

KAZAKHSTAN STOCK EXCHANGE

PRESS RELEASE

Almaty

August 29, 2008

KASE List Securities Reclassification Approved

On August 28, 2008 the Exchange Council of Kazakhstan Stock Exchange (KASE) approved the reclassification of securities listing on KASE, for purposes of bringing it into compliance with new listing requirements, which have been set by Resolution No. 77 of the Board of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations (AFS) "On Requirements to Issuers and Securities thereof, Admissible (Admitted) to Circulation on Stock Exchange, and to Individual Categories of Stock Exchange List" of May 26, 2008, effective September 1, 2008 (AFS Resolution).

At the same time the Exchange Council made a decision beginning September 1, 2008 to transfer securities officially listed on KASE on this date in categories "A" and "B" into new categories of the official list of KASE as defined by the AFS Resolution in accordance with the reclassification.

The Resolution of AFS is in fact a full analogue of Order No. 04.2-09/119 of the Chairman of the Agency of the Republic of Kazakhstan on Regulation of Activity of the Regional Financial Center of Almaty (ARA RFCA) "On Setting Requirements to Issuers, Securities of which are to be Listed or Listed on the Special Trading Floor of the Regional Financial Center of Almaty, and to such Securities" of May 8, 2008, which was made effective June 2, 2008 (the Order of ARA RFCA).

The main differences of the Resolution of AFS from the Order of ARA RFCA are as follows:

- in accordance with the Resolution of AFS KASE is independently forming the list of auditing organizations acknowledgeable thereby for purposes of check of compliance of securities and issuers thereof with the listing requirements; according to the Order of ARA RFCA for these purposes the results of the audit, conducted by the audit organizations complying with qualification requirements set by Order 04.2-09/78 of the Chairman of ARA RFCA "On Approval of Qualification Requirements to Audit Organizations for Admission of Financial Instruments to the Special Trading Floor of the Regional Financial Center of Almaty" of April 3, 2008 are used;
- according to the Resolution of AFS the list of rating agencies whose assigned ratings are used for purposes of admission of securities to the official list of KASE in the category "Rated Debt Securities" is formed by KASE in coordination with AFS, at that the minimum level of the required rating has not been set; according to the Order of ARA RFCA KASE must use for these purposes the list of rating agencies determined by Order No. 7 of the Chairman of ARA RFCA "On Approval of the List of Rating Agencies, Ratings of which are Acknowledged by the Authorized Body on Regulation of Activity of the Regional Financial Center of Almaty" of September 8, 2006; at that the level of the required rating must comply with Order No. 6 of the Chairman of ARA RFCA "On Setting Requirements to Ratings of Securities and Issuers thereof for Admission to the Special Trading Floor of the Regional Financial Center of Almaty" of September 8, 2006;
- according to the Resolution of AFS the list of foreign stock exchanges, the listing thereon is acknowledged for purposes of use of the simplified procedure of inclusion of securities in the official list of KASE is formed by KASE in coordination with AFS; in accordance with the order of ARA RFCA for these purposes KASE must use the list of the stock exchanges determined by Order No. 8 of the Chairman of ARA RFCA "On Defining of the List of Stock Exchanges, Acknowledgeable by the Agency of the Republic of Kazakhstan on Regulation of Activity of the Regional Financial Center of Almaty" of September 8, 2006.

Before September 1, 2008 the official list of KASE included two categories – "A" and "B" different in selection and rigidity of listing requirements.

Beginning September 1, 2008 the official list of KASE is becoming a more complex structure, as set by the Resolution of AFS. It has separate sectors "Shares", "Debt Securities", "Securities of Investment Funds", "Depositary Receipts", "Securities of International Financial Organizations", "Government Securities", "Derivative Securities".

Before September 1, 2008 the official list of KASE did not include securities of international financial organizations (IFO), government securities and derivative securities.

Government securities of the Republic of Kazakhstan (except for securities of local district authorities) were admitted to circulation on KASE automatically de facto after issue. Municipal securities of the Republic of Kazakhstan, securities of IFO and foreign government securities were admitted to circulation on KASE by means of individual procedures (without admission to the official list of KASE). Future contracts (futures and options) were not considered by KASE as derivative securities.

Some new sectors of the official list of KASE are divided into categories and sub-categories:

- "Shares" sector has three numbered categories (the first, the second, the third) specified by the KASE Development Strategy for 2007–2010 distinguished as "Blue_Chips", "Mid_Cap" (shares of middle enterprises), "Start_Up" (shares of "young", "emerging" companies);
- "Debt Securities" sector has categories "Rated Debt Securities" and "Non-Rated Debt Securities" (valid exclusively till 2010). The second, temporary, of the named categories is divided into numbered sub-categories (the first and the second). According to the KASE Development Strategy for 2007–2010 division of debt securities, listed on KASE, for listing categories is not specified, as "the main quality benchmark for purchasers and holders of bonds must be ratings".

As on September 1, 2008 the KASE official list included securities of 342 denominations of 138 issuers (with account of securities listed on KASE August 28, 2008):

- shares of 96 denominations of 73 issuers (including in category "A" – 46 denominations of 33 issuers (including shares of Joint-Stock investment Real Estate Fund Velikaya Stena), in category "B" – 50 denominations of 42 issuers)
- bonds of 246 denominations of 95 issuers (including in category "A" – 214 denominations of 64 issuers, in category "B" – 32 denominations of 31 issuers)

As a result of the reclassification beginning September 1, 2008 securities of the official list of KASE will be divided as follows:

- "Shares" sector:
 - the first category (the supreme) – shares of 26 denominations of 16 issuers;
 - the second category (the supreme) – shares of 27 denominations of 23 issuers;
 - the third category (following the supreme) – shares of 3 denominations of 3 issuers;
 - shares of 39 denominations of 33 issuers do not comply with the listing requirements of the abovementioned categories and are subject to delisting (unless the issuers of the shares comply with the requirements before December 1, 2008);
- "Debt Securities" sector:
 - "Rated Debt Securities" (the supreme) – bonds of 19 denominations of 9 issuers;
 - the first sub-category of category "Non-Rated Debt Securities" (the supreme) – bonds of 165 denominations of 35 issuers;
 - the second sub-category of category "Non-Rated Debt Securities" (following the supreme) – bonds of 37 denominations of 29 issuers;
 - bonds of 25 denominations of 24 issuers do not comply with the listing requirements of the abovementioned categories (sub-categories) and in accordance with the Resolution of AFS are subject to transfer to the second sub-category of category "Non-Rated Debt Securities";
- "Securities of Investment Funds" sector:
 - share of one name of one issuer.

KASE is paying attention to significant stiffening of new listing requirements compared with that valid prior, which entails the abovementioned non-compliance of securities and issuers with the listing requirements set by the Resolution of AFS.

The listing requirements set by the Resolution of AFS will be applicable in regard of listing on KASE on the "main" trading floor beginning September 1, 2008. Beginning June 2, 2008 Securities advance through listing procedures on the special trading floor of the Regional Financial Center of Almaty in accordance with the listing requirements set by ARA RFCA.

For reference:

KASE is the only Kazakhstan exchange providing services for the financial market. This is a universal floor where trades in repo market instruments, foreign currencies (US dollar, euro, Russian ruble) government and corporate securities of Kazakhstan and foreign issuers, bonds of international financial organizations are held. In 2007 KASE trade turnover totaled USD322.5 bn., including share market – USD8.9 bn. As of August 1, 2008 KASE capitalization was estimated at USD81.7 bn. for share market and USD12.2 bn. for corporate bond market.