



TRANSFORMATION OF CAPITAL MARKETS: NEW IMAGE OF STOCK EXCHANGE

CFO SUMMIT 2023

Alina Aldambergen
CEO of KASE





FULL RANGE OF SERVICES



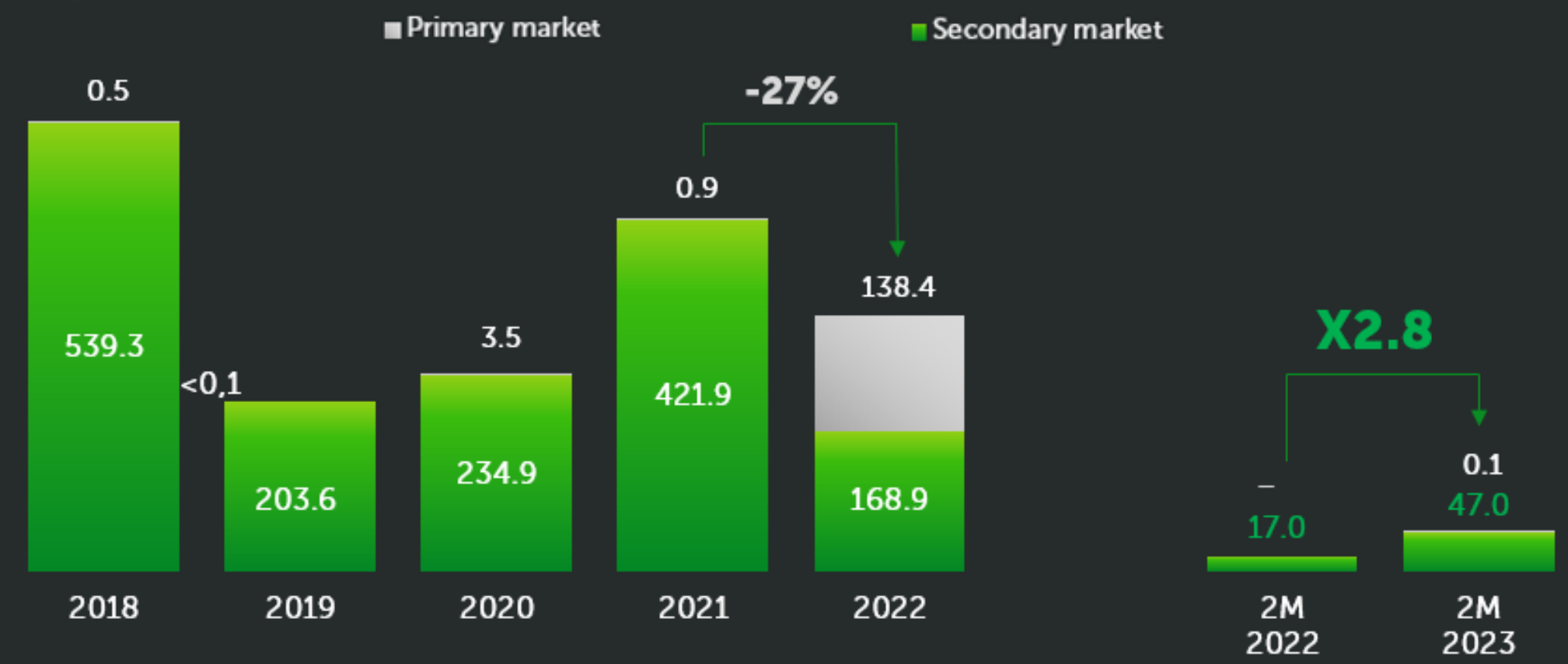
- **LISTING**
- **MEMBERSHIP**
- **BOOKRUNNING**
- **PRE-TRADING**
- **TRADING**
- **POST-TRADING**
- **TECHNOLOGY SERVICES**
- **MARKET-DATA**

MISSION

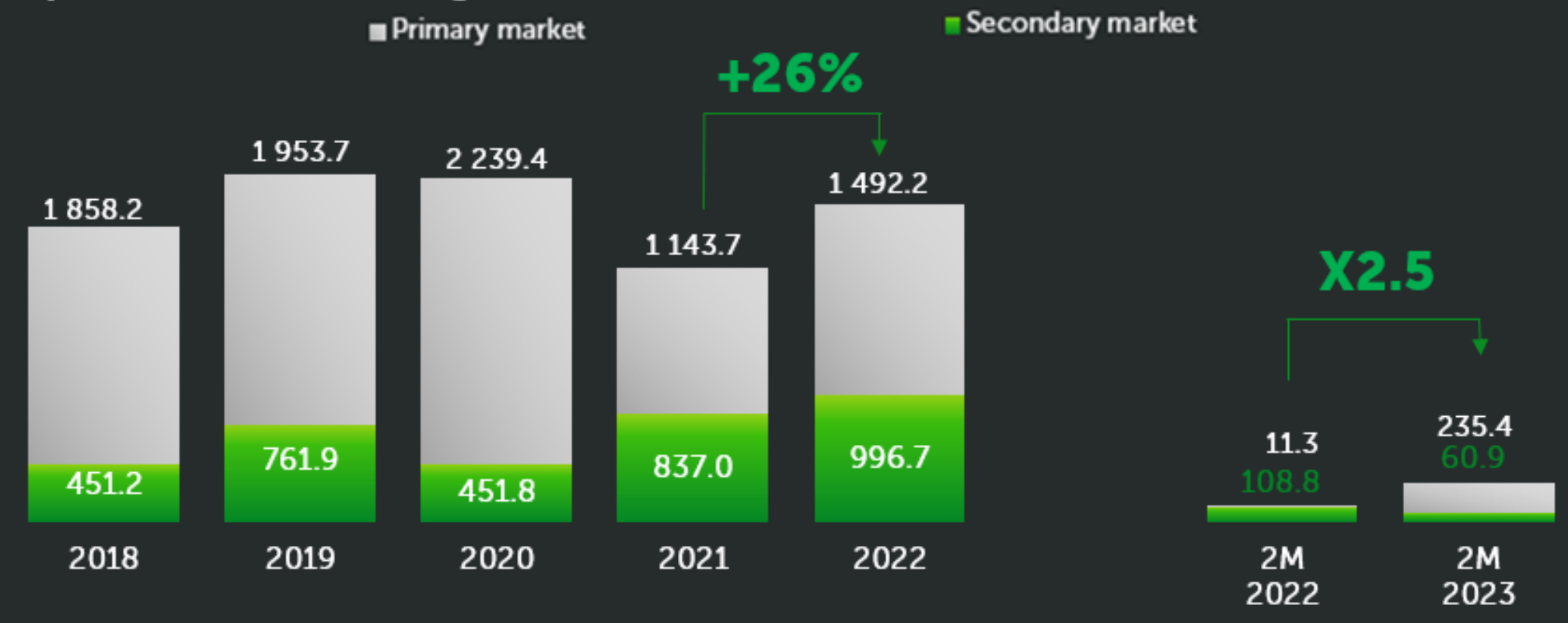
Ensuring sustainable economic growth of the Republic of Kazakhstan by providing:

- ▲ broad range of instruments for domestic issuers to raise capital
- ▲ platform for distribution of liquidity in the financial system
- ▲ transparent investment environment for local and foreign investors

Equity Trading Volumes, KZT bn



Corporate Bonds Trading Volumes, KZT bn



Source: KASE

KASE TODAY

Treasury Bills, Municipality Bonds
and NBK Notes
Corporate Securities
FX Market
Open Money Market Operations
Derivatives



Netting

New Trading and
Clearing Systems



Settlement Cycle
T + 0, T + 2

CCP
Multi-instrumental Collateral
Management



Omnibus Accounts

UNIVERSAL EXCHANGE

4 MARKETS

- Securities
- Money
- FX
- Derivatives

1409 INSTRUMENTS

- 920 Securities
- 453 Money Market
- 20 Derivatives
- 16 FX

24 INDICES

- 14 Security Market
- 10 Money Market

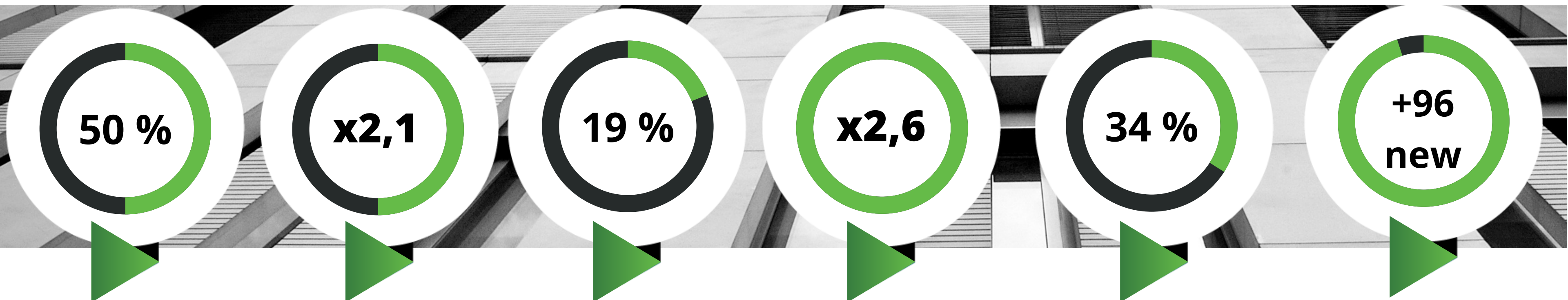
242 SECURITIES IN T+

3.7 THSD.
AVERAGE DAILY
NUMBER OF
DEALS

KZT 1 TRLN
AVERAGE DAILY
VOLUME OF
DEALS

1 MLN+
ACCOUNTS OF
RETAIL
INVESTORS

2022 MARKET TRENDS



Total Trading Volume
from 174.4 trln KZT to 261.6 trln KZT

Trading Volume on the Secondary State Securities Market
from 874.4 bln KZT to 1 858.7 bln KZT

Trading Volume on the Secondary Corporate Bonds Market
from 837 bln KZT to 996.7 bln KZT

New Accounts opened by Individuals
01.03.23:
609 thsd. accounts in CSD and more than 400 thsd. omnibus

Trading Volume on FX-market
from 15.6 trln KZT to 20.8 trln KZT

Instruments in the Official List of KASE

GLOBAL TRENDS

▶ Growing role of CCP

▶ Number of Retail Investors is set to develop

▶ ESG is going Mainstream

▶ Growing interest and Investments in Digital Assets

▶ Financial Market going Digital and sets to develop Ecosystems

CENTRAL COUNTERPARTY



Global Trends

- Growth of competition: expand of CCPs activities to other exchanges and new markets
- Operational resilience strengthening due to Covid-19 pandemic lessons
- Margin CCP collateral management regulation tightening

Future Development

- CCP as a separate entity in order to expand to other Markets
- Alignment with ESMA/EMIR and IOSCO standards
- Establishing links with international CCPs and depositories
- Obtaining credit and operational ratings
- Member of CCP12



ESG IS GOING MAINSTREAM



More than half of stock exchanges worldwide now have guidance on ESG disclosure (UN SSE Initiative)



Banks include assessment of climate risks when forming portfolios



Climate-related disclosure becoming mandatory



ESG investing will continue to rise



76% of investors consider ESG commitment as a key factor of companies attractiveness*



Sustainable products will become a new norm

KASE ESG INITIATIVES

ESG Infrastructure

KASE joined the UN Initiative "Sustainable Exchanges" in 2015

KASE consistently promotes the ESG agenda on the Kazakhstan financial market

KASE formed the infrastructure for listing and placement of ESG bonds

Listing fees benefits have been provided on KASE

ESG Bonds

11 Issues of ESG bonds for a total amount of 85.8 bln KZT were placed on KASE

Issuers: ADB, EDB, Development Bank of Kazakhstan, Damu and KEGOK

Purpose of projects financing: "green" and "social" projects, SME projects, gender inequality reducing programs and post-COVID recovery

ESG Events

Annual training webinars on responsible Investing and ESG compliance

Annual Opening of Trades Ceremony Ring the Bell for Gender Equality and Gender Equality Conference

Yearly Annual report competition "Best Sustainable Development Disclosure"

International Conference "ESG – a New Paradigm for the Financial Market Development"

THE ROLE OF RETAIL TRADING IS CRUCIAL:



Source: Research Paper, Increasing the Base of Retail Investors by Shri Gopal S. Jiwrajka, President, PHD Chamber of Commerce&Industry of India

TRENDS

Provide Access through
Technology

Ensure **Financial Literacy**

Develop Capital Market
Ecosystem

Source: Research Paper, Increasing the Base of Retail Investors by Shri Gopal S. Jiwrajka, President, PHD Chamber of Commerce&Industry of India

RETAIL INVESTORS' PARTICIPATION IN THE CAPITAL MARKET

- Placement of shares (IPO, SPO)
- Bond offerings (subscription and auctions)
- Investments in private equity (venture capital, start-up)
- Participation through institutional investors:
 - pension funds
 - investment funds (mutual funds, ETFs, hedge funds)

Share of Retail Investors Participation in Trading in Emerging Markets

	Number of retail accounts	Share of retail investors in population
Dubai Financial Markets	> 1 mln	13%
Amman Stock Exchange	> 0.6 mln	9%
Bursa Malaysia	> 2.8 mln	12%
Colombo Stock Exchange	657 540	4%
The Stock Exchange of Thailand	> 4 mln	4%
Moscow Stock Exchange	> 38 mln	24%
Philippine Stock Exchange	>1.6 mln	2%
Kazakhstan Stock Exchange	609 thsd (individual) 413 thsd (omnibus)	6%
Indonesia Stock Exchange	> 8 mln	5%

Source: CSD, official websites of stocks exchanges

Retail Investors would invest more if...

74%

They had more opportunities to learn about investing

67%

They had more trust in their investment platform

65%

A financial adviser recommended it

68%

They had more trust in the financial system

61%

They could trade all their investments on a single platform

59%

They had more free time

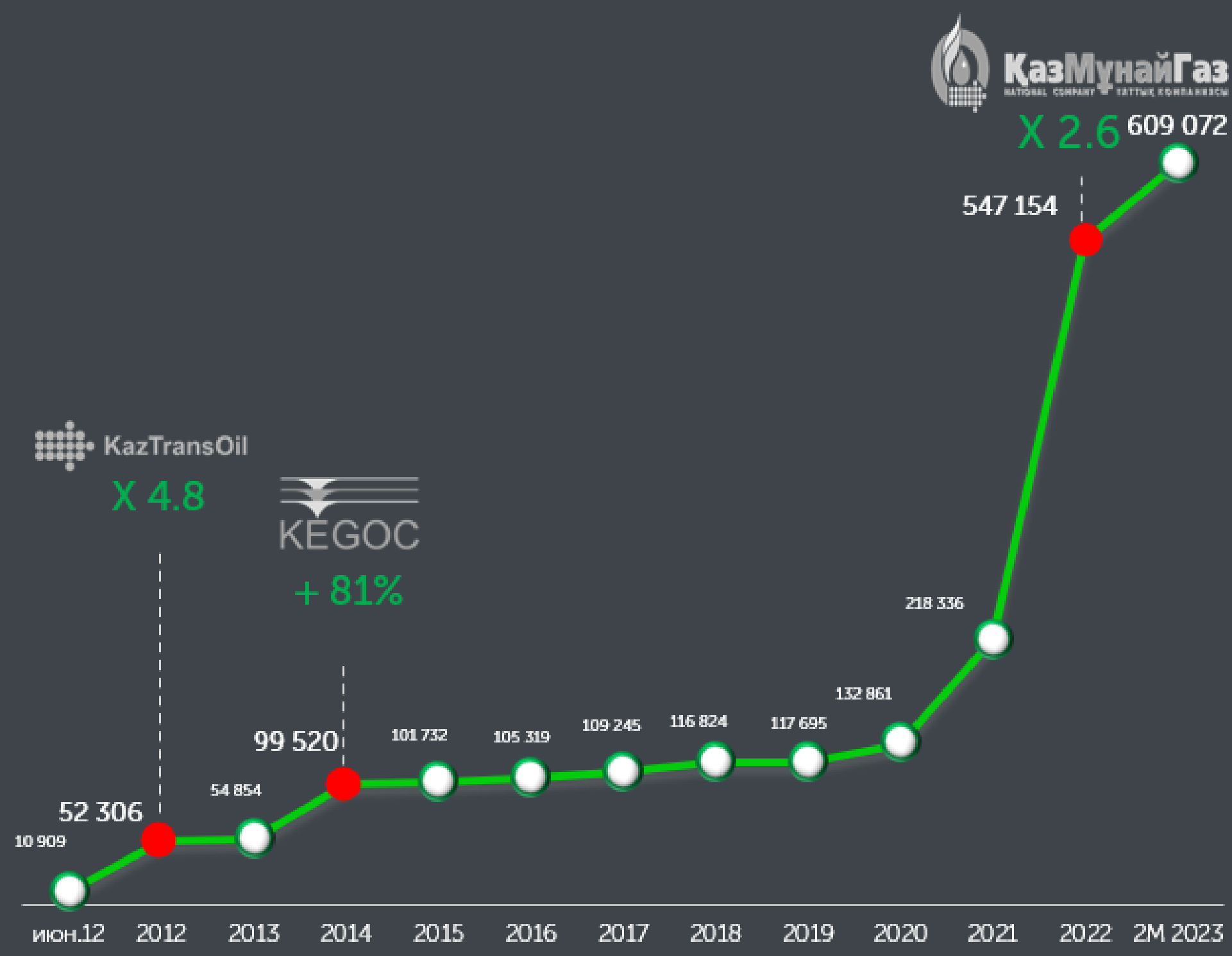
53%

A friend or family member recommended it

53%

They had access to automated advice or a robo-adviser

Growth in the Number of Retail Investors



1 + MLN INVESTORS

= 609 TH

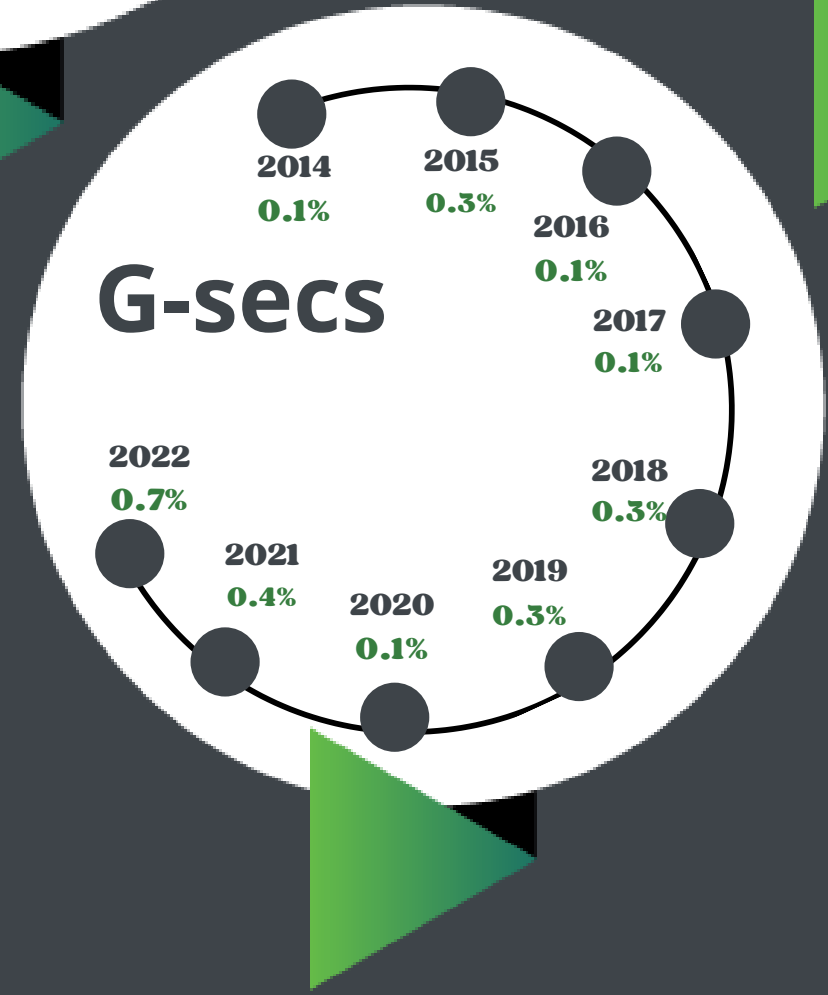
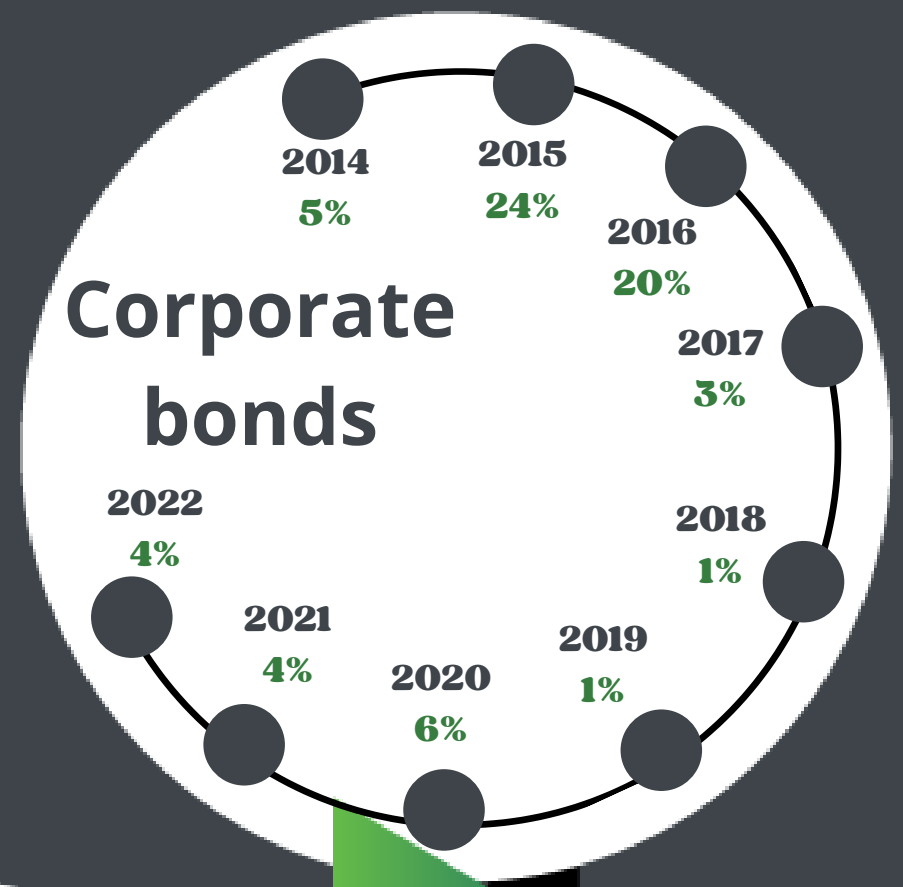
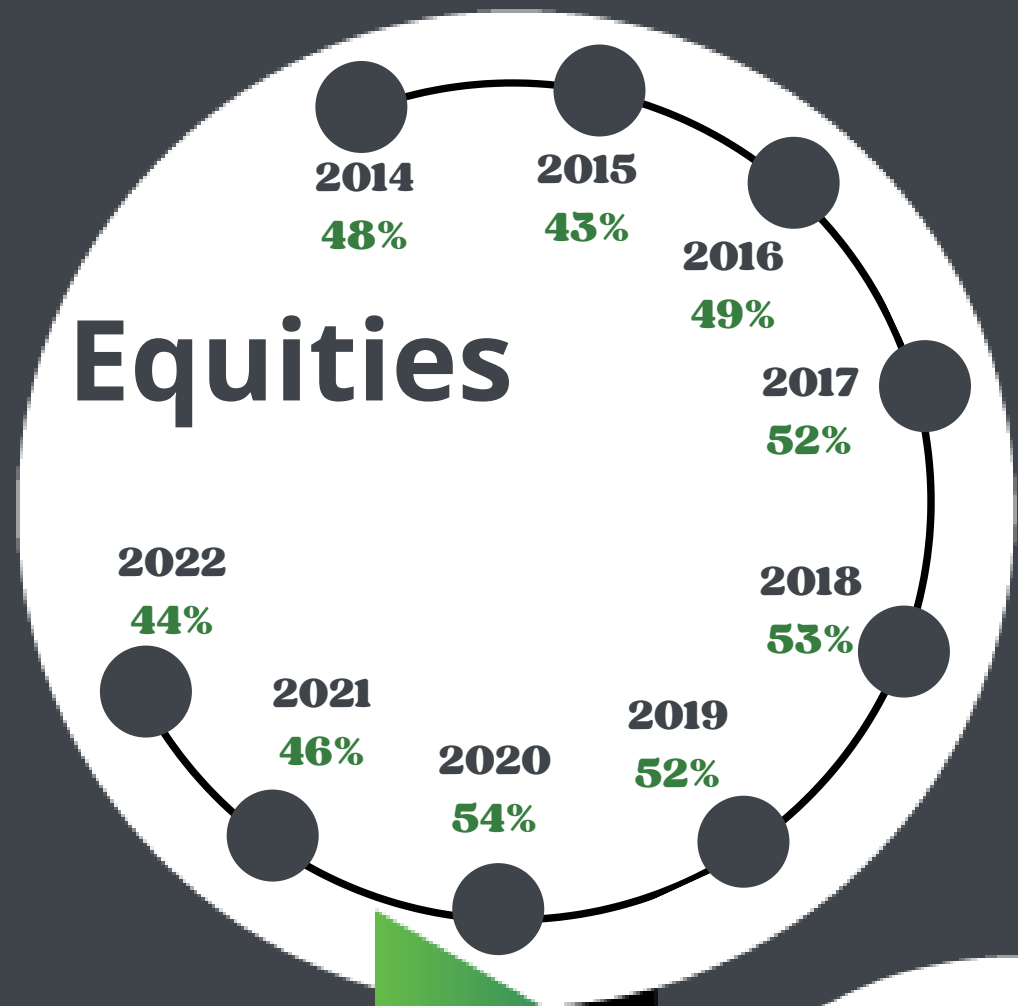
RETAIL INVESTORS

+ 413 TH

OMNIBUS



Retail investors - as of 01/03/2023, Omnibus accounts - as of 01/01/2023
Source: CSD



Retail Investors' Participation in the **KASE** Secondary Market

WHAT KASE DOES



Promotion of Capital Market

Press-briefings, Press-conferences

Social Networks (Facebook, Instagram, Youtube, LinkedIn, Telegram)

KASE Day

Issuers' Days at KASE

Brochures, Analytics, Presentations

Financial Education

KASE Simulation Real Time Training System

Educational Programs

KASE Mobile

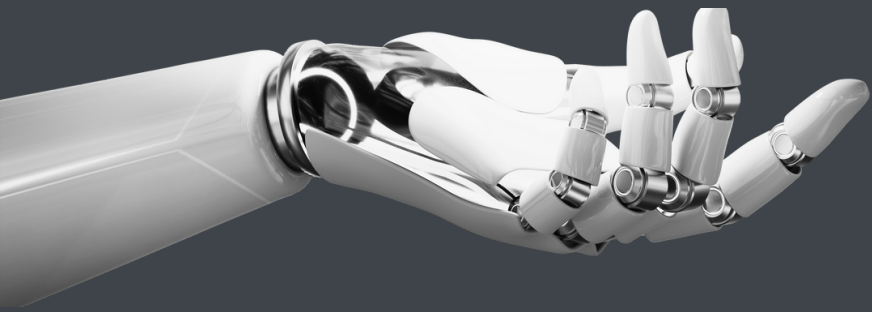
Broad Range of Instruments

KASE Global - Liquied International "Blue Chips"

ESG-instruments for PRI-Committed Investors

Exchange Traded Funds (ETF) and Investment Funds with different Strategy

Full Range of Instruments: Equities, Corporate Bonds and State Securities, Derivatives and Open Money Market



Stock market GOING DIGITAL

Global Stock Exchanges are investing in Technologies to support High Frequency Trading, Colocation Venues and DMA for Trading Partners, Blockchain Solutions

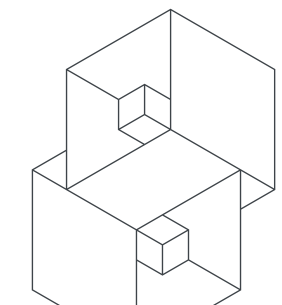
EXCHANGES DEVELOP MARKET
DATA BY ACQUIRING
INFORMATION VENDORS

Deutsche Börse acquired Kneip, LSE
invested in Finbourn



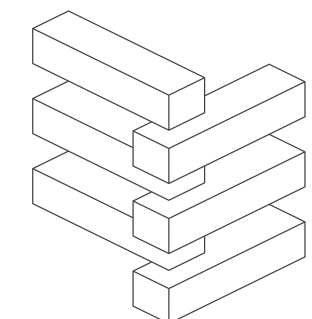
EXCHANGES INVEST IN
COMPANIES PROVIDING FINTECH
SOLUTIONS, INCLUDING
REGTECH SOLUTIONS

LSE invested in Floww Crowdfunding Platform,
Global Data Consortium Business Verifier,
Deutsche Börse in WeMatch - a Company
providing IT-solutions for Financial Institutions



FINANCIAL ORGANIZATIONS ARE
INTRODUCING BLOCKCHAIN INTO THEIR
BUSINESS PROCESSES, TRADITIONAL
EXCHANGES ARE MERGING WITH DLT
PLATFORMS

Euroclear acquired Fnality - Blockchain IT
Solutions Vendor, Valereum Blockchain Crypto
Exchange acquired Gibraltar Stock Exchange





KASE PERSPECTIVES: DIGITAL ASSETS

Financial Instruments with underlying Digital Assets Trading

- ETFs for Bitcoin - Proshares Bitcoin Strategy ETF, traded on the NYSE or Valkyrie Bitcoin Strategy ETF, traded on NASDAQ
- Bitcoin futures / other

Tokenized Securities Issuance and Trading

- Pilot project - issuance of tokenized securities
- Consider digital tenge, as well as fiat currencies for settlements
- Two options for issuing tokens:
 - on shares of existing issuers of the KASE
 - on securities of new issuers

THANK YOU!

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