

KAZAKHSTAN STOCK EXCHANGE

Approved

by resolution No. 353 of the Directorate
of the National Securities Commission
of the Republic of Kazakhstan
of June 24, 1999

Adopted

by the decision of the general meeting
of Kazakhstan Stock Exchange members
(protocol No. 3 of June 7, 1999)

Effective

from July 5, 1999

NOTICE

Regulations have been translated into English by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with the original version of Regulations in Russian, the Russian version shall always prevail.

REGULATIONS

on Arguments and Conflicts Resolution Procedures and the Exchange Arbitration Commission

Almaty

1999

LIST OF AMENDMENTS

1. Change No. 1:

- agreed on with the National Bank of the Republic of Kazakhstan on April 9, 2002;
- approved by the decision of the meeting of members of categories "K", "P", "H" of Kazakhstan Stock Exchange (protocol No. 2 of April 11, 2002);
- effective from May 2, 2002.

2. Changes No. 2:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on April 26, 2004;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 8 of April 9, 2004);
- effective from April 27, 2004.

These Regulations are an internal document of Kazakhstan Stock Exchange (hereinafter referred to as the Exchange) and determine the procedures of arguments and conflicts resolution between the Exchange members, between the Exchange and its members regarding the deals concluded at the Exchange and the settlements thereon *(this paragraph was changed by the decision of the Exchange Council of January 15, 2004)*.

The concepts used herein shall mean the following:

(This paragraph was excluded by the Exchange Council decision of April 9, 2004);

"Guilty party" – means a stock exchange, or a stock exchange member, that made payment unduly;

"Commission" – means the Exchange Arbitration Commission, a permanent non-organization unit of the Exchange;

"Unduly payment" – means untimely or incomplete payment, or payment to a wrong address;

"Payment" – means payment of money (in KZT or foreign currency) or securities transfer in fulfillment of obligations arising from the deals concluded during the trades;

"Affected party" – means a stock exchange, or its member whose rights were violated by unduly payment execution.

"Parties" – means a guilty party and an affected party.

Chapter I. GENERAL PROVISIONS

1. The Commission has as its purpose to resolve arguments and conflicts between the Exchange members, between the Exchange and its members (except for the arguments and conflicts regarding suspension and termination of the Exchange membership) not settled by way of negotiations.
2. In its activities the Commission is governed by the current legislation of the Republic of Kazakhstan, the Rule of the Exchange, these Regulations and other internal documents of the Exchange.
3. The Commissions on the stock and currency markets are established at the Exchange.
4. Members and Chairpersons of the Commissions on the stock and currency markets are appointed and commissioned by the Exchange Council *(this item was changed by the decision of the Exchange Council of April 9, 2004)*.
5. The Commission on the stock market comprises two representatives of the Exchange Council, one representative of the Exchange Board, one representative of the Central Securities Depository and a secretary (with deliberative functions but no vote) *(this item was changed by the decision of the Exchange Council of April 14, 2005)*.
6. The Commission on the currency market comprises one representative of the Exchange Board, one representative of the Legal department of the National Bank of the Republic of Kazakhstan and an employee of the Exchange Legal department, designated for such purposes by the Exchange Board *(this item was changed by the decision of the Exchange Council of April 9, 2004)*.
7. A chairman of the Commission:
 - sets dates for trials;
 - convenes meetings of the Commission and presides thereat.
8. A secretary of the Commission develops projects of decisions and conducts clerical work.
9. Resolving arguments and conflicts, the Chairman and members of the Commission must act independently and without prejudice.
10. The Chairman and members of the Commission may not disclose and/or give information on the arguments and conflicts resolved thereby to the third parties without permission of the Exchange Council *(this paragraph was changed by the decision of the Exchange Council of April 9, 2004)*.

This norm does not cover cases of the Commission decisions appeal and consideration thereof in the Exchange Council (*this paragraph was changed by the decision of the Exchange Council of April 9, 2004*).

Chapter II. THE COMMISSION ACTIVITIES STREAMLINED PROCEEDINGS

11. The affected party within 5 (five) working days must submit to the Commission a petition on the case of unduly payment execution, and a necessity to collect penalties from the guilty party, or a rejection of penalties collection demand.

In case of failure to submit such petition in due time, the right to collect penalties is passed to the Exchange.

12. The petition must contain:
- a name of the affected party;
 - a volume of the payment delayed;
 - a term of the payment delay;
 - a size of penalties;
 - a date of signing.

The petition is to be signed by the authorized person and to be handed to the Commission secretary.

13. A notification on the penalties payment requirement signed by the Chairman of the Commission is sent to the guilty party within 3 (three) working days after the petition receipt.

In case the affected party rejects the penalties or submits no petition, the notification on payment of penalties is not sent to the guilty party.

14. The guilty party must pay for the penalties within 3 (three) working days after the notification receipt.

Chapter III. PROCEDURES OF ARGUMENTS CONSIDERATION BY THE COMMISSION

15. In case the guilty party disagrees with the requirements indicated in the notification, or has a documented evidence of force-majeure that entailed unduly payment execution, the party must within the same term provide the Commission with the statement to convene the Commission meeting.
16. The Commission Chairman that received such statement must within three working days summon the Commission members for holding the Commission meeting.
17. In case of failure to comply with the requirements provided in item 14, the Exchange Board is entitled to disqualify the guilty party from participation in trades in all financial instruments circulating on the Exchange until the penalties are paid.
18. The Commission rejects the receipt of a petition or discontinues the proceedings, if the case between the same parties, on the same subject, and on the same grounds, was already considered by the Commission.
19. The Commission notifies the parties of the time and place of the meeting at least 1 (one) day before the meeting.
20. At consideration of an argument the parties have equal rights. The powers of the parties' representatives must be verified by appropriate documents. Until the decision is made the applicant may withdraw the petition, change the volume of the requirements or end the case by an amicable agreement.
21. As may be required from time to time the Commission may invite experts and consultants and also require presentation of additional documents required for full and detailed consideration of an argument.

22. The Commission meetings are considered competent, if at least three Commission members participate in consideration of the case.
23. Each party is entitled to produce a reasoned statement on challenge of an arbitrator, in case there is a doubt in his impartiality. The question on challenging is to be decided by other Commission members. A motivated challenge may be stated to experts and consultants.
24. The decision on the case is made by a simple majority. At equality of voices the Commission Chairman vote is casting. Subject to the decision of the Commission members, voting by secret ballot may be used for making decisions on certain issues.
25. The Commission decision is formalized in the written form and is signed by the Commission members and contains:
 - place and date of the decision;
 - case number;
 - names of parties;
 - short description of the argument subject matter and case circumstances;
 - reasoning of the decision;
 - terms and procedures of execution of the decision made.
26. The decision is to be signed by all members of the Commission who participated in the meeting. In case of disagreement with the decision on the side of any of the Commission members, his opinion is attached to the case.
27. As may be required from time to time, the decision must be signed by the authorized representatives of the parties.
28. The decision is to be announced at the Commission meeting. The copies of the decision are delivered to the conflicted parties within 3 (three) working days.
29. Failure to appear on the side of the party duly notified of the time and the place of the Commission meeting does not interrupt the proceeding, unless the party that failed to appear at the meeting before the end of proceeding requested to postpone it on the basis of valid excuses.
30. As may be required from time to time, the proceeding may be postponed upon applications of the parties or upon initiative of the Commission members.

Chapter IV. PROCEDURE OF DECISIONS EXECUTION

31. The decision of the Commission is binding for the parties that must execute it within the term specified therein. The decision is subject to execution within 3 (three) working days unless the term of execution is specified thereby.
32. The decision made by the Commission may be appealed in the Exchange Council within 3 (three) working days since the day of its receipt (*this item was changed by the decision of the Exchange Council of April 9, 2004*).
33. In case of appeal of the decision made by the Commission in the Exchange Council, its execution is suspended (*this item was changed by the decision of the Exchange Council of April 9, 2004*).
34. The petition on appeal of the Exchange Board and/or the Arbitration Commission decision is considered by the Exchange Council within 3 (three) working days from the day of its receipt at the Exchange.
35. In case, the guilty party, within 3 (three) working days after the decision is made, does not execute the actions prescribed therein, or does not appeal it, in compliance with the decision of the Exchange Board, such Exchange member may be dismissed from participation in trades in all financial instruments until the execution of the Commission decision.

36. In case of impossibility of arguments and conflicts resolution within the frames of the Exchange Council Commission, the issue is subject to further resolution in a judicial proceeding (*this item was changed by the Exchange Council decision of April 9, 2004*).

Chapter V. ARBITRATION FEE

37. The arbitration fee in the amount of 30 monthly calculated indices is collected from the guilty party for consideration of arguments (*this item was changed by the decision of the meeting of the Exchange members of April 11, 2002*).
38. The guilty party transfers the Arbitration fee simultaneously with the sum of the penalty sanctions to the Exchange account (the sum of penalty sanctions is transferred to the Exchange correspondent account for further transfer thereof to the affected party; the arbitration fee is transferred to the Exchange current account).

President

D. Karasaev