

# KAZAKHSTAN STOCK EXCHANGE INC

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## PRESS-RELEASE

Almaty

August 28, 2007

### Decisions of the Annual General Meeting of Shareholders of Kazakhstan Stock Exchange Inc

On August 23, 2007 the annual shareholders general meeting of Kazakhstan Stock Exchange Inc (hereinafter referred to as – the Exchange) on the results of 2006 was held.

The supplemented [agenda](#) of the meeting (hereinafter – the Meeting) included as follows:

1. Awarding of the most distinguished Exchange members according to the results of 2006.
2. Awarding of listing companies with diplomas "Transparency dedication" according to the results of 2006.
3. Approval of the agenda of this annual general meeting of the Exchange shareholders.
4. Approval of the annual financial statements and annual report of the Exchange for 2006.
5. On procedures of allocation of the Exchange income (profit) for 2006.
6. On shareholders' appeals of the Exchange and its officers actions; on results of the appeals' consideration.
7. Information on volume and composition of remuneration for members of the Exchange Council and Board.
8. On the Exchange development strategy for 2007–2010. On the Exchange commercialization and capitalization.
9. On increase of number of the shares authorized in addition to those outstanding.
10. On approval of the Exchange Charter possible changes and additions related to its possible reorganization to a commercial organization and increase of number of the Exchange shares authorized in addition to those outstanding among them the necessity of bringing the Exchange charter to correspondence with the legislation of the Republic of Kazakhstan on joint-stock companies. On recognition of loss of effect by some decisions of the Exchange Shareholders General meetings of permanent action due to the Exchange commercialization and due to loss of actuality.
11. Determination of quantitative composition and term of the Exchange Council and election of its members, inclusive of independent directors of the Exchange.
12. Information for the Exchange shareholders.

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Within the limits of the meeting a traditional awarding of [the most distinguished Exchange members](#) was held according to the results of 2006 in the following categories (in compliance with the Rules on yearly encouragement of the most distinguished Exchange members, approved by decision No. 17/1 of the Exchange Board of February 4, 2003):

- **"Leading Financial Consultant"**: Financial company Alliance Capital JSC (*"silver" diploma*);
- **"Leader of the Initial Placement Stock Market"**: Halyk Finance JSC (*"silver" diploma*);
- **"Repo Market Leader"**: Bank TuranAlem JSC (*"silver" diploma*), Kazkommertsbank JSC (*letter of award*);
- **"Leader of the Stock Securities Market among non-banking broker and/or dealer organizations"**:

Subsidiary of Bank TuranAlem JSC – TuranAlem Securities JSC ("*silver*" diploma), Accumulative pension fund GNPF JSC (*letter of award*);

- "**Leader of the Exchange Corporate Securities Market**": Subsidiary of Bank TuranAlem JSC – TuranAlem Securities JSC ("*silver*" diploma), Bank TuranAlem JSC (*letter of award*);
- "**Leader of the Exchange Government Securities Market**": Halyk savings bank of Kazakhstan JSC ("*silver*" diploma), Bank TuranAlem JSC (*letter of award*);
- "**Leader of the Exchange Currency Market**": Halyk savings bank of Kazakhstan JSC ("*silver*" diploma), Subsidiary Joint-Stock Bank ABN AMRO Bank Kazakhstan JSC (*letter of award*);
- "**Absolute Leader of the Exchange Market**": Bank TuranAlem JSC ("*golden*" diploma).

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Within the framework of the meeting Bank CenterCredit JSC – a listing company of category "A" was awarded – with the diploma "**For Transparency Dedication**" according to the results of 2006 (in compliance with the Rules on yearly encouragement of listing companies, approved by decision No. 75/4 of the Exchange Board of June 9, 2005).

In compliance with the named Rules two securities issuers are subject to a yearly encouragement in each of the following groups:

- listing companies of category "A" – financial organizations;
- listing companies of category "A" – non-financial organizations;
- listing companies of category "B".

However, due to insufficient quality of information disclosure on the side of admittance initiators (which, the Exchange considers, shows absence of the established informational transparency traditions in the country, weak informational culture of Kazakhstan securities issuers, listing companies' managers improper control of the related units and employees responsible for presentation of information to the Exchange) this year the Exchange Board decided to limit itself to encouragement of only one listing company – Bank CenterCredit JSC.

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In fulfillment of the Exchange Council decision the Exchange for the first time in its 14-year existence crafted **the strategy** of its development that is attached to this press-release. The necessity of development of this strategy arose in view of change of legal and business environment of the Exchange and namely due to the change of investment benchmarks for organizations carrying out investment management of pension assets, and due to increased interest to Kazakhstan securities issuers on the side of foreign stock exchanges which provokes a danger of "local" securities "leakage" abroad, being most attractive for investors.

The strategy determines the main **keynote** of the Exchange business behavior, **guidelines** of its activities and 15 **directions** of its development.

The Exchange strategy envisages its **commercialization** that is transition to the conditions at which the Exchange begins to allocate its profit between the Exchange shareholders. Within the framework of the Exchange commercialization the voting principle "one shareholder – one vote" was rejected and transition to a common for joint stock companies voting principle was made, at which one share has one vote at the General meeting of the Exchange shareholders. Apart from this, the Exchange commercialization will be accompanied by restrictive rule rejection in compliance with which only professional participants of securities market and other licensable financial institutes may be shareholders of the Exchange. Thus, right of the Exchange share acquisition will be available to any interested persons, and the Exchange shares after the delisting thereof at the Exchange should become liquid financial instrument. On the whole the Exchange being a commercial organization intends to become **an ideal joint-stock company** and **an ideal listing company**, acting as an example for other securities issuers in a part of corporate management and informational transparency.

For the purpose of provision of access to the Exchange shares for a wide range of investors, the meeting made a decision to execute **stock split** of the Exchange in proportion "1 : 1.000" (which should proportionally reduce the price of one Exchange share placement) and to increase a total number of the "declared shares" of the Exchange up to **5 million** (which after the realization of right of first refusal of the Exchange shares by its active shareholders should form sufficient number of the

Exchange shares for its distribution among a wide range of investors). In far prospect the Exchange intends to become a kind of "blue chip" on the stock market compensating thereby for a deficit of real "blue chips" on the Kazakhstan securities market.

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The Exchange shareholders made a decision on forming the Exchange Council in number of 18 people (there were 15 before). Out of this number 4 persons were included in the Exchange Council structure without personal elections in compliance with the current legislation and the Exchange charter (representatives of the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations, the Agency of the Republic of Kazakhstan on regulation of activities of the regional financial center of Almaty, National Bank of the Republic of Kazakhstan, the Exchange President), 2 persons were elected in the capacity of "exterior" independent directors of the Exchange and 12 persons were elected in the capacity of the Exchange shareholders representatives retaining parity of banks and non-banking broker-dealer companies representatives in the Exchange Council. With that those included in the structure of the Exchange Council the representatives of the Exchange shareholders that were not elected as the Exchange Council members concurrently were determined by the meeting as elected in the capacity of independent directors of the Exchange.

Thus, the Exchange Council was formed in the following structure:

- 1) Nurlan Almasovich Abdrakhmanov – Director of Department on supervision for securities market subjects and accumulative pension funds of the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations (by the law of the Republic of Kazakhstan "On Securities Market");
- 2) Arystanov Arken Kenesbaevich – Chairman of the Agency of the Republic of Kazakhstan on regulation of activities of the regional financial center of Almaty (by the law of the Republic of Kazakhstan "On Securities Market");
- 3) Yuriy Viktorovich Gerasimenko – Director of Monetary Transactions Department of the National Bank of the Republic of Kazakhstan (pursuant to the Exchange charter);
- 4) Azamat Myrzadanovich Joldasbekov – the Exchange President (pursuant to the Exchange charter);
- 5) Seric Akhmetzhanovich Akhanov – Chairman of the Kazakhstan Financial Experts Association Council ("exterior" independent director of KASE);
- 6) Kadyrzhan Kabdoshevich Damitov – Director of Fund of Stable Development Kazyna JSC ("exterior" independent director of KASE);
- 7) Eldar Sovetovich Abdrazakov – Chairman of the Board of Directors of Centras Securities JSC;
- 8) Ayan Sovetovna Battalova – Management Board Member of Company of Investment Portfolio Management Compas JSC (independent director of KASE);
- 9) Ainur Muratovna Bidaibekova – Management Board Chairman of Asia Broker Services JSC, Deputy of General Director of ABS SECURITIES LLP, Managing Director of First Broker House JSC (independent director of KASE);
- 10) Dauren Adilbekuly Zhaksybek – Management Board Chairman, Director of Tsesnabank JSC (independent director of KASE);
- 11) Irina Viktorovna Ivanova – Director of Treasury Department of Alliance Bank JSC (independent director of KASE);
- 12) Kintal Kintalievich Islamov – Chairman of the Board of Directors of Astana-Finance JSC (independent director of KASE);
- 13) Dauren Saparalievich Karabaev – Management Board Deputy Chairman of Halyk savings bank of Kazakhstan (independent director of KASE);
- 14) Lev Genadievich Kim – Director of Treasury Department of Kazkommertsbank JSC;
- 15) Viktor Alexeevich Kyshpynakov – Management Board Deputy Chairman of BCC Invest JSC – subsidiary of Bank CenterCredit JSC;

- 16) Saduakas Halyksovetuly Mameshtegi – Deputy Chairman of the Board of Directors of Bank TuranAlem JSC;
- 17) Bacht Bulatovich Niayzov – Chairman of the Board of Directors of Finance Company REAL-INVEST.kz;
- 18) Aidar Idrisovich Ospanov – Management Board Chairman of RESMI Investment Financial House JSC.

The term of the Exchange Council was not changed by the meeting and equals 2 years.

At the session held after the Exchange Council meeting S. Mameshtegi was elected as its Chairman.