

# KAZAKHSTAN STOCK EXCHANGE

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**A p p r o v e d**

by Kazakhstan Stock Exchange shareholders  
special general meeting decision

(protocol No. 14 of January 17, 2008)

## **NOTICE**

Mentioned below Methodology in English has been translated by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with the Methodology original version in Russian, the latter prevails.

## **METHODOLOGY**

### **of Kazakhstan Stock Exchange Shares Valuation at their Buyback**

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Almaty

2008

## **LIST OF AMENDMENTS**

### **1. Changes No. 1:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 15 of the meeting on April 27, 2017);
- approved by a decision of the annual general meeting of shareholders of Kazakhstan Stock Exchange JSC (minutes No. 29 dated May 25, 2017);
- effective as of June 1, 2017.

This Methodology has been developed in pursuance of sub-item 14) of item 1 of article 36 of the Law of the Republic of Kazakhstan "On Joint Stock Companies" (hereinafter – the Law) and establishes the order of Kazakhstan Stock Exchange (hereinafter – the Exchange) shares valuation at their buyback by the Exchange.

### Chapter 1. GENERAL PROVISIONS

#### Article 1. Cases of Shares Buyback by the Exchange and Applicable Norms

1. The Exchange buys back its shares in the following cases:
  - 1) at the Exchange initiative (in compliance with article 26 of the Law);
  - 2) at the Exchange shareholder request (in compliance with article 27 of the Law);
  - 3) by the court decision;
  - 4) at the Exchange shareholder application.
2. In any case of shares buyback by the Exchange:
  - 1) the Exchange applies restrictions, established by item 1 of article 28 of the Law;
  - 2) according to sub-item 4) of item 2 of article 53 of the Law the decision on shares buyback by the Exchange shall be made by the Exchange's Board of Directors (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
  - 3) the Exchange does not consider its shares valuations unconfordable with this Methodology;
  - 4) according to sub-item 1) of item 2 of article 71 of the Law, the Exchange deals on buyback of its shares shall not be considered as deals, in which the Exchange has an interest, and accordingly, the norms established by articles 72–74 of the Law shall not be applied to such deals.
3. At buyback by the Exchange of its shares at the Exchange initiative:
  - 1) the Exchange's Board of Directors has not the right to make the decision on the Exchange shares buyback, if such decision contradicts item 3 of article 26 of the Law (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
  - 2) the Exchange must notify shareholders on such buyback, if the number of being bought back Exchange shares exceeds one percent from the total number of the Exchange placed shares;
  - 3) such buyback can be made on both the organized (if the Exchange shares circulate on the organized securities market) and the informal securities market;
  - 4) in compliance with item 5 of article 26 of the Law the Exchange applies its shareholders orders for the Exchange shares buyback satisfaction coefficient, if its shares number, announced by the Exchange shareholders for buyback, exceeds the total number of the Exchange shares, being bought back according to this announcement.
4. In order to ensure norms, established by item 4 of article 26 of the Law, by the Exchange's Board of Directors decision on the Exchange initiated shares buyback must contain the following information (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*):
  - 1) the type (types) of being bought back Exchange shares;
  - 2) the number of being bought back Exchange shares;
  - 3) the Exchange share repurchase price;

- 4) the Exchange shares buyback period;
- 5) the Exchange shares buyback terms.
5. The Exchange announcement on Exchange initiated shares buyback:
  - 1) in compliance with article 21 of the Exchange charter is liable to publication on Internet site [www.kase.kz](http://www.kase.kz) (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
  - 2) must contain the information, indicated in item 4 of this article.
6. At buyback by the Exchange of its shares at the Exchange shareholder request:
  - 1) during five working days beginning from the date of the decision made by the Exchange's Board of Directors on the Exchange shares buyback at its shareholder request, the Exchange sends to that shareholder a notice on such decision containing the list of documents, which that shareholder must submit to the Exchange for its shares buyback deal execution (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
  - 2) in compliance with item 2 of article 27 of the Law the Exchange must buy back owned by its shareholder Exchange shares during thirty days beginning the day of receipt by the Exchange this shareholder request to buyback shares;
  - 3) in compliance with item 3 of article 27 of the Law the Exchange applies its shareholders requests for the Exchange shares buyback satisfaction coefficient, if its shares number, requested by the Exchange shareholders for buyback, exceeds the total number of the Exchange shares, which can be bought back based on limitations, specified by item 1 of article 28 of the Law.
7. At buyback by the Exchange of its shares based on the court decision, such buyback is made given the consummated decision of the court of the Republic of Kazakhstan to force the Exchange to buyback shares during the period, established by the court decision or implied from this decision.
8. At buyback by the Exchange of its shares at the Exchange shareholder application:
  - 1) such application must contain:
    - the information on type (types) and number of the Exchange shares, announced by that shareholder for buyback;
    - indication of the Exchange shares buyback price, proposed by that shareholder, or his agreement on buyback of Exchange shares, determined by the Exchange's Board of Directors in compliance with this Methodology (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
    - that shareholder's contact information;
  - 2) such application is considered by the Exchange's Board of Directors within thirty days from the day of its receipt by the Exchange (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
  - 3) the Exchange's Board of Directors may refuse that shareholder buyback of the Exchange's shares (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
  - 4) within five working days from the date of consideration of the Exchange shareholder's application by the Exchange's Board of Directors, the Exchange forwards a notice to that shareholder on that consideration's results; given this if the Exchange's Board of Directors makes a decision on

the Exchange shares buyback by that shareholder, such notice must contain the list of documents for submission to the Exchange by that shareholder to execute the shares buyback deal (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);

- 5) if the number of the Exchange shares, being bought back by it according to the Exchange shareholder application on its shares buyback, exceeds one percent from the total number of the Exchange placed shares, to this buyback are applied norms, stipulated by the Law and this Methodology on the Exchange initiated shares buyback.

#### **Article 2. Exchange Shareholders Orders (Requests) Satisfaction Coefficient**

1. Exchange shareholders orders (requests) satisfaction coefficient, mentioned in sub-item 4) of item 3 and sub-item 3) of item 6 of article 1 thereof, is calculated by formula:

$$K = \frac{M}{R}, \text{ where}$$

- K – Exchange shareholders orders (requests) satisfaction coefficient;
- M – the Exchange shares total number that can be bought back by it in compliance with announced by the Exchange shares buyback at its initiative (based on limitations, established by item 1 of article 28 of the Law);
- R – the Exchange shares total number that belongs to its shareholders, which submitted to the Exchange orders (requests) to buyback shares.

2. Exchange shareholders orders (requests) satisfaction coefficient is applied as follows:
  - 1) the Exchange shares number, belonging to its shareholder, which submitted to the Exchange orders (requests) to buyback shares, is multiplied by Exchange shareholders orders (requests) satisfaction coefficient, calculated in compliance with item 1 of this article;
  - 2) a value, received as a result of calculation in compliance with sub-item 1) of this item, is rounded down to the next integral value;
  - 3) a value, received as a result of rounding in compliance with sub-item 2) of this item, is the Exchange shares number being bought back from this shareholder according to his order (request) [for Exchange shares buyback](#).

#### **Article 3. Contingencies**

Situations that cannot be regulated in compliance with this Methodology are solved according to the Exchange's Board of Directors decisions (*this paragraph was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*).

### **Chapter 2. VALUATION OF THE EXCHANGE'S SHARES AT THEIR BUYBACK**

#### **Article 4. Exchange Shares Cost at their Buyback**

The Exchange uses as its shares cost in any case of their buyback the least of the following values:

- 1) the Exchange shares placement price, defined in compliance with article 5 of this Methodology;

- 2) the Exchange shares book value, defined in compliance with article 6 of this Methodology;
- 3) the Exchange shares price on the organized securities market, defined in compliance with article 7 of this Methodology;
- 4) the Exchange shares buyback price, proposed by its shareholder (in case of the Exchange shares buyback based on its shareholder application).

**Article 5. Exchange Shares Placement Price as Buyback Cost**

1. For purposes of the Exchange shares buyback their placement price means their selling price at the Exchange shares last placement (considering the peculiarity, established by item of this article).
2. If at the last Exchange shares placement several selling prices were used, then for the Exchange shares buyback their placement price means the weighted average of these Exchange shares selling prices.

**Article 6. Exchange Shares Book Value as Buyback Cost**

1. For purposes of the Exchange shares buyback their book value means the value, received as a result of the following calculation:

$$BV = \frac{E - L_e}{N}, \text{ where}$$

BV – a book value per Exchange shares;

E – the Exchange equity capital;

$L_e$  – the Exchange's losses forecasted by the Exchange's Board of Directors, which it may bear till the end of the current fiscal year in compliance with the Exchange revenue and expenditures budget (*this paragraph was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);

N – the Exchange placed shares total number (excluding shares previously bought by the Exchange).

2. When using the Exchange shares book value as their cost when the Exchange buys back its shares, this book value is calculated as of:
  - 1) the day of the Exchange's Board of Directors decision on such buyback – when the Exchange initiates its shares buyback (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
  - 2) the day of the Exchange shareholder general meeting decision, which serves as the basis for the request occurrence – when the Exchange buys back its shares at the Exchange shareholder request;
  - 3) the day of the Exchange's Board of Directors decision on such buyback, if only another day was not determined by the court decision – when the Exchange buys back its shares by the court decision (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*);
  - 4) the day of the Exchange's Board of Directors decision on such buyback – when the Exchange buys back its shares at the Exchange shareholder's application (*this sub-item was changed by a decision of the general meeting of shareholders of the Exchange of May 25, 2017*).

**Article 7. Exchange Shares Price on the Organized Securities Market as their Buyback Cost**

For purposes of the Exchange shares buyback their price on the organized securities market means the Exchange shares market price, defined in compliance with the Exchange internal document "Methodology of Securities Valuation".

President

A. Joldasbekov