under which the Collateral in cash funds is recorded, is calculated according to the following:

$$\text{OwPF}_{\text{sa}} = \text{OwPF}_{\text{sa_old}} + \min\left(\frac{\Delta\text{OwPF}}{\sum_{\text{sa}} \text{Col}_{\text{sa}}}; 1\right) \times \text{Col}_{\text{sa}},$$

where

OwPF_{sa} is the new value of the sum of obligations with the deferred settlement, recorded under the Settlement Account of the Clearing Member,

$\text{OwPF}_{\text{sa_old}}$ is the previous value of the size of the obligation with the deferred settlement,

ΔOwPF – is the total sum of obligations with the deferred settlement on the Market not allocated in accordance with the sub-paragraph 3.5.3;

Col_{sa} – is the claim towards the Clearing House to return Collateral in cash funds on the Market not taking into account the Net Claim with the arrived Settlement Date / Total Net Claims of each Clearing Member, taken into account when calculating obligations with the deferred settlement in accordance with the sub-paragraph 3.5.3. Regarding Unified Pool Settlement Accounts the claim towards the Clearing House to return Collateral in cash funds on the Market is executed proportionally to the sum of Net Obligations through all Settlement Dates, recorded under the Settlement Account on such Market. Net Obligation in securities, commodities, precious metals is recalculated in Russian rubles according to the Settlement Price / Central Rate;

\sum_{sa} – is the sum through all Settlement Accounts, under which the claims towards the Clearing House to return Collateral in cash funds are recorded.

- 3.5.5. With the aim to calculate the size of obligations with the deferred settlement, Net Claims / Total Net Claims in cash funds in the foreign currency, claims to return Collateral in foreign currency are recalculated in Russian rubles according to the last Foreign Exchange Central Rate, set by the Clearing House.
- 3.6. Obligations with deferred settlement in the amount, calculated as of the 4th (fourth) Settlement Day, since of the date of its initial calculation, by the end of the 4th (fourth) Settlement Day, are considered to be fulfilled. Meanwhile the total size of the obligation of the Clearing House to return to the Clearing Member Collateral in the relevant currency is lessened for the sum of such fulfilled obligation with the deferred fulfillment.
- 3.7. In case of paying off by a Defaulting Clearing Member of Debts after paying off obligations with deferred settlement in accordance with the paragraph 3.6, the Clearing House allocates received funds in a full amount proportionally (when lacking in received funds) among Clearing Members, in respect of which obligations with deferred settlement have been paid off in accordance with the paragraph 3.6. Defined allocation is executed through increasing the amount of obligations of the Clearing House to return Collateral to Clearing Members.

Article 4. Significant conditions of the Clearing House's liability insurance contract

- 4.1. Liability of the Clearing House is insured under conditions of complex insurance of property, insurance against computer crimes liability insurance.
- 4.2. Significant conditions of the insurance are the following:
 - 4.2.1. Period of insurance: from 00:00 March 15, 2023 to 24:00 March 14, 2024 (Moscow Time), both dates inclusively.

- 4.2.2. Total insured amount according to the contract is 3,9 billion rubles.
- 4.2.3. Subject of insurance – property interest of the Clearing House, connected with its obligation to cover damage, caused to third parties (affected person) when performing activity which is insured, including central counterparty activity, in the order, set by the legislation of the Russian Federation. Property interest of the Insurant while performing Insured activity, connected with causing direct property damage to the Insurant, is also insured.
- Insured activity is any activity performed by the Clearing House on the securities Market (with certified and uncertified securities inclusively) and associated activity, activity on performing permitted banking operations, activity of the clearing organization, including central counterparty activity, and activity of the commodity delivery operator.
- 4.3. This article is in effect till the end (during the period), defined in the sub-paragraph 4.2.1.