

KAZAKHSTAN STOCK EXCHANGE

Approved

by a decision of Kazakhstan Stock
Exchange Board of Directors

(meeting minutes No. 22
of August 31, 2016)

Effective

as of October 1, 2016

NOTICE

The Regulations below in English have 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 Market-Makers

Almaty

2016

List of amendments

1. Change and addition No. 1:

- approved by a resolution of the Board of Directors of Kazakhstan Stock Exchange JSC (Minutes No. 64 dated September 29, 2021);
- Effective from September 30, 2021

2. Addition No. 2:

- approved by a resolution of the Board of Directors of Kazakhstan Stock Exchange JSC (Minutes No. 8 dated March 10, 2022);
- Effective from March 10, 2022

These Regulations have been developed in accordance with the legislation of the Republic of Kazakhstan and define the general rules of market-makers' operation at Kazakhstan Stock Exchange (hereinafter – the Exchange).

1. The term "market-maker" in these Regulations means a member of the Exchange acknowledged by the Exchange as a market-maker for particular financial instruments, who accordingly accepts the obligation to announce and maintain purchase and sell quotations for those financial instruments as well as other obligations ensuing from that Exchange member's status of a market-maker for financial instruments of that title.
2. Other terms and conditional designations used in these Regulations are identical to terms defined by other internal documents of the Exchange or the legislation of the Republic of Kazakhstan.
3. The following rules of market-makers' operation are determined by the Exchange's internal document "Rules of market-Makers' activities", approved by the Exchange's Management Board (hereinafter – the Rules):
 - 1) terms and procedure of assigning the market-maker status;
 - 2) terms and procedure of voluntary relinquishment of the market-maker status;
 - 3) terms and procedure of forced withdrawal of the market-maker status;
 - 4) market maker specifications and/or programs for market makers containing sets of requirements, rights, obligations, prohibitions, restrictions, special conditions, benefits (preferences) as well as remuneration (if any), and other conditions applicable to market makers for financial instruments of the same type (denomination) or several similar types (denominations) in addition to the general requirements set out in item 12 of these Regulations (*This sub-item has been amended by a decision of the Exchange Board of Directors dated September 29, 2021*);
 - 5) liability for failure to fulfil or breach of the market maker's duty;
 - 6) conclusion of individual agreements on market maker services on a fee basis between the Exchange and a market maker (hereinafter - individual agreement) on instruments defined by the Exchange Management Board based on the Rules conclusion of individual agreements on market maker services on a fee basis between the Exchange and a market maker (hereinafter - individual agreement) on instruments defined by the Exchange Management Board based on the Rules (*this sub-item was incorporated by decision of the Exchange Board of Directors on September 29, 2021*).
4. A member of Exchange may obtain the market-maker status only on those financial instruments which he has the right to conclude deals in at trades conducted by the Exchange according to his membership category on the Exchange.
5. A member of Exchange can be a market-maker for financial instruments of an unlimited quantity of titles, taking into account restrictions ensuing from item 4 of these Regulations and restrictions set out in the Rules.
6. If not otherwise specified by the Rules, the status of a market-maker for financial instruments of a particular title can be assigned to several members of Exchange.
7. The status of a member of Exchange as a market-maker for particular financial instruments does not provide that member of Exchange with additional rights in regard to other financial instruments nor does it impose on that member of Exchange additional liabilities or restrictions in regard to other financial instruments.
8. When acting as a market maker in financial instruments of any denomination, an Exchange member shall be guided by the laws of the Republic of Kazakhstan, internal documents of the Exchange and ethical norms for Exchange members.

An Exchange member holding the status of a market maker in financial instruments of any denomination must fulfill in good faith and in full the obligations and observe prohibitions, restrictions, special conditions set forth in these Regulations, the Rules and/or an individual contract (*this paragraph was amended by a decision of the Exchange Board of Directors on September 29, 2021*).

9. An Exchange member may voluntarily give up his market-maker status on financial instruments of any denomination, and may also be forcibly withdrawn from market-maker status in the manner prescribed by the Rules.
10. The Exchange Management Board shall make the following decisions relating to the status of a market maker:
 - 1) about being awarded market maker status;
 - 2) forfeiture of market maker status due to voluntary renunciation of said status;
 - 3) on compulsory withdrawal of market maker status;
 - 4) on entering into/not entering into an individual market maker service agreement (*this sub-item is included by a decision of the Board of Directors of the stock exchange of September 29, 2021*);
 - 5) on defining the list of instruments to be included in the market maker program (*this sub-item is included by decision of the Board of Directors of the stock exchange of September 29, 2021*).
11. The validity of statuses of market-makers for financial instruments of any titles assigned to an organization is automatically ceased as of the effective date of the decision of the authorized body of the Exchange according to which the membership of that organization in the Exchange is suspended or discontinued with regard to the category entitling that organization to conclude deals in those financial instruments during the trades operated by the Exchange.
12. Unless otherwise stipulated by the Rules and/or the individual agreement and resulting from the use of a time-out, an Exchange member holding the status of a market maker on financial instruments of any denomination must announce and/or maintain at least one of his mandatory bid quotes and at least one mandatory ask quote on financial instruments of that denomination throughout the trading session in the trading system (subject to the specifics set forth in the Rules and item 13 of these Regulations) (*this item is amended by a decision of the Exchange Board of Directors dated September 29, 2021*).
13. In case of suspension of trading in financial instruments of any titles conducted by the Exchange in accordance with the legislation of the Republic of Kazakhstan and/or internal documents of the Exchange or in case of a fault in the operation of the trading system, the fulfillment of market-makers' obligations in regard to financial instruments of those titles is suspended for the duration of such suspension (fault).
- 13-1. In cases stipulated by the Rules, the Board is entitled to decide not to apply sanctions to the market maker (*this item is included by a decision of the Exchange Board of Directors on March 10, 2022*).
14. These Regulations are subject to publication on the Exchange website.

It shall be the responsibility of the tendering unit to ensure that these Regulations are amended and/or updated in a timely manner.

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