

KASE: A Three-Decade Evolution Towards Excellence

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Alina Aldambergen, chairwoman of KASE's Management Board, answers questions about the exchange's achievements and plans:

1. The exchange has evolved significantly during its three-decade existence. What innovations and advancements have contributed to the Kazakhstan Securities Exchange's status as an advanced exchange in the region, and what are the key factors behind this success?

Strategic Advancement and Expanding Liquidity: One of the fundamental strategic advantages that has set KASE apart is its unique position as an exchange that encompasses all four primary financial instruments: the foreign exchange market, securities market, money market, and derivatives. An essential driving force behind KASE's status as an advanced exchange is the consistent and substantial growth in liquidity across these markets.

The Exchange updates its historical trading volume highs for the third year in a row. Overall, the trading volume reached 283.4 trillion tenge (equivalent to 714.9 billion USD) dollars in all markets over nine months of 2023, which represents a 52 % increase YoY.

KASE Index value, updating its historical highs, soared by 24 % – to 4 035.12 points. Currently, the representative list of KASE Index includes shares of nine major companies of Kazakhstan. The equity market capitalization increased by 24 % – to 26 trillion tenge (equivalent to \$56 billion).

Since the beginning of 2023, 100 securities of 44 issuers have been listed on KASE, with 18 of them passing the listing procedure for the first time.

Over nine months, individuals opened 147.000 new personal accounts with the Central Depository (CD). As of October 1, the number of accounts registered in the CD exceeded 2 million: 679.000 subaccounts and 1.5 million omnibus accounts.

Currently, KASE provides investors with a wide range of trading instruments and fully lives up to expectations of Kazakh and foreign investors. Almost 1,600 instruments are traded on KASE, including 994 issues of securities (255 issuers, including 79 foreign issuers), with about 270 traded under the T+2 settlement scheme. The average daily trading volume is 1.5 trillion tenge (equivalent to \$3.5 billion), the average daily number of transactions is more than 5.000.

Connecting Investors and Capital: Moreover, KASE's focus on the placement of investors through the stock exchange has been a game-changer. By connecting investors with suitable investment opportunities, KASE has managed to create an environment where capital flows smoothly, and investors can confidently engage in the market.

We provide a complete range of services of a stock exchange and the post-trading infrastructure. These are procedures from listing, obtaining the trading and clearing membership, the possibility of underwriting at securities offering for bookrunners, to the market data dissemination.

Financial institutions and investors can take advantage of modern trading systems, avail themselves of a wider range of financial instruments, types of orders to be submitted, trading

modes, updated indicators as benchmarks for markets and the value of asset over time, information and analytical products presented both in KASE's information resources and in the terminals of leading agencies.

Central Counterparty (CCP) services: The Central Counterparty service allowed investors to become sure about the timely receipt of assets under transactions, to adequately assess the risk profile of the market, to use the opened opportunities of a single limit with partial collateral for concluded transactions in order to increase the number of transactions and increase liquidity.

Embracing Digitalization: KASE has "digitized" associated services, and also improved the feedback from issuers and investors. All these, coupled with the liberalization of the legislation and the global growth of interest in digital financial technologies, laid a reliable foundation for a new impetus in the development of Kazakhstan's stock market.

2. With the financial landscape continually evolving, what are the key strategies and initiatives that the exchange plans to implement to maintain its position as a leading exchange, fostering transparency, efficiency, and economic growth in Kazakhstan?

KASE Strategies for Future Growth: Currently, KASE is implementing its Development Strategy for 2022-2024. In line with our plans and objectives, we are focusing on several key areas. Our primary goal is to continue increasing liquidity in the exchange markets by attracting new issuers and exchange members, developing technologies, and expanding the range of assets. We are also actively developing and commercializing Market Data, improving operational efficiency, and paying attention to ESG projects, including "green" financing. Our aspiration to transition from the "Frontier" category to "Emerging" in global rankings such as FTSE and MSCI reflects our aim to attract more foreign investments and strengthen the position of the domestic market on the global stage. KASE has implemented the institution of a central counterparty, which operates effectively in all markets: the stock market, foreign exchange and derivatives markets. Following the best international practices and with the aim of risk delineation between the trading venue and the CCP and expanding the areas of CCP functions, the Exchange transferred clearing and settlement functions, as well as CCP functions to a 100% subsidiary of the Exchange, "Clearing Center KASE" JSC. Since September 25, 42 financial organizations that are KASE members in the "equities" category have become clearing participants of the Clearing Center. Clearing services have been extended to over 1,500 financial instruments, including 989 issues of securities from 253 issuers listed on KASE. The next stage involves further enhancing the CCP's risk management, obtaining international verification, and expanding to other markets.

Supporting SMEs: In order to diversify sources of financial resources for small and medium-sized businesses, the Exchange, in collaboration with development institutions, the Agency for the Development and Regulation of the Financial Market, and the Ministry of Economy, has developed a program for financing small and medium-sized businesses using stock market instruments. The result of this work was the debut issuance of subsidized bonds by the agricultural company "BRBAPK" LLP in August 2023. We continue to develop this segment, and new issuances are expected in the near future.

Pioneering Tech-Forward Strategies: Following new technological trends, KASE is developing a pilot project to create a separate digital infrastructure for issuing tokenized financial instruments. Currently, in collaboration with National Payment Corporation, KASE is working on the development of a Proof of Concept (PoC), the results of which will be demonstrated at the International Stock Exchanges Forum dedicated to the 30th anniversary of the Exchange on November 16.

Inevitable Impact on Sustainable Development: The Exchange consistently promotes the ESG agenda in the Kazakhstani stock market. One of the principal areas of KASE's work is promoting the disclosure of non-financial information by listed companies as explanation of the basic principles for preparing an ESG report and issues required to be disclosed according to ESG criteria.

KASE has created the infrastructure for listing and placing "green," social, and other bonds issued to finance sustainable development projects. In 2020, a sustainable bond market was launched in Kazakhstan. Since its inception, KASE's official list has included 16 issuances of ESG bonds: 10 issuances of "green" bonds totaling 131 billion tenge (equivalent to \$278 million), with eight issuances placed at 91 billion tenge (equivalent to \$193 million), and six issuances of social bonds totaling 77 billion tenge (equivalent to \$163 million), with five issuances placed at 57 billion tenge (equivalent to \$120 million).

KASE is fully prepared and will continue comprehensive efforts to promote sustainable development principles, including improving the infrastructure for issuing ESG bonds, introducing new ESG financial products, developing disclosure standards for sustainable development, and conducting extensive educational work.

The Exchange, as one of the important structures of the financial system, during its 30-year activity has introduced effective tools and implemented comprehensive projects and will continue to take active steps to address all the tasks set for the development of the stock market and full contribution to the economy of Kazakhstan in cooperation with all stakeholders and market participants.

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