



AFSA NOTICE № AFSA-Q-NB-2021-0005
ON GRANTING MODIFICATIONS TO
Otan Private Bank Limited

Date of issue: 22 April 2021

Nur-Sultan, Kazakhstan



ON GRANTING MODIFICATIONS TO OTAN PRIVATE BANK LIMITED

NOTICE No. AFSA-Q-NB-2021-0005

THE ASTANA FINANCIAL SERVICES AUTHORITY (AFSA) HEREBY GIVES NOTICE THAT:

Otan Private Bank Limited (“OPB”) was granted the modifications of the AIFC Banking Business Prudential Rules (“BBR”) 5.26 (1), 5.26 (7), 5.26 (8) and the AIFC Banking Prudential Guideline (“BPG”) Paragraph 25 of Chapter 5, Paragraph 83 (Table F1, item 1, 2) of Chapter 6, Paragraphs 66, 178, 191 of Chapter 9 as specified in the right-hand column of the Table.

Table. MODIFIED AIFC RULE/GUIDELINE

Item No	Reference to the relevant rule/guideline	Modified rule/guideline				
1	Paragraph 66, Chapter 9 of the BPG: Level 1 HQLA 66. Level 1 HQLA must be valued at market value and it consists of: ...	Paragraph 66, Chapter 9 of the BPG: Level 1 HQLA 66. Level 1 HQLA must be valued at market value and it consists of: ... g) claims on the National Bank of the Republic of Kazakhstan, the Government of the Republic of Kazakhstan (liquidity on the current accounts, deposits and marketable securities) that are not restricted; h) claims on the Eurasian Development Bank (liquidity of the accounts, deposits and bonds) that are not restricted.				
2	Paragraph 178, Chapter 9 of the BPG: 178. The Category 1 assets that receive 0% RSF factor include the following, subject to the paragraphs 186 & 187, which pertain to certain encumbered assets: ...	Paragraph 178, Chapter 9 of the BPG: 178. The Category 1 assets that receive 0% RSF factor include the following, subject to the paragraphs 186 & 187, which pertain to certain encumbered assets: ... e) Claims on the National Bank of the Republic of Kazakhstan, Government of the Republic of Kazakhstan (liquidity on the accounts, deposits and bonds) that are not restricted; f) Claims on the Eurasian Development Bank (liquidity of the accounts, deposits and bonds) that are not restricted.				
3	Paragraph 191, Chapter 9 of the BPG: 191. The AFSA may allow, on a case by case basis, a Bank to include a longer term asset which is relatively easy to liquidate in the sight - 8 days time band. The discount factor to be applied to types of marketable assets must be determined by reference to the following table: <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: center;">Benchmark discount</td> </tr> </table>		Benchmark discount	Paragraph 191, Chapter 9 of the BPG: 191. The AFSA may allow, on a case by case basis, a Bank to include a longer term asset which is relatively easy to liquidate in the sight - 8 days time band. The discount factor to be applied to types of marketable assets must be determined by reference to the following table: <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 80%;"></td> <td style="text-align: center;">Benchmark discount</td> </tr> </table>		Benchmark discount
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	<p>Central government and central government-guaranteed marketable Securities with twelve or fewer months' residual maturity, including treasury bills; and eligible local authority paper and eligible bank bills.</p>	<p>0%</p>		<p>Central government and central government-guaranteed marketable Securities with twelve or fewer months' residual maturity, including treasury bills; and eligible local authority paper and eligible bank bills.</p>	<p>0%</p>
	<p>Non-government debt Securities which are Investment Grade, and which have six or fewer months' residual maturity.</p>	<p>5%</p>		<p>Non-government debt Securities which are Investment Grade, and which have six or fewer months' residual maturity.</p>	<p>5%</p>
	<p>...</p>	<p>...</p>		<p>...</p>	<p>...</p>
				<p>The marketable securities of the Eurasian Development Bank</p>	<p>0%</p>
<p>4</p>	<p>Paragraph 25, Chapter 5 of the BPG:</p> <p>25. In respect of table 5B, the list of multilateral development banks (Item 4 in Column 1) which qualify for a 0% risk weight, are published by the Basel Committee for Banking Supervision (BCBS). The list was originally included in the document Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework—Comprehensive Version, published by the BCBS on 30 June 2006, and has since been updated by BCBS newsletters. As at November 2016 the list is as follows:</p> <p>...</p>	<p>Paragraph 25, Chapter 5 of the BPG:</p> <p>25. In respect of table 5B, the list of multilateral development banks (Item 4 in Column 1) which qualify for a 0% risk weight, are published by the Basel Committee for Banking Supervision (BCBS). The list was originally included in the document Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework—Comprehensive Version, published by the BCBS on 30 June 2006, and has since been updated by BCBS newsletters. As at November 2016 the list is as follows:</p> <p>...</p> <p>• The Eurasian Development Bank.</p>			
<p>5</p>	<p>Section 5.26 (1), Chapter 5 of the BBR:</p> <p>5.26 Management of Concentration risk exposures</p> <p>Calculating exposures</p> <p>(1) Large exposure means a gross exposure to a counterparty or connected counterparties that is 10% or more of the Bank's regulatory capital. In this rule:</p> <p>gross exposure to a counterparty or connected counterparties is the total of the following exposures:</p> <p>...</p>	<p>Section 5.26 (1), Chapter 5 of the BBR:</p> <p>5.26 Management of Concentration risk exposures</p> <p>Calculating exposures</p> <p>(1) Large exposure means a gross exposure to a counterparty or connected counterparties that is 10% or more of the Bank's regulatory capital. In this rule:</p> <p>gross exposure to a counterparty or connected counterparties is the total of the following exposures:</p> <p>...</p> <p>d) cash on accounts risk-weighted in accordance with Table 5B and Table 5C of BBR.</p>			
<p>6</p>	<p>Section 5.26 (7), Chapter 5 of the BBR:</p> <p>5.26 Management of Concentration risk exposures</p> <p>...</p> <p>Limits on exposures</p> <p>...</p> <p>(7) The total of the Bank's net exposures to any 1 counterparty or any 1 group of connected counterparties must not exceed 25% of the Bank's regulatory capital.</p>	<p>Section 5.26 (7), Chapter 5 of the BBR:</p> <p>5.26 Management of Concentration risk exposures</p> <p>...</p> <p>Limits on exposures</p> <p>...</p> <p>(7) The total of the Bank's net exposures to any 1 counterparty or any 1 group of connected counterparties must not exceed 25% of the Bank's regulatory capital, except to any types of claims on the National Bank of</p>			



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	<p>...</p>	<p>the Republic of Kazakhstan and the Government of the Republic of Kazakhstan. The net exposure on the Eurasian Development Bank is limited up to 300% of the Bank's regulatory capital.</p> <p>...</p>																																																												
7	<p>Section 5.26 (8), Chapter 5 of the BBR: 5.26 Management of Concentration risk exposures</p> <p>...</p> <p>Limits on exposures</p> <p>...</p> <p>(8) The total of all of the Bank's net large exposures must not exceed 800% of that capital.</p> <p>...</p>	<p>Section 5.26 (8), Chapter 5 of the BBR: 5.26 Management of Concentration risk exposures</p> <p>...</p> <p>Limits on exposures</p> <p>...</p> <p>(8) The total of all of the Bank's net large exposures must not exceed 800% of that capital, except to any types of claims on the National Bank of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.</p> <p>...</p>																																																												
8	<p>Paragraph 83 (Table F1, items 1,2), Chapter 6 of the BPG:</p> <p>83. The Bank may offset matched long and short positions (including positions in derivatives) in identical instruments with exactly the same issuer, coupon, currency and maturity.</p> <p>Table F1 specific risk capital charges</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 10%;">column 1 item</th> <th style="width: 10%;">column 2 category</th> <th style="width: 15%;">column 3 external credit rating</th> <th style="width: 15%;">column 4 residual maturity</th> <th style="width: 10%;">column 5 specific risk capital charge (%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">government</td> <td style="text-align: center;">AAA to AA-</td> <td></td> <td style="text-align: center;">0.00</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">...</td> <td style="text-align: center;">...</td> <td style="text-align: center;">...</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">...</td> <td></td> <td style="text-align: center;">...</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">...</td> <td></td> <td style="text-align: center;">...</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">qualifying</td> <td></td> <td style="text-align: center;">...</td> <td style="text-align: center;">...</td> </tr> </tbody> </table>	column 1 item	column 2 category	column 3 external credit rating	column 4 residual maturity	column 5 specific risk capital charge (%)	1	government	AAA to AA-		0.00			2	qualifying		<p>Paragraph 83 (Table F1, items 1,2), Chapter 6 of the BPG:</p> <p>83. The Bank may offset matched long and short positions (including positions in derivatives) in identical instruments with exactly the same issuer, coupon, currency and maturity.</p> <p>Table F1 specific risk capital charges</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 10%;">column 1 item</th> <th style="width: 10%;">column 2 category</th> <th style="width: 15%;">column 3 external credit rating</th> <th style="width: 15%;">column 4 residual maturity</th> <th style="width: 10%;">column 5 specific risk capital charge (%)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">government</td> <td style="text-align: center;">AAA to AA- and claims on the National Bank of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.</td> <td></td> <td style="text-align: center;">0.00</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">...</td> <td style="text-align: center;">...</td> <td style="text-align: center;">...</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">...</td> <td></td> <td style="text-align: center;">...</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">...</td> <td></td> <td style="text-align: center;">...</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">qualifying</td> <td style="text-align: center;">claims on the Eurasian</td> <td></td> <td style="text-align: center;">0.00</td> </tr> </tbody> </table>	column 1 item	column 2 category	column 3 external credit rating	column 4 residual maturity	column 5 specific risk capital charge (%)	1	government	AAA to AA- and claims on the National Bank of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.		0.00			2	qualifying	claims on the Eurasian		0.00
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				Development Bank		
				

CONDITION

The modifications granted in the above Table are subject to monthly reporting of large exposures, including monthly reporting of top-ten depositors and top-ten creditors.

The modification items 4, 5, 6, 7 of the above Table are granted for 12 months and are renewable unless Otan Private Bank Limited identifies other additional counterparty banks to allocate its funds.

The AFSA will publish the modifications of BBR 5.26 (1), 5.26 (7), 5.26 (8) and BPG Paragraph 25 of Chapter 5, Paragraph 83 (Table F1, item 1, 2) of Chapter 6, Paragraphs 66, 178, 191 of Chapter 9 on its official website.

EFFECTIVE PERIOD

This notice comes into effect on the date of issue.

INTERPRETATION

THIS NOTICE IS ISSUED PURSUANT TO SECTION 9 OF THE FINANCIAL SERVICES FRAMEWORK REGULATIONS BY THE ASTANA FINANCIAL SERVICES AUTHORITY.