

JSC "Kazakhstan Stock Exchange"

PRESS RELEASE

Almaty

September 05, 2016

New commercial bonds sector opens on KASE platform

On August 31, 2016 KASE Board of Directors approved the Rules of Securities Admission to "Commercial bonds" sector of official list and amended other KASE documents. According to these Rules, as of September 05, 2016 a new sector "Commercial bonds" is now available on KASE official list.

The new sector was allocated for the short-term bonds of the companies having KASE listing experience and those with securities on its official list. Therefore, the listing requirements to borrowers are now as simple as they can possibly be. Any potential issuer must meet just three basic criteria: to operate for at least three years, to have no defaults on the previously issued bonds within the preceding three years and to be recognized as a large corporate business, ie have an average annual income for the preceding three years of at least three million MCI or KZT6.36 billion.

The "Commercial bonds" sector, unlike the primary debt securities sector, offers the simplified listing requirements, lower listing fees, and minimum package of entry documents. Thus, it is simple, fast and relatively inexpensive to list in this sector. The listing decision is taken by the Exchange's Management Board. It will take a maximum of three business days to obtain the preliminary findings on the issue of securities.

Apart from the fact that the issuer will incur lower listing costs, no financial advisors are required. This is a major savings item for the company. In addition, in order to place securities on the stock exchange the issuer will need to involve a broker and pay securities placement fees, which depend only on the placement volume and are the same for all types of securities.

The "Commercial bonds" sector was opened mainly as a reaction to the new rules of the National Bank, which entered into force in July this year, and regulate the general rules for the issue, placement and circulation of local bonds. Within the framework of these rules, the registration of the bond issues with a maturity of up to one year, in case of the companies currently listed on KASE, was optimized and simplified. According to the new rules, these bonds may be registered by the National Bank without the issue prospectus being a major corporate document containing a detailed description of the company and the bond issue to be placed. Now, the short-term corporate bond issues will be registered on the basis of the issuers' applications and a minimum set of documents, with the issue registration of only three days.

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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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