



Қазақстан қор биржасы
Казахстанская фондовая биржа
Kazakhstan Stock Exchange

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in [@Kazakhstan Stock Exchange](https://www.linkedin.com/company/Kazakhstan-Stock-Exchange)

2018-2019

INVESTMENT
OPPORTUNITIES

Large Country, Great Opportunities

Leveraging its strategic location between Europe and China in the heart of Eurasia, Kazakhstan presents foreign companies with opportunities to grow their business.

Stable Economic and Political Climate

Kazakhstan is ranked 11th in terms of government debt and 40th in terms of transparency of state policy out of 137 countries according to the WEF's "The Global Competitiveness Report 2017-2018".

Geographical Location and Transit Potential

Kazakhstan holds strategic geographic position in the Eurasian continent and creates significant potential in logistics between Europe and Asia, enhanced by Chinese development programmes such as "Go West" (development program of the Western region of China) and "Big Jump" (development of routes in East-West direction).

Access to Millions of Eurasian Economic Union Consumers

Kazakhstan is a member of the EEU common market that comprises companies of Russia, Kazakhstan and Belarus and potentially over 183 million consumers. Cooperation with the bordering countries gives Kazakhstan an opportunity to access markets with potentially more than 171 millions of people.

Investor Protection

Kazakhstan is ranked 1st on protection of minority investors among 190 countries in accordance with the World Bank's Doing Business 2018 rating. Kazakhstan is also ranked 3rd on protection of investors among 137 countries according to the WEF's "The Global Competitiveness Report 2017-2018".

E - services for businesses

Public services can be provided for citizens and companies in Kazakhstan via "e-Government" with the help of information and communication technologies.

INVESTOR PROTECTION

FOLLOWING GUARANTEES ARE PROVIDED TO INVESTORS:

- guarantee of protection provided by the Constitution of the Republic of Kazakhstan, other legislative acts and international treaties ratified by Kazakhstan
- guarantee of compensation for damages resulting from promulgation of acts or decrees that do not conform to the laws of Kazakhstan or from illegal actions or failure to act on the part of state officials
- guarantee of free income use from investment activities, provided that all taxes and other obligatory payments have been paid, and a right to open and operate bank accounts in tenge and other foreign currencies
- guarantee of transparency of activities of state agencies affecting investors, including publication of normative and legislative acts relating to investor's rights and free access to information about legal entities
- guarantee of full compensation for damages in case of nationalisation of investments and payment of fair market value for confiscated property
- guarantee of access to international arbitration bodies in case of investment disputes between the investor and the state

Tax preferences are 0% on transactions with securities listed on KASE including capital gains tax and withholding taxes on dividends and coupon payments*

SERVICES PROVIDED TO INVESTORS AT THE GOVERNMENT LEVEL:

- Investors Service Centre set up by the Investment Committee of the Ministry for Investments and Development of the Republic of Kazakhstan provides 363 services for investors
- Investment Ombudsman ensures protection of rights and legitimate interests of investors

* Ownership stakes in LLP are not deemed as securities listed on KASE



5
CURRENCY
PAIRS

153
ISSUERS



124
EQUITIES
IN TRADE LIST

239
CORPORATE BONDS
IN TRADE LIST



4th PLACE
AMONG FEAS STOCK EXCHANGES
BY DOMESTIC MARKET CAPITALISATION
(AS THE END OF 2017)

2nd PLACE
AMONG CIS EXCHANGES
BY TRADED VOLUME (2017)



55
MEMBERS
OF THE EXCHANGE

>110 000
ACCOUNTS
OF RETAIL INVESTORS

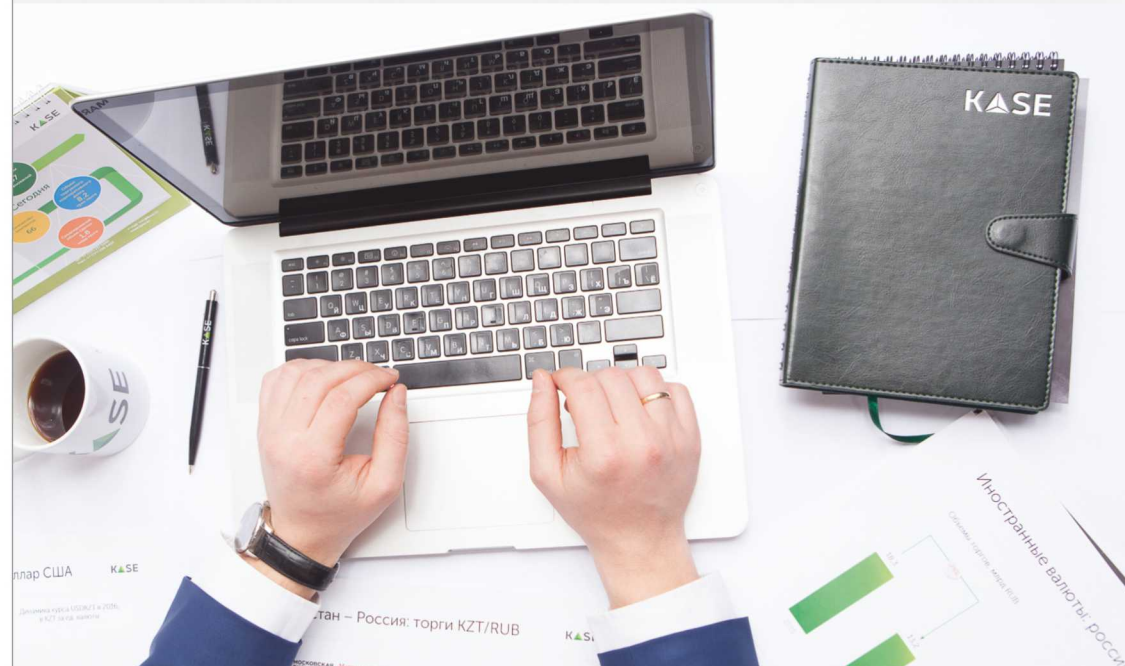


25
YEARS IN
CAPITAL MARKETS



FRONTIER
MSCI, FTSE, S&P

- ▲ KASE mission is to promote sustainable growth of Kazakhstani economy through the development of stock market infrastructure in order to finance domestic state owned and private companies and to ensure favorable environment for local and foreign investors
- ▲ KASE is a universal financial market, which provides possibility to trade various financial instruments
- ▲ KASE infrastructure (website, etc.) provides investors with up-to-date financial and corporate governance information of listed issuers
- ▲ National Bank of the Republic of Kazakhstan executes its monetary policy utilising KASE instruments (FX and repo market)



OUR SERVICES



LISTING

- Information disclosure

MEMBERSHIP

- Equities
- FX
- Derivatives

TRADING

- Securities
- FX
- Repo Transactions and Currency Swap
- Derivatives

POST-TRADING SERVICES

- Clearing
- Settlement

MARKET DATA DISTRIBUTION

- End-of -day data
- Real time
- Delayed data
- Historical data

IT SOLUTIONS

- Trading, settlement and clearing systems
- FIX – Gateway
- Website and web-services for market participants

TRADITIONAL LISTING STRUCTURE

MAIN FOR LARGE COMPANIES	ALTERNATIVE FOR SME	OTHER
Equities	Equities	Islamic securities
Premium		State securities
Standard		Derivative securities
Debt securities	Debt securities	International Financial Organisations' securities
Bonds	Bonds	
Commercial papers	Commercial papers	
Buffer category*	Buffer category*	Investment Funds Securities

BENEFITS OF LISTING

- Opportunity to raise finance for business expansion
- Diversification of funding base
- Market valuation of securities
- Higher liquidity of securities
- Improves perception of the company's financial performance and transparency
- Improved corporate governance
- Increased efficiency due to rigorous disclosure requirements
- Greater public profile and awareness of the company and its products /services

* Temporary category for defaulted securities

NEW DEVELOPMENTS

KASE PRIVATE MARKET

MAIN PURPOSE

free entry or exit into the capital of LLPs for shareholders and attracting alternative funding sources for private companies in the form of LLP

KASE STARTUP

attracting funding for ideas and projects which are on the development stage

BENEFITS FOR INVESTORS

FAVORABLE DIRECT INVESTMENT TOOLS BASED ON ONE-STOP-SHOP PRINCIPLE

FINANCIAL INSTRUMENTS TRADED

- Ownership stakes in LLP
- Ownership stakes in the start-up companies
- Financial instruments of 4 LLPs are admitted to KASE Startup platform

REQUIREMENTS FOR COMPANIES

KASE PRIVATE MARKET

- Company is to keep its ownership register certificate with the Integrated Securities Registrar
- Ownership stake in the LLP is to be an integral value
- Ownership stake in the LLP is to be equal to the share in the LLP's property
- Accounting and reporting of the LLP is to be according to IFRS
- Audit of financial statements of the LLP is to be held by an audit company from the List of audit companies approved by KASE
- The LLP is to be profitable for the preceding two years

KASE STARTUP

- Company is to be registered in the form of limited liability partnership
- Company is to have a business plan disclosing information about the company, ideas or projects
- Company is to have a model of final results which allows to evaluate the project
- Initiator of admission of the company can be the company itself; the business-incubator, where the company passes acceleration program; the investment fund or joint-stock company, principal activity of which is investment activity and which become the investor not earlier than one year before admission to KASE

<https://startup.kase.kz>

KASE MARKETS

- FX (including FX swaps)
- State securities
- Equities (including depository rights) and Investment funds
- Corporate debt securities
- Repo transactions
- Derivatives and derivative securities
- Ownership stakes in limited liabilities partnerships



EQUITIES AND BONDS LISTED ON KASE

- Stocks of more than 100 companies
- About 250 corporate bonds of more than 60 corporates

DERIVATIVES

- Futures with stocks, indices, currencies as underlying assets

FX TRADING

- The largest FX trading platforms in the Eurasian region
- More than USD 1 bn of daily FX transactions (including FX swaps)

REPO TRANSACTIONS

- Opportunities to make short-term borrowings at competitive rates

OWNERSHIP STAKES ON KASE PRIVATE MARKET AND KASE STARTUP

- Financial instruments of 4 LLPs are admitted to KASE startup platform

MARKET INDICES

STOCK MARKET

- KASE index is the main benchmark of the Kazakhstan stock market, the value of which is determined by the data of the most liquid shares of the largest and financially stable Kazakh companies, which are included in the Exchange official list

CORPORATE BOND MARKET

- The indicators of the corporate bond market are the main indicators of the Kazakhstan corporate debt market

KASE CALCULATES THE FOLLOWING INDICATORS OF THE CORPORATE BOND MARKET

KASE_BMC - index of "net" prices of the main site
KASE_BMY - indicator of the profitability of the main site
KASE_BAC - index of "net" prices of an alternative site
KASE_BAY - indicator of profitability of the alternative site

JOINT INDICES

- Dow Jones FEAS Benchmark/S&P Kazakhstan BMI
- Kazakhstan Traded Index Local (KTX Local)

MONEY MARKET

- **MONEY MARKET INDEX** - Composite indicator of the money market, which is a weighted average, through the volume of transactions, the value of weighted average interest rates (yields) for USD / KZT currency swap transactions and automatic repo transactions with government securities of the Republic of Kazakhstan, opened for one business day.

The indicator is calculated for all swap and repo opening deals concluded in the trade system of the KASE during the trading day and is updated on the basis of this day.



* Indices of the corporate bond market are calculated based on the results of each trading day.

MARKET DATA PRODUCTS

REAL-TIME Data

DELAYED Data

15 minutes delayed data

END OF DAY Data

HISTORICAL Data

REFERENCE Data

KASE News

NON-DISPLAY/Derived Data

WEB-Quotes

IRIS Finance

Cooperation with Bloomberg
and Thomson Reuters (real-time data
dissemination)

Partnership with Exchange Data International Ltd., Interactive Data Corporation, Cbonds (information product delivery)

Cooperation with Wiener Börse and
China Investment Information Services
Ltd. (market data dissemination)

Bloomberg



THOMSON REUTERS



exchange data international



Interactive DataSM

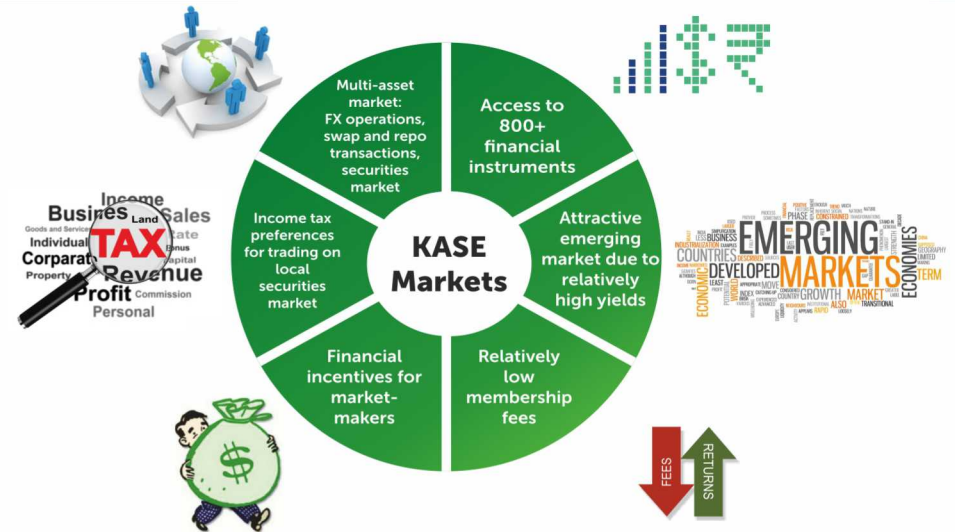
wiener borse



中國投資信息有限公司
CHINA INVESTMENT INFORMATION SERVICES LTD



BENEFITS OF MEMBERSHIP AT KASE



TAX RATES ON KAZAKHSTAN SECURITIES MARKET

CORPORATE TAX RATE ON CAPITAL GAINS AT 0%:

- In case if securities are listed and traded on KASE
- In case if these are government securities

WITHHOLDING TAX RATE ON INTERESTS AT 0%:

- In case if securities are listed and traded on KASE
- In case if these are government securities

WITHHOLDING TAX RATE ON DIVIDENDS AT 0%:

In case if securities are listed and traded on KASE and provided that (for corporates only):

- the taxpayer had been a shareholder for over three years as of the declaration date
- the issuer paying dividends is not a subsoil user

- * No tax benefits for trading with ownership stakes

MEMBERSHIP FOR FOREIGN BROKERS

KASE offers membership to foreign brokers. In order to avoid establishment and registration costs, foreign brokers can be remote members, as well as, can easily take part in trading on KASE outside of Kazakhstan, provided that they meet KASE's requirements for foreign members

MEMBERS

There are three categories of membership on KASE:

- Currency
- Equity
- Derivatives

It is also possible to obtain membership in two or all three categories

Full list of KASE's members can be found on KASE's official web-site "Membership" application

(<http://www.kase.kz/en/membership>)

REQUIREMENTS TO APPLY FOR FOREIGN MEMBERSHIP

RESIDENCE	CANDIDATE	CAPITAL
FATF and WFE member	Broker or dealer license	Not less than USD 2,8 mln* for equities and derivatives market
Agreement with the Republic of Kazakhstan on avoidance of double taxation	Two years of operating experience. Being a member of a stock exchange of the home country	Not less than USD 2,8 mln for FX market
No offshores	Accounting and financial reporting procedures according to IFRS or GAAP	For all markets: equity capital is not less than share capital
Sovereign rating not lower than "BBB-" by S&P's or similar rating of another rating agency	No association with financing terrorism and extremism	

* According to the rate of the National Bank as of July 1, 2018

MARKET - MAKERS

They are members of KASE, who submit spreads (bids and offers) regularly and continuously during the trading session

FUNCTIONS

- Ensure that buyers and sellers can transact in markets
- Provide liquidity to the markets by providing quotes during the trading day and updating their prices to reflect changes in the underlying markets

REQUIREMENTS

- the volume of the best mandatory quotation must not be less than the amount established by the Rules
- avoid prices which exceed the maximum spread established by the Rules of market maker's activities

SCHEMES

KASE offers market making incentive schemes to further promote liquidity in the following markets:

- Equities
- Debt securities
- State securities



FINANCIAL INSTRUMENTS	SCHEME 1		SCHEME 2	
	volume of the best mandatory quotations for the purchase (sale), MCI*	maximum value of the spread	volume of the best mandatory quotations for the purchase (sale), MCI*	maximum value of the spread
Equity securities	2000 - times	3,0 %	3000 - times	1,0 %
Debt securities	1000 - times	2,0% points between the values of the yields of mandatory quotations / 3,0% of the mandatory quotation price for the purchase of binding quotes for debt traded at "dirty" prices	-	-
Government securities	50.000 - times		100.000 - times	1,0% points between the values of the yields of mandatory quotations / 2,0% of the mandatory quotation price for the purchase of binding quotes for debt traded at "dirty" prices

The market maker for securities of any denomination pays commission fees at a rate reduced by 50% relative to the rate applicable to transactions, with the exception of:

- Government's stakes in private organisations transactions
- Repo transactions
- Nego deals conclusion method for securities purchase and sale transactions

INFORMATION DISCLOSURE

KASE has a set of requirements for disclosing information by Issuers including:

- Information about the Issuer's activities and its securities and analysis of its financial standing
- Financial reports of the Issuer and the auditor's report
- Disclosure of any other relevant information concerning current activities of the Issuer and its securities

* MCI (monthly calculated indicator) for 2018 is 2 405 KZT, for 2019 – 2 525 KZT

- The issuer's corporate governance code
- The issuer's environmental, social and governance report

More detailed information about requirements on disclosure of information by issuers in the Listing Rules, published on KASE website

(http://www.kase.kz/en/page/show/rules_kase)

SUSTAINABILITY

- KASE is strongly committed to neutrality, objectivity and transparency. Led by the UN Initiative "Sustainable Stock Exchanges" KASE published ESG guidance for listing companies
- KASE is one of 38 stock exchanges in the world that promotes the Guidance (effective from December 1, 2016 and modified in March 2018) for preparing ESG criteria based report (Environmental, Social and Governance criteria) and one of 39 stock exchanges that promotes ESG criteria through trainings*
- KASE, as a member of the Task Force of the United Nations Conference on Trade and Development (UNCTAD), actively participates in the project of the Ministry of Finance of the Republic of Kazakhstan and the UNCTAD "Evaluation of corporate reporting infrastructure in the Republic of Kazakhstan"

KASE TRADING SYSTEM

KASE developed and launched its own trading systems (Securities and FX) comparable to systems developed by specialised companies, which collect "buy" and "sell" orders of licensed traders in centralised, fully electronic order book and initiate automatic check on every buy and sell order

SUPPORTED TRADING METHODS

- continuous counter auction method (main trading method) and the Frankfurt trades (call auction) method
- specialised trades' method (issuance or buyback of securities, securities subscription), the nego deals conclusion method

* Source: World Investment Report 2018, UNCTAD, June 2018

SETTLEMENTS

- Transactions with high liquidity equities and eurobonds are settled on T+2 basis
- Transactions with other securities are settled on T+0 basis

All members are able to route orders directly to trading system through:

- module for exchange of information that allows algotrading
- transactional FIX-gateway developed on the basis of international standard of market data transmission

TRADING HOURS

- Securities trading takes place from 11:30 am to 05:00 pm Almaty time
- Derivatives trading takes place from 10:00 to 03:30 pm Almaty time

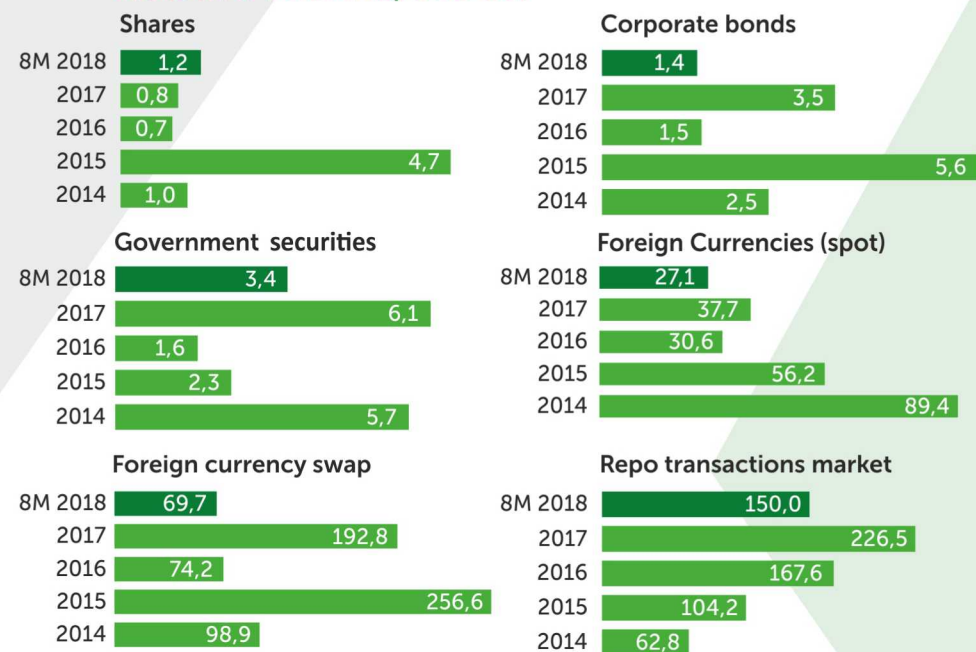
FX trading is done in two sessions:

- Morning: 10:15 am to 11:00 am
- Day: 11:30 am to 03:30 pm

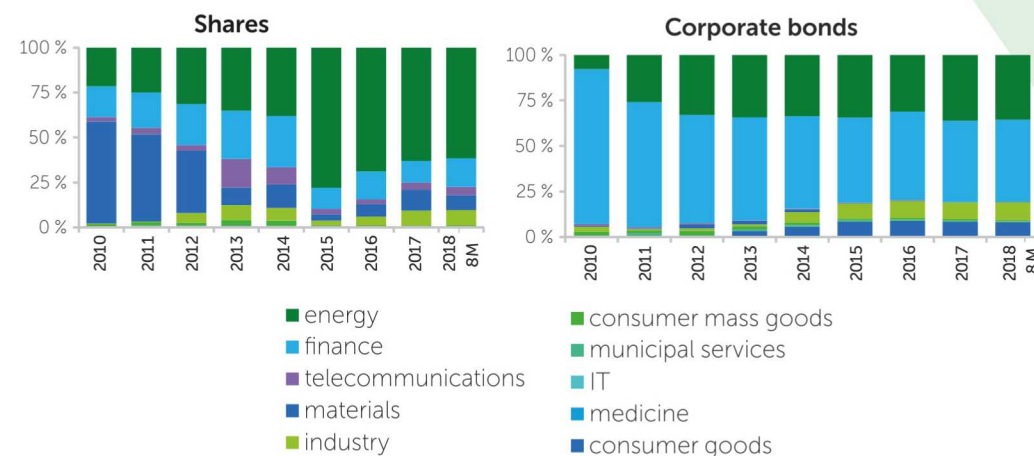


KASE MARKETS AT A GLANCE

TRADING VOLUME, USD BN



MARKET STRUCTURE BY INDUSTRIES*



* Classification for diagrams above is based on "Global Industry Classification Standard (GICS)®"

KASE MARKETS AT A GLANCE

EQUITIES

	YE 2017	8M 2018
Number of Instruments	127	124
Number of Issuers	110	109
Market Capitalisation	USD 51.6 bn	USD 45.9 bn
Average Daily Number of Deals	454	611
Average Daily Volume of Deals	USD 3.4 mln	USD 7.1 mln
Trading Volume	USD 828.9 mln	USD 1,155.8 mln

CORPORATE BOND

	YE 2017	8M 2018
Number of Instruments	262	239
Number of Issuers	66	61
Market Capitalisation	USD 26.8 bn	USD 24.7 bn
Average Daily Number of Deals	7	6
Average Daily Volume of Deals	USD 14.2 mln	USD 8.7 mln
Trading Volume	USD 3,482.5 mln	USD 1,422.8 mln

INDUSTRY BREAKDOWN OF EQUITIES MARKET ISSUERS

	YE 2017	8M 2018
Energy	63.0 %	61.5 %
Finance	12.0 %	15.9 %
Telecommunications services	4.0 %	4.7 %
Materials	11.6 %	8.3 %
Industrials	8.4 %	8.6 %
Consumer staples	0.7 %	0.8 %
Municipal services	<0.1 %	<0.1 %
Health care	0.1 %	0 %
Consumer discretionary	0.2 %	0.2 %

INDUSTRY BREAKDOWN OF BOND MARKET ISSUERS

	YE 2017	8M 2018
Energy	31.6 %	35.6 %
Finance	44.8 %	45.2 %
Telecommunications services	<0.1 %	0.1 %
Materials	0 %	<0.1 %
Industrials	9.2 %	9.9 %
Consumer staples	0.8 %	0.8 %
Municipal services	0.6 %	0.4 %
Consumer discretionary	8.4 %	8.2 %

KASE MARKETS AT A GLANCE

STATE SECURITIES

	YE 2017	8M 2018
Number of Instruments	234	233
Average Daily Number of Deals	3	6
Average Daily Volume of Deals	USD 25.0 mln	USD 20.6 mln
Trading Volume	USD 6.14 bn	USD 3.35 bn

FX

	YE 2017	8M 2018
Average Daily Number of Deals	349	330
Average Daily Volume of Deals	USD 154.0 mln	USD 166.1 mln
Trading Volume	USD 37.7 bn	USD 27.1 bn

REPO

	YE 2017	8M 2018
Average Daily Number of Deals	371	461
Average Daily Volume of Deals	USD 924.7 mln	USD 920.3 mln
Trading Volume	USD 226.5 bn	USD 150.0 bn

FX SWAP

	YE 2017	8M 2018
Average Daily Number of Deals	48	48
Average Daily Volume of Deals	USD 786.8 mln	USD 427.9 mln
Trading Volume	USD 192.8 bn	USD 69.75 bn

FOR NOTES:

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FOR NOTES:

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