

Fraud in the stock market - a memo for citizens

Kazakhstan Stock Exchange (hereinafter referred to as the Exchange, KASE) due to the increasing cases of illegal actions of certain unlicensed persons related to investment activities, urges citizens to be vigilant and not fall for the tricks of swindlers. Across the world, including in Kazakhstan, cases of Internet fraud using pseudo-access to trade in financial instruments on Kazakhstan's market have become more frequent. Moreover, swindlers began to act "on behalf" of KASE.

KASE officially declares that it never offers its own services to individuals or legal entities with the direct participation of the Exchange or its employees to enrich themselves on exchange markets.

KASE is the organizer of trades and provides an opportunity to connect to the Exchange's trading system and carry out trades only by members of the Exchange, who, in turn, already make transactions on the stock market at the expense and in the interests of investors. List of members of the Exchange with indication of membership categories and contact information is published on KASE website at the link: <https://kase.kz/en/membership/#brokers> . At the same time, only licensed brokerage organizations are members of the Exchange.

KASE notes that when concluding agreements and interacting with companies that do not have a license from the regulator (Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, ARDFM), clients assume all possible risks.

Please note that most swindlers use a fairly common scheme: they operate through the popular instant messengers WhatsApp, Telegram, social networks, email, and use cold calls. At the same time, these persons present themselves as employees of the Exchange and offer to invest in securities. In return, the attackers promise the potential victim high investment income, consulting, and related services, for which they ask to transfer various amounts to supposedly brokerage accounts.

After the transfer of money, fraudsters cooperate with the client until the moment when he expresses a desire to partially or completely withdraw his funds from the brokerage account. Then, "depositors", as a rule, have difficulties in communicating with pseudo-brokers. Moreover, in most cases, attackers require additional amounts to be deposited in order to immediately withdraw the entire amount of previously invested funds.

In order to protect personal property, the Exchange recommends that Kazakhstan residents follow the following simple rules:

Important: how to protect yourself from swindlers!!!

The first thing you can pay attention to is the broker's license. Brokers work only on the basis of a license from the authorized body – the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (ARDFM) and subject to the conclusion of an appropriate agreement on the provision of brokerage services. The activities of financial intermediaries are strictly regulated by the Civil Code of the Republic of Kazakhstan, the Act of the Republic of Kazakhstan "On the Securities Market" and other regulatory legal acts of the Republic of Kazakhstan.

Secondly, after checking for a license, it is necessary to evaluate the reliability of brokers in terms of other parameters. The rating of the company, its financial performance and shareholders – all these criteria may witness of the broker's reliability. For example, the ARDFM website contains general information about brokers (shareholders, management, contacts, applied enforcement measures and sanctions).

It must be understood that by investing in the stock market, the investor is not immune from market risks and as a result can both receive income and incur losses. Therefore, the broker cannot and should not guarantee the client a high investment income and (or) the absence of investment losses.

If you are facing any type of financial fraud, we recommend that you contact the ARDFM with regard to the rights of financial consumers by calling the hotline +7 (727) 237 10 00.

The list of organizations with signs of unlicensed activities can be found at the following link <https://www.gov.kz/memleket/entities/ardfm/press/news/details/266321?lang=ru>.

In order to compensate for damages and bring fraudsters to justice, KASE recommends the persons affected by fraudulent actions to contact the law enforcement agencies of the Republic of Kazakhstan.