

KAZAKHSTAN STOCK EXCHANGE JSC

REPORT **on the compliance** **of Kazakhstan Stock Exchange JSC** **with the IOSCO Principles for** **Financial Benchmarks**

city of Almaty

2024

1. Introduction

The document "Principles for Financial Benchmarks" published by the International Organization of Securities Commissions (IOSCO) on 17 July 2013 (hereinafter referred to as the Principles or IOSCO Principles) presents a basic system of Principles for benchmarks used in financial markets. These Principles set out the rules that must be followed by organizations administering financial benchmarks (hereinafter referred to as Administrators).

In accordance with the requirements of the IOSCO Principles, Administrators must annually disclose information on the extent of their compliance with these Principles. This document (hereinafter referred to as the Report) is a report on the compliance of Kazakhstan Stock Exchange JSC (hereinafter referred to as the Exchange or KASE) with the IOSCO Principles in relation to its indexes and benchmarks (hereinafter referred to as the Indexes and benchmarks or Benchmarks).

2. Administrator Description

The Exchange is a legal entity created in the organizational and legal form of a joint-stock company. The Exchange acquired the status of a legal entity on December 30, 1993, from the moment of its initial state registration as a legal entity.

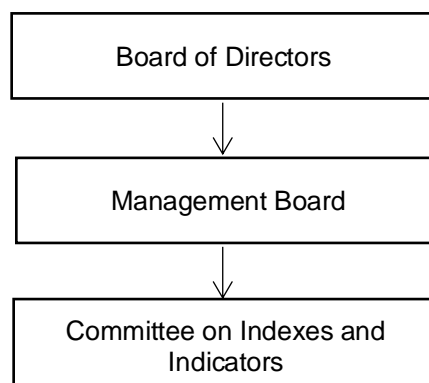
The Exchange carries out the following types of activities on the basis of licenses from the authorized body for regulation and development of the financial market:

- activity on the organization of trading with securities and other financial instruments (license No. 4.2.3/1 dated July 19, 2012);
- clearing activity for transactions with financial instruments on the securities market (license No. 4.2.3/1 dated July 19, 2012);
- conducting banking operations in national and foreign currency (license No. 4.3.8 dated January 30, 2020).

The Exchange provides a full range of services: membership, listing, trading and post-trading services (settlement, central counterparty), dissemination of market information, and at the same time the Exchange acts as the Administrator of indexes and benchmarks, which are calculated based on the data received by the Exchange from the Exchange's trading system and the Exchange's back-office system. The Exchange is responsible for the overall management of the process of forming indexes and benchmarks.

Control and surveillance of the financial market and financial organizations are carried out by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (hereinafter referred to as ARDFM). The activities of the Exchange are carried out in accordance with the requirements of the legislation on the securities market, joint-stock companies, banks and banking activities and other legislative acts related to activities of the Exchange.

Below is the Exchange's management structure relating to the process of forming Indexes and benchmarks:



The management body of the Exchange, which carries out general management of the Exchange's activities, with the exception of decisions on issues referred by the Act of the Republic of Kazakhstan "On Joint-Stock Companies" and/or the Exchange's charter to the exclusive scope of duties of the general meeting of shareholders of the Exchange, is the Board of Directors of the Exchange.

The collegial executive body of the Exchange, accountable to the general meeting of shareholders of the Exchange and the Board of Directors of the Exchange, which has the right to make decisions on any issues of the Exchange's activities that are not attributed by the legislation of the Republic of Kazakhstan and the charter of the Exchange to the exclusive competence of the general meeting of shareholders and the Board of Directors, is the Board of Directors of the Exchange.

The competence of the Exchange's Management Board includes, among other things, the approval of the Methodologies for calculating indexes and benchmarks, as well as the approval of the Regulations of the Committee on Indexes and Benchmarks.

The tasks of the Committee on Indexes and Benchmarks, a permanent collegial body of the Exchange's Management Board, are to form lists and parameters for calculating indexes and

benchmarks, as well as to form expert theses on issues of improving Methodologies for calculating benchmarks of the stock and money markets.

The structural division of the Exchange responsible for collecting and processing exchange information is responsible for ensuring the processes of formation and distribution of indexes and benchmarks.

The information technology division is responsible for technical support of the Exchange's information systems related to the formation and distribution of indexes and benchmarks by the Exchange.

The Legal unit of the Exchange is responsible for the legal examination of the internal documents of the Exchange related to the formation of indexes and benchmarks, the work of the collegial bodies of the Exchange related to the formation of indexes and benchmarks.

The Exchange's risk management division is responsible for the development and maintenance of the Exchange's integrated business continuity management system, as well as for the identification, assessment, control and monitoring of the Exchange's risks.

The Compliance Service of the Exchange is responsible for ensuring that the Exchange's activities comply with the requirements of the legislation of the Republic of Kazakhstan, the internal documents of the Exchange, as well as for carrying out measures to prevent, identify, resolve and monitor conflicts of interest at the Exchange.

As part of the implementation of the independent surveillance function in the process of forming the Zero-coupon yield curve of government securities of the Republic of Kazakhstan, the Market Risk Committee is a permanent collegial body of the Exchange's Management Board, created by the decision of the Exchange's Management Board, the task of which is to analyze, monitor, identify and manage risks associated with the situation in the financial markets, the procedure for the formation and implementation of which is determined by the internal document of the Exchange.

The formation and distribution of indexes and benchmarks by the Exchange is carried out taking into account the demand and needs of professional participants in the securities market and other financial organizations, self-regulatory organizations, individual and institutional investors, issuers of securities, information and rating agencies, infrastructure organizations, mass media, regulatory bodies, as well as other persons using the values of indexes and benchmarks for their own purposes (hereinafter referred to as Interested Parties).

3. Indexes and benchmarks of the Stock Exchange

The indexes and benchmarks of the Exchange, generated and maintained by the Exchange, include indexes and benchmarks of the stock and money markets, which are used by any Interested Parties for their own purposes.

The stock market is represented by indexes and benchmarks:

KASE stock market index;

Corporate bond market indexes;

Government securities market indexes;

Zero-coupon yield curve of non-indexed government securities of the Republic of Kazakhstan (hereinafter referred to as GS).

The money market is represented by indexes and benchmarks:

The repo market is represented by calculated rates of repo transactions with securities, selected baskets

The currency swap market is represented by the calculated rates of currency swap opening transactions with terms of one and two days.

The foreign exchange market is represented in the form of currency fixings, reflecting exchange rates in relation to the Kazakh tenge.

The Exchange is continuously working on improving indexes and benchmarks, developing and improving methods of formation, corresponding indexes and benchmarks.

Indexes and benchmarks are calculated in accordance with the Methodologies approved by the Exchange's Management Board, which are published on the official Internet resource of the Exchange for review by any interested persons.

The list and description of the indexes and benchmarks of the Exchange are publicly available on the official website of the Exchange:

- https://kase.kz/en/stock_market/
- https://kase.kz/en/money_market/
- <https://kase.kz/en/gsecs/>

As of the date of preparation of this report, the Exchange calculates the following indexes and benchmarks:

STOCK MARKET INDEXES:

KASE Index	an index of the most liquid shares on the official list of the Exchange, issued by the largest and most financially stable companies-residents of the Republic of Kazakhstan;
KZGB_CP indexes	a series of clean price indexes of government securities issued by the Ministry of Finance of the Republic of Kazakhstan and traded on KASE;
KZGB_DP indexes	a series of indexes of total income of government securities issued by the Ministry of Finance of the Republic of Kazakhstan and traded on KASE;
KZGB_Y indexes	a series of benchmarks of the yield of government securities issued by the Ministry of Finance of the Republic of Kazakhstan and traded on KASE;
KASE_BMC Index	an index of clean prices of corporate bonds of KASE official list's Main Market;
KASE_BMY benchmark	a yield benchmark of corporate bonds of KASE official list's Main Market;
KZGB_CPm1m	a price index of "clean" prices of government securities, calculated based on prices excluding accrued and unpaid coupon interest;
KZGB_DPm1m	a price index of total income of government securities (taking into account accrued and paid coupon payment);
KZGB_Ym1m	yield benchmark, in percent per annum;
KASE_ESGB_CP	index of "clean" prices of ESG bonds included in the main and alternative markets official list of KASE on the platforms;
KASE_ESGB_DP	index of "dirty" prices of ESG bonds included in KASE official list's main and alternative markets;
KASE_ESGB_Y	benchmark of the ESG bond index yield (in percent per annum).

MONEY MARKET BENCHMARKS:

TONIA	the risk-free interest rate on repo transactions with a basket of government securities with a maturity of one day, selected by market participants within the framework of the working group on money market benchmarks with the participation of the European Bank for Reconstruction and Development and second-tier banks of the Republic of Kazakhstan;
TRION	the weighted average interest rate on repo transactions with a basket of government securities carried out with the participation of the Central Counterparty with a maturity of one day;
TWINA	weighted average interest rate on repo with a basket of government securities with a maturity of seven days;
SWAP-1D (USD)	yield of the one-day USD/KZT currency swap;
SWAP-2D (USD)	yield of the two-day USD/KZT currency swap;
TCI	composite index TONIA;

TCR_1m	TONIA compound rate for one month;
TCR_3m	TONIA compound rate for three months;
TCR_6m	TONIA compound rate for six months;
REPGCC_1D	the average weighted rate of a one-day repo with a general collateral certificate of the collateral pool;
GS curve	zero-coupon yield of the government securities, presented by the method of the term structure of interest rates on government securities of the Republic of Kazakhstan.

CURRENCY MARKET BENCHMARKS:

USD/KZT_TOM	weighted average exchange rate of the US dollar to the Kazakh tenge at 15:30 Astana time;
USD/KZT_TOM	average weighted exchange rate of the US dollar to the Kazakh tenge at the end of the trading day.

COMPOSITE IDENTIFICATIONS:

MM Index	composite benchmark on rates of one-day repo and USD/KZT currency swap;
MBM Index	composite index of the money market and GS market, reflecting the dynamics of the benchmark portfolio with weights of 25% of the money market (TCI) and 75% of the total return index (KZGB_DPm1m);

4. The Exchange's approach to the application of the document "Principles for Financial Benchmarks" developed by IOSCO

The Exchange is working to implement procedures and controls to ensure compliance with the IOSCO Principles.

Management structure and control system (Principles 1-5, 14-15)

The Exchange operates under a set of interrelated risk policies, processes and procedures that have been developed to ensure that activities are managed within an agreed framework. The Exchange has a Business Continuity Plan that covers technical failures and failures due to incorrect functioning of the office infrastructure and ensures business continuity. The Exchange's Management Board periodically reviews reports on the internal control system and operational risks.

Information and Statistics Department is responsible for the implementation of administrative and settlement functions of the process of forming the Benchmarks and reports to the Exchange's Management Board. The Committee on Indexes and Benchmarks (hereinafter referred to as the Committee) is responsible for the representative lists for calculating the indexes and benchmarks, as well as for forming expert theses on issues of improving the methods of calculating the benchmarks of the stock and money markets.

The Exchange uses internal procedures that have been developed to ensure the proper quality and reliability of indexes and benchmarks. The Exchange has implemented a conflict of interest prevention system, which includes internal documentation on conflict of interest prevention and protection of information confidentiality, as well as appropriate internal controls to identify and prevent conflicts of interest.

The Exchange's policies include a list of measures aimed at preventing conflicts of interest in the Exchange's activities related to exchange trading, which ensures that existing or potential conflicts of interest do not influence the process of forming Indexes and benchmarks.

IOSCO Principle 2 (Oversight of Third Parties) does not apply because the process of determining the Exchange Benchmarks is not carried out by third parties.

IOSCO Principle 14 (Submitter Code of Conduct) does not apply because the Exchange does not use information provided by third parties.

IOSCO Principle 15 (Internal Controls over Data Collection) does not apply because the Exchange does not obtain the information it generates from external sources.

To form the Benchmarks, the Exchange uses market data that is generated as trading takes place on the Exchange and that is calculated and published by the Exchange automatically.

Methodologies for forming the Benchmarks (Principles 6-13)

The indexes and benchmarks of the Exchange are calculated in accordance with the Methods of Formation of the Indexes and benchmarks. The Methods of the Exchange are designed to ensure the formation of indexes and benchmarks that represent the real economic benchmarks of the assets measured by them, and to eliminate factors that may lead to distortion of the values of these indexes and benchmarks.

In addition, the purpose of these Methodologies is to ensure transparency of the formation of indexes and benchmarks for Interested Parties, as well as to provide a detailed description and explanation of the procedure for the formation of the relevant indexes and benchmarks. The Methodologies for forming indexes and benchmarks are publicly available on the official Internet resource of the Exchange.

The Exchange has implemented a specific process for the development and approval of Methodologies for forming indexes and benchmarks. These Methodologies are developed with the participation of the Committee and approved by the Exchange's Management Board.

The Methodologies are reviewed by the Board every three years to determine whether changes are necessary to reflect current market conditions. The Indexes and benchmarks calculation bases (hereinafter referred to as the Calculation Bases) are revised as necessary, as events occur. The

Indexes and benchmarks are analyzed with the participation of the Committee. All changes made to the Indexes and benchmarks Calculation Methodologies and the Calculation Bases are publicly available on the Exchange's official website.

Automated information systems are used by the Exchange for the formation and distribution. The calculation of indexes and benchmarks is carried out on the basis of a developed calculation algorithm in accordance with the Methodologies approved by the Board, and the process is organized in such a way as to prevent unauthorized access to the calculation of indexes and benchmarks.

Complaints Handling Procedures (Principle 16)

The Exchange's internal documents provide procedures for handling claims and other information, according to which all interested parties can submit to the Exchange their questions or proposals regarding the methodology for calculating indexes and benchmarks.

The Exchange provides customer support, considers questions about the calculation procedure or structure of benchmarks, and also carries out work to eliminate claims from interested parties regarding the calculation procedure and structure of indexes and benchmarks.

The rules for the implementation of claims and litigation work by the Exchange define the procedure for handling claims, according to which all interested parties can submit their applications or claims to the Exchange for their timely consideration and resolution.

The procedures for working with the provision of information by the Exchange and the provision of customer support are regulated by the Regulations on the terms of commercial provision of exchange information.

Procedures for disclosure of information and information interaction with Interested Parties are carried out on the basis of the Information Policy of the Exchange.

The Committee on Indexes and Benchmarks accepts claims and requests from financial market participants since the Committee includes an independent member – a representative of the ALE "Association of Financial Organizations of Kazakhstan".

The Exchange is a member of a working group to review existing and develop new money market benchmarks with the participation of the European Bank for Reconstruction and Development and second-tier banks.

The Exchange has developed Rules for determining the level of service for the Exchange's clients and a Methodology for assessing the Exchange's members' satisfaction with the Exchange's activities, which provides for communication channels (mail of the responsible division of the Exchange, telephone numbers and instructions for submitting messages via the website) in case of claims and proposals on services for current and potential clients, partners.

All claims, requests and questions are considered by the Exchange's employees within a reasonable time. If the claim is proven to be valid, the Exchange develops and implements the necessary changes to the Methods and Procedures for Information Disclosure.

Audits, Benchmark files, cooperation with regulators (Principles 17-19)

The Exchange has not engaged external auditors to report on the independent verification of compliance and appropriate controls designed to ensure compliance with the IOSCO Principles. The verification of compliance and appropriate controls is carried out independently by the Exchange on an annual basis.

The Exchange permanently stores all information on the calculation of indexes and benchmarks in the Exchange's back office system. This information includes market data used in the calculations, Calculation Bases, calculated coefficients, shares of securities in free float. Changes in the Methodologies, user claims and other information are stored in the order of maintaining documentation determined by the Exchange's internal documents.

5. Management of the Benchmarks formation process and control system

The Exchange operates in the organizational and legal form of a joint-stock company in accordance with the Act of the Republic of Kazakhstan "On Joint-Stock Companies". The corporate governance system of the Exchange is regulated by the Act "On Joint-Stock Companies", the Charter of the Exchange and internal documents of the Exchange. The management system of the Exchange includes the following bodies:

1. General meeting of shareholders of the Exchange;
2. Board of Directors of the Exchange;
3. Management Board of the Exchange;
4. Committee on Indexes and Benchmarks of the Exchange.

The main structural divisions/departments of the Exchange participating in the process of forming the Indexes and benchmarks include:

- Information and Statistics Department;
- Department of Information Technology;
- Risk Management unit;
- Internal Audit Service;
- Legal unit.

The Exchange's Information and Statistics Department of the (hereinafter – DIIS) performs the following functions:

- controls the calculation of Indexes and benchmarks and their display on the official website of the Exchange;
- defines the parameters for the Calculation Bases of Indexes and Benchmarks;
- forms representative lists of Indexes and benchmarks;
- carries out analysis and updating of existing Methodologies;
- develops new Indexes and benchmarks;
- conducts consultations with the Committee.

The Committee is formed from among employees of the Exchange and representatives of the Association of Financial Organizations of Kazakhstan. The Deputy Chairman of the Exchange's Management Board, who oversees the DIIS, is appointed Chairman of the Committee. The Committee considers and makes decisions on the following issues:

- formation of representative lists for calculating Benchmarks in accordance with the internal documents of the Exchange;
- approval of recalculations of the Benchmarks in the event of a technical failure or force majeure;
- providing recommendations and proposals to the Exchange's Management Board on issues of improving the Methodologies for calculating benchmarks of the stock and money markets;
- execution of instructions from the Chairman of the Board or the Exchange's Management Board.

The Department of Information Technology (hereinafter referred to as DIT) performs the following tasks:

- implements technical tasks for calculating new indexes and benchmarks or improving them;
- conducts test calculations of indexes and benchmarks;
- is responsible for the automatic calculation of indexes and benchmarks.

The Risk Management unit (hereinafter – RMU) and the Internal Audit Service (hereinafter – as IAS) are responsible for:

- control over the process of forming indexes and benchmarks;
- resolution of issues related to conflicts of interest;
- reporting violations and checking for compliance with legal requirements;
- resolving issues of ensuring business continuity;
- review of error reports and information security issues.

The Legal unit is responsible for:

- review of Methodologies for compliance with the requirements of Kazakhstan's legislation;
- powers of the Committee, the Exchange's Management Board and the Board of Directors of the Exchange with regard to their compliance with the requirements of Kazakhstan's legislation;
- for reviewing and approving agreements between the Exchange and third parties, including agreements on the distribution of index and benchmark data with companies specializing in the distribution of information.

The Board of Directors of the Exchange is responsible for reviewing and approving the reports on the internal audit and risk management, and approves the Methodologies. The Board of Directors of the Exchange is responsible for approving changes in the control processes (internal control) and in the risk management procedures and policies.

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>b) formation and dissemination – accurate and timely formation, publication and dissemination of the Benchmark;</p>	<p><i>Compliant</i></p>	<p>The Exchange's Legal unit is responsible for reviewing the Methodologies for the formation of Indexes and benchmarks for compliance with the requirements of Kazakhstan's legislation in the event of changes to the Methodologies or the development of new Methodologies for future Indexes and Benchmarks.</p> <p>All Methodologies for forming Indexes and benchmarks are officially published on the Exchange's website in free access, within the timeframes specified by these Methods. The Representative List for calculating KASE Index, the Representative List for calculating the benchmarks of the corporate bond market of the KASE_BM series are formed by the Committee on a quarterly basis. The Representative List for fixed-list government securities indexes is formed once a month by the Exchange. In addition, the influence of securities of one name on the values of KASE Index or corporate bond market benchmarks is limited by using a restrictive coefficient.</p> <p>The relevant Methodologies define the Calendar for the publication of the relevant representative lists.</p> <p>The process of forming and disseminating the Benchmarks is automated. The calculation of the Benchmarks is followed by the process of their publication. The publication of the Benchmarks is carried out within the time period and deadlines established by the Methodologies. The Information and Statistics Department is responsible for the timely formation and dissemination of the Benchmarks.</p> <p>If it is necessary to change the calculation algorithms of the Benchmarks, the Information and Statistics Department develops functional assignments for the revision of the calculation systems. The Information Technology Department carries out the necessary developments/revisions of automated information systems for calculating the Indexes and benchmarks. After that, the calculation algorithm is tested and checked for accuracy and compliance with the technical assignment and the Methodologies for forming indexes and benchmarks. Then the calculation algorithm is transferred from the test systems to the working module, which is designed in such a way as to ensure the impossibility of making changes to the algorithm. The calculated Benchmarks from the calculation module are automatically published on the Exchange's Internet resource and transferred to the Exchange's back-office system so that persons providing</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>c) use – ensuring an appropriate level of transparency in relation to decision-making that affects the formation of the Benchmark and all related processes, including actions in non-standard situations in the absence or insufficiency of incoming data, in the event of stress or collapse in the markets, destruction of critical infrastructure or other factors related to the formation of the Benchmark;</p>	<p><i>Compliant</i></p>	<p>information have access to data on the Benchmarks in real time or at the end of the trading day. The process is monitored daily by the Information and Statistics Department. All agreements between the Exchange and third parties, including agreements on the distribution of data on the Benchmarks with companies specializing in the distribution of information, are reviewed by the Legal unit.</p> <p>Significant decisions that influence the formation of the Benchmarks are published in the form of press releases and news on the official website of the Exchange (for example, revision of the Calculation Base and changes to the Methodologies to ensure their compliance with current market conditions).</p> <p>The Methodologies contain provisions on the procedure for forming indexes and benchmarks, including measures used in the absence or insufficiency of incoming data, as well as in the event of technical failures. In this case, the Exchange is responsible for taking measures to ensure the correct formation of indexes and benchmarks.</p> <p>The Exchange has a Business Continuity Plan that covers technical failures and failures caused by incorrect operation of the office infrastructure, thus ensuring the continuity of business operations. All employees of the Exchange are required to undergo training on compliance with internal policies on business continuity and prevention of failures in the operation of the infrastructure. When internal policies on business continuity and prevention of failures in the operation of the infrastructure change, all employees of the Exchange undergo an updated training course on changes in internal policies.</p>
<p>d) governance – the establishment of robust and transparent governance, oversight and reporting procedures for the Benchmark calculation process, including an identifiable oversight function responsible for the development, publication and using the Benchmark.</p>	<p><i>Compliant</i></p>	<p>The Information and Statistics Department is responsible for administering the process of index and benchmark formation and reports to the Exchange's Management Board. The Exchange's Management Board reviews and approves policies and procedures related to the process of index and benchmark formation and the Methodologies for forming indexes and benchmarks, and supervises activities of the departments involved in the process of index and benchmark formation. All departments involved report to the Exchange's Management Board. The Exchange's Board of Directors is responsible for reviewing and approving reports on internal control</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
		<p>procedures prepared by the Internal Audit Service, as well as reports on operational risks prepared by the Risk Management unit.</p> <p>The Committee includes representatives of the Exchange's divisions and representatives of the Association of Legal Entities "Association of Financial Organizations of Kazakhstan"; its area of responsibility is independent control, including periodic revision of the Methodologies for forming the Benchmarks, approval of lists, parameters and Calculation Bases of the Benchmarks.</p> <p>As part of the performance of the function of checking the data on the Benchmarks distributed by the Exchange, the Information and Statistics Department checks the generated Benchmarks on a daily basis and reviews the proper distribution of the data on the Exchange Benchmarks among users. In the event of significant deviations, the identified discrepancies are immediately corrected in accordance with the established procedure.</p> <p>The Internal Audit Service, Risk management unit and Compliance Service are responsible for the whistleblowing process, compliance checks, business continuity issues, and error reporting.</p> <p>The Internal Audit Service conducts periodic audits of the procedures for the formation and distribution of the Benchmarks for compliance with the requirements of legislation, as well as the Methodologies for forming the Benchmarks.</p> <p>The Legal unit is responsible for checking the Methodologies for forming the Benchmarks for compliance with the requirements of Kazakhstan's legislation in the event of their change or the development of new Methodologies for future Benchmarks. The Legal unit also analyzes the powers of the Committee, the Exchange's Management Board and Board of Directors for their compliance with requirements of Kazakhstan's legislation. All agreements between the Exchange and third parties, including agreements on the distribution of data on the Benchmarks with companies specializing in the distribution of information, are reviewed by the Legal unit.</p>
<p>Principle 2: Oversight of Third Parties – not applicable to the Exchange</p>		

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>Where activities related to the Benchmark determination process are carried out by third parties (e.g. collecting incoming data, publishing or acting as a Calculation Agent), the Administrator shall ensure that appropriate supervision is exercised over these third parties. The Administrator (and its supervision function) shall implement policies and procedures that include:</p> <ul style="list-style-type: none"> a) a clear description and detailing in the relevant written agreements of the functions and responsibilities of third parties involved in the process of forming the Benchmark, as well as the standards established by the Administrator that must be observed by the said third parties; b) monitoring compliance by third parties with the standards specified by the Administrator; c) ensuring that the identity and functions of third parties involved in the Benchmark formation process are made available to Interested parties and all relevant Regulatory Authorities; d) measures (including actions in non-standard situations) aimed at eliminating excessive operational risks associated with the participation of third parties in the process of forming the Benchmark. 	Compliance	<p>This Principle does not apply to the Exchange, since the source of data for calculating the Indexes and benchmarks is information generated by the Exchange based on the results of trading conducted by the Exchange.</p> <p>For the calculation and formation of Indexes and benchmarks, the Exchange does not use collection of incoming data from third parties and does not use a Settlement Agent.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>This Principle does not apply to third parties who are a source of data for the Administrator, if those parties are Regulated Markets or Exchanges.</p>		
<p>Principle 3: Conflicts of Interest for Administrators. Compliant</p>		
<p>To ensure the integrity and independence of the Benchmark development process, Administrators must document and implement policies and procedures to identify, disclose, manage, eliminate, or prevent conflicts of interest and ensure their enforcement. Administrators must review and update their policies and procedures as necessary.</p>	<p><i>Compliant</i></p>	<p>First level</p> <p>The Exchange operates in the organizational and legal form of a joint-stock company in accordance with requirements of the Act of the Republic of Kazakhstan "On Joint-Stock Companies".</p> <p>The general meeting of shareholders is the supreme governing body of the Exchange. The list of issues within the competence of the general meeting of shareholders is determined by the Act of the Republic of Kazakhstan "On Joint-Stock Companies" and the Charter of the Exchange.</p> <p>At the same time, according to the requirements of the Act of the Republic of Kazakhstan "On the Securities Market", the share of each shareholder of the Exchange together with its affiliates may not exceed twenty percent of the total number of shares issued, except for the case when the shareholder is the National Bank of the Republic of Kazakhstan. The owner of the "golden share" of the organizer of the trades is the National Bank of the Republic of Kazakhstan, which has the right to veto decisions of the bodies of the organizer of the trades.</p> <p>The Board of Directors is the management body of the Exchange and carries out general management of the Exchange's activities, with the exception of decisions on issues referred by the Act of the Republic of Kazakhstan "On Joint-Stock Companies" and/or the charter of the Exchange to the exclusive competence of the general meeting of shareholders of the Exchange.</p> <p>At the same time, in accordance with the requirements of the Act of the Republic of Kazakhstan "On the Securities Market", the Board of Directors of the Exchange on a permanent basis with the right to vote includes one representative from the authorized body and the National Bank of the Republic</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

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		<p>of Kazakhstan on the basis of written notifications from the National Bank of the Republic of Kazakhstan and the authorized body.</p> <p>In order to prevent conflicts of interest, the Board of Directors shall include independent directors who have sufficient independence to form their own position and are capable of making objective judgments independent of the influence of the executive bodies of the Exchange, the shareholder or other interested parties. In accordance with the requirements of the current legislation of the Republic of Kazakhstan, at least thirty percent of the Board of Directors of the Exchange must be independent directors (3 out of 10 members). The measures taken by the Exchange to identify, investigate and resolve conflicts of interest between members of the Board of Directors shall be reviewed as necessary.</p> <p>The Management Board is the collegial executive body of the Exchange and manages the current activities of the Exchange, with the exception of resolving issues referred by the Act of the Republic of Kazakhstan "On Joint-Stock Companies" and the Charter of the Exchange to the exclusive competence of the general meeting of shareholders and/or the Board of Directors of the Exchange.</p> <p>In accordance with the Act of the Republic of Kazakhstan "On Joint-Stock Companies", the following committees of the Board of Directors and commissions of the Exchange operate to consider the most important issues and prepare recommendations to the Board of Directors at the Exchange:</p> <p>Committee of the Board of Directors on Budget and Strategic Planning;</p> <p>Internal Audit Committee of the Board of Directors;</p> <p>Committee of the Board of Directors on Personnel, Remuneration and Social Issues.</p> <p>Second level</p> <p>The Exchange is guided in its activities by the Conflict of Interest Management Policy approved by the Board of Directors of the Exchange (hereinafter referred to as the Policy).</p> <p>The Policy has been developed in accordance with the legislation of the Republic of Kazakhstan, including the laws of the Republic of Kazakhstan "On Combating Corruption", "On the Securities Market", other regulatory legal</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

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		<p>acts of the Republic of Kazakhstan, the Corporate Governance Code, the Policy on Compliance Risk Management, approved by the decision of the Board of Directors of the Exchange.</p> <p>The Policy sets out the basic principles and approaches to managing potential and existing conflicts of interest on the Exchange.</p> <p>The Exchange operates based on the principles of division of duties and powers between divisions, officials and employees of the Exchange.</p> <p>Conflict of interest management involves the Exchange implementing a set of measures to prevent the occurrence of conflicts of interest, their identification, resolution and monitoring.</p> <p>Third level</p> <p>The Exchange is guided in its activities by the Compliance Risk Management Policy approved by the Board of Directors of the Exchange (hereinafter referred to as the Compliance Policy).</p> <p>The Exchange's compliance risk management is carried out on an ongoing basis for each area of the Exchange's activity.</p> <p>Compliance risk management involves the fulfillment of the requirements of the legislation of the Republic of Kazakhstan and the internal documents of the Exchange, as well as the job and functional responsibilities of each employee, division, and body of the Exchange.</p> <p>Each employee of the Exchange, when performing their job duties, must take appropriate measures/actions stipulated by the job description, employment contract, and internal documents of the Exchange, aimed at identifying, minimizing, controlling, and subsequently preventing compliance risks.</p> <p>Control over compliance with compliance risk management procedures is carried out by the Compliance Service.</p> <p>In addition, in accordance with the Rules for Control over the Use of Insider Information, approved by the Board of Directors of the Exchange, employees of the Exchange are prohibited from using insider information:</p> <ol style="list-style-type: none"> 1) to carry out transactions with foreign currency or financial instruments that are the subject of insider information, at one's own expense or at the expense of a third party, with the exception of carrying out

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
		<p>transactions within the framework of the fulfillment of an obligation to purchase or sell foreign currency or financial instruments, the due date for which has arrived, if such an obligation arose as a result of a transaction carried out before the person became aware of the insider information;</p> <p>2) by transferring it to another person or making it available to third parties, except in cases of transferring this information to a person included in the list of insiders of the Exchange, in connection with the performance of duties to transfer such information established by the legislation of the Republic of Kazakhstan, or in connection with the performance of work duties or the performance of a concluded agreement (contract);</p> <p>3) by making recommendations or offers to third parties, obliging or inducing them to purchase or sell financial instruments or foreign currency based on insider information.</p> <p>Fourth level</p> <p>A permanent collegial body, the Committee on Indexes and Benchmarks, has been created under the Exchange's Management Board. Its tasks include forming lists and parameters for calculating stock market benchmarks, as well as forming expert theses on issues of improving Methodologies for calculating stock and money market benchmarks.</p> <p>In its activities, the Committee is guided by the legislation of the Republic of Kazakhstan, including regulatory legal acts of the authorized body, these Regulations, internal documents of the Exchange and recommendations of international institutions on issues of methodology for calculating benchmarks.</p> <p>The Committee is accountable to the Exchange's Management Board and acts within the powers granted to it by the Exchange's Management Board in accordance with these Regulations and (or) other internal documents of the Exchange.</p> <p>The Committee consists of an odd number of members, which is not less than five people.</p> <p>The members of the Committee are:</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
		<ol style="list-style-type: none"> 1) member of the Management Board in charge of the risk unit; 2) employees of: – the information and statistics department; – the trading department; – the monitoring department; 3) other employees determined by order of the Chairman of the Exchange's Management Board; 4) an independent representative of a financial organization that is part of the Association of Legal Entities "Association of Financial Organizations of Kazakhstan". <p>The main functions of the Committee are to consider and make decisions on the following issues:</p> <ol style="list-style-type: none"> 1) formation of representative lists for the calculation of stock market benchmarks in accordance with the internal documents of the Exchange; 2) approval of recalculations of stock or money market benchmarks in the event of a technical failure or force majeure; 3) providing recommendations and proposals to the Exchange's Management Board on issues of improving the Methodologies for calculating benchmarks of the stock and money markets; 4) performance of other functions on the instructions of the Chairman of the Management Board or the Exchange's Management Board, as well as those provided for in internal documents of the Exchange.
<p>Administrators must disclose conflicts of interest to their users and to the relevant Regulatory Authorities, if any.</p>	<i>Compliant</i>	
<p>The conflict of interest prevention system shall take into account the level of identified existing or potential conflicts of interest and risks associated with the Benchmark, and the system shall ensure:</p>	<i>Compliant</i>	<p>In order to prevent the occurrence of conflicts of interest, the Exchange takes the following measures, including, but not limited to:</p> <ol style="list-style-type: none"> 1) approval of the organizational structure, staffing schedule, organization of collegial bodies using procedures that prevent the emergence of

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>a) the absence of undue influence of existing or potential conflicts of interest on the formation of the Benchmark;</p>		<p>conflicts of interest (replacement and distribution of powers, duties and responsibilities);</p> <p>2) approval of internal documents regulating issues of corporate governance and rules of corporate conduct, and assignment of the responsibility for their compliance to the Exchange's employees;</p> <p>3) regulation of decision-making procedures by the Exchange's bodies, aimed at ensuring:</p> <p>independence of decisions taken by members of the collegial bodies of the Exchange;</p> <p>lack of interest among members of the Exchange's collegial bodies in the decisions taken;</p> <p>restrictions on the use by members of collegial bodies and employees of the Exchange of information obtained during meetings of collegial bodies for personal purposes or in the interests of third parties prior to the official dissemination of this information among a wide range of people;</p> <p>4) regulation of the procedure for investing the assets of the central counterparty, including procedures for interaction between bodies and divisions in the process of preparing, adopting and implementing investment decisions, including in terms of managing potential conflicts of interest between the performance of the functions of the central counterparty and the investment of the assets of the central counterparty;</p> <p>5) regulation of the mandatory procedure for drawing up and storing minutes following the meetings of the collegial bodies of the Exchange;</p> <p>6) maintaining registers of affiliated persons and persons connected with the Exchange by special relations, in the manner established by the internal documents of the Exchange;</p> <p>7) conducting procedures to disclose a potential conflict of interest in the manner prescribed by the Policy;</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>b) absence of influence of personal interests or connections or business connections of the Administrator on the performance of his functions;</p>	<p><i>Compliant</i></p>	<p>8) conducting checks by the Compliance Service of the activities of departments/employees for compliance with the procedures established at the Exchange for managing potential and existing conflicts of interest.</p> <p>Employees of the Exchange must undergo training on conflict of interest issues and are aware of the circumstances that may lead to a conflict of interest. When the internal documents of the Exchange aimed at preventing a conflict of interest in the implementation of the Exchange's activities on exchange trading are changed, all employees of the Exchange undergo an updated training course dedicated to such changes.</p> <p>Relations with the client/counterparty and its representative are built on the principles of equality of the parties, good faith, truthfulness, and full informing of the client/counterparty about the transactions that it will conduct with the Exchange, as well as the risks associated with them.</p> <p>In order to prevent conflicts of interest, officials of the Exchange are prohibited from participating in the consideration and decision-making on any transaction (relationship) between the Exchange and themselves, as well as their spouse/close relative or other affiliated person.</p> <p>In order to prevent conflicts of interest, employees/members of the Exchange's Management Board in relations with a client/counterparty of the Exchange are prohibited from:</p> <ol style="list-style-type: none"> 1) represent the interests of the Exchange's clients/counterparties; 2) use the opportunities provided to them by the corporate resources of the Exchange, as well as their official position, to gain personal interest; 3) interfere with the activities of employees/divisions, both those within and not directly subordinate to them, in order to influence the decision-making on the Exchange's entry into a transaction in which the employee/member of the Exchange's Management Board has a personal interest.

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
c) separation of accountability lines within the Administrator, where possible, to clearly define responsibilities and prevent unnecessary conflicts of interest or the concealment of information about conflicts of interest or the influence on the perception of such conflicts;	<i>Compliant</i>	<p>In order to prevent conflicts of interest, heads of the Exchange's divisions are required to take timely measures to update the Exchange's internal documents regulating the activities of the divisions subordinate to them.</p> <p>The following is not allowed on the Exchange:</p> <ol style="list-style-type: none"> 1) assignment of the following functions to the same employee and/or division of the Exchange: <ul style="list-style-type: none"> for the organization and conduct of trades with the simultaneous implementation of clearing and (or) settlement activities; to authorize the payment of money and to carry out its actual payment; conducting transactions on the accounts of the Exchange's clients and accounts reflecting the Exchange's own administrative and economic activities; of the monitoring unit, trading unit, information and statistics unit, listing unit, settlement units and/or clearing unit; 2) assigning functions of employees of other divisions of the Exchange to employees of the Compliance Service, the internal audit division, the risk management division and the surveillance division; 3) assigning functions and duties of employees of other divisions of the Exchange to employees of the clearing unit; 4) implementation by one and the same member of the Management Board of coordination and control of units responsible for information technology and information and technical security; 5) accountability of units where there is a possibility of a conflict of interest to the same member of the Exchange's Management Board.
d) proper surveillance and mandatory signing of the Index values by	<i>Compliant</i>	The process of forming and distributing the Benchmarks on the Exchange is automated. The calculation of the Benchmarks is carried out in a pre-established

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
authorized employees prior to their publication;		<p>manner based on a developed calculation algorithm, and the process is structured in such a way as to prevent unauthorized access to the calculation of the Benchmarks.</p> <p>The Information and Statistics Department is responsible for the daily verification of the correct formation of the Benchmarks.</p>
e) confidentiality of data, information and other incoming data transmitted, received or generated by the Administrator, subject to the Administrator fulfilling his information disclosure obligations;	<i>Compliant</i>	<p>The Exchange's internal documents regarding confidentiality of information include the following:</p> <ul style="list-style-type: none"> • Information security policy – the main document that sets out general provisions on user access, data confidentiality, means of control over the use of data and the prevention of illegal access to such information; • Procedure for working with protected information; • List of protected information, a document that contains a list of protected information; • Rules for control over the use of insider information; • List of insider information – a document that contains a list of confidential information; • Rules for conducting preliminary and selective checks of securities and other financial instruments to determine whether they can be classified as suspicious transactions. <p>Employees of the Exchange must undergo training on confidentiality issues and are informed about them. When internal documents regarding confidentiality of information change, all employees of the Exchange undergo an updated training course dedicated to such changes.</p> <p>In accordance with information security procedures, employees of the Exchange must sign declarations of obligation not to disclose confidential information.</p>
f) the existence of effective procedures to control the exchange of information between employees involved in activities in which there is a risk of conflict of interest, or between	<i>Compliant</i>	<p>All persons must comply with the requirements of internal documents aimed at preventing conflicts of interest in the implementation of the Exchange's activities, in terms of maintaining the confidentiality of information. In accordance with the Exchange's internal documents, individuals have access to confidential information solely within the scope of their authority.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>employees and third parties, in cases where such information may negatively affect the formation of the Benchmark.</p> <p>g) the existence of an appropriate remuneration policy that does not allow direct or indirect remuneration or incentives based on the value of the Benchmark for employees involved in the Benchmark formation process.</p>	<p><i>Compliant</i></p>	<p>In accordance with information security procedures, employees of the Exchange must sign declarations of obligation not to disclose confidential information.</p> <p>The Exchange's personnel management policy, approved by the Exchange's Board of Directors, is aimed at achieving the Exchange's mission and realizing its goals and objectives and defines a set of principles, rules and approaches based on the Exchange's corporate values, applied in the Exchange's personnel management process, for the purposes of the Exchange's sustainable development.</p> <p>The remuneration system is aimed at effectively regulating the level of remuneration of personnel in order to attract, retain, motivate them to work effectively, and also to ensure a competitive level of wages to attract highly qualified specialists.</p> <p>The effectiveness of achieving the Exchange's strategic and operational goals over a certain period of time is determined by an assessment of the effectiveness of the structural divisions and their managers in achieving the goals and objectives set before them.</p> <p>In this case, the strategic objectives of the Exchange are subject to approval by the Board of Directors with prior approval by the Management Board and the Committee of the Board of Directors on Budget and Strategic Planning.</p> <p>In this regard, the remuneration of the Exchange's employees is carried out based on the results of the strategic tasks set before them in accordance with the Exchange's Strategy for a three-year period, and cannot depend on the level of any of the Benchmarks.</p>
<p>The Administrator's conflict of interest prevention system must be designed to minimize existing or potential conflicts of interest arising from its ownership structure or controlling interests or from other interests that the Administrator's personnel or a wider group of persons may have in relation to the formation of</p>	<p><i>Compliant</i></p>	<p>The Exchange operates in the organizational and legal form of a joint-stock company in accordance with the requirements of the Act of the Republic of Kazakhstan "On Joint-Stock Companies".</p> <p>The general meeting of shareholders is the supreme governing body of the Exchange. The list of issues within the competence of the general meeting of shareholders is determined by the Act of the Republic of Kazakhstan "On Joint-Stock Companies" and the Charter of the Exchange.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>the Benchmark. To this end, the system should:</p> <p>a) provide for measures to prevent, eliminate or disclose information about the existence of conflicts of interest that may exist between its services for the formation of the Benchmark (including all employees performing the functions of forming the Benchmark or otherwise participating in this process) and other services of the Administrator or persons affiliated with it;</p> <p>b) ensure that the Administrator promptly discloses information about the existence of conflicts of interest arising in connection with its ownership structure or holders of controlling interests to Interested Parties and all relevant Regulatory Authorities.</p>		<p>At the same time, according to the requirements of the Law of the Republic of Kazakhstan "On the Securities Market", the share of each shareholder of the Exchange together with its affiliates may not exceed twenty percent of the total number of shares issued, except for the case when the shareholder is the National Bank of the Republic of Kazakhstan. The owner of the "golden share" of the organizer of the trades is the National Bank of the Republic of Kazakhstan, which has the right to veto decisions of the bodies of the trade organizer.</p> <p>At the same time, in accordance with the Act of the Republic of Kazakhstan "On Joint-Stock Companies" clearly defines the competence of the general meeting of shareholders.</p> <p>The Exchange, in accordance with the Corporate Governance Code approved by the general meeting of shareholders of the Exchange, adheres to the principle of transparency, timeliness and objectivity of disclosure of information about the Exchange and its activities. for the purposes of:</p> <ol style="list-style-type: none"> 1) strengthening trust in the Exchange on the part of its shareholders and other financial market participants; 2) facilitating investment decisions on the acquisition and holding of shares of the Exchange; 3) ensuring maximum justification when making decisions at the general meeting of shareholders of the Exchange and the Board of Directors of the Exchange; 4) ensuring transparency of the Exchange management. <p>The Exchange discloses information on the main results, plans and prospects of its activities, and also promptly and fully responds to requests from its shareholders in the manner established by the Exchange's charter.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
		<p>The Exchange discloses information on significant corporate events in its activities and at the same time uses strict and reliable mechanisms to ensure the confidentiality of information constituting official, commercial or other secrets of the Exchange protected by law.</p> <p>The maintenance and audit of the financial statements of the Exchange are aimed at ensuring the trust of its shareholders and investors in the Exchange and are based on the following principles:</p> <ol style="list-style-type: none"> 1) completeness and reliability; 2) impartiality and independence; 3) professionalism and competence; 4) regularity and efficiency.
4. Principle: Control Framework for Administrators – Compliant		
<p>The Administrator must implement an appropriate system of control over the process of development and dissemination of the Benchmark. The control system shall take into account the materiality of identified potential or existing conflicts of interest, the extent to which judgments are used in the development of the Benchmark, and the type of input and output data for the process of development of the Benchmark. The control system shall be documented and made available to the relevant Regulatory Authorities, if any. A summary of the main provisions of the control system shall be published or made available to Interested Parties.</p>	<i>Compliant</i>	<p>As part of its internal procedures and policies regarding the process of forming the Benchmarks, the Exchange has implemented a system of control over the process of forming the Benchmarks.</p> <p>The Exchange's control system takes into account potential and existing risks associated with the process of forming and distributing the Benchmarks and assists the management in the process of forming the Benchmarks. The control system is adapted to potential and existing risks, as well as to the type of incoming and outgoing data for the process of forming the Benchmarks. The control system takes into account potential risks associated with the formation of the Benchmarks, as well as the control tools used to manage them.</p> <p>The Committee shall ensure the control system by reviewing the reports of the Index Division submitted to the Committee as necessary, but not less than twice a year.</p>
<p>This control system should be periodically reviewed and updated as</p>	<i>Compliant</i>	<p>The control system is periodically analyzed and approved by the Exchange's Management Board.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>necessary. The control system should address the following issues:</p> <p>a) conflicts of interest in accordance with Principle 3 on conflicts of interest;</p> <p>b) integrity and proper quality of the process of forming the Benchmark:</p> <p style="padding-left: 20px;">i. measures to ensure the proper quality and reliability of the Benchmarks in accordance with principles 6-15 on the quality of the Benchmarks and the Methodology;</p> <p style="padding-left: 20px;">ii. measures to encourage the provision of reliable incoming data for the formation of the Benchmark, including proper verification of their sources;</p>	<p><i>Compliant</i></p> <p><i>Compliant</i></p> <p><i>Compliant</i></p>	<p>The control system is structured to prevent potential conflicts of interest from arising, as indicated in the answer on Principle 3.</p> <p>The Exchange's Management Board acts as the body that supervises, reviews and approves the Methodologies for forming the Benchmarks, and also supervises the activities of the departments involved in the process of forming the Benchmarks.</p> <p>The Committee consists of representatives of the Exchange and representatives of the Association of Legal Entities "Association of Financial Organizations of Kazakhstan"; its area of responsibility is independent supervision, including periodic revision of the Methodologies for forming the Benchmarks, parameters and Calculation Bases of the Benchmarks.</p> <p>The Information and Statistics Department carries out daily operational work to ensure that the list of calculated and published Benchmarks complies with the requirements.</p> <p>The Compliance Service is responsible for monitoring conflicts of interest and checking for compliance with legal requirements, issues of ensuring business continuity are assigned to the Risk management unit, and the Information and Technical Security Service is responsible for information security.</p> <p>The process of forming the Benchmarks is automated; data from the trading system for calculation is received automatically.</p> <p>Periodically, and also when significant volatility of the Index is detected or notifications are received from third parties, data on trading operations are subject to random checks by specialists from the Information and Statistics Department.</p> <p>The Benchmarks calculation bases are reviewed on a regular basis by the Committee, the meetings of which are held in accordance with the Regulations on the Committee.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>iii. measures to ensure the effectiveness of reporting and complaints handling mechanisms in accordance with principles 16-19;</p>	<p><i>Compliant</i></p>	<p>The calculation and updating of the Benchmark Calculation Bases in the system is carried out automatically, after which the Information and Statistics Department carries out a check on the correctness of the Calculation Bases.</p> <p>The Information and Statistics Department is responsible for handling complaints regarding the calculation and methodology of the Benchmarks. Detailed information is provided in the response to Principle 16.</p>
<p>iv. ensuring high-quality infrastructure, policies and procedures for risk management, including operational risks.</p>	<p><i>Compliant</i></p>	<p>The Exchange's risk management system is based on three lines of defense:</p> <ol style="list-style-type: none"> 1) first line of defense: all divisions and employees of the Exchange; 2) second line of defense: the compliance division, legal division, risk management division, surveillance division; 3) third line of defense: independent assessment of risk performance by the internal audit division. <p>The stages of the risk management process are divided into four levels.</p> <p>Risk identification – identifying risks, classifying them and determining the reasons for their occurrence.</p> <p>Risk assessment and measurement – determining the frequency of occurrence of identified risks and the extent of their impact.</p> <p>Risk management and control measures – the selection of measures to minimize risks (prevent or reduce negative consequences from risk occurrences) based on the ratio of the expected results of the measures and the expected costs of their implementation, as well as the implementation of such measures.</p> <p>Risk monitoring – monitoring current values of risk levels, comparing such levels with the results of previously conducted assessment of these risks, and analyzing the effectiveness of risk management.</p> <p>The Exchange uses the results of the assessment of quantitative values of risk benchmarks and their maximum permissible values to control risks and select further risk management measures.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>c) Whistleblowing system: Administrators must implement an effective whistleblowing system to ensure that potential violations or misconduct that may occur are identified in a timely manner. This system should allow for the inclusion of such facts in external reporting, where possible.</p>	<i>Compliant</i>	<p>The Exchange's risk control measures are determined on an individual basis depending on the specific characteristics and parameters of individual risk cases in accordance with the risk management rules.</p> <p>Decisions on the application of certain risk control measures are made by the bodies, divisions, officials and employees of the Exchange in accordance with the requirements of the legislation of the Republic of Kazakhstan, the charter and internal documents of the Exchange, decisions of the bodies and officials of the Exchange, adopted in the established manner within the limits of their competence.</p>
<p>d) professionalism:</p> <ul style="list-style-type: none"> i. ensuring that the Benchmark is formed by employees with the relevant professional knowledge, and the existence of a system for periodically checking their level of qualification; ii. staff training, including training in the area of ethics and conflicts of interest, staff succession planning. 	<i>Compliant</i>	<p>The HR Service ensures that employees involved in the process of forming the Benchmarks have the appropriate experience and knowledge, consistent with the job description received from the relevant business units. Individual performance benchmarks are established for each employee each year, which are subject to assessment by the Head of the Unit. The Committee on Indexes and Benchmarks is made up of experts with exceptional knowledge, reputation and experience.</p>
<p>If Benchmarks are generated based on provided information, Administrators</p>	<i>Not applicable</i>	<p>The Exchange benchmarks do not depend on the information provided, so this part does not apply to the Exchange.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>must enhance the reliability of the incoming data by taking the following measures:</p> <p>a) ensuring that Submitters constitute an appropriately representative group of market participants, taking into account the underlying Asset measured by the Benchmark, to the extent possible;</p> <p>b) use of a system of measures aimed at ensuring that Persons Providing Information comply with the recommendations of the instructions for Providing Information contained in the "Code of Ethics of the Person Providing Information" and in the standards of quality and reliability of the Provided Information applied by Administrators, to the extent possible;</p> <p>c) defining the frequency of Submission of Information, indicating what incoming data or Provided Information must be provided for each Benchmark;</p> <p>d) developing and implementing measures to effectively monitor and verify incoming data or Provided Information. They must include monitoring this information before it is used to generate a Benchmark and before the Benchmark is published, to identify and correct errors in the incoming data or Provided</p>		

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
Information, and to subsequently analyze trends and deviations.		
5. Principle: Internal oversight – Compliant		
<p>Administrators must ensure that there is a supervisory body to monitor and challenge all aspects of the Benchmark formation process. This body is responsible for reviewing the parameters and intended, expected or known uses of the Benchmark and the materiality of any identified existing or potential conflicts of interest.</p> <p>The supervisory function shall be performed by a special committee or other appropriate governing body. The supervisory body and the persons comprising it shall have the appropriate powers and qualifications to ensure effective review of the Administrator. Such a supervisory body may consider groups of the Benchmarks by asset type or class only if it otherwise complies with the requirements of this Principle.</p>	<p><i>Compliant</i></p>	<p>The Information and Statistics Department is responsible for administering the process of forming the Benchmarks and reports to the Exchange's Management Board. The Exchange's Management Board exercises control and approves the procedures and policies related to the process of forming the Benchmarks.</p> <p>The supervisory function is carried out by a Committee consisting of specialists from the Exchange and an independent representative of the ALE "Association of Financial Organizations of Kazakhstan". The Committee is headed by one of the members of the Exchange's Management Board.</p> <p>The Management Board of the Exchange is responsible for reviewing and approving the reports on internal controls prepared by the Internal Audit Service and the reports on operational risks prepared by the Risk management unit.</p>
<p>The Administrator shall develop and maintain procedures relating to the internal supervisory function. These procedures shall be documented and the Regulatory Authorities (if any) shall have access to them. Interested Parties shall be provided with Access to the main parameters of these procedures. The procedures shall include:</p>	<p><i>Compliant</i></p>	<p>The Regulations on the Exchange's Management Board and the Regulations on the Committee are posted on the official website of the Exchange. Access to these documents is provided to both the regulatory body and third-party interested parties.</p> <p>The criteria for the selection of members and the processes for the election, appointment, dismissal or replacement of members of the above bodies are specified in the description of their powers.</p> <p>The members of the Exchange's Management Board and the Committee are obliged to follow the provisions of the internal documents of the Exchange aimed</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>a) powers of the supervisory authority;</p> <p>b) criteria for the selection of members of the supervisory body;</p> <p>c) a brief list of the conditions of membership in the committee or body exercising oversight functions, a declaration of conflicts of interest, the procedure for the election, appointment, dismissal or replacement of committee members.</p> <p>Responsibilities of the supervisory authority:</p> <p>a) supervision of the Benchmark structure:</p> <p style="padding-left: 20px;">i. periodic verification of the description of the Benchmark and the Methodology for its formation;</p> <p style="padding-left: 20px;">ii. maintaining one's own awareness of the issues and risks associated with the Benchmark, engaging external experts to verify the Benchmark (if necessary);</p> <p style="padding-left: 20px;">iii. overseeing all changes to the Benchmark Methodology, including assessing whether the Methodology continues to be able to properly measure the underlying Asset, reviewing proposed and implemented changes, approving those changes or requiring the Administrator to consult with</p>	<p><i>Compliant</i></p>	<p>at preventing conflicts of interest in the implementation of the Exchange's activities related to the conduct of exchange trading and, in accordance with them, if necessary, provide information on the existence of a conflict of interest.</p> <p>The Exchange's Management Board and Committee are responsible for overseeing the structure of the Benchmarks.</p> <p>The Exchange's Management Board shall review and approve the Methodologies for forming the Benchmarks, assess the appropriateness of the Methodologies and the need to terminate the calculation of the Benchmark.</p> <p>The Committee periodically conducts independent reviews of the Methodologies for forming the Benchmarks.</p> <p>All departments involved in the process of forming the Benchmarks report to the Exchange's Management Board, so it is aware of the issues and risks associated with the formation of the Benchmarks.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>Interested Parties (if known) or its Subscribers regarding such changes in accordance with Principle 12;</p> <p>iv. review and approval of procedures for terminating the calculation of the Benchmark, including instructions defining the procedure for consultation of the Administrator with Interested Parties on the issue of such cessation.</p> <p>b) supervision of the conscientious formation of the Benchmark and the control system:</p> <p>i. supervision of the management and use of the Benchmark, including activities related to the formation of the Benchmark carried out by third parties;</p> <p>ii. review of the results of internal and external audits, follow-up activities to eliminate the comments made based on the results of these audits;</p> <p>iii. supervision of the formation by the Administrator of the Expert Judgment, ensuring the implementation of the Published Methodologies.</p>	<p><i>Compliant</i></p>	<p>All departments involved in the process of forming the Benchmarks provide reports to the Exchange's Management Board.</p> <p>The Exchange's Management Board reviews the reports of the departments involved in the process of forming the Benchmarks and approves the relevant Methodologies.</p> <p>The Management Board reviews and takes into account the results of external audits and determines subsequent measures to eliminate the comments identified as a result of external audits.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>If there is a potential for a conflict of interest to arise within the Administrator related to its ownership structure or controlling interests or other activities carried out by persons who are owners or controlling interests of the Administrator or other activities carried out by the Administrator or persons affiliated with it, the Administrator shall appoint an independent supervisory body consisting of representatives of Interested Parties (if known), Subscribers and Persons providing information selected in such a way as to compensate for the relevant conflict of interest.</p> <p>If the formation of the Benchmarks is carried out on the basis of the Provided Information, the supervisory authority must ensure proper supervision and challenging of the Provided Information by way of:</p> <p>a) overseeing the Administrator's activities in reviewing, monitoring and challenging incoming data or Submissions. This work may include holding regular discussions of sets of incoming data or Submissions, defining parameters against which incoming data or Submissions may be analyzed, or clarifying the Administrator's role in challenging or screening unusual incoming data or Provided information:</p>	<p><i>Complied with subject to the addition to the Methodology for calculating stock market benchmarks</i></p> <p><i>Not applicable</i></p>	<p>The Committee consists of employees of the Exchange and representatives of the ALE "Association of Financial Organizations of Kazakhstan". The Committee reports to the Exchange's Management Board.</p> <p>The Exchange benchmarks do not depend on the information provided, so this part does not apply to the Exchange.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>b) overseeing the "Code of Ethics for Persons Providing Information";</p> <p>c) implementation of effective measures to eliminate violations of the "Code of Ethics for Persons Providing Information";</p> <p>d) implementation of measures to identify potentially abnormal or suspicious Provided Information and, if suspicious activity is detected, sending information about such activity, as well as about violations by Persons providing information that have become known to the supervisory authority, the relevant Regulatory Authorities (if any).</p>		
6. Principle: Benchmark Design – Compliant		
<p>The structure of the Benchmark should ensure an accurate and reliable representation of the real economic parameters of the Asset measured by it and eliminate factors that may distort the price, rate, index or valuation expressed by the Benchmark.</p>	<i>Compliant</i>	<p>Detailed information on the structure of the Benchmark and the assets measured by the Benchmarks is provided in the corresponding Methodologies for forming the Benchmarks. The principles for forming the Benchmarks eliminate factors that may lead to distortion of the Benchmarks.</p>
<p>The structure of the Benchmark must take into account the following non-specific characteristics, while other characteristics should also be taken into account, depending on the specific Asset:</p>	<i>Compliant</i>	<p>The calculation of the Benchmarks is based on transactions and orders received from the Exchange's trading system. In accordance with the Methodologies for forming the Benchmarks, the following is taken into account when calculating the Benchmarks:</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>a) the adequacy of the sample used to represent the Asset;</p> <p>b) the size and liquidity of the relevant market (e.g. the presence of sufficient trading volume to ensure transparent, observable pricing);</p> <p>c) the relative size of the underlying market compared to the trading volume in the market referenced by the Benchmark;</p> <p>d) distribution of trading volume between Market Participants (market concentration);</p> <p>e) market dynamics (e.g. to ensure that the Benchmark reflects changes in the assets underlying the Benchmark calculation).</p>		<ul style="list-style-type: none"> • Stock indexes: when forming the Calculation Base, free float, liquidity, market capitalization size, and benchmarks of the financial stability of the stock issuer are used; • Bond indexes: when forming the Calculation Base, such criteria as issue volume, presence of a market maker, availability of data on coupon payments are used; • Government Securities Indexes: when forming the Calculation Base, such criteria as the number of securities issued, current maturity, and the availability of data on coupon payments are used. • Repo and swap rate benchmarks: criteria for the trading mode and type of securities are used, rates are determined taking into account the expectations of market participants. <p>The Methodologies contain provisions on procedures that must be followed to reliably calculate the Benchmarks in the absence or insufficiency of incoming data. Such procedures include the use of the latest data on trading operations or quotes of the previous day, changes in the Calculation Bases and calculation parameters.</p>
7. Principle: Data Sufficiency – Compliant		
<p>The data used to generate the Benchmark must be sufficient to accurately and reliably represent the Asset measured by the Benchmark and must:</p> <p>a) be based on prices, rates, indexes or estimates formed by the competing forces of supply and demand to provide confidence in the reliability of the price determination system;</p> <p>b) be confirmed by traceable transactions concluded on market terms between buyers and sellers in the market for the Asset measured by</p>	<i>Compliant</i>	<p>The data comes directly from the trading platform of the Exchange – the regulated market of the Republic of Kazakhstan.</p> <p><u>Currency exchange rate benchmark:</u> The Exchange calculates exchange rates based on executed orders addressed to all participants of the Exchange. Currency benchmarks are determined based on the average cost of trade transactions.</p> <p><u>Currency swap rates:</u> the calculation of the Benchmarks is based on information about currency swaps that are traded on the Exchange's trading platform.</p> <p><u>Stock index:</u> calculated on the basis of transactions concluded in open trading mode in the Exchange's trading system.</p> <p><u>Bond indexes:</u> calculated based on transactions concluded in open trading mode or applications submitted to the Exchange's trading system.</p> <p><u>Repo Rate Benchmarks:</u> Benchmarks calculation is based on information</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>the Benchmark, to ensure that the Benchmark is used as a reliable benchmark of prices, rates, indexes or valuations.</p> <p>This Principle requires that a Benchmark be based on (i.e. tied to) a busy market with observable bona fide transactions on market terms. This does not mean that each individual Benchmark must be based solely on transaction data. Given a busy market, market conditions on any given day may require the Administrator to use data in various forms, tied to observable market data, to supplement or supplement transactions. Depending on the Methodology used by the Administrator, this may result in a particular Benchmark being based primarily or solely on bid and ask prices or extrapolations of past transactions. Further details on this are provided in Principle 8.</p> <p>Subject to compliance with subparagraphs (a) and (b), Principle 7 does not prohibit the Benchmark Administrators from using executable bid or ask prices to build Benchmarks where they are linked to an observable market consisting of bona fide transactions on market terms.</p> <p>This Principle also recognizes that various indexes may be designed to measure or reflect the performance of a rules-based investment strategy, the</p>		<p>on repo transactions with securities traded on the Exchange's trading platforms. <u>The zero-coupon yield curve of government bonds of Kazakhstan</u> is calculated on the basis of transactions concluded in the trading system of the Exchange, prices formed during the auctions</p> <p>on government securities and the risk-free rate of the TONIA repo market benchmark.</p> <p>The benchmarks and the zero-coupon yield curve of government securities are calculated using the formulas established in the Methodologies.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>volatility or performance of an index or market or other aspects of a busy market. Principle 7 does not preclude the use of non-transaction data for such indexes that are not intended to represent transactions, and where the nature of the index is such that non-transaction data are used to reflect the Asset that is intended to be measured by the index. For example, some volatility indexes use only non-transaction data, but these data are derived from, and are therefore "tied" to, a busy securities or options market.</p>		
<p>8. Principle: Hierarchy of Data Inputs – Compliant</p>		
<p>The Administrator shall develop and publish or make available clear instructions on the structure of the incoming data and the formation of expert judgments used to form the Benchmarks. Typically, the structure of the incoming data shall include:</p> <p>a) for Benchmarks generated on the basis of the information provided – transactions on market terms concluded by the Persons providing the information themselves on the markets of underlying assets or markets related to them;</p> <p>b) reported or traceable data on Mark-to-Market Transactions in the underlying asset;</p>	<p><i>Compliant</i></p>	<p>The description of the incoming data for each Benchmark is provided in the relevant Methodologies for forming the Benchmarks, which are publicly available on the Exchange's website. A detailed description of each Benchmark is provided in our answer to Principle 6.</p> <p>The Exchange Benchmarks are based on data received from the Exchange's trading platform. No data from other systems is used to determine the Benchmarks.</p> <p>To form the Calculation Bases and the coefficient taking into account the share of securities in free circulation, the criteria of the Methodology and the expert opinion of the Committee are used.</p> <p>The criteria for forming the Calculation Bases are specified in the relevant Methodologies. The Committee provides its recommendations on a periodic basis, as well as upon the occurrence of events specified in the Methodologies. The Committee has the right to provide recommendations on the inclusion or exclusion of any securities from the Calculation Bases in accordance with the special powers specified in the Methodologies.</p> <p>The coefficient taking into account the share of securities in free circulation is formed in accordance with the Methodology, which is publicly available on the Exchange's website. Expert judgment regarding the coefficients is made on the</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>c) reported or traceable data on Mark-to-Market Transactions in the relevant markets;</p> <p>d) firm (executable) bid and ask prices;</p> <p>e) other market information or Expert judgements.</p> <p>Provided that the Data Sufficiency Principle is met (i.e. there is a busy market), this Principle is not intended to limit the Administrator's flexibility in using incoming data that is consistent with the Administrator's policies on the quality, reliability, comparability and robustness of the Benchmarks as set out in the Administrator's Methodology. The Administrator retains the flexibility to use incoming data that it considers appropriate in accordance with the Methodology for ensuring the quality and reliability of its Benchmark. For example, some Administrators may choose to use an Expert Judgement to build a Benchmark in a busy but low liquidity market where there is no continuous daily access to transaction data. IOSCO also recognizes that there may be circumstances (e.g. a low liquidity market) where a confirmed bid or ask price may be more informative than a transaction with atypical data. In such circumstances, non-transaction data such as bid and ask prices and extrapolations from previous transactions</p>		<p>basis of the Committee's recommendations. The Committee's meeting is formalized by the Minutes</p> <p>Changes to the Calculation Base and coefficients are published on the official website of the Exchange</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>may be preferable in building a particular Benchmark.</p>		
<p>9. Principle: Transparency of Benchmark Determinations – Compliant</p>		
<p>For a Benchmark, the Administrator must provide a description and publish in reasonable volume, without violating deadlines:</p> <p>a) a brief explanation sufficient to enable the Interested Person or the Financial Market Supervisory Authority to understand how the Benchmark has been constructed, including, at a minimum, the size and liquidity of the market being measured (number and size of trades for which data is provided), the range of volumes and average volume, the range of prices and average price, the percentage of each type of market data used in constructing the Benchmark; terms relating to the Methodology by which the price is determined (i.e. trade-based, spread-based, interpolation/extrapolation);</p> <p>b) brief explanations regarding the scope and grounds on which Expert Judgment was used in forming the Benchmark (if used).</p>	<p><i>Compliant</i></p> <p><i>Compliant</i></p>	<p>Since the Exchange is a regulated market, the data on trading operations used to form the Benchmarks are publicly available on the Exchange's website. The procedure for forming the Benchmarks for each group of Indexes is publicly available on the Exchange's website.</p> <p>The procedures for forming the Benchmarks for each group of Indexes are standard and do not require additional description on a daily basis. Each Methodology provides formulas for calculating the Benchmarks and the basis for forming the Calculation Bases. Any changes to the Methods or Calculation Bases are published on the Exchange's website along with a detailed explanation and statistical information. The list of securities included in the Calculation Bases is also publicly available on the Exchange's website.</p> <p>On the official page of the Exchange, sections have been formed for each Benchmark, which provide the Benchmark parameters and volumes of transactions on financial instruments included in the representative list of the Benchmark.</p> <p>An expert opinion is formalized in a protocol, on the basis of which a news item is published on the official website of the Exchange.</p> <p>The results of the formation of the Expert Judgment are presented in the response in relation to Principle 8.</p>
<p>10. Principle: Periodic Review – Compliant</p>		
<p>The Administrator shall periodically review the condition of the underlying</p>	<p><i>Compliant</i></p>	<p>The Exchange's Management Board and the Committee periodically review the Methodologies for forming the Benchmarks in order to determine the need to</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>Asset measured by the Benchmark to determine whether it has undergone structural changes that may require a change in the Methodology. The Administrator shall also periodically check whether the Asset has been reduced or stopped functioning in such a way that it can no longer serve as the basis for the formation of a reliable Benchmark.</p> <p>The Administrator shall publish or make available summary results of such studies in the event of a material change to the Benchmark, including the rationale for such change.</p>	<i>Compliant</i>	<p>change the Methodologies, as well as to ensure that the reliability of the Benchmarks is maintained.</p> <p>To form the Stock and Bond Indexes, the Exchange uses Calculation Bases, which are periodically reviewed by the Committee. The Methodologies for forming the Benchmarks are approved by the Exchange's Management Board. Such review is carried out in accordance with the Methods, which prevents the inclusion of components in the Base that do not meet the established criteria.</p> <p>The Committee may conduct extraordinary reviews of the components of the Calculation Base in the event of:</p> <p>exclusion of non-representative components (for example, when a series of corporate events occur, such as bankruptcy or reorganization);</p> <p>extraordinary inclusion of a highly liquid security to display the accuracy of the Benchmark.</p> <p>All changes to the Methodologies for forming the Benchmarks and Calculation Bases are published on the Exchange's website in the form of press releases and news, which are accompanied by explanations and justifications for the relevant revisions. The history of the revision of the Methodologies is also publicly available on the Exchange's website.</p>
11. Principle: Content of the Methodology. Compliant		
<p>The Administrator shall document the Methodology and shall publish or make it available. The Administrator shall justify the adoption of a particular Methodology. The published Methodology shall be in sufficient detail to enable Interested parties to understand how the Benchmark is derived and to assess its representativeness, its relevance to specific Interested parties and its suitability for use as a reference benchmark for financial instruments.</p>	<i>Compliant</i>	<p>The Exchange develops and publishes the Methodologies for forming the Benchmarks on its official website. When publishing a new or revised Methodology, the Exchange provides a justification (in the form of press releases or news) for accepting such changes. The Methodologies include a description of how the Benchmarks are calculated, as well as the Basis for such calculation.</p> <p>The Exchange's website contains a description of each Benchmark, which contains a rationale for the Methodologies, which allows for an assessment of its relevance to specific Interested parties and ensures that Interested parties can understand how the Benchmark is calculated.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>Minimum requirements for the content of the Methodology:</p> <p>a) definitions of basic terms;</p>	<i>Complied with</i>	<p>Description of the main terms is given in all Methodologies.</p>
<p>b) all criteria and procedures used to develop the Benchmark, including the selection and parameters used to derive the Benchmark, the instructions governing the formation of Expert Judgments by the Administrator, the priority assigned to certain types of data, the minimum data requirements necessary to determine the Benchmark, and the models or methods of extrapolation;</p>	<i>Compliant</i>	<p>The description of the incoming data and calculation Methodologies for each Benchmark are provided in the corresponding Methodologies. The Methodologies include the calculation of coefficients, restrictive shares for securities in representative lists, and the values of weight coefficients. In addition, the Methodologies contain principles for determining the Calculation Bases, as well as their revision and amendment upon the occurrence of certain corporate events.</p>
<p>c) procedures and practices designed to ensure consistency in the formation of expert judgments in all calculations of the Benchmarks;</p>	<i>Compliant</i>	<p>Procedures for forming expert judgment are provided within the Methodologies and described in the response to Principle 8.</p>
<p>d) procedures used in forming the Benchmark during periods of stress or market collapses or during periods of unavailability of data sources (e.g., theoretical estimation models);</p>	<i>Compliant</i>	<p>The Methodologies contain provisions on the procedures that must be followed to reliably calculate the Benchmarks in the absence or insufficiency of incoming data. They reflect circumstances that may negatively affect the accuracy and reliable presentation of the situation on Kazakhstan's market. The Exchange undertakes to take measures aimed at ensuring the accuracy of the Indexes (using the latest data on trading operations or quotes of the previous day, changes in the Calculation Bases and calculation parameters).</p>
<p>e) procedures for responding to error messages, including cases requiring revision of the Benchmark;</p>	<i>Compliant</i>	<p>The internal documents of the Exchange, regulating the procedure for forming the Indexes, contain provisions on procedures related to the occurrence of calculation errors caused by technical failures. The internal documents of the Exchange stipulate that the Exchange must recalculate as soon as possible after notification</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>f) information regarding the frequency of internal reviews and approval of the Methodology: published Methodologies should also contain information on the procedures and frequency of external reviews of the Methodology;</p>	<i>Compliant</i>	<p>of a technical failure. When recalculating the values of the Indexes and benchmarks, a corresponding notice is published on the Exchange's website.</p> <p>According to the internal documents of the Exchange, regulating the procedure for forming the Indexes, the Methodologies are reviewed once every three years for the purpose of updating them. All changes to the Methodologies are approved by the Management Board.</p> <p>The calculation bases may be revised as necessary upon receipt of evidence of the occurrence of a number of circumstances specified in the Methodologies (for example, corporate events in relation to individual issuers or the exclusion of shares from the list of securities admitted to trading on the Exchange).</p>
<p>g) the circumstances and procedures under which the Administrator consults with Interested Parties, as appropriate;</p>	<i>Compliant</i>	<p>Consultations with Interested Parties are permitted in the event of the adoption of new Methodologies or changes to existing Methodologies (including changes in the Calculation Bases).</p> <p>Consultations with Interested parties are carried out through Working Groups, which include key Interested parties with relevant experience and knowledge and who are not involved in the Benchmark development process.</p>
<p>h) an indication of potential limitations for the Benchmark, including its use in liquid or fragmented markets and the acceptable concentration of incoming data.</p>	<i>Compliant</i>	<p>The Methodologies contain provisions on potential limitations for the Benchmarks. In the event of circumstances or events that may have a negative impact on the Benchmark or the accuracy of the Benchmark's indication of the actual state of Kazakhstan's stock and currency markets, the Exchange is obliged to take measures necessary to ensure the accuracy of the Index, including the exclusion of securities from the Calculation Bases, establishing the values of the parameters used in calculating the Benchmarks specified in the Methodologies.</p>
<p>For Benchmarks formed on the basis of the information provided, an additional Principle also applies: The Administrator shall establish clear criteria for inclusion and exclusion of information provided from the</p>	<i>Not applicable</i>	<p>This section does not apply to the Exchange, as the Benchmarks do not depend on the information provided.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>Benchmark. These criteria shall take into account any issues arising from the location of the Person providing information, if it is outside the jurisdiction of the Administrator. These criteria shall be made available to all relevant Regulatory Authorities (if any) and shall be Published and accessible to Interested Parties. Provisions concerning changes in their composition, including notification periods, shall be clearly set out.</p>		
<p>12. Principle: Changes to the Methodology – Compliant</p>		
<p>If a material change to the Methodology is proposed, the Administrator shall publish or make available the rationale and procedures for making such changes. These procedures shall clearly describe what the material change is, the form and timing of consultation with Subscribers (and other Interested parties (if applicable), taking into account the breadth and depth of use of the Benchmark) or their notification of the changes.</p> <p>These procedures must not conflict with the Administrator's overriding objective of ensuring the accuracy of all Benchmarks it generates. If a change is proposed, the Administrator must clearly indicate what the change will achieve and when it is expected to take effect.</p>	<p><i>Compliant</i></p>	<p>In accordance with the Methodologies, changes in calculation algorithms, in the process of revising the Calculation Bases, incoming data, calculation periods are considered significant changes. Changes that are editorial and/or clarifying in nature and do not affect the calculation procedure are considered insignificant.</p> <p>All changes to the Methodologies for forming the Benchmarks are reviewed by the Committee and then approved by the Exchange's Management Board. Approved changes to the Methodology are published on the official website of the Exchange in the form of press releases or news along with the justification for the changes and the timeframe for implementing the changes.</p> <p>Information about all changes in the Methodologies for forming the Benchmarks is disclosed on the Exchange's website no less than 15 days before the date of entry of these changes and/or additions into effect, so that users have time to prepare for them.</p> <p>DIIS periodically analyzes the Methodologies for forming the Benchmarks.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>The administrator must specify the procedure for familiarizing the supervisory authority with changes made to the Methodology.</p> <p>The Administrator shall develop procedures for consulting Interested parties on changes to the Methodology that are deemed significant by the supervisory authority and that are appropriate and proportionate to the breadth and depth of use of the Benchmark and the specific needs of the Interested parties. The procedures shall:</p> <ul style="list-style-type: none"> a) provide for reasonable notice and clear time frames to give Interested Parties sufficient opportunity to analyze and comment on the implications of such proposed material changes, taking into account the Administrator's assessment of the overall situation; b) provide for the provision to all Interested Parties of access to a summary of comments and the Administrator's summary responses to those comments after each consultation period, except in cases where a commentator requests that his or her comments be kept confidential. 	<p><i>Compliant</i></p>	<p>The business process map "Formation of financial benchmarks" provides for procedures for consulting with Interested parties on issues of making changes to the Methodology.</p> <p>According to established practice, consultations with Interested parties are carried out through Working Groups, which include key Interested parties with appropriate work experience and knowledge and who are not involved in the process of forming the Benchmarks.</p>
<p>13. Principle: Transition – Compliant</p>		

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>Administrators should have clear written policies and procedures for dealing with the discontinuation of a Benchmark due to changes in market structure, product characteristics, or other circumstances that make the Benchmark unrepresentative of the Asset it measures. These policies and procedures should be consistent with the expected breadth and depth of contracts and financial instruments referencing the Benchmark and the impact of discontinuing the Index calculation on economic and financial stability. In determining which policies and procedures are appropriate for a particular Index, the Administrator should take into account the views of Interested parties and Regulators and National Authorities.</p> <p>The Administrator shall publish or make available these written policies and procedures to all Interested Parties.</p>	<p><i>Compliant</i></p>	<p>The Methodologies provide for a procedure for terminating and cancelling the calculation of the Benchmarks. The Methodologies indicate that the need to cancel and terminate the calculation may be due to a change in the market structure, product characteristics, or other circumstances that make the Benchmark unrepresentative, while the Interested Parties are aware of the possibility of terminating the calculation.</p> <p>The description of the procedure for termination, replacement and cancellation of the Benchmarks calculation is publicly available on the Exchange's website.</p>
<p>Administrators shall recommend that Subscribers and other Interested Parties holding financial instruments that reference the Benchmark take steps to ensure:</p> <p>a) the presence in contracts or other financial instruments that refer to the Benchmark of well-thought-out alternative provisions in the event of significant changes or cancellation of</p>	<p><i>Compliant</i></p>	<p>The Methodologies provide for a process by which, in the event of a selection or transition to an alternative index or benchmark, a third-party consulting organization may be engaged, and also provide for measures and recommendations for Interested Parties.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>the calculation of the Benchmark to which they refer;</p> <p>b) awareness of Interested parties of the likelihood that various factors, including external factors beyond the control of the Administrator, may lead to the need for a significant change in the Benchmark.</p> <p>The Administrators' written policies and procedures for dealing with the termination of a Benchmark may include the following, if the Administrator deems them appropriate and appropriate:</p> <p>a) criteria for selecting a credible alternative Benchmark, such as (but not limited to) criteria designed to achieve to a reasonable extent the characteristics of the existing Benchmark (e.g. creditworthiness, maturity and liquidity of the alternative market), the difference between Benchmarks, the extent to which the alternative Benchmark meets the needs of Interested parties on assets/liabilities; if the Benchmark being revised is an investible one, the availability of transparent transaction data, the impact on Interested parties and the impact on existing legislation;</p> <p>b) the advisability of maintaining parallel Benchmarks (e.g., where possible, calculating an existing Benchmark for a certain period of time so that</p>	<p><i>Compliant</i></p>	<p>The policies and procedures for cancellation or termination of the Benchmarks calculation specified in the Methodologies include the following:</p> <ul style="list-style-type: none"> • duration of the transition period; • areas of responsibility; • recommendations to interested parties. <p>If there are no transactions or orders for securities during a trading day, the parameters of which are necessary for calculating any benchmark, the data of the last result day, by which such parameters can be determined, are used for the purposes of such calculation, unless otherwise provided by the procedure for calculating the given benchmark.</p> <p>In order to ensure that the values of the benchmarks are adequate to the objective characteristics of the stock market, these values may be adjusted by the Committee. The conditions and procedure for such adjustment are provided in the Methodologies.</p> <p>If the need to stop calculation is related to market conditions or the requirements of Interested Parties, the Benchmarks whose calculation is stopped are replaced by alternative options, and for a reasonable period (until the maturity of existing contracts and financial instruments) the Exchange may use them in parallel. All decisions on cancellation and termination of calculation of existing Benchmarks are made by the Exchange following consultations with Interested Parties.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>existing contracts and financial instruments are executed using it, with the simultaneous publication of a new Benchmark) to ensure a smooth transition to the new Benchmark;</p> <p>c) the procedures that the Administrator must follow, if no suitable alternative can be identified;</p> <p>d) in the event of a complete cessation of the Benchmark – a policy defining the period of time during which the formation of the Benchmark will continue to ensure the possibility of transferring existing contracts to an alternative Benchmark, if necessary;</p> <p>e) the process by which the Administrator will engage Interested Parties and relevant Market Surveillance Authorities and National Authorities (as applicable) in the process of selecting and transitioning to an alternative Benchmark, including timeframes for such actions consistent with the maturities of the financial instruments referencing the Benchmarks and notification requirements to be provided to Interested Parties.</p>		
14. Principle: Submitter Code of Conduct– Principle not applicable		
15. Principle: Internal Controls Over Data Collection – Principle Not Applicable		
16. Principle: Complaints Procedures – Compliant		

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>The Administrator shall develop and publish, or make available in writing, a complaints policy under which Interested Parties may submit complaints, including concerns about the representativeness of a particular generated Benchmark in relation to the underlying Asset it purports to measure, the use of the Methodology in relation to a particular generated Benchmark, and other decisions of the Administrator in relation to the formation of the Benchmark.</p>	<i>Compliant</i>	<p>The procedures for handling claims are regulated by the Exchange's Customer Satisfaction Methodology.</p> <p>The rules for the implementation of claims and litigation work by the Exchange define the procedure for handling claims, according to which all interested parties can submit their applications or claims to the Exchange for their timely consideration and resolution.</p>
<p>Claims handling procedures should:</p> <p>a) allow claims to be submitted through a user-friendly method of submitting claims, such as through an electronic Submission process;</p> <p>b) contain procedures for the timely and fair receipt and review of a complaint relating to the Benchmark formation process by employees other than those employees who may or may have been involved with the subject of the complaint, the communication to the person making the complaint and other relevant parties of the results of the review of the complaint within a reasonable time, and the retention of all records of the complaint handling;</p> <p>c) contain procedures for the transfer of claims (if necessary) to the governing bodies of the Administrator;</p>	<i>Compliant</i>	<p>All claims, requests or questions are generally sent directly to the Exchange in writing, by email, telephone or via the website using a special feedback form (presented in a user-friendly format). The information specified in the form, related to the calculation and formation of the Benchmarks, is sent to the addresses infodep@kase.kz, index@kase.kz and forwarded to DIIS. All claims and requests are considered by the Exchange's employees within a reasonable time.</p> <p>The storage of all documents, including those related to claims, including those submitted by the person who filed the claim, is carried out in the manner determined by the internal documents of the Exchange in accordance with applicable national laws and regulations.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>d) contain a requirement to retain all documents relating to claims, including those filed by the person making the claim and the Administrator's own records, for a period of not less than five years, in accordance with applicable national laws and regulations.</p> <p>Disputes about the formation of the Benchmark that are not formal claims are settled by the Administrator by reference to its relevant standard procedures. If, as a result of a claim, the Benchmark has been reformed, the Administrator must publish it or make it available to subscribers, and publish it or make it available to Interested Parties as soon as possible, as specified in the Methodology.</p>	<p><i>Compliant</i></p>	<p>All information about changes in the Methodologies or revision of the Benchmarks is published in official press releases, which also indicate the reason for the changes and provide appropriate explanations.</p>
<p>17. Principle: Audits – Not Compliant</p>		
<p>The Administrator shall appoint an independent internal or external auditor with appropriate experience and the ability to conduct periodic audits and report on the Administrator's compliance with its stated criteria and these Principles. The frequency of audits shall be commensurate with the size and complexity of the Administrator's activities.</p>	<p><i>There are deviations</i></p>	<p>The IAS does not perform procedures for auditing and preparing appropriate reports on compliance with the requirements of the IOSCO Principles. In addition, the Exchange has not engaged an independent external auditor to form an independent opinion on the Exchange's compliance with the requirements of the IOSCO Principles.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>Subject to the level of existing or potential conflicts of interest identified by the Administrator (other than for Benchmarks otherwise regulated or supervised by a National Authority other than the relevant Regulator), the Administrator may engage an independent external auditor with relevant experience and the ability to periodically audit and report on the Administrator's compliance with its stated Methodology. The frequency of audits should be commensurate with the size and complexity of the Administrator's activities in developing the Benchmark and the breadth and depth of use of the Benchmark by Interested parties.</p>	<p><i>There are deviations</i></p>	<p>The Exchange did not engage an independent external auditor to form an independent opinion on the Exchange's compliance with the requirements of the IOSCO Principles.</p> <p>The Exchange's Management Board recommended that the IAS conduct procedures to determine whether there are any deviations in compliance with the IOSCO Principles.</p>
<p>18. Principle: Benchmark Dossier. Compliant</p>		
<p>The administrator shall keep for five years, in accordance with applicable national laws and regulations, the following records:</p> <ul style="list-style-type: none"> a) all market data, information provided and other sources of data and information used in the formation of the Benchmark; b) the results of the development of expert judgment by the Administrator for the formation of the Benchmark; c) other changes in or deviations from standard procedures and Methodologies, including those made during periods of stress or market collapses; 	<p><i>Compliant</i></p>	<p>The Exchange stores all information on the calculation of the Benchmarks in the Exchange's back-office system. This information includes the parameters of transactions and orders used in the calculations, Calculation Bases, coefficients, the share of securities in free circulation, representative lists for calculating the Benchmarks. There are no storage time limits in the Exchange's back-office system. Changes in the Methodologies, user claims, expert opinion results, information on all persons involved in the process of forming the Benchmark, and other information are stored in the order of record keeping determined by the Exchange's internal documents, in accordance with applicable national laws and regulations.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
<p>d) identification information on all persons who participated in the process of forming the Benchmark;</p> <p>e) requests and responses regarding incoming data.</p> <p>If such records are held on a regulated market or Exchange, the Administrator may treat the holding of such records as being in compliance with this Principle provided that there is an appropriate written agreement for the provision of records.</p> <p>For Benchmarks generated on the basis of the information provided, the following additional Principle also applies:</p> <p>Persons providing information must retain for five years, in accordance with applicable national laws and regulations, the following documents and records:</p> <p>a) procedures and methods governing the provision of incoming data;</p> <p>b) identification data of any other persons who provided or otherwise generated any data or information transferred to the Administrator;</p> <p>c) the names and functions of the persons responsible for the information provided and the supervision of the information provided;</p>	<p><i>Not applicable</i></p>	<p>Benchmarks do not depend on the information provided, so this principle does not apply to the Exchange.</p>

REPORT

on the compliance of Kazakhstan Stock Exchange JSC with the IOSCO Principles for Financial Benchmarks

IOSCO principle	Compliance	Description
d) correspondence with persons providing data related to the process of forming the Benchmark; e) all interactions with the Administrator; f) all requests received regarding data or information provided to the Administrator; g) statements of conflicts of interest and overall risks for instruments associated with the Benchmark; h) the impact of Benchmark-related instruments on individual traders/individual terminals in order to facilitate audits and research; i) conclusions of external/internal audits (if any) concerning the information provided, measures to eliminate the identified problems and the status of their implementation.		
19. Principle: Cooperation with Regulatory Authorities – Compliant		
Relevant parties shall ensure that relevant documents, Benchmark Files and other documents required by these Principles are readily available upon request to the relevant Regulatory Authorities exercising regulatory or supervisory functions.	<i>Compliant</i>	The business process map "Formation of financial benchmarks" provides for the procedure for maintaining a register of documents that relate to compliance with the IOSCO Principles.