

KAZAKHSTAN STOCK EXCHANGE

Appendix T3
to Rules of Exchange
Securities Trading

Approved

by the decision of Kazakhstan
Stock Exchange Board of Directors
(minutes No. 49 of December 29, 2004)

Effective

as of January 24, 2005

Agreed on

with the Agency of the Republic of Kazakhstan
on Regulation and Supervision of Financial
Market and Financial Organizations

on January 21, 2005

Deputy Chairman of the Agency of the Republic
of Kazakhstan on Regulation and Supervision of
Financial Market and Financial Organizations

Agreed on

with the National Bank
of the Republic of Kazakhstan

on January 20, 2005

Chairman of the National Bank
of the Republic of Kazakhstan

E. BAKHMUTOVA

Agreed on

with the Ministry of Finance
of the Republic of Kazakhstan

on January 21, 2005

Minister of Finance
of the Republic of Kazakhstan

A. DUNAEV

A. SAIDENOV

Agreed on

with JSC "Central Securities Depository"

on January 17, 2005

President of JSC "Central
Securities Depository"

B. KAPYSHEV

NOTICE

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

RULES

of Placement of Government Treasury Obligations of the Republic of Kazakhstan

Almaty

2004

LIST OF AMENDMENTS

1. Following a decision of the Board of Directors of JSC "Kazakhstan Stock Exchange" (minutes No. 7 of April 14, 2005) the symbols "Closed joint-stock company "Central Securities Depository"" (in any case) or "closed joint-stock company "Central Securities Depository"" (in any case) or "CJSC "Central Securities Depository"" were replaced by "JSC "Central Securities Depository"" in all internal documents of the Exchange where "JSC "Central Securities Depository"" is mentioned.
2. **Changes No. 1:**
 - agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on January 12, 2010;
 - approved by the decision of Kazakhstan Stock Exchange Board of Directors (minutes No. 30 (3) of November 23, 2009);
 - effective as of January 13, 2010.
3. **Change No. 2:**
 - agreed on with the National Bank of the Republic of Kazakhstan on April 24, 2014;
 - approved by a decision of the Exchange Council of Kazakhstan Stock Exchange (KASE) JSC (minutes No. 14 dated March 28, 2014);
 - effective as of May 6, 2014.
4. **Changes No. 3:**
 - approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 19 (3) dated June 28, 2017);
 - effective as of June 29, 2017.
5. **Changes No. 4:**
 - approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 45 dated September 24, 2019);
 - effective as of December 3, 2019.

These Rules have been developed in compliance with the legislation of the Republic of Kazakhstan and define specifics of placement of government treasury bonds of the Republic of Kazakhstan through the Kazakhstan Stock Exchange (hereinafter – the Exchange).

Chapter 1. GENERAL PROVISIONS

Article 1. Basic Concepts

1. Used in these Rules concepts mean the following:
 - 1) "**limited order**¹" – an order for purchasing of being placed treasury bonds containing the maximum price of their desirable purchase;
 - 2) "**market order**²" – an order for purchasing of being placed treasury bonds without their desirable purchase price and meaning that the primary dealer who submitted this order is willing to purchase treasury bonds at any price according to which this order satisfaction is possible;
 - 3) "**treasury bond**" – the Republic of Kazakhstan government treasury bond: a government security issued on behalf of the Government of the Republic of Kazakhstan by an Issuer;
 - 4) "**primary dealer**" – an Exchange member, admitted to participation in trades in compliance with the Exchange internal documents (*this sub-item was changed by the Exchange Board of Directors decision of November 23, 2009*);
 - 5) "**subscription**" – a method of treasury bonds placement assuming posting (in the mass media and/or other possible ways) about upcoming treasury bonds placement and their sale to investors who applied in response to this posting the purchase order for treasury bonds being placed in compliance with this posting requirements (such placement);
 - 6) "**Exchange website**" – the Exchange's Internet website (www.kase.kz);
 - 7) "**trading system**" – complex of the Exchange's software and hardware, internal documents and other necessary assets and procedures using which deals serial securities and other financial instruments are concluded between members of the Exchange (*this sub-item was changed by a decision of the Exchange Council of March 28, 2014*);
 - 8) "**Central depository**" – JSC "Central Securities Depository" (*this paragraph was changed by the Exchange Board of Directors decision of April 14, 2005*);
 - 9) "**Issuer**" – the Ministry of Finance of the Republic of Kazakhstan.
2. Other concepts used in these Rules are identical to concepts defined by other Exchange internal documents.
3. For these Rules purposes, trades mean executed by the Exchange trades.

Article 2. General Terms of Treasury Bonds Placement

1. Treasury bonds are placed through the Exchange as follows:
 - 1) through subscription organized by the Exchange in response to the Issuer's order;
 - 2) at trades.

¹ Acceptable synonym – "competitive order".

² Acceptable synonym – "unlimited order", "uncompetitive order".

2. When placing treasury bonds through subscription organized by the Exchange based on the Issuer's request, orders, in response to posting about upcoming treasury bonds placement, can be submitted to the Exchange only through primary dealers³.

When placing treasury bonds at trades only the primary dealers can participate in these trades (submit treasury bonds purchase orders).

3. The Exchange does not charge the Issuer any compensation or any fees for organization and execution of trades on treasury bonds placement as well as for organization of treasury bonds placement through the Exchange via subscription.

Article 3. Issuer's Specific Obligations

1. The Issuer is not an Exchange member, but yet must observe norms of all Exchange internal documents, which in any way relate to organization and execution of trades in treasury bonds, excluding cases when such norms are inconsistent with norms of these Rules and/or the Exchange and the Issuer signed agreement for placement of treasury bonds through the Exchange. In such cases, norms of these Rules and/or the mentioned agreement precede over norms of other Exchange internal documents.
2. When placing treasury bonds the Issuer must observe primary dealers equality principle and served by them investors for treasury bonds purchasing (excluding cases when the Issuer applies specified by the legislation of the Republic of Kazakhstan prohibitions and restrictions), namely, when observing norms of these Rules, the agreement mentioned in item 1 of this article and other Exchange internal documents, and also given other equal rights of neither primary dealer nor served by this dealer investor for purchasing of being placed treasury bonds cannot be limited or violated by the Issuer in favor of other primary dealers, served by them investors or any other possible persons.
3. Before the first treasury bonds placement through the Exchange, the Issuer is responsible for provision and future timely maintenance of the physical persons list (with their signatures samples) who are authorized to make decisions on treasury bonds placement through the Exchange, specified by these Rules, the agreement mentioned in item 1 of this article and other Exchange internal documents (considering specifics defined by the second paragraph of this item).

When the Issuer uses program and cryptographic protection means when working with the trading system in a remote access mode regardless of what physical persons were included by the Issuer into the list, mentioned in the first paragraph of this item, any information relating to treasury bonds placement through the Exchange and electronically transferred to the Exchange with the electronic digital signature, is considered the Issuer's information, which implies full responsibility for such information and any possible consequences of such information.

³ Primary dealers also can act as investors and submit orders for treasury instruments purchase placed through subscription at the Exchange.

Chapter 2. TREASURY BONDS PLACEMENT THROUGH THE EXCHANGE VIA SUBSCRIPTION

Article 4. Main Procedures

1. For purposes of articles 4 and 5 of these orders mean investors' orders for the purchase of treasury bonds being offered, submitted in response to the Issuer's order
2. To organize a subscription, the Issuer must provide the Exchange with an application in deliberate form, which must determine conditions of the subscription, including, but not limited to, the following conditions:
 - 1) treasury bonds being offered, their number;
 - 2) the order acceptance period preferred by the Issuer (indicating the dates and times of the beginning and end of this period);
 - 3) details subject to inclusion in the order;
 - 4) date and time, preferred by the Issuer, when the Exchange provides him with the register of accepted orders;
 - 5) the date and time of submitting by the Issuer to the Exchange of a message about the decision to execute orders or refuse to offer treasury bonds;
 - 6) settlement date preferred by the Issuer.
3. The Issuer's application may determine other conditions necessary, in the opinion of the Issuer, for the subscription.
4. The Issuer's application must be received by the Exchange no later than one business day before the day specified in this application as the start date of the period for accepting orders preferable for the Issuer.
5. During the day when the Exchange received the Issuer's application, he has the right to make changes to the conditions of the subscription, determined by him in accordance with sub-items 2), 4), 6) of item 2 and item 3 of this article, based on the results of checking these conditions by the Exchange for their compliance with the capabilities of the Exchange and the Central Depository.
6. When offering treasury bonds by subscription, the Exchange accepts only those orders that correspond to the subscription conditions specified by the Issuer.
7. At the end of the order acceptance period specified by the subscription conditions, orders accepted by the Exchange cannot be canceled (revoked) by the investors who submitted them, just as the conditions of orders accepted by the Exchange cannot be changed.
8. At the end of the order acceptance period specified by the subscription conditions, the Exchange generates a register of accepted orders. The volume of information included in this register is determined by the Exchange based on the subscription conditions in such a way as to allow the Issuer to make a justified decision on executing the orders accepted by the Exchange or on refusing to offer treasury bonds.

Information about investors given in this register is confidential and is intended only for the Issuer, who is responsible for the disclosure of this information and for any possible consequences of such disclosure.

The Exchange is obliged to provide the Issuer with the register of accepted orders no later than the moment determined by the terms of the subscription as the date and the time the Exchange provided the register of accepted orders to the Issuer.

9. Not later than the moment determined by the Issuer in accordance with sub-item 5) of item 2 of this article, the Issuer shall submit to the Exchange a message on his decision to execute fully or partially Exchange orders accepted by the or

refuse to offer treasury bonds (taking into account the specifics established by items 10 and 11 of this article).

10. The Issuer's decision to execute the orders accepted by the Exchange means its consent to conclude deals with treasury bonds being offered at the price (prices) and in amounts in accordance with the subscription conditions and this decision.
11. The Issuer's message specified in item 9 of this article must meet the following requirements:
 - 1) (if the Issuer decides to execute the orders accepted by the Exchange), the volume of information included in said message should allow the Exchange to unambiguously distribute treasury bonds among the investors who submitted those orders that are subject to execution in accordance with the subscription conditions and this decision;
 - 2) (if the Issuer makes a decision to refuse to offer treasury bonds), said message must contain a description of the reason for such refusal.
12. Upon receipt of the message from the Issuer specified in item 9 of this article, the Exchange transfers to primary dealers (by e-mail or through the trading system), and also publishes on the Exchange's Internet resource an information message about the decision made by the Issuer – to execute (completely or partially) orders accepted by the Exchange or refuse to offer treasury bonds.

(This article was changed by a decision of the Exchange's Board of Directors dated June 28, 2017).

Article 5. Settlements

1. Settlements on treasury bonds being offered by subscription are carried out by the Central Depository in accordance with its set of rules and an agreement on servicing the organizer of trades, concluded with the Exchange.
2. The Central Depository carries out settlements for treasury bonds being offered by subscription on the day determined by the terms of the subscription as the date of settlement.
3. By the beginning of settlements on treasury bonds being offered by subscription, their buyers ensure the availability of money in the amounts of their orders on accounts opened in their names with the National Bank of the Republic of Kazakhstan or the Central Depository.
4. Upon completion of settlements for treasury bonds being offered by subscription, the Exchange transfers to the Issuer a register of purchase and sale transactions with them.

Information about buyers of treasury bonds provided in this register, is confidential and is intended only for the Issuer, who is responsible for the disclosure of this information and for any possible consequences of such disclosure.

(This article was changed by a decision of the Exchange's Board of Directors dated June 28, 2017).

Chapter 3. PLACEMENT OF TREASURY BONDS AT TRADES

Article 6. Main Provisions

1. The basic method of trades on treasury bonds placement is the method of specialized trades.

At the Issuer's will, trades on treasury bonds placement can be executed using other trading methods other than the specialized trades method.

The Exchange internal documents describe trading methods.

2. When using the specialized trades method, treasury bonds are placed at auctions, and if placing of treasury bonds is necessary to continue – through their additional placement (at trades on additional placement of treasury bonds) and placement at repeated auctions⁴ which can also be accompanied by additional treasury bonds placement.
3. When placing treasury bonds at auctions (repeated auctions) the Issuer has the right to establish that the Exchange accepts:
 - 1) both limited and market orders of primary dealers for being placed treasury bonds purchasing;
 - 2) only limited orders of primary dealers for being placed treasury bonds purchasing.
4. When additionally placing treasury bonds, primary dealers can submit only market orders for being placed treasury bonds purchasing.
5. For purposes of articles 7–10 of these Rules:
 - 1) the Issuers application means the Issuer's application on execution of an auction (repeated auction) on placement of treasury bonds or trades on additional placement of treasury bonds;
 - 2) orders mean the primary dealers' orders for being placed treasury bonds purchasing.

Article 7. Auction

1. The Issuer's application must be received not later than two business days before the Issuer appointed day of auction.
2. Not later than the following business day after receipt by the Exchange of the Issuer's application, the Exchange delivers to primary dealers (via e-mail or through the trading system) as well as publishes on its website the information on upcoming auction on placement of treasury bonds.
3. During the auction day of treasury bonds placement:
 - 1) the Exchange accepts orders from 09:00 to 11:00 o'clock ALT; during the same time period primary dealers have the right to annul orders accepted by the Exchange and change their terms;
 - 2) from 09:00 to 11:30 o'clock ALT, users of the control and maintenance system must deliver to the Exchange confirmations or refusals from confirmation of those orders for execution of which will be used trading accounts controlled by users of the control and maintenance system; if the Exchange does not receive confirmation of these orders till 11:30 o'clock ALT, they shall be considered as not accepted and annulled by the Exchange (*this sub-item was changed by a decision of the Board of Directors dated September 24, 2019*);
 - 3) prior to 12.00 ALT the Exchange forms and delivers to the Issuer the summary list of accepted orders; given this the information volume included into this list is determined by treasury bonds issue terms and application parameter in a way allowing the Issuer making reasonable decision on satisfaction of orders accepted by the Exchange (on selection of the cut-off price) or refusal from treasury bonds placement; information about primary dealers who submitted these orders is included into the Exchange accepted summary list of orders;

⁴ Same as re-opening, specified by item 6 of Rules on Issue, Placement. Circulation, Servicing and Maturity of treasury instruments of the Republic of Kazakhstan approved by resolution No. 941 of September 08, 2004 of the government of the Republic of Kazakhstan.

- 4) prior to 15.00 ALT, the Issuer notifies the Exchange about its decision either to satisfy order accepted by the Exchange (at the cut-off price) or to refuse from treasury bonds placement; given this:

the Issuer's decision on satisfaction of orders accepted by the Exchange (on the cut-off price) means its agreement to conclude deals on placed treasury bonds at the price (prices) and amounts in compliance with treasury bonds issuing terms, the Issuer's application and this decision parameters; and the fact of these deals conclusion, in its turn, serves as the basis for settlements;

when the Issuer decides to satisfy orders accepted by the Exchange (on selection of the cut-off price), the Issuer has the right to satisfy accepted by the Exchange orders as within indicated in the Issuer's application quantity of treasury bond being placed, so exceeding this quantity;

if the Issuer decides to satisfy orders accepted by the Exchange (on selection of the cut-off price), the volume of information for inclusion into this message should allow the Exchange the explicit distribution of treasury bonds between primary dealers who submitted orders liable to satisfaction in compliance with the treasury bonds issuing terms, the Issuer's application parameter and this decision;

if the Issuer decides to refuse treasury bonds placement, the mentioned message must describe such refusal reason;

- 5) upon receipt by the Exchange of the Issuer's decision on satisfaction of the Exchange accepted orders (on selection of the cut-off price), the Exchange immediately, but not earlier than 15.00 ALT gives the Central Depository the order to fulfill settlements on deals concluded on being placed treasury bonds;
- 6) before the end of the day, the Exchange delivers to primary dealers, whose orders were satisfied according to the Issuer's decision on satisfaction of orders accepted by the Exchange (on selection of the cut-off price), the Exchange certificates formed by the Exchange considering settlements' results made by the Central Depository on placed treasury bonds.

Article 8. Repeated Auction

1. The repeated auction on treasury bonds placement can be executed at any day after execution of the auction on placement of the same issue treasury bonds.
2. The Issuer's application must be received by the Exchange not later than two business days prior to the Issuer appointed auction day (excluding the exception specified by item 4 of this article).
3. Not later than the following day after receipt by the Exchange of the Issuer's application, the Exchange delivers to primary dealers (via e-mail or through the trading system), and publishes on its website the information message on the upcoming repeated auction on treasury bonds placement (excluding the exception specified by item 4 of this article).
4. In case of urgent need in the repeated auction on treasury bonds placement, the Issuer has the right to submit to the Exchange its application later, than specified by item 2 of this article; given this:
 - 1) the Issuer's application should be received prior to 17.00 ALT of the last business day, previous to this auction day;
 - 2) prior to 10.00 ALT of this auction day, the Exchange delivers to primary dealers (via e-mail or through the trading system) and publishes on its website the information message about upcoming auction.

5. The repeated auction on treasury bonds placement is executed in order similar to one specified by item 3 of article 7 of these Rules.

Article 9. Additional Offering

1. Trades on treasury bonds additional placement are executed at the day of auction (repeated auction) on the same issue treasury bonds placement.
2. The Issuer's application must be received by the Exchange prior to 15.00 ALT of these trades execution day.
3. Prior to 15.30 ALT of the day of trades on additional treasury bonds placement the Exchange delivers to primary dealers (via e-mail or through the trading system) and publishes on its website the message on upcoming trades.
4. When executing trades on additional treasury bonds placement:

- 1) The Exchange accepts order from 15.30 to 16.00 ALT; during this period primary dealers have the right to annul orders accepted by the Exchange and change their terms;
- 2) from 15:30 to 16:15 o'clock ALT, users of the control and maintenance system must deliver to the Exchange confirmations or refusals from confirmation of those orders for execution of which will be used trading accounts controlled by users of the control and maintenance system; if the Exchange does not receive confirmation of these orders till 16:15 o'clock ALT, they shall be considered as not accepted and annulled by the Exchange (*this sub-item was changed by a decision of the Board of Directors dated September 24, 2019*);
- 3) prior to 16.30 ALT, the Exchange forms and delivers to the Issuer information about the total amount of orders accepted by the Exchange;
- 4) prior to 17.00 ALT, the Issuer delivers to the Exchange the information about its decision to either satisfy accepted by the Exchange orders or refuse from treasury bonds placement; given this:

The Issuer's decision on satisfaction of accepted by the Exchange orders means its agreement for conclusion of deals in being placed treasury bonds at the price, determined at the same day based on results of the auction (repeated auction) on the same issue treasury bonds placement, and at amounts according to the Issuer's application and this decision parameters; and the fact of these deals conclusion, in its turn, serves as the basis for settlements;

when the Issuer decides to satisfy orders accepted by the Exchange (on selection of the cut-off price), the Issuer has the right to satisfy accepted by the Exchange orders as within indicated in the Issuer's application quantity of treasury bond being placed, so exceeding this quantity;

if the Issuer decides to refuse from treasury bonds placement, the mentioned message must describe such refusal reason;

- 5) upon receipt by the Exchange of the Issuer's decision on satisfaction of the Exchange accepted orders (on selection of the cut-off price), the Exchange immediately, but not earlier than 17.00 ALT gives the Central Depository the order to fulfill settlements on concluded deals with being placed treasury bonds;
- 6) before the end of the day, the Exchange delivers to primary dealers, whose orders were satisfied according to the Issuer's decision on satisfaction of orders accepted by the Exchange, the Exchange certificates formed by the Exchange considering settlements results made by the Central Depository on placed treasury bonds.

Article 10. Settlements

1. The primary dealer undertakes responsibility to ensure availability⁵ of money in the amount sufficient for purchased treasury bonds payment (assuming that all submitted by the primary dealer and accepted by the Exchange orders are liable to satisfaction):
 - 1) when executing the auction (repeated auction) on treasury bonds placement – by 15.00 ALT of this auction day;
 - 2) when executing trades on additional treasury bonds placement – by 17.00 ALT of these trades day.
2. Settlements on being placed treasury bonds are fulfilled by the Central Depository in compliance with its Rules:
 - 1) when executing the auction (repeated auction) on treasury bonds placement – by 15.00 ALT of this auction day;
 - 2) when executing trades on additional treasury bonds placement – by 17.00 ALT of these trades day.
3. After implementation of settlements on placed treasury bonds, the Central Depository delivers to the Exchange the report on such settlements fulfillment as well as in case of violation by any primary dealers of specified by item 1 of this article obligation, reports on non-execution of the Exchange order on fulfillment of such settlements on deals concluded with being placed treasury bonds.

On receipt of mentioned reports, the Exchange immediately delivers them to the Issuer.

Chapter 4. RESPONSIBILITY

Article 11. Issuer's Responsibility

1. In case of violation by the Issuer of obligations specified by sub-item 4) of item 2 of article 4, sub-item 4) of item 3 of article 7, sub-item 4) of item 4 of article 9 of these Rules, and other Issuer's obligations when placing treasury bonds using other than specialized trades methods of trading, the Exchange has the right to announce trades on treasury bonds placement abandoned with imposing on the Issuer of all responsibilities for such violation and any other consequences of such violation.
2. Received by the Issuer in compliance with these Rules information about which exactly primary dealers submitted orders for purchasing of being placed treasury bonds and concluded deals with being placed (placed) treasury bonds, is confidential and intended only for the Issuer who is fully responsible for disclosure of such information and for any possible consequences of such disclosure.

Article 12. Primary Dealers' Responsibility

- In case of violation by the primary dealer of obligations specified by item 1 of article 5 and/or item 1 of article 10 of these Rules:
- 1) this primary dealer is prohibited further purchasing of offered through the Exchange treasury bonds until the Exchange Board of Directors removes such prohibition;

⁵ On the money account used for settlements on deals in securities according to the set of rules of Central Securities Depository.

- 2) this primary dealer is obliged to pay a penalty in the amount of 2% of the amount of deal in treasury bonds, unexecuted as a result of violation by him of obligations specified by item 1 of article 5 and/or item 1 of article 10 of these Rules *(this sub-item was changed by the Exchange Board of Directors decision of November 23, 2009)*;
- 3) on receipt by the Exchange of the penalty mentioned in sub-item 2) of this article is liable to entering to the Exchange account, specified by it in notification to this primary dealer, is transferred to the Issuer based on mentioned for such purposes details.

President

A. Joldasbekov