

# KAZAKHSTAN STOCK EXCHANGE JSC

---

---

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

by a decision of an extraordinary  
general meeting of shareholders  
of Kazakhstan Stock Exchange JSC

(minutes No. 27 of February 11, 2016)

## **NOTICE**

The Code has been translated into English by employees of Kazakhstan Stock Exchange solely for information purposes. In case of any incompliance of this translation with the Code's original in Russian, the Russian version prevails.

# **CODE**

## **of corporate governance of Kazakhstan Stock Exchange JSC**

---

---

Almaty

2016

## **LIST OF AMENDMENTS**

### **1. Changes and additions No. 1:**

- approved by a decision of the extraordinary general meeting of shareholders of Kazakhstan Stock Exchange JSC (minutes NO. 30 of the meeting on November 29, 2017);
- effective from November 29, 2017.

This code defines the rules of business ethics which must be followed by bodies of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) and members of collegial bodies of the Exchange (hereinafter jointly – participants of corporate relations) at performance of activities related to the Exchange's corporate governance.

## Chapter 1. PRINCIPLES OF CORPORATE GOVERNANCE

### Article 1. General provisions

1. For purposes of this Code, the corporate relations mean relations regarding issues of corporate governance:
  - 1) between bodies of the Exchange;
  - 2) between members of any collegial body of the Exchange;
  - 3) between any member of a collegial body of the Exchange and another body of the Exchange;
  - 4) between any member of a collegial body of the Exchange and any member of another collegial body of the exchange.
2. Any participant of corporate relations of the Exchange must build his attitude in those relations based on the following tasks:
  - 1) ensuring successful operation and increasing of the market value of the Exchange, sustaining its financial stability and profitability;
  - 2) ensuring investment attractiveness of the Exchange's shares in the eyes of existing and prospective shareholders of the Exchange;
  - 3) ensuring the good standing of the Exchange as a joint-stock company and as a listed company (in case of listing of the Exchange's shares) considering that the Exchange being the operator of trades in securities and other financial instruments, sets certain requirements, also regarding the corporate governance, for issuers of securities to be included in the Exchange's official list, and being therein;
  - 4) ensuring the high reputation of the Exchange in the public considering the uniqueness and importance of the Exchange in the economy of the Republic of Kazakhstan.
3. Any participant of corporate relations of the Exchange must build his behavior in those relations on the grounds of professionalism, honesty, conscientiousness, competency and responsibility.
4. Any participant of corporate relations of the Exchange must build up his behavior in those relations on the grounds of the following principles, described in articles 2–6 hereof ("principles of corporate governance"):
  - 1) protection of the rights and interests of the Exchange's shareholders;
  - 2) efficient management of the Exchange by the general meeting of its shareholders, Board of Directors and Management Board of the Exchange;
  - 3) transparency, timeliness and objectivity of disclosure of information on the Exchange and its operations;
  - 4) legitimacy and ethics;
  - 5) efficient dividend policy.
5. Observance of the norms of this Code must not be a goal in itself or hamper the Exchange's operations or affect its financial position.

**Article 2. Principle of protection of rights and interests of the Exchange's shareholders**

1. The principle of protection of rights and interests of shareholders of the Exchange means that:
  - 1) the Exchange does not hinder its shareholders from exercising their proprietary rights with regard to shares of the Exchange, unless those rights are restricted in accordance with the applicable legislation, contractual relations or unilateral obligations of shareholders of the Exchange;
  - 2) the Exchange ensures in accordance with the legislation of the Republic of Kazakhstan and charter of the Exchange exercising of such rights of its shareholders as:
    - the right to turn to the Exchange with written requests regarding its operations and to receive detailed answers to such requests;
    - the right to participate in general meetings of shareholders of the Exchange and to vote there;
    - the right to participate in setting up of bodies of the Exchange;
    - the right to receive dividends on shares of the Exchange;
  - 3) the Exchange in accordance with the legislation of the Republic of Kazakhstan, the charter of the Exchange, this Code, decisions of the general meeting of shareholders of the Exchange and Board of Directors of the Exchange, ensures the comprehensive participation of its shareholders in taking of decisions on issues related to the competence of respective bodies of the Exchange, as well as provides its shareholders with the possibility to express their opinions on those issues before taking relevant decisions;
  - 4) interested parties, including employees of the Exchange, have the right to freely report to the Exchange's Board of Directors unlawful and unethical, in their opinion, actions of members of the Management Board and heads of structural units of the Exchange;
  - 5) in a manner set by the legislation of the Republic of Kazakhstan and charter of the Exchange, the Exchange brings to knowledge of its shareholders information on its operations affecting interests of the Exchange's shareholders;
  - 6) the Exchange guarantees an equitable attitude towards all of its shareholders.
2. Shareholders of the Exchange have the right to advise each other on issues of observing the main rights of shareholders of the Exchange.
3. The procedure and mechanisms of ensuring the principle of protection of rights and interests of shareholders of the Exchange are specified in the legislation of the Republic of Kazakhstan and charter of the Exchange.

**Article 3. Principle of efficient management of the Exchange by the general meeting of its shareholders, Board of Directors of the Exchange and Management Board of the Exchange**

1. The principle of efficient management of the Exchange by the general meeting of its shareholders means that the Exchange:
  - 1) annually convenes and conducts annual general meetings of shareholders of the Exchange for purposes of approval of its annual financial statements and procedure of distribution of its net income (profit) for the expired financial year, taking decisions on payout of dividends on shares of the Exchange, approval of the dividend amount payable on one share of the Exchange;

- 2) regularly convenes and conducts meetings of shareholders of the Exchange for purposes of defining the composition and term of office of the Exchange's Board of Directors, election of its members;
  - 3) upon need, based on ideas of rationality, promptness and efficiency, convenes and conducts extraordinary meetings of shareholders of the Exchange.
2. Some data on the management of the Exchange by the general meeting of its shareholders are given in chapter 2 of this Code.
3. The principle of efficient management of the Exchange by the Board of Directors of the Exchange means that:
  - 1) activities of the Board of Directors of the Exchange are based on maximum observance of interests of shareholders of the Exchange and aimed at increasing the efficiency of the Exchange's operations and its market value;
  - 2) the Board of Directors of the Exchange carries out a balanced and precise assessment of results achieved by the Exchange and prospects of the Exchange by way of objective monitoring of its current operations and ensures maintenance and operation of a reliable system of control over operations of the Exchange for purposes of retaining investments of its shareholders in shares of the Exchange and assets of the Exchange;
  - 3) the Board of Directors of the Exchange ensures efficient assessment of the Exchange's vulnerability to various risks, participates in settlement of conflicts in corporate relations;
  - 4) the Board of Directors of the Exchange ensures the transparency of its activities towards shareholders of the Exchange.
4. In the composition of the Exchange's Board of Directors there must be independent directors considering the requirements of the legislation of the Republic of Kazakhstan on joint-stock companies.

The Exchange defines own criteria of independence of directors based on basic norms of the Act of the Republic of Kazakhstan "On Joint-stock Companies", based on the fact that the main feature of an independent director of the Exchange is his independence from major shareholders of the Exchange, its Management Board and the government.
5. The system of assessment of activities of the Exchange's Board of Directors and some of its members and remuneration of members of the Exchange's Board of Directors must encourage their work in the interest of the Exchange and all of its shareholders.
6. The Exchange's Board of Directors develops and permanently improves methods and criteria of assessment of activities of the Exchange's Management Board, as well as carries out control over activities of the Exchange's Management Board.
7. The Exchange charter or a decision of the general meeting of shareholders of the Exchange or Board of Directors of the Exchange may specify that upon the appointment a member of the Exchange's Board of Directors must take on obligations towards the Exchange.
8. Some data on management of the Exchange by the Exchange's Board of Directors and its control over activities of the Exchange are given in chapter 3 and articles 18 and 20 hereof.

9. The principle of efficient management of the Exchange by its Management Board means that:
  - 1) the Exchange's Management Board carries out the current management of the Exchange and control over the daily activities of the Exchange;
  - 2) activities of the Exchange's Management Board build on maximum observance of interests of shareholders of the Exchange;
  - 3) the Exchange's Management Board is accountable to the general meeting of its shareholders and the Board of Directors of the Exchange.

**Article 4. Principle of transparency, timeliness and objectivity of disclosure of information on the Exchange and its activities**

1. The principle of transparency, timeliness and objectivity of disclosure of information on the Exchange and its activities means that the Exchange discloses information about itself and its activities for purposes of:
  - 1) strengthening the reliance of shareholders and other subjects of the financial markets upon the Exchange;
  - 2) assistance in taking investment decisions on purchase and retaining of shares of the Exchange;
  - 3) ensuring the maximum reasonability at taking decisions of the general meeting of shareholders of the Exchange and Board of Directors of the Exchange;
  - 4) ensuring the transparency of management of the Exchange.
2. The Exchange discloses information on main results, plans and prospects of its activities, as well as timely and in full replies to requests of its shareholders according to the procedure specified in the Exchange charter.
3. The Exchange discloses information on significant corporate events in its operation and at the same time uses strict and reliable mechanisms of ensuring the confidentiality of information making up an official, commercial or other secret of the Exchange protected by the law.
4. Generation and auditing of financial statements of the Exchange are aimed at ensuring the trust in the Exchange on the part of its shareholders and investors and build on the following principles:
  - 1) completeness and reliability;
  - 2) impartiality and independence;
  - 3) professionalism and competence;
  - 4) regularity and efficiency.
5. The Exchange's Management Board is responsible for the completeness and reliability of financial information provided by the Exchange.
6. Some data on disclosure of information on the Exchange and its activities are given in article 17 hereof.

**Article 5. Principle of lawfulness and ethics**

The principle of lawfulness and ethics means that:

- 1) the Exchange acts in strict compliance with the applicable legislation, the charter of the Exchange and its internal documents, good business practice and business ethics;

- 2) internal documents of the Exchange are drawn up on the basis of the applicable legislation and business ethics;
- 3) relations between participants of corporate relations build on mutual trust and respect.

**Article 6. Principle of efficient dividend policy**

1. The principle of efficient dividend policy means that:
  - 1) the Exchange uses only reliable and verifiable information on the actual and perspective stand of its activities and actual and perspective financial state of the Exchange for purposes of defining the availability or absence of terms for calculation and payment of dividends on its shares;
  - 2) the Exchange ensures the transparency of the mechanism of defining the amount of dividends and procedure of their payment.
2. The main approaches of the Exchange to the issues of payment of dividends on its shares, as well as the conditions and procedure for the payment of dividends by the Exchange are determined by its internal document "Dividend Policy" (*this item was changed by a decision of the extraordinary general meeting of shareholders dated November 29, 2017*).

**Chapter 2. GENERAL MEETING OF SHAREHOLDERS OF THE EXCHANGE**

**Article 7. General requirements for preparation and conducting of the general meeting of shareholders of the Exchange**

Preparation and conducting of the general meeting of shareholders of the Exchange must meet the following requirements:

- 1) fair and equitable attitude towards all shareholders of the Exchange;
- 2) accessibility of participation in the general meeting for shareholders of the Exchange and for all of its shareholders (representatives of all shareholders of the Exchange);
- 3) provision to shareholders of the Exchange of maximum complete organization and reporting information regarding the general meeting of shareholders of the Exchange;
- 4) simplicity and transparency of conducting of the general meeting of shareholders of the Exchange.

**Article 8. Preparation of the general meeting of shareholders of the Exchange**

1. Shareholders of the Exchange must be notified of the upcoming general meeting of its shareholders within the timespan enough for them to study the procedure of conducting that meeting and materials on issues of the meeting agenda, and to prepare their questions and take a stance on issues on the agenda of that meeting.
2. The Exchange notifies its shareholders on conducting the general meeting of shareholders of the Exchange in accordance with its charter; however, since the Exchange must strive that all of its shareholders are timely notified of conducting the general meeting of its shareholders, the Exchange may:
  - 1) repeat that notice;
  - 2) use additional methods of bringing that notice to knowledge of shareholders of the Exchange.

3. Issues on the agenda of the general meeting of shareholders of the Exchange must be formulated as explicitly as possible and avoid ambiguous interpretation.
4. Materials on issues of the agenda of the general meeting of shareholders of the Exchange must be systematized on those issues and provide shareholders of the Exchange with as complete as possible idea of the subject of those issues, receipt of replies to their possible questions of interest, the possibility of taking reasoned decisions on those questions.

Among materials on issues of the agenda of the general meeting of shareholders of the Exchange, additional data on plans, achievements and problems of the operation of the Exchange, analytical studies and materials of third parties on the operation of the Exchange may be provided to shareholders.

If the agenda of the general meeting of shareholders of the Exchange includes an issue of electing some persons, e.g. members of the Exchange's Board of Directors, materials on issues of the agenda of that meeting must contain information on candidates, suggested for such appointment, in the composition and volume necessary and sufficient for objective evaluation of those candidates.

As the same time, at drawing up of materials regarding issues of the agenda of the general meeting of shareholders of the Exchange, the Exchange must not incur surplus time or labor costs or unjustified expenses.

The Exchange must use the easiest and unburdening procedure of informing shareholders of the Exchange about materials of the agenda of the general meeting of shareholders of the Exchange.

5. The process of voting in the general meeting of shareholders of the Exchange must as easy and convenient as possible for shareholders of the Exchange.

#### **Article 9. Conducting the general meeting of shareholders of the Exchange**

1. The time of registration of participants of the general meeting of shareholders of the Exchange must be enough for shareholders (representatives of shareholders) of the Exchange, arriving for participation in the meeting, to be able to register.

Shareholders (representatives of shareholders) of the Exchange, arriving for participation in the general meeting of shareholders of the Exchange after its opening, have the right to participate in that meeting provided they underwent the procedure of registration of participants of that meeting.

2. All shareholders of the Exchange have equal rights to participate in the general meeting of shareholders of the Exchange.

A shareholder of the Exchange may participate in the general meeting of shareholders of the Exchange and vote on issues of its agenda in person or without his personal presence (through his representative acting based on a power of attorney which can be issued to any third party or, for example, to a representative of a nominal holder, providing services to that shareholder of the Exchange).

Votes of a shareholder of the Exchange he submitted at voting on issues of the agenda of the general meeting of shareholders of the Exchange or without his personal presence, have an equal validity.

3. At the general meeting of shareholders of the Exchange persons must be present, whose clarifications and comments may be needed at consideration of issues of the agenda of that meeting, and in case of their justified absence – deputies of those persons and/or persons, competent in issues, which are (were) under the supervision of those persons.



4. The general meeting of shareholders of the Exchange may set its own schedule defining the time of speeches of executives of the Exchange and its shareholders (representatives of shareholders) on issues of the agenda of that meeting.

The schedule of the general meeting of shareholders of the Exchange must be based on the principle of reasonable sufficiency and provide the possibility of comprehensive discussion of issues of the agenda of that meeting and taking justified decisions thereon.

5. The chairman of the general meeting of shareholders of the Exchange must aspire that shareholders (representatives of shareholders) of the Exchange participating in that meeting would receive answers to their questions of interest immediately in the course of the meeting. But if the complexity of such questions does not allow replying to them immediately, persons who were asked, must provide written replies to them as soon as possible after the closing of the general meeting of shareholders of the Exchange.
6. The procedure of election of some persons, e.g. members of the Board of Directors of the Exchange, by the general meeting of shareholders of the Exchange must be as transparent as possible and be not leaving doubts in the reasonability of such election.
7. The procedure of collecting and counting of votes at the general meeting of shareholders of the Exchange must be as simple and clear as possible; shareholders of the Exchange must be confident in exclusion of the possibility of any corruption of results of their voting. For these purposes the general meeting of shareholders of the Exchange may elect representatives of shareholders of the Exchange for execution of control over the correctness of vote counting (only if the general meeting of shareholders of the Exchange did not appoint the counting commission).

### **Chapter 3. BOARD OF DIRECTORS OF THE EXCHANGE**

#### **Article 10. Functions and principles of activities of the Board of Directors of the Exchange**

1. Main functions and authorities of the Exchange's Board of Directors are defined by the legislation of the Republic of Kazakhstan "On joint-stock companies" and the Exchange's charter, which state that the Exchange's Board of Directors must, among other things:
  - 1) ensure the protection of rights and interests of shareholders of the Exchange;
  - 2) monitor, to which extent the current activities of the Exchange are in line with priority lines of its operations, defined by the Exchange's Board of Directors;
  - 3) evaluate the Exchange's vulnerability to various risks and take decisions for purposes of elimination or minimization of such vulnerability or for purposes of control of those risks;
  - 4) initiate development of changes and additions to internal documents of the Exchange or new internal documents of the Exchange;
  - 5) evaluate and, in case of a positive evaluation, approve changes and additions to internal documents or new internal documents of the Exchange, drawn up by the Exchange's Management Board;
  - 6) evaluate and, in case of a positive evaluation, approve the estimates of incomes and expenses of the Exchange developed by the Exchange's Management Board, as well as reports on execution of the estimates of incomes and expenses of the Exchange;

- 7) to evaluate the efficiency of activities of the Exchange's Management Board and determine the terms and amounts of remuneration to members of the Exchange's Management Board.
2. In its activities the Exchange's Board of Directors must aim at achieving such goals as:
  - 1) establishment for the Exchange of an atmosphere of stability and predictability, smoothness in its activities;
  - 2) ensuring a constructive cooperation with the Exchange's Management Board;
  - 3) ensuring the reasonable compromise between interests of shareholders of the Exchange, commercial interests of the Exchange and personal interests of its employees.
3. Persons elected members of the Exchange's Board of Directors as shareholders of the Exchange (representatives of interests of shareholders of the Exchange), at execution of functions and authorities of members of the Exchange's Board of Directors must behave so as not to be viewed as representatives of interests of only particular shareholders of the Exchange or their groups.

The Exchange's Board of Directors must act so as to be viewed as the place of concentration of the most professional, honest, fair and conscientious representatives of the financial market of the Republic of Kazakhstan possessing an impeccable business and moral reputation.
4. In the course of their activities the Exchange's Board of Directors must not be opposed to the general meeting of shareholders of the Exchange, or the Exchange's Management Board, or Chairman of the Exchange's Management Board, as well as must not take any actions which could be interpreted as a sign of such opposition.
5. In the course of their activities the Exchange's Board of Directors must establish and maintain amongst Employees of the Exchange its reputation as:
  - 1) the line of protection of the Exchange from unfavorable external factors (taking into account possible deviations between interests of shareholders of the Exchange, commercial interest of the Exchange and personal interests of its employees);
  - 2) the body able to effectively settle a conflict between members of the Exchange's Management Board or between all or particular employees of the Exchange and members of its Management Board (if the Exchange's Management Board failed to settle such conflict or refrained from settling it).
6. Evaluation of the Exchange Board of Directors' activities is carried out by the general meeting of shareholders of the Exchange, which may use for these purposes in accordance with the Act of Republic of Kazakhstan "On Joint-stock Companies" and charter of the Exchange such leverages as:
  - 1) the right to elect a person a member of the Exchange's Board of Directors an unlimited number of times;
  - 2) the right to early discontinue authorities of all or particular members of the Exchange's Board of Directors;
  - 3) defining the amount and terms of payment of remuneration to members of the Exchange's Board of Directors.
7. In accordance with the Act of the Republic of Kazakhstan "On Joint-stock Companies" the information on the amount and structure of remuneration to members of the Exchange's Board of Directors is subject to announcement at the general meeting of shareholders of the Exchange.

**Article 11. Composition of the Exchange's Board of Directors**

1. The person proposed for election as member of the Exchange's Board of Directors:
  - 1) must meet requirements specified in the legislation of the Republic of Kazakhstan with regard to executive employees of the operators of trades in securities and other financial instruments;
  - 2) must meet requirements specified in the charter of the Exchange.
2. Any shareholder of the Exchange may suggest a candidate for members of the Exchange's Board of Directors, provided the norms, specified in the legislation of the Republic of Kazakhstan and charter of the Exchange, are observed.

A shareholder of the Exchange may suggest several candidates for members of the Exchange's Board of Directors, also for election of independent directors of the Exchange.

Shareholders of the Exchange may unite for purposes of jointly suggesting of candidates for members of the Exchange's Board of Directors.

At suggestion of a candidate for members of the Exchange's Board of Directors a shareholder of the Exchange must indicate, in which quality that candidate is suggested – as a shareholder of the Exchange (representative of interests of a shareholder (shareholders) of the Exchange) or as an independent director of the Exchange.

3. The Exchange's Board of Directors in its current composition may recommend to the general meeting of shareholders of the Exchange the optimal, in its opinion, new qualitative and personal composition of the Exchange's Board of Directors out of candidates for members of the Exchange's Board of Directors suggested by shareholders of the Exchange.

In case of early termination of powers of a member of the Exchange's Board of Directors, the Exchange's Board of Directors may also recommend to the general meeting of shareholders of the Exchange a candidate (candidates) for election of a new member of the Exchange's Board of Directors.

At election of members of the Exchange's Board of Directors shareholders of the Exchange may take into account recommendations of the Exchange's Board of Directors, deviate from them or reject them.

4. The legislation of the Republic of Kazakhstan and charter of the Exchange may specify the necessity of membership to the Exchange's Board of Directors for certain persons. In that case no voting is conducted on election of those persons as members of the Exchange's Board of Directors.
5. For ensuring the availability of independent directors of the Exchange in the Exchange's Board of Directors (for purposes of compliance with requirements of the legislation of the Republic of Kazakhstan for availability of independent directors of the Exchange, as well as taking into account the assumption that an independent director of the Exchange must ensure in the Exchange's Board of Directors the protection of rights and interests of all shareholders of the Exchange, especially those shareholders, representatives of whose interests were not elected to the Exchange's Board of Directors), voting on the general meeting of shareholders of the Exchange on election of independent directors of the Exchange is conducted apart from the voting on election of other members of the Exchange's Board of Directors.
6. At election of members of the Exchange's Board of Directors the general meeting of shareholders of the Exchange must make efforts to ensure a regular and active participation of all newly elected members of the Exchange's Board of Directors in its activities. For these purposes the Exchange's Management Board presents to the general meeting of shareholders of the Exchange statistical data on participation of members of the Exchange's Board of Directors in its activities,

and shareholders of the Exchange should take those data into account when voting on election of members of the Exchange's Board of Directors.

7. The general meeting of shareholders of the Exchange may determine a structure of the Exchange's Board of Directors, e.g., quantitative parity in the Exchange's Board of Directors of representatives of interests of certain groups of shareholders of the Exchange. In that case bulletins for voting on the issue of election of members of the Exchange's Board of Directors must contain indications of the belonging of candidates for members of the Exchange's Board of Directors to some or other structural groups, and the voting on election of members of the Exchange's Board of Directors, belonging to various structural groups, can be conducted separately.
8. At election of members of the Exchange's Board of Directors the general meeting of shareholders of the Exchange, as a rule, must make efforts so as to ensure the representation in the Exchange's Board of Directors of interests of as many as possibly various groups of shareholders of the Exchange, and at the equality of arguments in favor of the representation in the Exchange's Board of Directors of several groups of shareholders give preference to election of independent directors of the Exchange.
9. For purposes of ensuring the transparency and clarity of the procedure of election of members of the Exchange's Board of Directors the chairman of the general meeting of shareholders of the Exchange (only if the general meeting of shareholders of the Exchange did not appoint the counting commission) shall make a speech thereon before such appointment with clarifications on that procedure.
10. The issues of establishing the Exchange's Board of Directors not regulated by the legislation of the Republic of Kazakhstan, the charter of the Exchange and this Code, are subject to solving in accordance with decisions of the general meeting of shareholders of the Exchange.

**Article 12. Organization of activities of the Exchange's Board of Directors**

1. The procedure of activities of the Exchange's Board of Directors is specified by the legislation of the Republic of Kazakhstan, charter of the Exchange, its internal documents and decisions of the general meeting of shareholders of the Exchange and the Exchange's Board of Directors.
2. The Exchange's Board of Directors may take decisions on its meetings, as well as by way of absentee voting.

The choice of a particular method of taking decisions of the Exchange's Board of Directors is carried out by the Exchange's Management Board, based on ideas of practicability, promptness and efficiency, taking into account the availability or absence of the need for personal discussion of issues. Conducting of meetings of the Exchange's Board of Directors is acknowledged as the most efficient form of its activities and is mandatory at consideration of issues, taking decisions on which by way of absentee voting is directly prohibited by the charter of the Exchange, its internal documents or decisions of the general meeting of shareholders of the Exchange and the Exchange's Board of Directors.

3. The personal participation of a member of the Exchange's Board of Directors in its meeting can take place in his absence at the venue of the meeting of the Exchange's Board of Directors with the use of technical means of communication.
4. If not otherwise stipulated by the Exchange's charter, its internal documents or decisions of the general meeting of shareholders of the Exchange and the Exchange's Board of Directors, a combination of both forms of activities of the Exchange's Board of Directors is allowed, when one member or several members of the Exchange's Board of Directors (but not more than 30 % of the

total number of members of the Exchange's Board of Directors) cannot take personally part in the meeting of the Exchange's Board of Directors. In that case the absent member of the Exchange's Board of Directors must provide the corporate secretary of the Exchange with his opinion in written form on issues put up for consideration by Exchange's Board of Directors.

5. For consideration of the most important issues and preparation of recommendations to the Board of Directors committees of the Board of Directors are set up.

Committees of the Board of Directors consider the following issues:

- 1) strategic planning;
  - 2) personnel and remuneration;
  - 3) internal auditing;
  - 4) social issues;
  - 5) other issues according to the legislation of the Republic of Kazakhstan, the Regulations on the committees of the Board of Directors and other internal documents of the Exchange.
6. For purposes of monitoring of current activities of the Exchange members of the Board of Directors are entitled to set up and maintain contacts to other bodies and employees of the Exchange.
  7. The Exchange's Board of Directors may set the period of prescription with regard to non-disclosure by members of the Exchange's Board of Directors of information on the Exchange and its activities making a business, commercial or other secret protected by the law.

#### **Chapter 4. MANAGEMENT BOARD OF THE EXCHANGE**

##### **Article 13. Functions and principles of activities of the Exchange's Management Board**

1. In accordance with the Act of the Republic of Kazakhstan "On Joint-Stock Companies" and the charter of the Exchange its Management Board:
  - 1) may take decision on any issues of activities of the Exchange, not related by the legislation of the Republic of Kazakhstan and the charter of the Exchange to exclusive competence of the general meeting of shareholders of the Exchange, the Exchange's Board of Directors and Chairman of the Exchange's Management Board;
  - 2) may take decision on issues related by internal documents of the Exchange to the competence of its Management Board;
  - 3) implements decisions of the general meeting of shareholders of the Exchange and the Exchange's Board of Directors.
2. From main functions and authorities of the Exchange's Management Board indicated in item 1 of this article it follows that the Exchange's Management Board must, among other things:
  - 1) organize compliance with norms of the applicable legislation and internal documents of the Exchange;
  - 2) observe the topicality of internal documents of the Exchange and develop necessary changes and additions to them or new internal documents of the Exchange.
3. In its activities the Exchange's management Board must aim for achieving such goals as:

- 1) ensuring the stability and expansion of the Exchange's operating activities;
  - 2) ensuring the stability and improvement of the Exchange's financial position;
  - 3) ensuring the support and improvement of the Exchange's business and public reputation.
4. The Exchange's Management Board must execute its activities so as not to violate the rights of shareholders of the Exchange, and, possibly, to the maximum extent combine their interests with commercial interests of the Exchange and personal interests of its employees.

**Article 14. Setting up the Exchange's Management Board**

1. The person suggested as a candidate for members of the Exchange's Management Board:
  - 1) must comply with requirements specified in the legislation of the Republic of Kazakhstan for executive employees of the operator of trades in securities and other financial instruments;
  - 2) must have a positive reputation on the financial market of the Republic of Kazakhstan and enjoy the confidence of the most members of the Exchange's Board of Directors;
  - 3) must to the maximum extent possible comply with terms specified in items 2 and 3 of this article.
2. For election to the position of a member of the Exchange's Management Board, as a rule, professionals from the financial markets sphere with executive skills are attracted.
3. Candidates for election as members of the Exchange's Management Board are introduced to the Exchange's Board of Directors, as a rule, by the Chairman of the Exchange's Management Board.
4. At election of members of the Exchange's Management Board, the Exchange's Board of Directors must make efforts to ensure the transparency and rationale of such appointment.
5. Issues of setting up the Exchange's Management Board, not governed by the legislation of the Republic of Kazakhstan, the Exchange charter and this Code, are subject solving in accordance with decisions of the Exchange's Board of Directors.

**Chapter 5. OTHER PROVISIONS**

**Article 15. Corporate secretary of the Exchange**

1. The strong observance by bodies and executives of the Exchange of procedures aimed at ensuring the rights and interests of its shareholders, as well as the Exchange's compliance with the applicable legislation, the charter of the Exchange and its internal document is provided by the availability of the institute of corporate secretary of the Exchange who is appointed by the Exchange's Board of Directors and is accountable to it.
2. The competence of the Exchange's corporate secretary and procedure of execution of his activities is determined by its functions, as well as the applicable legislation, the Exchange's charter, its internal documents, decisions of the general meeting of shareholders of the Exchange and the Exchange's Board of Directors; in addition, the corporate secretary of the Exchange:

- 1) maintains correspondence with shareholders of the Exchange regarding the issues of corporate governance (without the right to sign on behalf of the Exchange);
- 2) ensures the due consideration by bodies of the Exchange of appeals of its shareholders against actions of the Exchange and its executives;
- 3) prepares responses to appeals of shareholders against actions of the Exchange and its executives;
- 4) can be invited to participation in settlement of conflicts in the corporate relations.

**Article 16. Significant corporate events in the Exchange's activities**

1. Significant corporate events in activities of the Exchange include events which can lead to fundamental changes in its activities, for example:
  - 1) purchase by the Exchange of shares (stakes in the share capital) of another legal entity in the number exceeding 10 or more percent of their total number;
  - 2) an increase in the Exchange's liabilities by an amount making up 10 and more percent of its equity;
  - 3) conclusion of a major transaction;
  - 4) re-organization of the Exchange;
  - 5) liquidation of the Exchange.
2. Since significant corporate events in activities of the Exchange to a critical extent affect interests of its shareholders, decisions bringing about such events, must be taken by the general meeting of shareholders of the Exchange and the Exchange's Board of Directors within the scope of their authorities (with the exception specified in the paragraph two of this item).

In the event of sharp fluctuations in the market conditions, which imply a significant corporate event in activities of the Exchange and do not leave time for preparation and implementation of the necessary decision of the general meeting of shareholders of the Exchange or Board of Directors of the Exchange, the Exchange's Management Board may, avoiding a violation of the exclusive competence of the general meeting of shareholders of the Exchange and Board of Directors of the Exchange, take actions within an immediate adequate reaction to such changes, at the same time initiating the convention of an extraordinary meeting of the Exchange's Board of Directors.
3. During the preparation and implementation of a decision of the general meeting of shareholders of the Exchange or Board of Directors of the Exchange, related to a significant corporate event in activities of the Exchange, the Exchange's Management Board and Board of Directors must ensure a sincere and comprehensive discussion of a draft decision and establish a transparent and clear mechanism and procedure of its implementation (as far as such sincerity and comprehensiveness are possible taking into account the information available to the Exchange, and as far as they comply with commercial interests of the Exchange with regard to such decision).
4. Within the requirements specified in item 3 of this article, the Exchange's Management Board and Board of Directors must pay a special attention to:
  - 1) the preliminary assessment and approval of significant corporate events in activities of the Exchange;
  - 2) the determining the mechanisms and procedures of implementing significant corporate events in activities of the Exchange;

- 3) the in-depth analysis and discussion of significant corporate events in activities of the Exchange.
5. The Exchange's Management Board and Board of Directors must very carefully prepare a decision of the general meeting of shareholders of the Exchange with regard to its re-organization or liquidation due to the irreversibility or difficult reversibility of such significant corporate event in activities of the Exchange.

**Article 17. Disclosure of information on the Exchange and its activities**

1. With regard to information on the Exchange and its activities, the Exchange adheres to a separation of such information in the public (open) one and non-public (closed).
2. The following is the public information on the Exchange and its activities:
  - 1) general information on the Exchange as a legal entity, e.g., its location and contact details, the composition of the Exchange's Board of Directors and Management Board, the Exchange charter and amendments thereto;
  - 2) general information on the Exchange as a joint-stock company, e.g., the issue prospectus of shares of the Exchange and amendments thereto, reports on results of offering of the Exchange's shares;
  - 3) other information on the Exchange and its activities recognized in accordance with the Act of the Republic of Kazakhstan "On Joint-Stock Companies" as:
    - subject to publication in the mass media;
    - affecting interests of shareholders of the Exchange;
    - subject to presentation to shareholders of the Exchange;
  - 4) information contained in documents related to activities of the Exchange;
  - 5) information contained in internal documents of the Exchange (except for information contained in internal documents of the Exchange adopted by its Management Board for purposes of organization of activities of the Exchange);
  - 6) information received by the Exchange from members of the Exchange, issuers of securities admitted to circulation on the Exchange-operated trades (to circulation on the Exchange), and other persons in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Exchange, and subject to dissemination in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Exchange and agreements concluded by the Exchange, as well as other information related to issuers of securities admitted to circulation on the Exchange;
  - 7) other information generated by the Exchange during its activities on organization and conducting of trades in financial instruments and subject to dissemination in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Exchange.
3. Disclosure of public information on the Exchange and its activities is carried out in accordance with the legislation of the Republic of Kazakhstan, the Exchange charter and internal documents of the Exchange in a manner that:
  - 1) the access to such information is free and unburdening;
  - 2) such disclosure would ensure the formation of a favorable image of the Exchange as a joint-stock company encouraging the raising of additional capital by the Exchange, establishing of a high business and public reputation of the Exchange;



- 3) such disclosure fully complied with the Exchange's own requirements for information disclosure it set as the operator of trades in securities and other financial instruments to issuers of securities being included in the Exchange's official list and quoted therein.
4. Any other information on the Exchange and its activities, not being public in accordance with item 2 of this article, is classified by the Exchange as non-public.  

Also, non-public is the information on the Exchange and its activities, which although complies with characteristics stated in item 2 of this article, but contains data making up state secrets, or makes an official or commercial secret of the Exchange or other persons.
5. The Exchange ensures the integrity and protection of non-public information on itself and its activities, using for these purposes, for example, such measures as:
  - 1) determining the information on the Exchange and its activities, making up an official, commercial or other secret protected by the law;
  - 2) determining the list of employees of the Exchange who have access to information, making up an official, commercial or other secret protected by the law;
  - 3) imposing on the Exchange's employees the obligation to not disclose non-public information about the Exchange and its activities for the period of their labor activity on the Exchange and within a certain period after they cease this activity (*this sub-item was changed by a decision of the extraordinary general meeting of shareholders of the Exchange dated November 29, 2017*);
  - 4) refusal to satisfy the request for information disclosure about the Exchange and its activities, if the requested information constitutes an official, commercial or other secret protected by law (*this sub-item was included by a decision of the extraordinary general meeting of shareholders of the Exchange dated November 29, 2017*).
6. The Exchange's Board of Directors approves its internal document defining the main approaches of the Exchange to its information policy, including the general principles of disclosing information of the Exchange, basic provisions on the procedure for disclosing information of the Exchange and its information interaction with other persons, on the use of the Exchange brand by other persons (*this item was included by a decision of the extraordinary general meeting of shareholders of the Exchange dated November 29, 2017*).

**Article 18. Control over activities of the Exchange**

1. The Exchange's Board of Directors may at any time at its own discretion request, and the Exchange's Management Board or Chairman of the Exchange's Management Board must provide a report on any activities of the Exchange.
2. For purposes of control over activities of the Exchange the Exchange's Board of Directors may:
  - 1) authorize its member to carry out a check of the Exchange's activities on any issue;
  - 2) set up for checking of activities of the Exchange on any issue a temporary commission out of its members and other persons.
3. Employees of the Exchange, including members of the Exchange's Management Board, must render any assistance to persons carrying out the checking of activities of the Exchange in accordance with item 2 of this article, in their

carrying out of such checking, and provide them with necessary information, clarifications and comments.

4. Any checking of activities of the Exchange carried out in accordance with items 1 and 2 of this article, must be conducted in a manner so as:
  - 1) no to be related with a violation of the applicable legislation, internal documents of the Exchange, decisions of the general meeting of shareholders of the Exchange and the Exchange's Board of Directors, contractual and unilateral obligations of the Exchange;
  - 2) not to impede operating activities of the Exchange and not to bring about a causing of damage to its financial position;
  - 3) not to admit a causing of damage to the honor, dignity, business and public reputation of the Exchange;
  - 4) not to violate the competence of the Management Board and Chairman of Management Board of the Exchange with regard to the management of it;
  - 5) not to admit unreasonable delay in such checking.
5. Since the Exchange is the operator of trades in securities and other financial instruments and sets auditing requirements for issuers of securities being included in the Exchange's official list, the auditing of the Exchange must be conducted only by auditing organization which complies with those requirements.

**Article 19.** *(This article was removed by a decision of the extraordinary general meeting of shareholders of the Exchange dated November 29, 2017).*

**Article 20. Settlement of conflicts in corporate relations**

1. At occurrence of a conflict in corporate relations (hereinafter – corporate conflict) the Exchange must make efforts to settle it so that such settlement:
  - 1) would be based on the applicable legislation, charter of the Exchange, its internal documents, decisions of the general meeting of shareholders of the Exchange, business practice, business ethics, logic and common sense;
  - 2) would not be associated with violation of the applicable legislation, charter of the Exchange, its internal documents, decisions of the general meeting of shareholders of the Exchange and Board of Directors of the Exchange, business practice, business ethics, logic and common sense;
  - 3) would not impede the operating activities of the Exchange and would not damage its financial position;
  - 4) would not damage the honor, dignity, business and public reputation of the Exchange;
  - 5) would as much as possible take into account interests of all participants of a corporate conflict.
2. Participants or corporate relations must make efforts so that a corporate conflict would be, as a rule, settled by way of negotiations in accordance with items 3–6 of this article, and would be examined by the court only in case of impossibility of such settlement.
3. If participants of a corporate conflict agree to settle it by way of negotiations, then that conflict depending upon the level of its participants, its nature and availability of possible conflicts of interests is subject to settlement by the Chairman of Management Board of the Exchange, Management Board of the Exchange, Board of Directors of the Exchange or the general meeting of shareholders of the Exchange (taking into account the specifics set in item 6 of

this article), and at failure of such settlement or discovering of a conflict of interests during such settlement, it is handed over to a higher body of the Exchange for settlement.

4. For purposes of settlement of a corporate conflict being under the supervision of the Exchange's Board of Directors, it may set up a permanent or temporary commission out of its members or other persons, headed as a rule, by an independent director of the Exchange.
5. The Chairman of Management Board of the Exchange, Management Board of the Exchange, Board of Directors of the Exchange or the general meeting of shareholders of the Exchange, considering a corporate conflict being under its supervision, must be as objective as possible, follow principles, stated in item 1 of this article, and make efforts so that the settlement of that conflict would not trigger a new corporate conflict.
6. The Chairman of Management Board of the Exchange, or Management Board of the Exchange, or Board of Directors of the Exchange must, as a rule, refrain from settling a corporate conflict between shareholders of the Exchange, only if they do not have a full understanding of that conflict and perception of the capability of settling it.

Chairperson of Management Board

A. Aldamergen