

KAZAKHSTAN STOCK EXCHANGE

A g r e e d o n

with the National Bank
of Republic of Kazakhstan

October 29, 2014

Deputy Chairman of
the National Bank of
Republic of Kazakhstan

A p p r o v e d

by Kazakhstan Stock Exchange
Board of Directors decision

(minutes of meeting No. 37
of October 9, 2014)

E f f e c t i v e

as November 5, 2014

K. KOZHAKHMETOV

NOTICE

The Regulation below in English has been translated by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with the Regulation original version in Russian, the latter prevails.

REGULATIONS

on Committee for Foreign Currencies Market

Almaty

2014

These Regulations determine the procedure of setting up and operation, as well as functions and authorities of the Committee for Foreign Currencies Market (hereinafter – the Committee).

Chapter 1. GENERAL PROVISIONS

1. Definitions used in these Regulations are applied in those meanings in which they are used in internal documents of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange), regulating terms and procedure of conducting trades in foreign currencies and settlements of such trades.
2. For purposes of these Regulations:
 - 1) an Exchange member means an Exchange member of "currency" category;
 - 2) a payment mode is any mode of execution of payments by participants in foreign currency trades conducted in the Exchange's trading system in payment of their net liabilities towards the Exchange out of modes which are specified by the internal document of the Exchange regulating the procedure of execution of settlements upon foreign currency trades.
3. The Committee is a permanent out-of-structure body of the Exchange responsible for:
 - 1) detecting incidents of insolvency of Exchange members;
 - 2) considering issues and taking decisions in accordance with internal document of the Exchange on payment modes of Exchange members;
 - 3) considering other issues related to foreign currency trades conducted in the Exchange trading system and activities of Exchange members.

Chapter 2. COMMITTEE COMPOSITION, COMMITTEE MEMBERS

4. The Committee includes:
 - 1) two representatives of the National Bank of the Republic of Kazakhstan (hereinafter – the National Bank);
 - 2) representative of the Exchange in the person of a member of the Exchange's Management Board (hereinafter – the Management Board), carrying out coordination and control of the Exchange's Clearing House;
 - 3) six representatives of Exchange members.
5. Members of the Committee representing members of the Exchange, and persons entitled to substitute such Committee members, are recommended for appointment by Exchange members in accordance with items 10–20 of these Regulations and are elected by the Exchange's Board of Directors. However, only one representative can be elected to the Committee from one Exchange member.

Committee members being representatives of the National Bank and Exchange, as well as persons entitled to substitute such Committee members, are determined respectively by the National Bank and Exchange independently.
6. The term of office of members of the Committee being representatives of members of the Exchange, and persons, entitled to substitute such Committee members, makes up one year from the moment of their election by the Exchange's Board of Directors (taking into account particulars specified by items 23 and 25 of these Regulations).

The term of office of members of the Committee from the National Bank and Exchange, as well as persons entitled to substitute such Committee members, are determined respectively by the National Bank and Exchange independently.

7. Members of the Committee representing members of the Exchange, as well as persons, entitled to substitute such Committee members, must notify the Exchange on a change of their job.
8. The Committee Chairman is elected from its member by simple majority of the total number of voices of members of the Committee.

Chairman of the Committee is elected at the Committee first meeting after election by the Exchange's Board of Directors of Committee members representing members of the Exchange, as well as persons, entitled to substitute such Committee members.

When electing the Committee Chairman, the Committee members have the right at the same time to elect the Committee member, entitled to replace the Committee Chairman in case of his/her absence.

9. For purpose of preparing and conducting meetings as well as drawing up and signing minutes of the Committee meetings, the Committee may select a Committee secretary out of Committee members or Exchange employees, or a Committee meeting secretary.
10. The list of candidates to Committee membership from Exchange members (hereinafter – the candidates or candidate) is drawn up by the Exchange based on suggestions submitted by Exchange members (taking into account the particulars specified in item 12 of these Regulations).

Each member of the Exchange may suggest only one own representative as a candidate and one representative as a person which in case of election of the candidate to Committee members will be entitled to substitute such Committee member. The said representatives must be employees or executives of that member of Exchange.

11. Exchange members must submit suggestions mentioned in item 10 of these Regulations, within 10 working days from the date of their official notification by the Exchange of the beginning of procedure of preparation for electing members of Committee from Exchange members. Such suggestion must be signed by the CEO of the Exchange member or person substituting him(executing his liabilities), sealed by the Exchange member seal and must contain the following data on the candidate and person which in case of election of the candidate to Committee members will be entitled to substitute such Committee member:
 - 1) surnames, names, patronymics – if available;
 - 2) short CVs, including descriptions of previous occupations for at least three past years with indication of jobs and positions occupied for at least three years up to the suggestion submission date.
12. Exchange members in relation to whom within 12 consecutive months preceding the month of generation of the candidates list the following facts have been detected:
 - 1) failure to fulfil net liabilities towards the Exchange in accordance with the internal document of the Exchange regulating the procedure of execution of settlements upon foreign currency trades;
 - 2) failure to fulfil liabilities towards the Exchange regarding payment of fees and other charges and other amounts payable by such Exchange members in favor of the Exchange according to internal documents of the Exchange and decisions of its bodies;
 - 3) provisions of financial statements, data on prudential norms and other norms and indicators with breaching deadlines specified by internal documents of the Exchange;
 - 4) failure to meet as of the last reporting date the prudential norms, limit of open currency position, other norms and indicators which must be met in accordance with the current legislation

cannot suggest candidates to Exchange membership.

13. The list of persons suggested by Exchange members to the Exchange's Board of Directors for election as Committee members from Exchange members, as well as persons entitled to

substitute such Committee members, is drawn up by way of absentee voting of Exchange members out of candidates and persons which in case of election of candidates for Committee members, will be entitled to substitute such Committee members included in the list drawn up in accordance with items 10–12 of these Regulations.

14. For conducting absentee voting mentioned in item 13 of these Regulations, the Exchange shall send to each Exchange member a notification of conducting such voting attaching a bulletin of such voting and materials to such voting. Materials to absentee voting must include a list of candidates drawn up in accordance with items 10–12 of these Regulations, and data on candidates and persons which in case of election of candidates for Committee members, will be entitled to substitute such Committee members.
15. The bulleting mentioned in item 14 of these Regulations must contain:
 - 1) full name of the Exchange and location of its executive body;
 - 2) name of the Exchange member, to whom the bulletin is going to be sent;
 - 3) dates of beginning and end of absentee voting;
 - 4) list of candidates and persons which in case of election of candidates for Committee members, will be entitled to substitute such Committee members;
 - 5) explanation of the voting procedure (filling in of bulletins).
16. Each Exchange member has the right to vote for six candidates. Voting for any of the candidates is at the same time voting for the person which in case of election of this candidate to Committee members, will be entitled to substitute such Committee members.
17. The absentee voting bulletin must be signed by the CEO of the Exchange member or person substituting him (acting instead of him), sealed by the stamp of that Exchange member and presented to the Exchange via quick communication means (including facsimile, electronic mail) not later than the end date of absentee voting with subsequent provision of the original bulletin to the address indicated therein by regular mail or per courier.
18. When counting votes and summarizing results of absentee voting bulletins provided in violation of item 17 of these Regulations and/or containing blotches and/or corrections.
19. Absentee voting is considered as taken place, if not later than its end date not less than a half of Exchange members provided to the Exchange bulletins in accordance with item 17 of these Regulations. Otherwise absentee voting is conducted repeatedly according to the procedure specified in items 14–18 of these Regulations.
20. Those of candidates for whom Exchange members gave the most votes, are considered as recommended to the Exchange's Board of Directors. If an equal number of voices were given for two or more candidates, and thus those candidates have shared the sixth place in the candidates ranking with regard to the number of voices given for them by Exchange members, then one of the candidates who was presented by the Exchange member with the most transactions in foreign currency concluded during trades conducted in KASE trading system within 12 consecutive calendar months preceding the absentee voting summarization month is considered recommended for election to members of the Committee.
21. Results of absentee voting are presented to the Exchange's Board of Directors for election of new Committee members from Exchange members in form of document which must contain:
 - 1) full name of the Exchange and location of its executive body;
 - 2) date of sending a notification on conducting absentee voting, beginning date and end date of absentee voting;
 - 3) data on Exchange members taking part in the absentee voting;
 - 4) data on the number of bulletins received and registered during the vote counting;
 - 5) results of voting of each Exchange member on each candidate;

22. After election by the Exchange's Board of Directors of Committee members out of Exchange members, Committee members, earlier not elected to the Committee, shall fill in applications on non-disclosure of information representing a commercial secret, and/or data representing a business secret and/or bank secret, according to the form of Appendix 1 to these Regulations, and send those applications in hard copy to the Exchange's location.
23. A member of the Committee from Exchange members is stripped of membership to the Committee (person entitled to substitute a Committee member is stripped of such right) in the following cases:
 - 1) if such Committee member and/or person entitled to substitute a particular Committee member have not participated in meetings (absentee voting) of the Committee three times in a row;
 - 2) if such Committee member and/or person entitled to substitute a particular Committee member ceases to be an employee or officer of the Exchange member whom he represents in the Committee.
24. The Exchange officially notifies an Exchange member whose representative is a Committee member stripped of membership in the Committee, of such membership withdrawal.
25. If a Committee member from Exchange members is stripped of membership in the Committee, and the person entitled to substitute that Committee member was stripped of such right for reasons mentioned in item 23 of these Regulations, the next meeting of the Exchange's Board of Directors shall consider the issue of electing the candidate from Exchange members scoring the most voices of Exchange members as a Committee member, from candidates which were not elected by the Exchange's Board of Directors as Committee members out of Exchange members.

If an equal number of voices were for two or more candidates, then the candidate which was suggested by the Exchange member with the most transactions concluded during foreign currency trades conducted in the Exchange trading system for 12 consecutive calendar months preceding the month when the Exchange's Board of Directors considered the issue of electing the candidate as a Committee member out of Exchange members.

The term of office of the Committee elected in accordance with the first and second paragraphs of this item is determined based on the term of office of other Committee members out of Exchange members.

Chapter 3. COMMITTEE'S OPERATION PROCEDURE

26. Main responsibilities of the Committee are as follows:
 - 1) considering issues and taking decisions with regard to cases of insolvency of an Exchange member (members);
 - 2) taking decisions on transfer of an Exchange member (members) from one payment mode into another, except for cases when such transfer in accordance with internal documents of the Exchange was assigned to the Management Board;
 - 3) defining the amount of daily combined limit of net positions of an Exchange member (members);
 - 4) other responsibilities related to foreign currency trades conducted in the Exchange's trading system and activities of Exchange members and specified by internal documents of the Exchange
27. A meeting of the Committee (initiating absentee voting of Committee members) is called by the Committee secretary or an employee of the Exchange's Clearing House for any of the following grounds:

- 1) submission to the Exchange by any Committee member or any Exchange member of an application for such convocation (initiating) drawn up according to the form of Appendix 2 to these Regulations;
 - 2) submission to the Exchange by any Exchange member of an application drawn up in free form, for his transfer from one payment mode into another (in form of a scanned application copy, sent to the electronic address of the Exchange's Clearing House settlement@kase.kz and in hard copy at the Exchange location);
 - 3) submission to the Exchange by any Committee member of an application for consideration of an issue (issues) related to conducting on the Exchange of foreign currency trades and/or settlements upon such trades.
28. The reason for submitting an application for calling the Committee (initiating absentee voting of Committee members) can be represented by any of the following facts:
- 1) the Exchange member as of the last reporting date has any overdue indebtedness on received inter-bank loans or fails to meet his obligations on exchange-based or over-the-counter transactions;
 - 2) the Exchange member fails to meet his obligations towards the Exchange, including timely execution of payments and provision financial statements;
 - 3) violation of any of prudential norms or other norms or indicators similar in nature and purpose, subject to fulfillment in accordance with the current legislation, as well as limits of open currency position specified by the National Bank;
 - 4) availability of other information witnessing of a substantial worsening of the Exchange member's financial position.
29. A meeting of the Committee is conducted (absentee voting of Committee members begins) within three working days from the date of occurring of any of reasons mentioned in item 27 of these Regulations.
30. The Committee may take a decision by way of absentee voting of its members, if:
- 1) the person submitting an application for calling the Committee has indicated in that application that this voting method is preferable and;
 - 2) none of Committee members has not stated in written against conducting absentee voting on the issue being considered.
31. One day before conducting the Committee meeting (on the beginning day of absentee voting) the Exchange shall notify thereon the Exchange member with regard to whom an issue will be considered, and send in electronic form to Committee members the following information on that Exchange member:
- 1) financial performance indicators of that Exchange member for the last completed reporting period (including data on fulfillment of prudential norms, other norms and indicators, amounts of profit (losses), equity and assets);
 - 2) data on facts of violation by that Exchange member of his obligations towards the Exchange (including on facts of violating the payment discipline) within 12 consecutive months before the date preceding the date of submission of the application for calling the Committee (initiating absentee voting of Committee Members).
32. In case of need the Committee may invite experts, consultants and/or representatives of the exchange member, with regard to whom an issue will be considered, as well as request provision of additional documents necessary for a full and comprehensive consideration of that issue.
33. The Committee may consider issues and take decisions on issues being considered, if at least two thirds of the total number of Committee members are taking part in the Committee meeting.
34. Decisions of the Committee are taken by open voting, except for cases specified by particular decisions of the Committee, as well as cases when the chairman of the Committee meeting or at least two members of the Committee participating in this meeting, request conducting a secrete voting.

35. Decisions of the Committee are taken by simple majority from the total number of votes of participants of the Committee meeting (participants of absentee voting). At equal number of votes the vote of the Chairman or person substituting him is decisive.
36. The procedure of absentee voting of Committee members is carried out as follows:
- 1) Committee members are sent notices of conducting an absentee voting and voting bulletins, whereas a separate bulleting is drawn up for each issue put up for absentee voting;
 - 2) not later than the working day following the day of receipt of notices and bulletins mentioned in sub-item 1) of this item, any Committee member may raise an objection regarding the voting form; in such case the Committee Chairman or Management Board must convene a meeting of the Committee. In case none of Committee members has objected by the specified deadline, it is considered that all Committee members agree with conducting absentee voting;
 - 3) absentee voting bulletins signed by Committee members or persons entitled to substitute Committee members, must be sent to the Exchange within three working days after receipt by Committee members of a notice of absentee voting and bulletins for such voting;
 - 4) absentee voting is considered as having taken place, if within three working days after the day of receipt by Committee members of notices of conducting absentee voting and bulletins for such voting at least two thirds of the total number of Committee members have voted on those bulletins;
 - 5) upon the expiration of three working days after the day of receipt by Committee members of notices of conducting absentee voting and bulletins for such voting, minutes on results of absentee voting by Committee members are drawn up.
37. During consideration by the Committee of any issue regarding a member of the Exchange, the Committee member being an employee, an officer or affiliated person of that Exchange member cannot participate in voting on that issue.
38. Upon the expiration of each calendar month, not later than the last working day of the following calendar month, the Exchange shall send to Committee members information in electronic form on all Exchange members including their financial performance indicators for the last completed reporting period (including data on Exchange members' fulfillment of prudential norms and/or other similar in purpose and substance, norm or indicators in accordance with requirements of the effective legislation).
39. Data on facts of violation by an Exchange member of his obligations towards the Exchange (including facts of violation of the payment discipline) are sent by the Exchange to Committee members on the following working day after detection of such facts.
40. Not later than the second working day, following the day of receipt of information listed in item 38 of these Regulations, Committee members fill in questionnaires according to the form of appendix 3 to these Regulations and send them to e-mail of the Exchange's Settlement department settlement@kase.kz.
- In case as a result of such questioning any of Committee members expressed doubts regarding solvency of an Exchange member, a meeting of the Committee (absentee voting of Committee members) is conducted within three working days regarding solvency of that Exchange member.
- At the Committee member's failure to present the questionnaire by the mentioned deadline it is considered that this Committee member has not expressed doubts regarding solvency of a member of the Exchange.
41. The Committee considers issues regarding a change of the payment mode for an Exchange member, and/or setting, and/or changing of the daily combined limit of its net positions in the following cases and by the following deadlines:
- 1) at arrival of an application from an Exchange member regarding a change of payment mode when paying net obligations towards the Exchange or change of the daily combined limit of its net positions – within three working days;

- 2) at the expiration of the term for which the payment mode was set for an Exchange member following decisions of the Management Board, Committee or internal documents of the Exchange, – not later than 10 working days before expiration of such term;
 - 3) at a change in the solvency of an Exchange member or detection of circumstances able to affect the Exchange member's solvency, – within three working days;
 - 4) in other cases provided for in internal documents of the Exchange, – in accordance with those internal documents.
42. The Committee may early transfer an Exchange member from the preliminary delivery mode of the foreign currency being sold and/or payment for foreign currency being bought into the urgent delivery mode of the foreign currency being sold and/or payment for foreign currency being bought in case of removal by this Exchange member of facts being the reason for his transfer following a decision of the Committee into the preliminary delivery mode of the foreign currency being sold and/or payment for foreign currency being bought.
43. Decisions of the Committee are drawn up by minutes of its meetings (minutes of results of absentee voting of its members) according to the form independently determined by the Committee.
- The minutes of Committee meeting (minutes of results of absentee voting of its members) are signed by the Chairman of the Committee or person substituting him, and secretary of the Committee or Secretary of Committee meeting.
- Data on results of absentee voting are sent by the Exchange to Committee members within three working days after signing of the minutes of results of absentee voting of Committee members.
44. The Exchange informs Exchange members on Committee decisions regarding them within three working days from the date of such decisions.

Article 4. EXECUTION OF COMMITTEE DECISIONS

45. Decisions of the Committee are mandatory for execution by structural units of the Exchange and Exchange members.
46. Decisions of the Committee can be appealed by Exchange members at the Exchange Board of Directors within one month after they were taken.

Article 5. RESPONSIBILITIES OF COMMITTEE MEMBERS

47. Committee members and persons entitled to substitute them must:
 - 1) comply with requirements for the procedure of Committee operation specified by the legislation of Republic of Kazakhstan, these Regulations and other internal documents of the Exchange;
 - 2) be independent and objective taking part in the Committee operation;
 - 3) maintain confidentiality of information they received due to execution of powers of Committee members, including information representing commercial, official or other secret protected by the Law, and carry responsibility in accordance with the legislation of the Republic of Kazakhstan for failure to maintain confidentiality of such information;
 - 4) perform other obligations in accordance with the legislation of the Republic of Kazakhstan, these Regulations and other internal documents of the Exchange.
48. In case of non-fulfillment or improper fulfillment by Committee members or persons entitled to substitute them of their obligations, including those defined by item 47 of these Regulations, the Exchange Board of Directors may apply to them the following sanctions:

Regulations on Committee for Foreign Currencies Market

- 1) make a comment on improper execution of obligations and warn of discontinuation of powers in case of detecting a repeated violation of obligations;
- 2) to discontinue powers of a Committee member or person entitled to substitute a Committee member;

President

M. Kabashev

Appendix 1

to Regulations on Committee
for Foreign Currencies
Market

STATEMENT

**of non-disclosure of information constituting a commercial secret,
and/or data constituting an in-house and/or bank secret**

I, _____, undertake:

- 1) not to disclose information constituting a commercial secret, which I have been made familiar with, and/or which will be entrusted to me and/or will become known to me due to my membership in the Committee for Foreign Currencies Market (hereinafter – the Committee);
- 2) not to disclose data constituting an in-house secret, which I have been made familiar with, and/or which will be entrusted to me and/or will become known to me due to my membership in the Committee;
- 3) not to disclose data constituting a bank secret, which I have been made familiar with, and/or which will be entrusted to me and/or will become known to me due to my membership in the Committee;
- 4) to use possession of information constituting a commercial secret, and/or data constituting an in-house and/or bank secret only in activities related to the fulfillment of my responsibilities as a member of the Committee;
- 5) in case of unauthorized persons' trying to obtain from myself information constituting a commercial secret, and/or data constituting an in-house and/or a bank secret, to promptly advise the Chairman of the Committee;
- 6) upon expiration of my authorities as a Committee member to meticulously comply with requirements of items 1–3 of this Statement.

I am aware that for disclosure of information constituting a commercial secret, and/or data constituting an in-house and/or a bank secret, and/or loss of documents containing such information and/or data, I will be brought to responsibility in accordance with the legislation of the Republic of Kazakhstan.

Signature of the representative of a member of the Committee for Foreign Currencies Market

Date of signature

Appendix 2

to Regulations on Committee
for Foreign Currencies
Market

REQUEST

**for calling a meeting of the Committee for Foreign Currencies Market
(initiating an absentee voting of members
of the Committee for Foreign Currencies Market)**

(on letter-head paper)

Committee for Foreign
Currencies Market

We kindly ask you to conduct a meeting of the Committee for Foreign Currencies Market regarding consideration of information on solvency of particular members of Kazakhstan Stock Exchange (hereinafter – the Exchange).

Solvency of one of the Exchange members (full name of the Exchange member) raises doubts for the following reason (tick one or several items):

- any overdue debt of the Exchange member with regard to received interbank loans as of the most recent reporting date or his non-fulfillment of liabilities on other transactions in financial instruments;
- non-fulfillment by the Exchange member of his liabilities towards the Exchange, including those regarding the timely execution of payments and financial reporting;
- violation by the Exchange member of any of prudential regulations and indicators mandatory in accordance with the applicable legislation;
- any negative information witnessing of substantial worsening of the Exchange member's financial position. If that information is not confidential, please, provide more detailed data:

We ask you to take a decision (tick one item):

- on transfer of the above-mentioned Exchange member into the mode of preliminary delivery of foreign currency being sold and/or payment for foreign currency being bought;
- on setting/changing of the daily combined limit of net positions of the above-mentioned Exchange member.

To consider the issue by way of conducting (tick one item):

- a meeting of the Committee for Foreign Currencies Market;
- absentee voting of members of the Committee for Foreign Currencies Market.

Name of organization

Representative of the requesting institution

(and) Committee member

(position)

(surname, initials)

Appendix 3

to Regulations on Committee
for Foreign Currencies
Market

QUESTIONNAIRE
for a member of the Committee for Foreign Currencies Market

(surname, name (and if available patronymic) of the Committee member)
(position of the Committee member)
(contact telephone number of the Committee member)

	Yes	No
Does the solvency of any Exchange member raise doubts?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, please, indicate his full name; and		
Respective reason (s) for the said decision:		
any overdue debt of the Exchange member with regard to received interbank loans as of the most recent reporting date or his non-fulfillment of liabilities on other over-the-counter transactions		<input type="checkbox"/>
non-fulfillment by the Exchange member of his/her liabilities towards the Exchange, including those regarding the timely execution of payments and financial reporting		<input type="checkbox"/>
violation by the Exchange member of any of prudential regulations and other norms and indicators mandatory in accordance with the applicable legislation		<input type="checkbox"/>
any negative information witnessing of substantial worsening of the Exchange member's financial position. Please, provide more detailed data		<input type="checkbox"/>

Signature of the representative of a member of the Committee for Foreign Currencies Market

Date