

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.

These Rules have been developed in compliance with the legislation of the Republic of Kazakhstan and define specifics of placement of government treasury instruments 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 instruments containing the maximum price of their desirable purchase;
 - 2) "**market order**²" – an order for purchasing of being placed treasury instruments without their desirable purchase price and meaning that the primary dealer who submitted this order is willing to purchase treasury instruments at any price according to which this order satisfaction is possible;
 - 3) "**treasury instrument**" – the Republic of Kazakhstan government treasury instrument: 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 instruments placement assuming posting (in the mass media and/or other possible ways) about upcoming treasury instruments placement and their sale to investors who applied in response to this posting the purchase order for treasury instruments being placed in compliance with this posting requirements (such placement);
 - 6) "**Exchange website**" – the Exchange's Internet website (www.kase.kz);
 - 7) "**trading system**" – the Exchange's software and hardware complex through which deals in financial instruments, admitted to circulation on trades executed at the Exchange are concluded;
 - 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 Instruments Placement

1. Treasury instruments are placed through the Exchange as follows:
 - 1) through subscription organized by the Exchange in response to the Issuer's order;
 - 2) at trades.
2. When placing treasury instruments through subscription organized by the Exchange based on the Issuer's request, orders, in response to posting about

¹ Acceptable synonym – "competitive order".

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

upcoming treasury instruments placement, can be submitted to the Exchange only through primary dealers³.

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

3. The Exchange does not charge the Issuer any compensation or any fees for organization and execution of trades on treasury instruments placement as well as for organization of treasury instruments 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 instruments, 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 instruments 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 instruments the Issuer must observe primary dealers equality principle and served by them investors for treasury instruments 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 instruments can not 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 instruments 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 instruments 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 instruments 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.

Chapter 2. TREASURY INSTRUMENTS PLACEMENT THROUGH THE EXCHANGE VIA SUBSCRIPTION

Article 4. Basic Procedures

1. For purposes of articles 4 and 5 of these Rules:
 - 1) the posting means the announcement about upcoming treasury instruments placement published in the mass media and/or other possible ways;
 - 2) orders mean investors' treasury instruments purchase orders, submitted in response to the posting.

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

2. When placing treasury instruments via subscription organized by the Exchange on the Issuer's request:
 - 1) The Exchange accepts only those orders received before 18.00 ALT of the last posting day of specified orders submission, which contain all information and requisites for inclusion into orders pursuant to the posting;
 - 2) on the expiry of the period specified in sub-item 1) of this item, accepted by the exchange orders can not be annulled (revoked) by the applied investors as well as the Exchange accepted orders terms can not be changed;
 - 3) on the expiry of the period specified in sub-item 1) of this item, but not later than 12.00 ALT of the first business day, following the posting specified orders submission deadline, the Exchange shall form and transfer to the Issuer the summary list of orders accepted by the Exchange, sorted out by the time of their acceptance by the Exchange; given this the information volume for inclusion into this summary list is determined by the Exchange based on the posting terms in a way allowing the Issuer making reasonable decision on satisfaction of accepted by the Exchange orders or refusal from treasury instruments placement; information about applied investors is not included into the Exchange accepted summary list;
 - 4) prior to 15.00 ALT of the first business day, following the posting specified orders submission deadline, the Issuer provides the Exchange with the information about its decision to satisfy the Exchange accepted orders or refuse treasury instruments placement; given this:

the Issuer's decision on satisfaction of the Exchange accepted orders means its agreement for execution of dealings in being placed treasury instruments at the price (prices) and in the amount pursuant to the posting and this decision terms;

if the Issuer decides to satisfy orders accepted by the Exchange, the data volume for inclusion into the mentioned information must allow the Exchange the explicit distribution of treasury instruments between investors who submitted orders liable to satisfaction pursuant to the posting or this decision terms;

if the Issuer refuses from treasury instruments placement, the mentioned information must describe such refusal reasons;
 - 5) prior to 18.00 ALT of the first business day, following the posting specified orders submission deadline, the Exchange:

delivers to primary dealers (via e-mail or the trading system), and publishes on the Exchange website message about the Issuer's decision either to satisfy the Exchange accepted orders or refuse from treasury instruments placement;

if the Issuer decides to satisfy orders accepted by the Exchange - delivers to (via e-mail or the trading system) primary dealers submitted through which orders are liable to satisfaction, the Exchange formed lists of satisfied orders, including amounts payable by investors to cover treasury instruments; the mentioned lists are formed separately for each primary dealer, submitted through which orders are liable to satisfaction;

if the Issuer decides to satisfy orders accepted by the Exchange – delivers to the Central Depository the order for settlements on deals with placed treasury instruments.

Article 5. Settlements

1. Prior to 16.00 ALT of the second business day, following the posting specified orders submission deadline, the primary dealer submitted through which orders

are liable to satisfaction, must ensure availability⁴ of money in the amount specified in the received list of satisfied orders.

2. Settlements on placed treasury instruments are made by the Central Depository in compliance with its rules from 16.00 ALT of the second business day, following the posting specified orders submission deadline.
3. After implementation of settlements on placed treasury instruments, the Central Depository delivers the Exchange report on such settlements and, in case of violation by any primary dealer of the specified by item 1 of this article obligation, reports on non-execution of the Exchange order on settlement on deals concluded with being placed treasury instruments.

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

Chapter 3. PLACEMENT OF TREASURY INSTRUMENTS AT TRADES

Article 6. Basic Provisions

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

At the Issuer's will, trades on treasury instruments 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 instruments are placed at auctions, and if placing of treasury instruments is necessary to continue – through their additional placement (at trades on additional placement of treasury instruments) and placement at repeated auctions⁵ which can also be accompanied by additional treasury instruments placement.
3. When placing treasury instruments 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 instruments purchasing;
 - 2) only limited orders of primary dealers for being placed treasury instruments purchasing.
4. When additionally placing treasury instruments, primary dealers can submit only market orders for being placed treasury instruments 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 instruments or trades on additional placement of treasury instruments;
 - 2) orders mean the primary dealers' orders for being placed treasury instruments 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

⁴ On the money account used for settlements on deals in securities according to the set of rules of Central Securities Depository.

⁵ 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.

through the trading system) as well as publishes on its website the information on upcoming auction on placement of treasury instruments.

3. During the auction day of treasury instruments placement:

- 1) the Exchange accepts orders from 09.00 to 11.00 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 ALT, the Confirmation System participants must deliver to the Exchange confirmations or refusals from confirmation of those orders for satisfaction of which will be used controlled by the Confirmation System participants trading accounts; if the Exchange does not receive confirmation of these orders till 11.30 ALT, they are considered as unaccepted and annulled by the Exchange;
- 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 instruments 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 instruments placement; information about primary dealers who submitted these orders is included into the Exchange accepted summary list of orders;
- 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 instruments 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 instruments at the price (prices) and amounts in compliance with treasury instruments 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 instrument 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 instruments between primary dealers who submitted orders liable to satisfaction in compliance with the treasury instruments issuing terms, the Issuer's application parameter and this decision;

if the Issuer decides to refuse treasury instruments 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 instruments;
- 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 instruments.

Article 8. Repeated Auction

1. The repeated auction on treasury instruments placement can be executed at any day after execution of the auction on placement of the same issue treasury instruments.
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 instruments placement (excluding the exception specified by item 4 of this article).
4. In case of urgent need in the repeated auction on treasury instruments 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 instruments placement is executed in order similar to one specified by item 3 of article 7 of these Rules.

Article 9. Additional Placement

1. Trades on treasury instruments additional placement are executed at the day of auction (repeated auction) on the same issue treasury instruments 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 instruments 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 instruments 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 ALT, the Confirmation System participants must deliver to the Exchange confirmations or refusals from confirmation of orders for satisfaction of which will be used controlled by the Confirmation System participants trading accounts; if the Exchange does not receive these orders till 16.15 ALT, orders will be recognized as unaccepted by the Exchange and annulled;
 - 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 instruments 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 instruments at the price, determined at the same day based on results of the auction (repeated auction) on the same issue treasury instruments 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 instrument being placed, so exceeding this quantity;

if the Issuer decides to refuse from treasury instruments 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 instruments;
- 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 instruments.

Article 10. Settlements

1. The primary dealer undertakes responsibility to ensure availability⁶ of money in the amount sufficient for purchased treasury instruments 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 instruments placement – by 15.00 ALT of this auction day;
 - 2) when executing trades on additional treasury instruments placement – by 17.00 ALT of these trades day.
2. Settlements on being placed treasury instruments are fulfilled by the Central Depository in compliance with its Rules:
 - 1) when executing the auction (repeated auction) on treasury instruments placement – by 15.00 ALT of this auction day;
 - 2) when executing trades on additional treasury instruments placement – by 17.00 ALT of these trades day.
3. After implementation of settlements on placed treasury instruments, 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 instruments.

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 instruments using other than specialized trades methods of trading, the Exchange has the right to announce trades on treasury instruments placement abandoned with

⁶ On the money account used for settlements on deals in securities according to the set of rules of Central Securities Depository.

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 instruments and concluded deals with being placed (placed) treasury instruments, 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 instruments until the Exchange Board of Directors removes such prohibition;
- 2) this primary dealer is obliged to pay a penalty in the amount of 2% of the amount of deal in treasury instruments, 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