

# KAZAKHSTAN STOCK EXCHANGE

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**Approved**

by a decision of the Board  
of Kazakhstan Stock Exchange

(minutes No. 117  
dated November 17, 2017)

**Effective as of**

November 20, 2017

## **METHODOLOGY**

### **of calculation of activity indicators of Kazakhstan Stock Exchange's members**

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Almaty

2017

## **LIST OF AMENDMENTS**

### **1. Change No. 1:**

- Approved by a decision of the Board of Kazakhstan Stock Exchange (minutes No. 93 dated August 16, 2019)
- Effective as of September 1, 2019

This Methodology determines the conditions and procedure for calculating indicators of activity of members of Kazakhstan Stock Exchange JSC (hereinafter - the Exchange), which are used to determine the most active members of the Exchange for their annual encouragement at the end of the year, compilation of monthly rankings of activity of Exchange members, as well as rankings of activity Exchange members for any period for various internal purposes of the Exchange.

### Chapter 1. GENERAL PROVISIONS

1. This Methodology uses concepts defined by other internal documents of the Exchange..
2. For the purposes of this Methodology:
  - 1) the exchange market means the organized financial market of the Republic of Kazakhstan, managed and serviced by the Exchange;
  - 2) shares are understood as any equity-grade securities;
  - 3) corporate bonds are understood as any debt securities that are not government securities and securities (bonds) of international financial organizations;
  - 4) an effective trading day for any member of the Exchange in any sector of the exchange market means a trading day during which this member of the Exchange concluded at least one deal in this sector of the exchange market, which was then executed.
3. The activity of an individual Exchange member in any sector of the exchange market is characterized by the activity indicator  $K_a$ , calculated in accordance with Chapter 2 of this Methodology
4. The  $K_a$  activity indicator is the criterion by which the Exchange compiles the rankings of the activity of its members in certain sectors of the exchange market. The highest value of the  $K_a$  activity indicator corresponds to the first place in the ranking, the lowest - to the last one. The Management Board of the Exchange has the right to decide on the termination of the compilation of the named rankings in any sectors of the exchange market.
5. Activity indicators for any period in any sector of the exchange market are not calculated for those organizations that were members of the Exchange in the category corresponding to this sector less (taking into account the specifics established by clause 6 of this Methodology):
  - 1) 70% of the duration of this period (in calendar days), if the duration of this period does not exceed three months;
  - 2) 60% of the duration of this period (in calendar days), if the duration of this period is from three to six months (inclusive);
  - 3) 50% of the duration of this period (in calendar days), if the duration of this period is six months or more.
6. Activity indicators are not calculated for the National Bank of the Republic of Kazakhstan, whose participation in the exchange market is associated with goals other than that of other Exchange members.
7. Indicators of activity of any member of the Exchange for any period in any sector of the exchange market are not calculated in the absence of deals concluded by this member of the Exchange in the corresponding sector of the exchange market for this period.
8. When calculating the activity indicators of the Exchange members are not taken into account:
  - 1) transactions on the primary securities market;
  - 2) sale and purchase transactions of state blocks of shares;
  - 3) direct deals (with the exception of nego deals related to repo transactions, which were carried out by the "direct" method<sup>1</sup>);
  - 4) unfulfilled transactions;

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<sup>1</sup> These deals are taken into account when calculating the indicators of the Exchange members' activity on the repo transactions market.

- 5) transactions with foreign currencies, which finish (close) currency swap transactions;
- 6) repo transactions opening;
- 7) closing deals of repo transactions, the terms of which have been extended;
- 8) deals concluded in the framework of specialized trades.

## Chapter 2. CALCULATION OF ACTIVITY INDICATORS

9. The indicator of the activity of a member of the Exchange in the sector of buying and selling foreign currencies for any period is calculated by the formula:

$$K_a = P + 0,3N + 0,8D, \text{ where}$$

- P – indicator of the net position of this Exchange member in the sector of purchase and sale of foreign currencies, which is calculated in accordance with clause 16 of this Methodology;
- N – indicator of the number of deals, concluded by this Exchange member in the sector of purchase and sale of foreign currencies, which is calculated in accordance with clause 18 of this Methodology;
- D – indicator of the number of effective trading days for a given Exchange member in the foreign currencies purchase and sale sector, which is calculated in accordance with clause 19 of this Methodology.
10. The indicator of activity of any member of the Exchange in the sector of currency swap transactions for any period is calculated by the formula:

$$V_a = V + 0,3N + 0,8D, \text{ where}$$

- V – indicator of the volume of deals, concluded by this Exchange member in the sector of currency swap transactions, which is calculated in accordance with paragraph 17 of this Methodology;
- N – indicator of the number of deals concluded by this Exchange member in the currency swap transactions sector, which is calculated in accordance with clause 18 of this Methodology;
- D – indicator of the number of effective trading days for a given Exchange member in the currency swap transactions sector, which is calculated in accordance with clause 19 of this Methodology.
11. The indicator of activity of a member of the Exchange in the sector of purchase and sale of government securities for any period is calculated by the formula:

$$K_a = V + N + D, \text{ where}$$

- V – an indicator of the volume of transactions concluded by this Exchange member in the government securities purchase and sale sector, which is calculated in accordance with paragraph 17 of this Methodology;
- N – indicator of the number of deals concluded by this Exchange member in the government securities purchase and sale sector, which is calculated in accordance with clause 18 of this Methodology;
- D – indicator of the number of effective trading days for a given Exchange member in the government securities purchase and sale sector, which is calculated in accordance with clause 19 of this Methodology.
12. The indicator of activity of any member of the Exchange in the sector of purchase and sale of shares for any period is calculated by the formula:

$$K_a = 0,8V + N + D + A, \text{ where}$$

- V – an indicator of the volume of transactions concluded by this Exchange member in the share purchase and sale sector, which is calculated in accordance with clause 17 of this Methodology;

- N – indicator of the number of deals concluded by this Exchange member in the share purchase and sale sector, which is calculated in accordance with clause 18 of this Methodology;
- D – indicator of the number of effective trading days for a given Exchange member in the share purchase and sale sector, which is calculated in accordance with clause 19 of this Methodology;
- A – indicator of the number of trading accounts operated by this Exchange member when concluding deals in the share purchase and sale sector, which is calculated in accordance with clause 20 of this Methodology.

13. indicator of the number of trading accounts operated by this Exchange member when concluding deals in the share purchase and sale sector, which is calculated in accordance with clause 20 of this Methodology:

$$K_a = V + N + D + 0,8A, \text{ where}$$

- V – indicator of the volume of deals, concluded by this Exchange member in the sector of purchase and sale of corporate bonds, which is calculated in accordance with paragraph 17 of this Methodology;
- N – indicator of the number of deals, concluded by this Exchange member in the sector of purchase and sale of corporate bonds, which is calculated in accordance with clause 18 of this Methodology;
- D – indicator of the number of effective trading days for a given Exchange member in the corporate bonds purchase and sale sector, which is calculated in accordance with clause 19 of this Methodology;
- A – indicator of the number of trading accounts operated by this Exchange member when concluding deals in the corporate bonds purchase and sale sector, which is calculated in accordance with clause 20 of this Methodology.

14. The indicator of the activity of any member of the Exchange in the sector of trading in derivatives contracts for any period is calculated by the formula:

$$K_a = 0,2V + N + D + A, \text{ where}$$

- V – indicator of the volume of deals, concluded by this Exchange member in the derivatives contracts trading sector, which is calculated in accordance with clause 17 of this Methodology;
- N – indicator of the number of deals concluded by this Exchange member in the fixed-term contracts trading sector, which is calculated in accordance with clause 18 of this Methodology;
- D – indicator of the number of effective trading days for a given Exchange member in the fixed-term contracts trading sector, which is calculated in accordance with clause 19 of this Methodology;
- A – indicator of the number of trading accounts operated by this Exchange member when concluding deals in the fixed-term contracts trading sector, which is calculated in accordance with clause 20 of this Methodology.

15. The indicator of activity of any member of the Exchange in the sector of repo transactions for any period is calculated by the formula:

$$K_a = V + N + 0,8D + 0,5A, \text{ where}$$

- V – indicator of the volume of deals concluded by this Exchange member in the repo sector, which is calculated in accordance with paragraph 17 of this Methodology;
- N – indicator of the number of deals, concluded by this Exchange member in the repo sector, which is calculated in accordance with clause 18 of this Methodology;
- D – indicator of the number of effective trading days for a given Exchange member in the repo transactions sector, which is calculated in accordance with clause 19 of this Methodology;

A – indicator of the number of trading accounts operated by this Exchange member when concluding deals in the repo sector, which is calculated in accordance with clause 20 of this Methodology.

16. The indicator of the net position of any member of the Exchange in the sector of purchase and sale of foreign currencies for any period is calculated by the formula:

$$P = \frac{P'}{P'_{\max}}, \text{ where}$$

$P'$  – specific net position calculated for a given Exchange member in the sector of purchase and sale of foreign currencies for a given period in accordance with clause 21 of this Methodology;

$P'_{\max}$  – the highest value of the specific net position ( $P'$ ) among the corresponding values calculated for each of the Exchange members who took part in concluding deals in the foreign currency purchase and sale sector during this period.

17. The indicator of the volume of transactions for any member of the Exchange in any sector of the exchange market for any period is calculated by the formula:

$$V = \frac{V'}{V'_{\max}}, \text{ where}$$

$V'$  – the specific volume of deals, concluded by this Exchange member in this sector of the exchange market for the given period, which is calculated in accordance with clause 22 of this Methodology;

$V'_{\max}$  – the highest value of the specific volume of deals ( $V'$ ) among the corresponding values calculated for each of the Exchange members who took part in concluding deals in this sector of the exchange market during this period.

18. The indicator of the number of deals for any member of the Exchange in any sector of the organized exchange market for any period is calculated by the formula:

$$N = \frac{N'}{N'_{\max}}, \text{ where}$$

$N'$  – the specific number of deals, concluded by this Exchange member in this sector of the exchange market for the given period, which is calculated in accordance with clause 22 of this Methodology;

$N'_{\max}$  – the highest value of the specific number of deals ( $N'$ ) from among the corresponding values calculated for each of the Exchange members who took part in concluding deals in this sector of the exchange market during this period.

19. The indicator of the number of successful trading days for any member of the Exchange in any sector of the exchange market for any period is calculated by the formula:

$$D = \frac{D'}{D'_{\max}}, \text{ where}$$

$D'$  – the specific number of effective trading days for a given Exchange member in this sector of the exchange market for a given period, calculated in accordance with paragraph 22 of this Methodology;

$D'_{\max}$  – the highest value of the specific number of effective trading days ( $D'$ ) from among the corresponding values calculated for each of the Exchange members who took part in concluding deals in this sector of the exchange market during this period.

20. The indicator of the number of trading accounts for any member of the Exchange in any sector of the exchange market for any period is calculated by the formula:

$$A = \frac{A'}{A'_{\max}}, \text{ where}$$

- $A'$  – the specific number of trading accounts operated by this Exchange member in this sector of the exchange market for the given period, calculated in accordance with clause 22 of this Methodology;
- $A'_{max}$  – the highest value of the specific number of trading accounts ( $A'$ ) from among the corresponding values calculated for each of the Exchange members who took part in concluding deals in this sector of the exchange market during this period.

21. Specific net position ( $P'$ ) of any Exchange member in the sector of purchase and sale of foreign currencies for any period is calculated by dividing the sum of the daily net positions of this Exchange member in this sector of the exchange market for this period (in Kazakhstani tenge) by the number of calendar days in this period during which this organization was a member of the Exchange with the right to participate in trades in foreign currencies.

The daily net position of any member of the Exchange for any trading day is calculated by the formula:

$$D_d = \sum_{i=1}^n |O_i - C_i|, \text{ where}$$

- $D_d$  – daily net position of this Exchange member for any trading day;
- $n$  – number of names of foreign currencies admitted to circulation on the Exchange;
- $O_i$  – the obligation of this Exchange member to the Exchange on this day in foreign currency of the  $i$ -th denomination, expressed in tenge;
- $C_i$  – demand of this Exchange member to the Exchange in foreign currency of the  $i$ -th denomination, expressed in tenge.

If the settlement currency for a transaction with the currency of the  $i$ -th denomination is a currency other than tenge,  $O_i$  ( $C_i$ ) is calculated by multiplying the obligation (demand) of this Exchange member, expressed in the settlement currency, by the weighted average exchange rate of the settlement currency against tenge, in effect on the day of this transaction.

If a member of the Exchange concludes deals with different deadlines, obligations and claims on them are taken into account only on the days of their execution (days of settlement).

22. The specific value for any member of the Exchange in any sector of the exchange market for any period is calculated by dividing the total volume of transactions that were concluded by this member of the Exchange in this sector of the exchange market for a given period (in Kazakhstani tenge) by the number of calendar days in this period, during which this organization was a member of the Exchange in the category corresponding to this sector of the exchange market.

The specific value of  $N'$  for any member of the Exchange in any sector of the exchange market for any period is calculated by dividing the total number of deals that were concluded by this member of the Exchange in this sector of the exchange market for a given period (in pieces) by the number of calendar days in this period, during which this organization was a member of the Exchange in the category corresponding to this sector of the exchange market.

The specific value of  $D'$  for any member of the Exchange in any sector of the exchange market for any period is calculated by dividing the total number of effective days for this member of the Exchange in this sector of the exchange market for a given period (in days) by the number of calendar days in this the period during which this organization was a member of the Exchange in the category corresponding to this sector of the exchange market.

The specific value of  $A'$  for any member of the Exchange in any sector of the exchange market for any period is calculated by dividing the total number of trading accounts operated by this member of the Exchange in this sector of the exchange market for a given period (in pieces) by the number of calendar days in this period, during which this organization was a member of the Exchange in the category corresponding to this sector of the exchange market.

23. The term "indicator" is used in relation to the values of  $P$ ,  $V$ ,  $N$ ,  $D$  and  $A$  only for the purposes of this Methodology.

### Chapter 3. SPECIAL CONDITIONS

24. In order to exclude the influence of especially large transactions of a one-time nature on the value of the activity indicator of any Exchange member, the Exchange has the right to exclude, when calculating this indicator, transactions concluded for these Exchange members, the volume of which exceeds the value of  $V_{lim}$  calculated in accordance with paragraph 25 of this Methodology.
25. The value of  $V_{lim}$  in relation to any sector of the exchange market for any period is calculated by the formula:

$$V_{lim} = \bar{V} + 3\delta, \text{ where}$$

- $\bar{V}$  – the arithmetic mean value of the volume of all deals, which were concluded in this sector of the exchange market for the given period, in Kazakhstani tenge;
- $\delta$  – the standard deviation of the volume of any deal from among all deals that were concluded in this sector of the exchange market for a given period, from the arithmetic mean value of the volume of these deals.
26. In order to exclude the influence of individual transactions of a non-market nature on the value of the activity indicator of any Exchange member, it has the right to exclude, when calculating this indicator, transactions concluded by this Exchange member that, in the opinion of the Exchange:
- 1) in their essence (including the level of their prices) are not market transactions;
  - 2) concluded for the purpose of artificial (deliberate) overestimation of the indicators of the volume of transactions, the number of transactions and the number of trading accounts for a given member of the Exchange;
  - 3) concluded due to obvious technical errors of the trader of this Exchange member.



#### Chapter 4. FINAL PROVISIONS

27. Monthly rankings of the Exchange members' activity in individual sectors of the exchange market, calculated in accordance with Chapter 2 of this Methodology, are published on the Exchange website no later than the fifth business day of each month. *(this item was changed by a decision of the Management Board dated August 16, 2019)*
28. The functions and powers of the Exchange established by this Methodology are carried out by the Department of Information and Statistics of the Exchange in agreement with a member of the Management Board of the Exchange in charge of this Department.  
  
A member of the Exchange Management Board supervising the Exchange Information and Statistics Department has the right to convene a meeting with the participation of other Exchange Management Board members or request the convocation of a Exchange Management Board meeting (in accordance with its charter) in order to determine the most active Exchange members for any period before their names are announced.
29. The Information and Statistics Department is responsible for making changes and / or additions to the Methodology (updating).
30. This Methodology is subject to updating as necessary, but at least once every three years..

Chairperson of the Board

A. Aldambergen