

KASE CLEARING CENTER JSC

Approved

by decision of the Sole Shareholder
of KASE Clearing Center JSC
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Effective

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CODE

of corporate governance of KASE Clearing Center JSC

This Code has been developed taking into account the best international practices, including the recommendations of the Organization for Economic Cooperation and Development (OECD), and defines the system of management relations between the bodies of KASE Clearing Center JSC (hereinafter, the Clearing Center) and other groups of stakeholders (hereinafter collectively referred to as the participants in corporate relations) when carrying out activities related to the corporate governance of the Clearing Center.

Chapter 1. PRINCIPLES OF CORPORATE GOVERNANCE

Article 1. General provisions

1. Each participant in corporate relations of the Clearing Center is obliged to adhere to generally accepted principles of corporate governance, such as:
 - 1) fairness;
 - 2) transparency;
 - 3) responsibility;
 - 4) ethics and corporate social responsibility.
2. Each participant in corporate relations of the Clearing Center must build their behavior in these relations based on the following objectives:
 - 1) ensuring the successful operation and increasing the market value of the Clearing Center, maintaining its financial stability and profitability;
 - 2) ensuring investment attractiveness of the Clearing Center's shares for the existing and prospective shareholders of the Clearing Center;
 - 3) ensuring the exemplary position of the Clearing Center as a joint-stock company and as a central counterparty, taking into account that the Clearing Center, being one of the main elements of the infrastructure, imposes certain requirements, including corporate governance requirements, on the clearing participants;
 - 4) ensuring good reputation of the Clearing Center among the public considering the uniqueness and importance of the Clearing Center in the Republic of Kazakhstan's economy.
3. Observance of the norms of this Code must not be a goal in itself or hamper the Clearing Center's operations or negatively impact its financial position.
4. In addition to the above generally accepted principles, in order to ensure effective and transparent management, the corporate governance should adhere to the following principles:
 - 1) principle of protection of rights and interests of the shareholders;
 - 2) principle of effective management of the Clearing Center by its general meeting of shareholders, the Board of Directors and the Management Board of the Clearing Center;
 - 3) principle of transparency and objective disclosure of information in corporate governance;
 - 4) principle of responsibility in corporate governance;
 - 5) principle of compliance with the law and corporate ethics;
 - 6) principle of risk management, internal control and audit;
 - 7) principle of efficient dividend policy;
 - 8) principle of sustainable development.

Article 2. Principle of protection of rights and interests of the Clearing Center's shareholders

1. The principle of protection of rights and interests of shareholders of the Clearing Center means that:
 - 1) the Clearing Center does not prevent its shareholders from exercising their proprietary rights with regard to the Clearing Center shares, unless those rights are restricted in accordance with the applicable legislation, contractual relations or unilateral obligations of the Clearing Center shareholders;
 - 2) the Clearing Center ensures in accordance with the Republic of Kazakhstan's legislation and the Clearing Center's charter the exercising of such rights of its shareholders as:
 - the right to apply to the Clearing Center with written requests regarding its operations and to receive detailed answers to such requests;
 - the right to participate in general meetings of the Clearing Center shareholders and to vote there;
 - the right to participate in setting up of the Clearing Center bodies;
 - the right to receive dividends on shares of the Clearing Center;
 - 3) the Clearing Center, in accordance with the Republic of Kazakhstan's legislation, the Clearing Center's Charter, the Code, decisions of the general meeting of shareholders and the Board of Directors of the Clearing Center, ensures full participation of its shareholders in decision-making on issues related to the competence of respective bodies of the Clearing Center, as well as provides its shareholders with the opportunity to express their opinions on those issues before deciding on them;
 - 4) in a manner established by the Republic of Kazakhstan's legislation and the Clearing Center's Charter, the Clearing Center communicates to its shareholders the information on its operations, affecting interests of the Clearing Center shareholders;
 - 5) the Clearing Center ensures fair treatment of all its shareholders.
2. The Clearing Center shareholders have the right to advise each other on issues of observing the main rights of the Clearing Center shareholders.
3. The procedure and mechanisms of ensuring the principle of protection of rights and interests of the Clearing Center shareholders are established by the Republic of Kazakhstan's legislation and the Clearing Center's Charter.

Article 3. Principle of effective management of the Clearing Center by its general meeting of shareholders, the Board of Directors and the Management Board of the Clearing Center

1. The principle of effective management of the Clearing Center by the general meeting of shareholders, the Board of Directors and the Management Board includes several key aspects:
 - 1) defining the roles and responsibilities of each body;
 - 2) ensuring interaction between the general meeting of shareholders, the Board of Directors and the Management Board;
 - 3) regularly informing the shareholders about important decisions and strategies of the Clearing Center;
 - 4) ensuring transparency in the decision-making processes;
 - 5) the Board of Directors is accountable to the general meeting of the Clearing Center shareholders for its actions and results;

- 6) maintaining the reports on key performance indicators;
 - 7) creation of conditions for active participation of shareholders in discussions and voting at general meetings of shareholders;
 - 8) simplification of the voting process and access of the Clearing Center bodies to information;
 - 9) regular analysis and revision of management practices;
 - 10) assessment of effectiveness of the work of the Board of Directors and the Management Board;
 - 11) adaptation and improvement of management processes based on the obtained results;
 - 12) compliance with the legislation in decision-making.
2. The principle of effective management of the Clearing Center by the general meeting of shareholders means that the Clearing Center:
 - 1) annually convenes and conducts annual general meetings of the Clearing Center shareholders for the purposes of determining the audit organization auditing the Clearing Center, approval of its annual financial statements and procedure of distribution of its net income for the reporting financial year, deciding on payout of dividends on common shares and approval of the dividend amount per one common share of the Clearing Center;
 - 2) when necessary, convenes and conducts a general meeting of the Clearing Center shareholders for the purposes of determining the composition and term of office of the Clearing Center's Board of Directors, election of its members;
 - 3) when necessary, for reasons of rationality, promptness and efficiency, convenes and conducts extraordinary meetings of the Clearing Center shareholders.
 3. The principle of effective management of the Clearing Center by the Board of Directors means that:
 - 1) activities of the Clearing Center's Board of Directors are based on maximum observance of interests of the Clearing Center shareholders and aimed at increasing the effectiveness of the Clearing Center's operations and its market value;
 - 2) the Clearing Center's Board of Directors carries out a balanced and precise assessment of results achieved by the Clearing Center and prospects of the Clearing Center by way of objective monitoring of its current operations and ensures maintenance and functioning of a reliable system of control over operations of the Clearing Center for the purposes of retaining investments of its shareholders in shares of the Clearing Center and assets of the Clearing Center;
 - 3) the Clearing Center's Board of Directors ensures effective assessment of the Clearing Center's exposure to various risks, participates in settlement of conflicts in corporate relations;
 - 4) the Clearing Center's Board of Directors ensures transparency of its activities for the Clearing Center shareholders.
 4. The Clearing Center's Board of Directors must include independent directors considering the requirements of the Republic of Kazakhstan's legislation on joint-stock companies.
 5. The Clearing Center defines its own criteria of independence of directors based on basic norms of the Republic of Kazakhstan's Law "On Joint-stock companies", assuming that the main feature of an independent director of the Clearing Center

is their independence from major shareholders of the Clearing Center, its Management Board and the government.

6. The system of assessment of activities of the Clearing Center's Board of Directors and its individual members and remuneration of members of the Clearing Center's Board of Directors must encourage their work in the interests of the Clearing Center and all its shareholders.
7. The Clearing Center's Board of Directors develops and continuously improves the methods and criteria for assessment of activities of the Clearing Center's Management Board, and carries out control over activities of the Clearing Center's Management Board and the services reporting to the Board of Directors.
8. The Clearing Center's Charter or a decision of the general meeting of the Clearing Center shareholders or the Clearing Center's Board of Directors may specify that upon assumption of office, a member of the Clearing Center's Board of Directors must assume obligations to the Clearing Center.
9. Some information on management of the Clearing Center by the Clearing Center's Board of Directors and its control over the Clearing Center's activities is given in chapter 3 and article 18 of this Code.
10. The principle of effective management of the Clearing Center by its Management Board means that:
 - 1) the Clearing Center's Management Board carries out the current management of the Clearing Center and controls the daily activities of the Clearing Center;
 - 2) activities of the Clearing Center's Management Board are based on maximum observance of interests of the Clearing Center shareholders;
 - 3) the Clearing Center's Management Board is obliged to implement the decisions of the general meeting of shareholders and the Board of Directors of the Clearing Center.

Article 4. Principle of transparency and objective disclosure of information in corporate governance

1. The principle of transparency in corporate governance consists of ensuring openness and accessibility of information about the Clearing Center's activities.

The main aspects of this principle include:

 - 1) timely disclosure of financial and non-financial information, including annual financial statements of the Clearing Center;
 - 2) using clear language and formats to present information so that shareholders and other stakeholders can easily understand it;
 - 3) openness in the decision-making processes. Informing the shareholders of key decisions such as changes in management, strategy and dividend policy;
 - 4) ensuring access to information for the shareholders.
2. The principle of transparency, timeliness and objectivity of disclosure of information about the Clearing Center and its activities means that in accordance with the Republic of Kazakhstan's legislation, the Clearing Center's Charter and internal documents, the Clearing Center discloses information about itself and its activities for the purposes of:
 - 1) strengthening the confidence in the Clearing Center of its shareholders and other entities of the financial market;
 - 2) assistance in making the investment decisions on purchase and retaining of the Clearing Center shares;

- 3) ensuring the maximum soundness during decision-making by the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors;
 - 4) ensuring transparency of management of the Clearing Center.
3. The Clearing Center discloses information on the main results, plans and prospects of its activities, as well as timely and in full replies to requests of its shareholders according to the procedure specified in the Clearing Center's Charter.
4. The Clearing Center discloses information on significant corporate events in its operations and at the same time uses strict and reliable mechanisms of ensuring the confidentiality of information that is a commercial, banking or other secret protected by the law.
5. Maintaining and auditing of financial statements of the Clearing Center are aimed at ensuring confidence in the Clearing Center of its shareholders and are built on the following principles:
 - 1) completeness and reliability;
 - 2) impartiality and independence;
 - 3) professionalism and competence;
 - 4) regularity and efficiency.
6. The Clearing Center's Management Board is responsible for completeness and reliability of financial information provided by the Clearing Center.
7. Some data on disclosure of information on the Clearing Center and its activities is given in article 17 of this Code.

Article 5. Principle of responsibility in corporate governance

1. The main aspects of the principle of responsibility in corporate governance include the following:
 - 1) determination of the duties and powers of each participant in the management process, including the Management Board and the Board of Directors;
 - 2) the Board of Directors must be accountable to the general meeting of shareholders for its actions and decisions;
 - 3) the Clearing Center bodies must ensure existence of a system for internal control and management of risks that may affect the Clearing Center's activities;
 - 4) the Clearing Center's actions must comply with the legislation, the Clearing Center's internal documents as well as ethical standards and corporate values;
 - 5) the Clearing Center's Board of Directors must regularly and as necessary request from the Clearing Center's Management Board the reports on financial condition of the Clearing Center and make decisions based on the provided information;
 - 6) adoption by the Clearing Center bodies, within the limits of their competence, of decisions aimed at creating the long-term value for the shareholders and taking into account their interests in the management process.
2. The above responsibility aspects contribute to increased trust, transparency and effectiveness of corporate governance.

Article 6. Principle of compliance with the law and corporate ethics

1. The principle of legality and corporate ethics contributes to creation of trust and reputation of the Clearing Center, and also supports its long-term success and stability.
2. The Clearing Center acts in strict compliance with the legislation, the Clearing Center's Charter and its internal documents, good business practices and business ethics.
3. Development of internal documents is carried out based on the applicable legislation, taking into account the best international practices.
4. Building of relations between the participants of corporate relationship is based on mutual trust and respect.
5. Improving of control mechanisms to ensure compliance with the legislation and ethical standards.

Article 7. Principle of risk management, internal control and audit

1. Creation of a risk management and internal control system aimed at ensuring achievement by the Clearing Center of its strategic and operational goals.
2. Creation of policies, procedures, standards of conduct and actions, management methods and mechanisms approved by the Board of Directors and the Management Board of the Clearing Center to ensure:
 - 1) the optimal balance between the growth of the Clearing Center's value, profitability and the associated risks;
 - 2) the efficiency of financial and economic activities and the achievement of financial stability of the Clearing Center;
 - 3) safety of assets and efficient use of the Clearing Center's resources;
 - 4) completeness, reliability and accuracy of financial and management reporting;
 - 5) compliance with requirements of the Republic of Kazakhstan's legislation and the Clearing Center's internal documents;
 - 6) adequate internal control to prevent fraud and ensure effective support for functioning of the core and supporting business processes and analysis of operating results.
3. The Board of Directors approves the Clearing Center's internal documents defining the principles and approaches to organization of the risk management and internal control system, based on the objectives of this system.
4. The Board of Directors assesses the effectiveness of the risk management and internal control system after a proper and thorough analysis of the information and guarantees communicated to it by the internal audit service, the committees of the Board of Directors and the Management Board of the Clearing Center.
5. The Board of Directors regularly considers the issues of organization, functioning and effectiveness of the risk management and internal control system and gives recommendations for its improvement.
6. The Internal Audit Service carries out its activities based on a risk-oriented annual audit plan approved by the Clearing Center's Board of Directors.
7. When carrying out its activities, the Internal Audit Service evaluates effectiveness of the internal control system and the risk management system, evaluates corporate governance using the generally accepted standards of activities in the field of internal audit and corporate standards.

8. The Clearing Center develops, approves and documents the control procedures in three key areas: operational activities, preparation of financial statements and compliance with requirements of the Republic of Kazakhstan's legislation and internal documents.
9. Control procedures must be implemented at all management levels, must be observed by all employees of the Clearing Center and are aimed at:
 - 1) reducing the likelihood of occurrence of possible risks;
 - 2) preventing the occurrence of errors and/or identifying the errors after they have occurred;
 - 3) identification and elimination of duplicate and redundant operations;
 - 4) identification of shortcomings and areas for improvement;
 - 5) further improvement of the internal control system.

Article 8. Principle of efficient dividend policy

1. The principle of efficient dividend policy means that the Clearing Center:
 - 1) uses only reliable and verifiable information on the actual and projected state of its operating activities and the actual and projected financial state of the Clearing Center for purposes of determining the availability or absence of conditions for calculation and payment of dividends on its shares;
 - 2) ensures transparency of the mechanism of determining the amount of dividends and the procedure of their payment;
 - 3) ensures compliance with the tax legislation when making dividend payments.
2. The Clearing Center's main approaches to the issues of paying dividends on its shares, as well as the conditions and procedure for paying the Clearing Center dividends are defined by the Dividend Policy.

Article 9. Principle of sustainable development

1. The Clearing Center bodies, in the course of their activities, are obliged to ensure a balance between the economic, social and environmental interests of the Clearing Center.
2. Sustainable development, as an integral part of the Clearing Center's strategy, must include:
 - 1) introduction of environmental, social and governance (ESG) factors into the long-term strategic goals of the Clearing Center;
 - 2) assessment of environmental risks, social impacts and governance as the key elements for making the strategic decisions;
 - 3) making the decisions in line with the long-term interests of not only the shareholders, but also all stakeholders, including employees, consumers and local communities.
3. Corporate governance for achieving the sustainable development of the Clearing Center must be focused on the following:
 - 1) long-term financial stability expressed in generation of profit while adhering to the responsibility principles;
 - 2) social responsibility aimed at taking into account the interests of others;
 - 3) environmental sustainability associated with rational use of resources and adoption of measures to minimize the impact on the environment;
 - 4) introduction of sustainable development principles into business strategy and operational processes.

Chapter 2. STRUCTURE OF CORPORATE GOVERNANCE

Article 10. General meeting of shareholders

1. The general meeting of shareholders is the highest body of the Clearing Center.
2. General meetings of the Clearing Center shareholders are held in order to ensure the rights of shareholders to participate in making the most important decisions for the Clearing Center, to ensure transparency, fairness and compliance with corporate standards.
3. All shareholders must have equal opportunities to participate in general meetings of shareholders and express their opinions on issues on the agenda.
4. The competence of the general meeting of shareholders is defined by the Republic of Kazakhstan's legislation and the Clearing Center's Charter.

Article 11. General requirements for preparation and conducting of a general meeting of the Clearing Center shareholders

Preparation and conducting of a general meeting of the Clearing Center shareholders must meet the following requirements:

- 1) fair and equal treatment of all shareholders of the Clearing Center;
- 2) accessibility of participation in a general meeting of the Clearing Center shareholders for all its shareholders (representatives of all the Clearing Center shareholders);
- 3) provision to the Clearing Center shareholders of the most complete organizational and reporting information regarding the general meeting of the Clearing Center shareholders;

- 4) simplicity and transparency of conducting a general meeting of the Clearing Center shareholders.

Article 12. Preparation of a general meeting of the Clearing Center shareholders

1. The Clearing Center shareholders must be notified of an upcoming general meeting of its shareholders within a period sufficient for them to study that meeting's conducting procedure and materials on issues of its agenda, to prepare their questions and form their stance on issues on the agenda of that meeting.
2. The Clearing Center notifies its shareholders on conducting a general meeting of the Clearing Center shareholders in accordance with its Charter, however, since the Clearing Center must try to timely notify all of its shareholders about conducting a general meeting of the Clearing Center shareholders, the Clearing Center may:
 - 1) repeat that notice;
 - 2) use additional methods of bringing that notice to knowledge of the Clearing Center shareholders.
3. The agenda items of a general meeting of the Clearing Center shareholders must contain an exhaustive list of specifically formulated issues submitted for discussion.
4. Materials on the agenda items of a general meeting of the Clearing Center shareholders must be prepared and available at the location of the Clearing Center's Board of Directors for review by shareholders no later than ten days before the meeting date, and if there is a request from a shareholder, must be sent to them within three working days from the date of receiving the request; the costs of making copies of documents and delivering the documents are borne by the shareholder, unless otherwise provided by the Charter.
5. Among materials on issues of an agenda of a general meeting of the Clearing Center shareholders, the shareholders can be provided with additional data on plans, achievements and problems of the Clearing Center's operations, analytical studies.
6. If an agenda of a general meeting of the Clearing Center shareholders includes an issue of electing any persons, e.g., members of the Clearing Center's Board of Directors, the materials on issues of the agenda of that meeting must contain information on candidates suggested for such appointment, with the scope and volume necessary and sufficient for objective evaluation of those candidates.
7. At the same time, when preparing materials on issues of the agenda of a general meeting of the Clearing Center shareholders, the Clearing Center must not incur excessive time or labor costs or unjustified expenses.
8. The Clearing Center must use the easiest and unburdening procedure of informing the Clearing Center shareholders about materials on the agenda items of a general meeting of the Clearing Center shareholders.

Article 9. Conducting a general meeting of the Clearing Center shareholders

1. The time for registration of participants of a general meeting of the Clearing Center shareholders must be enough so that all shareholders (representatives of the shareholders) of the Clearing Center, who arrived for participation in the meeting, were able to register.
2. The shareholders (representatives of shareholders) of the Clearing Center, who arrived for participation in a general meeting of the Clearing Center shareholders after its opening, have the right to participate in that meeting provided they undergo the procedure of registration of participants of that meeting.
3. All the Clearing Center shareholders have equal rights to participate in a general meeting of the Clearing Center shareholders.
4. A Clearing Center shareholder may participate in a general meeting of the Clearing Center shareholders and vote on issues of its agenda in person or without their personal presence (through their representative acting based on a power of attorney that can be issued to any third party or, for example, to a representative of a nominal holder providing services to that shareholder of the Clearing Center). The Clearing Center employees do not have the right to act as representatives of shareholders at a general meeting of shareholders, except for cases where such representation is based on a power of attorney containing clear instructions on voting on all issues on an agenda of a general meeting of shareholders.
5. Votes of a Clearing Center shareholder submitted at voting on issues of an agenda of a general meeting of the Clearing Center shareholders in person or without their personal presence have equal validity.
6. A general meeting of the Clearing Center shareholders must have present all persons whose clarifications and comments may be needed during consideration of issues on the agenda of that meeting, and in case of their justified absence – deputies of those persons and/or persons competent in issues that are (were) under the supervision of those persons.
7. A general meeting of the Clearing Center shareholders may set their own schedule defining the time for speeches of the Clearing Center officials and shareholders (representatives of the shareholders) on issues of the agenda of that meeting.
8. The schedule of a general meeting of the Clearing Center shareholders must be based on the principle of reasonable sufficiency and provide the possibility of proper discussion of issues on the agenda of that meeting and taking of justified decisions in their regard.
9. The chairperson of a general meeting of the Clearing Center shareholders must endeavor that the shareholders (representatives of the shareholders) of the Clearing Center participating in that meeting would receive answers to their questions of interest right in the course of that meeting. If the complexity of such questions does not allow replying to them immediately, the persons who were asked must provide written replies to them as soon as possible after closing of the general meeting of the Clearing Center shareholders.
10. The procedure for collecting and counting the votes at a general meeting of the Clearing Center shareholders must be as transparent as possible.
11. The process of voting at a general meeting of the Clearing Center shareholders must be easy and convenient for the Clearing Center shareholders.

Chapter 3. BOARD OF DIRECTORS OF THE CLEARING CENTER

Article 10. Functions and principles of activities of the Clearing Center's Board of Directors

1. Main functions and authority of the Clearing Center's Board of Directors are defined by the Republic of Kazakhstan's Law "On joint-stock companies" and the Clearing Center's Charter, which state that the Clearing Center's Board of Directors must adhere to the following principles:
 - 1) each member of the Board of Directors has one vote. Decisions of the Board of Directors are taken by a simple majority of votes of the members of the Board of Directors present at the meeting, unless otherwise provided by the legislation and the Clearing Center's Charter;
 - 2) the Board of Directors is responsible to shareholders and other stakeholders for its activities. Members of the Board of Directors must ensure strategic management and control over the Clearing Center's activities, respecting the interests of shareholders;
 - 3) the Board of Directors must include independent directors who have no personal interest in the Clearing Center's activities. This contributes to objectivity in decision-making and minimizes the conflicts of interest;
 - 4) the Board of Directors is obliged to act transparently, disclosing information on taken decisions and actions of the Clearing Center to shareholders and other stakeholders, taking into account the provisions of the current legislation of the Republic of Kazakhstan;
 - 5) members of the Board of Directors must have the necessary knowledge, experience and qualifications to perform their duties, which contributes to effective management of the Clearing Center and adoption of informed decisions;
 - 6) the Board of Directors is obliged to act within the framework of the Republic of Kazakhstan's legislation, and comply with the internal regulations and policies of the Clearing Center, which includes compliance with corporate governance standards and compliance with the principles of integrity and fairness;
 - 7) the Board of Directors must make decisions aimed at the long-term success and sustainable development of the Clearing Center, taking into account the interests of shareholders, employees, clients, partners and other stakeholders;
 - 8) members of the Board of Directors are obliged to maintain confidentiality of the information they work with and not use it for personal interests;
 - 9) the Board of Directors must regularly evaluate the effectiveness of its activities and the activities of the Clearing Center's Management Board in order to promptly respond and, if necessary, revise the priority areas of the Clearing Center's activities and its development strategy.
2. In its activities, the Clearing Center's Board of Directors must:
 - 1) ensure protection of rights and interests of the Clearing Center shareholders;
 - 2) monitor, to which extent the Clearing Center's current activities are in line with the priority areas of its operations defined by the Clearing Center's Board of Directors;
 - 3) assess the Clearing Center's exposure to various risks and take decisions for the purposes of elimination or minimization of such exposure or for the purposes of control of these risks;

- 4) initiate development of changes and additions to internal documents of the Clearing Center or new internal documents of the Clearing Center;
 - 5) evaluate and, in case of a positive evaluation, approve changes and additions to internal documents or new internal documents of the Clearing Center, drawn up by the Clearing Center's Management Board;
 - 6) evaluate and, in case of a positive evaluation, approve the budgets of income and expenses and capital expenditures of the Clearing Center, developed by the Clearing Center's Management Board, as well as reports on execution of the budgets of income and expenses and capital expenditures of the Clearing Center;
 - 7) evaluate the efficiency of activities of the Clearing Center's Management Board and determine the conditions and amounts of bonuses to members of the Clearing Center's Management Board.
3. In its activities, the Clearing Center's Board of Directors must aim at achieving such goals as:
- 1) establishment for the Clearing Center of an atmosphere of stability and predictability, smoothness in its activities;
 - 2) ensuring a constructive interaction with the Clearing Center's Management Board;
 - 3) ensuring a reasonable compromise between interests of the Clearing Center shareholders, commercial interests of the Clearing Center and personal interests of its employees.
4. The Clearing Center's Board of Directors must conduct its activities so as to be viewed as the place of concentration of the most professional, honest, fair and conscientious representatives of the Republic of Kazakhstan's financial market, possessing an impeccable business reputation.
5. In the course of its activities, the Clearing Center's Board of Directors must not oppose the general meeting of the Clearing Center shareholders or the Clearing Center's Management Board or the Chairman of the Clearing Center's Management Board, and must not take any actions that could be interpreted as a sign of such opposition.
6. In the course of its activities, the Clearing Center's Board of Directors must establish and maintain among the Clearing Center employees its reputation as:
- 1) the line of defense of the Clearing Center from unfavorable external factors (taking into account the possible discrepancies between interests of the Clearing Center shareholders, the Clearing Center's commercial interest and personal interests of its employees);
 - 2) the body capable to effectively settle a conflict between members of the Clearing Center's Management Board or between all or certain employees of the Clearing Center and members of its Management Board (if the Clearing Center's Management Board failed to settle such conflict or refrained from settling it).
7. Evaluation of activities of the Clearing Center's Board of Directors and its individual members is carried out by the general meeting of the Clearing Center shareholders, which may use for these purposes in accordance with the Republic of Kazakhstan's Law "On joint-stock companies" and the Clearing Center's Charter such leverages as:
- 1) the right to elect any person as a member of the Clearing Center's Board of Directors an unlimited number of times, unless otherwise provided by the Republic of Kazakhstan's legislation;
 - 2) the right of early termination of powers of all or certain members of the Clearing Center's Board of Directors;

- 3) defining the amount and conditions of payment of remuneration to members of the Clearing Center's Board of Directors.
8. In accordance with the Republic of Kazakhstan's Law "On joint-stock companies", the information on amount and structure of remuneration to members of the Clearing Center's Board of Directors is subject to announcement at the general meeting of the Clearing Center shareholders.

Article 11. Formation of the Clearing Center's Board of Directors

1. A person proposed for election as a member of the Clearing Center's Board of Directors:
 - 1) must meet the requirements specified in the Republic of Kazakhstan's legislation with regard to executive employees of financial organizations;
 - 2) must meet the requirements specified in the Clearing Center's Charter.
2. Any shareholder of the Clearing Center may suggest a candidate for membership in the Clearing Center's Board of Directors, subject to observing the norms specified in the Republic of Kazakhstan's legislation and the Clearing Center's Charter.
3. A shareholder of the Clearing Center may suggest several candidates for membership in the Clearing Center's Board of Directors, including for election of independent directors of the Clearing Center.
4. The Clearing Center shareholders may unite for the purposes of jointly suggesting the candidates for membership in the Clearing Center's Board of Directors.
5. When suggesting a candidate for membership in the Clearing Center's Board of Directors, a Clearing Center shareholder must indicate in what role that candidate is suggested – as a shareholder of the Clearing Center (representative of interests of any shareholder(s) of the Clearing Center) or as an independent director of the Clearing Center.
6. The Clearing Center's Board of Directors in its current composition may recommend to the general meeting of the Clearing Center shareholders the optimal, in its opinion, new composition of the Clearing Center's Board of Directors out of the candidates suggested by the Clearing Center shareholders for membership in the Clearing Center's Board of Directors.
7. In case of early termination of powers of a member of the Clearing Center's Board of Directors, the Clearing Center's Board of Directors may also recommend to the general meeting of the Clearing Center shareholders the candidate(s) for election of a new member of the Clearing Center's Board of Directors.
8. When electing the members of the Clearing Center's Board of Directors, the Clearing Center shareholders may take into account the recommendations of the Clearing Center's Board of Directors, deviate from them or reject them.
9. The Republic of Kazakhstan's legislation and the Clearing Center's Charter may establish necessity of membership in the Clearing Center's Board of Directors for certain persons.
10. To ensure presence of independent directors of the Clearing Center in the Clearing Center's Board of Directors (for purposes of compliance with requirements of the Republic of Kazakhstan's legislation for presence of independent directors of the Clearing Center, as well as taking into account the assumption that an independent director of the Clearing Center must ensure in the Clearing Center's Board of Directors the protection of rights and interests of all the Clearing Center shareholders, especially those shareholders, representatives of whose interests were not elected to the Clearing Center's Board of Directors), voting at the general meeting of the Clearing Center shareholders for election of independent directors of the Clearing Center is conducted

separately from voting for election of other members of the Clearing Center's Board of Directors.

11. When electing members of the Clearing Center's Board of Directors, the general meeting of the Clearing Center shareholders must aim to ensure in the Clearing Center's Board of Directors the representation of interests of the maximum number of various groups of the Clearing Center shareholders, and in case of equality of arguments in favor of representation in the Clearing Center's Board of Directors of several groups of shareholders, give preference to election of independent directors of the Clearing Center.
12. For the purposes of ensuring the transparency and clarity of the procedure for election of members of the Clearing Center's Board of Directors, the secretary of the general meeting of the Clearing Center shareholders (only if the general meeting of the Clearing Center shareholders did not elect the counting commission) shall speak before such election with clarifications on that procedure.
13. Independence of the Board of Directors is one of the fundamental principles of corporate governance. The Clearing Center must endeavor to ensure that there is a sufficient number of independent directors to enable making of decisions free from influence of interested parties and acting in the interests of the Clearing Center and all participants in its activities.
14. The issues of forming the Clearing Center's Board of Directors not regulated by the Republic of Kazakhstan's legislation, the Clearing Center's Charter and this Code are subject to resolving in accordance with decisions of the general meeting of the Clearing Center shareholders.

Article 12. Organizing the activities of the Clearing Center's Board of Directors

1. The procedure of activities of the Board of Directors is specified by the Republic of Kazakhstan's legislation, the Clearing Center's Charter, its internal documents and decisions of the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors.
2. The Clearing Center's Board of Directors may take decisions both on its meetings and by way of absentee voting.
3. A particular decision-making method of the Clearing Center's Board of Directors is chosen by the Clearing Center's Management Board for reasons of rationality, promptness and efficiency, taking into account the availability or absence of the need for personal discussion of the issues. Conducting of meetings of the Clearing Center's Board of Directors is acknowledged as the most effective form of its activities and is mandatory for consideration of issues, deciding on which by way of absentee voting is directly prohibited by the Clearing Center's Charter, its internal documents or decisions of the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors.
4. Committees of the Board of Directors may recommend the manner in which decisions are made by the Clearing Center's Board of Directors.
5. Personal participation of a member of the Clearing Center's Board of Directors in its meeting can take place in their absence at the location of the meeting of the Clearing Center's Board of Directors, using the technical means of communication.
6. Unless otherwise provided by the Clearing Center's Charter, its internal documents or decisions of the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors, a combination of both forms of work of the Clearing Center's Board of Directors is permitted when one or more members of the Clearing Center's Board of Directors cannot personally participate in a meeting of the Clearing Center's Board of Directors.

7. When determining the quorum of a meeting of the Clearing Center's Board of Directors, which decisions are taken by means of mixed voting, the ballots of the members of the Clearing Center's Board of Directors who have voted in advance are taken into account.
8. Committees of the Board of Directors are created for consideration of the most important issues and preparation of recommendations for the Board of Directors.
Committees of the Board of Directors consider the following issues:
 - 1) strategic planning;
 - 2) personnel and remuneration;
 - 3) internal audit, risk management and internal control;
 - 4) social issues;
 - 5) other issues according to the Republic of Kazakhstan's legislation, the Regulations on committees of the Board of Directors and other internal documents of the Clearing Center.
9. The Clearing Center's Board of Directors may set the period of non-disclosure by members of the Clearing Center's Board of Directors of the information on the Clearing Center and its activities, which constitutes an official, commercial or other secret protected by the law.

Chapter 4. MANAGEMENT BOARD OF THE CLEARING CENTER

Article 13. Functions and principles of activities of the Clearing Center's Management Board

1. In accordance with the Republic of Kazakhstan's Law "On joint-stock companies" and the Clearing Center's Charter, its Management Board:
 - 1) may decide on any issues of the Clearing Center's activities not put by the Republic of Kazakhstan's legislation and the Clearing Center's Charter under the exclusive competence of the general meeting of the Clearing Center shareholders, the Clearing Center's Board of Directors and the Chairperson of the Clearing Center's Management Board;
 - 2) may decide on issues put by internal documents of the Clearing Center under the competence of its Management Board;
 - 3) implements decisions of the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors.
2. In its activities, the Clearing Center's Management Board must aim at achieving such goals as:
 - 1) ensuring stability and expansion of the Clearing Center's operating activities;
 - 2) ensuring stability and improvement of the Clearing Center's financial position;
 - 3) ensuring support and improvement of the Clearing Center's business and public reputation;
 - 4) ensuring compliance with the Republic of Kazakhstan's legislation.
3. The Clearing Center's Management Board exercises control over the risks associated with the Clearing Center's activities and implements mechanisms for managing these risks, including liquidity, operational risks and legal risks.
4. The Clearing Center's Management Board is responsible for introducing and compliance with the principles of corporate governance established by the internal regulatory documents and international standards, and for managing the Clearing Center's corporate culture.
5. The Clearing Center's Management Board must perform its activities so as not to violate the rights of its shareholders and, if possible, to the maximum extent combine their interests with commercial interests of the Clearing Center and personal interests of its employees.

Article 14. Formation of the Clearing Center's Management Board

1. A person suggested for election as a members of the Clearing Center's Management Board:
 - 1) must meet the requirements specified in the Republic of Kazakhstan's legislation with regard to executive employees of a financial organization;
 - 2) must have an impeccable reputation on the financial market of the Republic of Kazakhstan and enjoy the confidence of the most members of the Clearing Center's Board of Directors.
 - 3) must as much as possible meet the conditions specified in paragraphs 2 and 3 of this article.
2. Generally, the professionals in the financial market sphere with executive skills are engaged to be elected to the position of a member of the Clearing Center's Management Board.

3. When electing the members of the Clearing Center's Management Board, the Clearing Center's Board of Directors must strive to ensure transparency and soundness of such election.
4. The issues of forming the Clearing Center's Management Board not regulated by the Republic of Kazakhstan's legislation, the Clearing Center's Charter and this Code are subject to resolving in accordance with decisions of the Clearing Center's Board of Directors.

Chapter 5. OTHER PROVISIONS

Article 15. Corporate Secretary of the Clearing Center

1. Strict observance by the Clearing Center's bodies and officials of the procedures aimed at ensuring the rights and interests of its shareholders, as well as the Clearing Center's compliance with the applicable legislation, the Clearing Center's Charter and its internal documents are ensured by availability of the corporate secretary of the Clearing Center who is appointed by the Clearing Center's Board of Directors and is accountable to it.
2. The competence of the Clearing Center's corporate secretary and the procedure for its activities are defined by the applicable legislation, the Clearing Center's Charter, its internal documents, decisions of the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors.

Corporate secretary of the Clearing Center:

- 1) exercises control over timely implementation of corporate decisions adopted by the general meeting of shareholders and the Board of Directors of the Clearing Center;
 - 2) maintains an archive of corporate decisions, materials and results of activities of the Clearing Center's Board of Directors and the general meeting of the Clearing Center shareholders;
 - 3) interacts with shareholders on issues of convening and preparing for holding a general meeting of the Clearing Center shareholders;
 - 4) ensures due consideration by the Clearing Center bodies of the appeals of its shareholders against actions of the Clearing Center and its officials;
 - 5) can be involved in participation in settlement of conflicts in the corporate relations;
 - 6) monitors the execution by the Clearing Center's Management Board and other employees of the decisions of the general meeting of shareholders and the Board of Directors of the Clearing Center, informs the Clearing Center's Board of Directors of such execution/non-execution;
 - 7) provides clarifications regarding provisions of this Code and their application, monitors implementation of this Code;
 - 8) participates in improving the corporate governance of the Clearing Center.
3. In order to ensure effective interaction and transfer of information between the Clearing Center bodies, the corporate secretary must have the ability to build productive relations and have skills in resolving the conflict situations. In case of the situations with a conflict of interests, the corporate secretary communicates this information to the Chairperson of the Clearing Center's Board of Directors.
 4. To perform their duties, the Clearing Center's corporate secretary has knowledge, experience and qualifications, and an impeccable business reputation.
 5. The Clearing Center's corporate secretary carries out their activities based on the Regulations on the Corporate Secretary approved by the Clearing Center's Board

of Directors, which specifies the functions, rights and duties, the procedure for interaction with the Clearing Center bodies, qualification requirements and other information.

6. The Clearing Center's Management Board provides the corporate secretary with comprehensive assistance in performance of their duties.

Article 16. Significant corporate events in the Clearing Center's activities

1. Significant corporate events in the Clearing Center's activities include events that may lead to fundamental changes in its activities, entailing changes in the financial position of the Clearing Center, the management structure and the market on which the Clearing Center operates, for example:
 - 1) the Clearing Center purchasing shares (participation interests in authorized capital) of another legal entity in the amount exceeding 10 or more percent of their total number;
 - 2) an increase in the Clearing Center's liabilities by an amount making up 10 or more percent of its equity;
 - 3) conclusion, termination of a major transaction;
 - 4) reorganization and/or liquidation of the Clearing Center.

2. Since significant corporate events in the Clearing Center's activities to a critical extent affect interests of its shareholders, the decisions bringing about such events must be taken by the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors within the scope of their competence (with the exception specified in the second subparagraph of this paragraph).

In the event of sharp market changes implying an unexpected significant corporate event in the Clearing Center's activities and do not leaving time for preparation and implementation of a necessary decision of the general meeting of the Clearing Center shareholders or the Clearing Center's Board of Directors, the Clearing Center's Management Board may, while avoiding violation of the exclusive competence of the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors, take actions as part of an immediate adequate reaction to such changes, while at the same time initiating a convention of an extraordinary meeting of the Clearing Center's Board of Directors.

3. During the preparation and implementation of a resolution of the general meeting of the Clearing Center shareholders or the Clearing Center's Board of Directors, related to a significant corporate event in the Clearing Center's activities, the Clearing Center's Management Board and Board of Directors must ensure an open and comprehensive discussion of a draft resolution and establish a transparent and clear mechanism and procedure of its implementation (as far as such openness, comprehensiveness, transparency and clearness are possible taking into account the information available to the Clearing Center, and as far as they correspond to the Clearing Center's commercial interests with regard to such resolution).
4. As part of requirements specified in paragraph 3 of this article, the Clearing Center's Management Board and Board of Directors must pay special attention to:
 - 1) preliminary assessment and approval of significant corporate events in the Clearing Center's activities;
 - 2) defining the mechanisms and procedures of implementing the significant corporate events in the Clearing Center's activities;
 - 3) in-depth analysis and discussion of significant corporate events in the Clearing Center's activities.

5. The Clearing Center's Management Board and the Clearing Center's Board of Directors must especially carefully prepare a decision of the general meeting of the Clearing Center shareholders concerning its reorganization or liquidation due to irreversibility or difficult reversibility of such significant corporate event in the Clearing Center's activities.
6. Significant corporate events in the Clearing Center's activities are subject to disclosure and recording, which ensures trust of the market participants and contributes to compliance with the principles of transparency and fairness.

Article 17. Disclosure of information on the Clearing Center and its activities

1. With regard to information on the Clearing Center and its activities, the Clearing Center adheres to separation of such information into the public (open) one and non-public (closed).
2. The public information on the Clearing Center and its activities is:
 - 1) general information on the Clearing Center as a legal entity, e.g., its location and contact details, the composition of the Clearing Center's Board of Directors and the Clearing Center's Management Board, the Clearing Center's Charter and amendments to it;
 - 2) other information on the Clearing Center and its activities recognized in accordance with the Republic of Kazakhstan's Law "On joint-stock companies" as:
 - subject to publication in the mass media;
 - affecting the interests of the Clearing center shareholders;
 - subject to provision to the Clearing center shareholders;
 - 3) the information received by the Clearing Center from clearing participants in accordance with the Republic of Kazakhstan's legislation and the Clearing Center's internal documents and subject to distribution in accordance with the Republic of Kazakhstan's legislation, the Clearing Center's internal documents and the agreements concluded by the Clearing Center.
3. Public information on the Clearing Center and its activities is disclosed in accordance with the Republic of Kazakhstan's legislation, the Clearing Center's Charter and the Clearing Center's internal documents in a manner that:
 - 1) the access to such information is free and easy;
 - 2) such disclosure would ensure formation of a favorable image of the Clearing Center as a joint-stock company, facilitating raising of additional capital by the Clearing Center, formation of a good business and public reputation of the Clearing Center.
4. Any other information on the Clearing Center and its activities, not being public in accordance with paragraph 2 of this article, is classified by the Clearing Center as non-public.
5. Furthermore, the information on the Clearing Center and its activities that, while corresponding to the characteristics specified in paragraph 2 of this article, contains information defined by law as information with limited access is non-public.
6. The Clearing Center ensures integrity and protection of non-public information about itself and its activities, using for these purposes, for example, such measures as:
 - 1) identifying the information on the Clearing Center and its activities, constituting a commercial or other secret protected by the law;

- 2) determining the list of the Clearing Center employees who have access to information constituting a commercial or other secret protected by the law;
 - 3) imposing on the Clearing Center employees the obligations to not disclose the non-public information about the Clearing Center and its activities for the period of their labor activities at the Clearing Center and for a certain period after they cease these activities;
 - 4) refusal to satisfy a request for disclosure of information about the Clearing Center and its activities if the requested information constitutes a commercial or other secret protected by the law.
7. The Clearing Center's Board of Directors approves its internal document defining the Clearing Center's main approaches to its information policy, including the general principles of disclosure by the Clearing Center, the main provisions on the procedure for disclosure by the Clearing Center and its information interaction with other persons.

Article 18. Control over the Clearing Center's activities

1. The Clearing Center's Board of Directors may at its own discretion request, and the Clearing Center's Management Board or Chairperson of the Clearing Center's Management Board must provide a report on any activities of the Clearing Center.
2. For the purposes of control over the Clearing Center's activities, the Clearing Center's Board of Directors may:
 - 1) commission its member to carry out an inspection of the Clearing Center's activities regarding any issue;
 - 2) create for inspecting the Clearing Center's activities regarding any issue a temporary commission/workgroup from among its members and other persons.
3. The Clearing Center employees, including members of the Clearing Center's Management Board, must render any assistance to the persons inspecting the Clearing Center's activities in accordance with paragraph 2 of this article, in their performance of such inspection, and provide them with necessary information, clarifications and comments.
4. Any inspection of the Clearing Center's activities, carried out in accordance with paragraphs 1 and 2 of this article, must be conducted in a manner so as:
 - 1) no to be associated with violation of the applicable legislation, internal documents of the Clearing Center, decisions of the general meeting of the Clearing Center shareholders and the Clearing Center's Board of Directors, contractual and unilateral obligations of the Clearing Center;
 - 2) not to impede the operating activities of the Clearing Center and not to bring about an infliction of damage to its financial position;
 - 3) not to admit an infliction of damage to the business and public reputation of the Clearing Center;
 - 4) not to violate the competence of the Management Board and the Chairperson of the Management Board of the Clearing Center with regard to its management;
 - 5) not to admit an unreasonable protraction of such inspection.

Article 19. Settlement of conflicts in corporate relations

1. Settlement of conflicts in corporate governance of the Clearing Center should be aimed at creating the effective and transparent mechanisms that will help to prevent or resolve disagreements between the participants in corporate relations.

2. At occurrence of a conflict in corporate relations (hereinafter, a corporate conflict), the Clearing Center must strive to settle it in a way that such settlement:
 - 1) would be based on the applicable legislation, the Clearing Center's Charter, its internal documents, decisions of the general meeting of the Clearing Center shareholders, business customs, business ethics, logic and common sense;
 - 2) would not be associated with violation of the applicable legislation, the Clearing Center's Charter, its internal documents, decisions of the general meeting of shareholders and the Board of Directors of the Clearing Center, business customs, business ethics, logic and common sense;
 - 3) would not impede the operating activities of the Clearing Center and would not damage its financial position;
 - 4) would not damage the business and public reputation of the Clearing Center;
 - 5) would as much as possible take into account the interests of all parties to a corporate conflict.
3. Participants of corporate relations must make efforts so that a corporate conflict would be generally settled by negotiations in accordance with paragraphs 3–6 of this article, and would be examined by the court only in case of impossibility of such settlement.
4. If parties to a corporate conflict agree to settle it by negotiations, then that conflict, depending on the level of its parties, its nature and availability of possible conflicts of interests, is subject to settlement by the Chairperson of the Clearing Center's Management Board, the Clearing Center's Management Board, the Clearing Center's Board of Directors or the general meeting of the Clearing Center shareholders (taking into account the specifics established in paragraph 6 of this article), and if such settlement is unsuccessful or a conflict of interests is discovering during such settlement, it is handed over for settlement to a higher body of the Clearing Center.
5. For the purposes of settlement of a corporate conflict being under supervision of the Clearing Center's Board of Directors, it may create a permanent or temporary commission from among its members and other persons, generally headed by an independent director of the Clearing Center.
6. The Chairperson of the Clearing Center's Management Board, the Clearing Center's Management Board, the Clearing Center's Board of Directors or the general meeting of the Clearing Center shareholders, when considering a corporate conflict being under their supervision, must be as objective as possible, follow the principles stated in paragraph 1 of this article, and strive to ensure that settlement of that conflict would not create a new corporate conflict.
7. The Chairperson of the Clearing Center's Management Board, the Clearing Center's Management Board or the Clearing Center's Board of Directors must generally refrain from settling a corporate conflict between the Clearing Center shareholders, unless they have a full understanding of the essence of that conflict and know that they can settle it.

Chapter 6. FINAL PROVISIONS

Article 20 Final provisions

1. This Code has been developed in accordance with the Republic of Kazakhstan's legislation, taking into account the best practices of corporate governance and the recommendations of the Organization for Economic Cooperation and Development.

2. This Code is subject to updating as necessary.
3. This Code is subject to review for the need for update at least once every thirty six months calculated from the date of entry into force of this Code, and in the event of its updating – from the date of entry into force of the latest amendments.

Chairperson of the Management Board

N. Khoroshevskaya