

KAZAKHSTAN STOCK EXCHANGE INC

PRESS RELEASE

Almaty

July 28, 2008

Easing of Rules on Pension Assets Investment Gives Hope its Managers will be Active on Local Market

Resolution No. 80 of the Board of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations (AFS) of May 26, 2008 was made effective on July 17, 2008; in accordance with this resolution item 4 of resolution No. 225 of the Board of AFS "On Approval of Rules on Carrying out Activities on Pension Assets Investment Management" of October 27, 2006 (Resolution No. 225) was annulled.

Prior to introduction of amendments the indicated item of resolution No. 225 contained the following requirement:

"The actual volume of investments at the expense of pension assets in the duly rated financial instruments, including shares, the issuer of which is correspondingly rated must be equal to:

- 1) beginning January 1, 2007 – at least thirty percent of pension assets of the fund;
- 2) beginning July 1, 2007 – at least forty percent of pension assets of the fund;
- 3) beginning January 1, 2008 – at least fifty percent of pension assets of the fund;
- 4) beginning July 1, 2008 – at least seventy percent of pension assets of the fund.

In case of absence of the corresponding rating of the securities, issued by organizations of the Republic of Kazakhstan, for calculation of actual volume of investments, set by sub-items 1)–4) of this item, the rating of the corresponding issuer is to be taken into account."

Resolution No. 225 and resolution No. 223 parallel thereto of the Board of AFS "On Approval of Instruction on Normative Values of Prudential Normative, Methodology of Calculation for Organizations Engaged in Pension Assets Investment Management" of October 27, 2006, effective December 23 and December 15, 2006 correspondingly, actually meant a sharp shift of investment key points for managers of pension assets (operating on the local stock market) from the listing category of securities on Kazakhstan Stock Exchange (KASE) to availability and ratings of securities or their issuers.

The shift badly affected the stock market, serviced by KASE, as the managers of pension assets (organizations, organizations carrying out pension assets investment management, and accumulative pension funds, carrying out pension assets investment management on their own) ceased to be the investor base considered a key point by issuers of securities, first of all, issuers of bonds. As a result, beginning 2007 fewer new financial instruments have been listed on KASE entailing a decrease of financial instruments, available for trade, with liquidity worsening on the local organized stock market of the Republic of Kazakhstan.

KASE expects that cancellation of item 4 of resolution No. 225 will allow for particular recovery of investment activity of managers of pension assets on the local stock market bringing back their attention to unrated corporate debt securities issued by Kazakhstan companies.

KASE notes to have been in spring of 2008 an initiator of modification of the system of government regulation in part of necessity of a more flexible shift of investment key points for managers of pension assets. In this view KASE believes that effecting resolution No. 80 of May 26, 2008 is an adequate reaction to the initiative on the side of AFS.

For reference:

KASE is the only Kazakhstan exchange providing services for the financial market. This is a universal floor where trades in repo market instruments, foreign currencies (US dollar, euro, Russian ruble) government and corporate securities of Kazakhstan and foreign issuers, bonds of international

financial organizations are held. In 2007 KASE trade turnover totaled USD322.5 bn., including share market – USD8.9 bn. As of July 1, 2008 KASE capitalization was estimated at USD95.2 bn. for share market and USD12.0 bn. for corporate bond market.