

# JSC "Kazakhstan Stock Exchange"

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## PRESS RELEASE

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### **KASE launches a new development strategy**

On August 31, 2016 the Board of Directors of Kazakhstan Stock Exchange JSC approved the company's development strategy for 2016-2018.

The new strategy aims to enhance the customer focus of KASE, its openness to innovation and communication and the ability to effectively meet the needs of domestic issuers, as well as local and foreign investors.

The Exchange's mission is to promote sustainable economic growth of Kazakhstan through its technological infrastructure enabling domestic companies to raise funds while offering a reliable, stable and transparent investment environment to local and foreign investors.

The Exchange's goal for 2016-2018 is the technology modernization and introduction of the international industry standards, which along with the marketing activity, transparent information policy and increased focus on the interests of investors and issuers, shall vastly increase the stock market volume and liquidity, as well as activate the business financing using the stock market instruments.

In order to fulfill its mission, the Exchange will concentrate on three key strategic development areas:

- 1) developing the stock market by attracting new issuers to the stock market, expanding the investor base, developing the FX market and clearing business;
- 2) enhancing the customer focus of the Exchange and its services with an emphasis on relations with the market participants and members of the Exchange, upgrading the official website, improving the image of the Exchange, raising awareness of its activities and refining the quality of its services;
- 3) improving the efficiency and competitiveness of the stock business through promoting and boosting the stock information sales, upgrading the IT-systems and developing its risk management system.

Attracting more issuers is one of the most important and fundamental tasks for the Exchange. In this case, the Exchange intends to focus on the involvement of domestic companies that issue securities based on the local legal framework.

As a separate target segment the Exchange shall look at some actively growing mid-cap companies, including the start-ups. The stock market will open up for these companies as the listing rules are to be transformed, new instruments are to be developed and introduced, more flexible tariffs are to be applied. The transformation involves the development of a new structure of the official list of the Exchange, with the main platform for securities of high-cap companies and a separate platform for securities of mid-cap issuers to operate in parallel.

It is estimated that the planned transformation of the listing along with the introduction of new stock instruments will increase the number of the newly listed instruments by 30% by the end of 2018 as compared to the plan of 2016. In 2016-2018 it is planned to list at least 170 corporate securities.

The Exchange intends to expand its investor base by promoting the growth of the existing institutional investors' contributions to the stock market instruments, bringing the remote participants to the stock market, primarily from the EAEC countries, retail investors' active involvement to the stock trading, as well as formulating and promoting the measures to protect the investors' interests.

According to KASE, the planned measures altogether should lead to at least 30% increase in the number of traders, as well as to the market capitalization and trading volume growth. In particular, the stock market capitalization target shall reach at least KZT15.7 trillion at the end of 2018, or 33% of the forecasted GDP of Kazakhstan.

In order to stay competitive and promote the further liquidity growth of the Exchange's FX market as the largest stock segment, the Exchange intends to develop this market in accordance with the international recommendations and best international practices. The part of the plan is to increase the number of market participants as the Kazakhstan brokers and foreign banks, primarily from the EAEC countries, will now be admitted to trading. It is planned to fundamentally update the FX market risk management system and introduce some Central Counterparty Clearing elements. These activities will be undertaken in order to not only develop the FX market but also the clearing activities on KASE in general.

Within the framework of its development strategy, KASE also plans to update its website, boost the market data sales, including through the introduction of new information products, and improve communication with the Exchange's members and listed companies.

An important area of the new KASE strategy is the development of trading and related technologies used, as well as the shift to a proactive risk management approach.

Upon the successful implementation of the strategy, the Exchange will even more conform to the global industry standards and become an effective fundraising platform for domestic companies.

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#### **For reference**

KASE is the leading stock exchange in the Central Asian region and the only exchange in Kazakhstan, carrying out their activities in the financial market. It is a universal trading platform for repo market instruments, foreign currencies, government and corporate securities, bonds of international financial institutions as well as derivatives.

The total market value of companies whose shares are traded on KASE currently makes KZT13.12 trillion (US\$38.61 billion). The corporate exchange-traded debt is KZT8.57 trillion (US\$25.22 billion), the government debt is KZT6.8 trillion (US\$19.95 billion).

KASE is the member of the World Federation of Exchanges (WFE), the Federation of Euro-Asian Stock Exchanges (FEAS) and other international and local professional associations. In 2015, KASE joined the UN Sustainable Stock Exchanges initiative.

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