



NATIONAL BANK OF KAZAKHSTAN

PUBLIC INFORMATION NOTICE

Standard documentation for over-the-counter derivatives transactions has been developed

Astana

January 27, 2025

The National Bank of Kazakhstan (hereinafter – NBK) and the Association of Financiers of Kazakhstan (hereinafter – AFK) have announced the completion of the development of the first-ever standard terms of the Master Financial Agreement (hereinafter - MFA) for over-the-counter (OTC) derivatives transactions in the domestic financial market.

The MFA provides standardized documentation for executing OTC derivatives transactions, including swaps, forwards, and options. The introduction of the MFA is expected to give a boost to the development of the OTC derivatives market in Kazakhstan by ensuring transparency, standardization and risk mitigation.

The adoption of the MFA for derivatives transactions opens new opportunities for the corporate sector and financial institutions in managing foreign exchange and interest rate risks. Companies dealing with foreign currency flows will have access to effective hedging instruments, enabling them to minimize financial risks and enhance the predictability of cash flows. The implementation of the MFA can also contribute to the development of long-term lending by enabling second-tier banks to efficiently manage interest rate risks and offer more favorable financing conditions.

Companies and financial institutions are encouraged to consult second-tier banks and brokerage firms for professional hedging of foreign exchange and interest rate risks using the opportunities provided by the MFA.

The standard terms of the developed MFA are largely based on the 2002 ISDA Master Agreement¹, which is governed by English law. This document is recognized as the international standard for OTC derivatives transactions and is applied in more than 70 countries worldwide.

The standard terms of the MFA are available in the Kazakh and Russian languages on the website of the AFK and are accessible to market participants.

Detailed information for the media representatives is available upon request:

+7 (7172) 77 52 10

e-mail: press@nationalbank.kz

www.nationalbank.kz

¹©2002 International Swaps and Derivatives Association, Inc. "ISDA" is a registered trademark owned by the International Swaps and Derivatives Association, Inc.