

# KAZAKHSTAN STOCK EXCHANGE JSC

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**A p p r o v e d**

by a decision of the Management Board of  
Kazakhstan Stock Exchange

(minutes of the meeting  
dated 05 March 2019 No. 34)

**E f f e c t i v e**

from 06 March 2019

## **RULES**

### **of annual rewards of members of Kazakhstan Stock Exchange JSC**

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Almaty City

2019

## **LIST OF AMENDMENTS**

**1. Changes and additions No. 1:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes of meeting dated July 27, 2023 No. 75);
- effective from January 1, 2024.

These Rules shall determine terms and conditions and procedure for annual rewards of members of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange), with the exception of the National Bank of the Republic of Kazakhstan, for their contribution to development of the stock market of the Republic of Kazakhstan.

## Chapter 1. GENERAL PROVISIONS

### Article 1. Basic Concepts

1. These Rules use concepts, terms and symbols defined by the laws of the Republic of Kazakhstan as well as internal documents of the Exchange.
2. For purposes of these Rules:
  - 1) responsible subdivision shall mean a business subdivision of the Exchange which collects data and forms a list of candidates for rewards in a relevant nomination;
  - 2) nomination shall mean nomination of candidates from among members of the Exchange for rewards subject to these Rules;
  - 3) selection criterion shall mean a sign or an indicator on the basis of which a responsible unit evaluates candidates and determines a list of candidates for rewards in a relevant nomination;
  - 4) authorized agency shall mean the National Bank of the Republic of Kazakhstan.

### Article 2. Purpose and tasks

1. Purpose of the annual rewards of the members of the Exchange is to identify and reward participants on the securities market of Kazakhstan who have contributed to development of the stock market of the Republic of Kazakhstan.
2. Objectives of the annual rewards of the members of the Exchange shall be:
  - 1) stimulation of trading activity of participants on the securities market and, as a result, quantitative and qualitative growth of the stock market;
  - 2) popularization of activities of professional participants on the securities market and their services;
  - 3) recognition of professional merits of participants on the securities market.

### Article 3. Main provisions

1. Members of the Exchange shall be rewarded annually based on results of a completed calendar year by presenting them with diplomas or memorable souvenirs at the place and time specified by the Exchange.
2. Nominations and selection criteria to reward members of the Exchange shall be determined by the Exchange.
3. All quantitative and qualitative indicators, acceptance as criteria for a reward shall be calculated or determined on the basis of data for the calendar year following which the a reward is carried out.
4. Candidates for rewards in each of the nominations can only be members of the Exchange who had membership in the Exchange during the year, based on results of which the rewards shall be made.
5. Responsible divisions of the Exchange shall submit lists of candidates for rewards in a relevant nomination to the Information and Statistics Department, which shall

form an opinion on rewards for a certain member of the Exchange in each of the nominations.

6. In each of the nominations, only one member of the Exchange who meets the nomination criteria to the maximum extent can receive rewards. In exceptional cases, a reward of two members of the Exchange in one nomination shall be allowed, if it is impossible to give preference to one of them.
7. It shall be allowed to reward one member of the Exchange in several nominations at the same time.
8. Final decision on rewards shall be made by the Management Board of the Exchange based on the opinion provided by the Information and Statistics Department.
9. Information about decisions of the Management Board of the Exchange on rewards for members of the Exchange shall be disclosed on the official website of the Exchange no later than March 1 of the year following the year based on results of which members of the Exchange are rewarded.
10. Design of diplomas or memorable souvenirs shall be determined by the Exchange.
11. Members of the Exchange rewarded with diplomas or memorable souvenirs subject to these Rules can use images of such diplomas or memorable souvenirs and links to these images in their publications and advertisement materials.

## **Chapter 2. NOMINATIONS AND SELECTION CRITERIA**

### **Article 4. Reward nominations of members of the Exchange**

1. The Exchange has established the following reward nominations and their categories:
  - 1) "Underwriter of the Year":
    - on the stock market;
    - on the corporate bond market;
  - 2) "Market Leader":
    - shares;
    - corporate bonds;
    - government securities;
    - foreign currencies;
  - 3) "Market Maker of the Year":
    - on the stock market;
    - on the corporate bond market;
    - on the government securities market;
  - 4) "For Development of the Derivatives Market";
  - 5) "For Significant Contribution to Attracting Investors";
  - 6) "For contribution to development of the exchange Market of the Chinese Yuan" (*this sub-clause is included by a decision of the Management Board of the Exchange dated July 27, 2023*);

- 7) "For contribution to development of the exchange market of the Russian ruble" (*this sub-clause is included by a decision of the Management Board of the Exchange dated July 27, 2023*);
  - 8) "Best Financial Consultant" (*this sub-clause is included by a decision of the Management Board of the Exchange dated July 27, 2023*).
2. The Management Board of the Exchange shall have the right to determine by its decision additional nominations and/or categories for a reward at the end of the year and at the same time determine selection criteria for a reward in such nominations and/or categories.

**Article 5. Selection criteria for reward in the nomination "Underwriter of the Year"**

1. In the "Underwriter of the Year" nomination, a member of the Exchange shall be rewarded who has demonstrated the most activity in providing services to issuers and initial placement (hereinafter referred to as placement) of corporate equity securities on the Exchange (*this clause is changed by a decision of the Management Board of the Exchange dated July 27, 2023*).
2. (*This clause is deleted by a decision of the Management Board of the Exchange dated July 27, 2023*).
- 2-1. Underwriter of the year shall be recognized to be a member of the Exchange with the highest  $K_p$  indicator, which characterizes the highest activity of the member of the Exchange in providing services to issuers for the placement of corporate equity securities (*this clause is included by a decision of the Management Board of the Exchange dated July 27, 2023*).
- 2-2. Indicator of activity in providing services to issuers for placement  $K_p$  shall be calculated using the following formula:

$$K_p = 0,40K_{vol} + 0,25K_i + 0,25K_a + 0,10K_s$$

$K_{vol}$  – an indicator of a volume of transactions calculated for a member of the Exchange subject to item 2-3 of this article;

$K_i$  – an indicator of a number of issuers calculated for a member of the Exchange subject to clause 2-4 of this article;

$K_a$  – an indicator of a number of trading accounts calculated for a member of the Exchange subject to clause 2-5 of this article;

$K_s$  – an indicator of a number of securities calculated for a member of the Exchange subject to clause 2-6 of this article.

*(This clause is included by a decision of the Management Board of the Exchange dated July 27, 2023)*

- 2-3. Indicator of a volume of transactions of a member of the Exchange shall be calculated by the formula:

$$K_{vol} = \frac{Vol}{Volmax}, \text{ where:}$$

Vol – a volume of placements of all non-government issue securities, for which the member of the Exchange provided the issuer with the service of placement of securities on a relevant market, calculated taking into account specifics set out in clause 3 of this article;

Volmax – the highest Vol of a member of the Exchange on a relevant market.

*(This clause is included by a decision of the Management Board of the Exchange dated July 27, 2023)*

- 2-4. Indicator of a number of issuers to which the member of the Exchange provided services for placement of non-government issue securities shall be calculated by the formula:

$$K_i = \frac{I}{I_{max}}, \text{ where:}$$

I – a number of all issuers to which the member of the Exchange provided services on placement of non-government issue securities on a relevant market, calculated taking into account specifics set out in clause 3 of this article;

I<sub>max</sub> – the highest indicator of the member of the Exchange I on a relevant market.

*(This clause is included by a decision of the Management Board of the Exchange dated July 27, 2023)*

- 2-5. Indicator of a number of trading accounts of a member of the Exchange who participated as buyers in placement of all non-government issue securities shall be calculated by the formula:

$$K_a = \frac{A}{A_{max}}, \text{ where:}$$

A – a number of trading accounts that participated as buyers in placement of all non-government issue securities, for which the member of the Exchange provided placement services to issuers on a relevant market, calculated taking into account specifics set out in clause 3 of this article;

A<sub>max</sub> – the highest Q indicator of a member of the Exchange on a relevant market.

*(This clause is included by a decision of the Management Board of the Exchange dated July 27, 2023)*

- 2-6. Indicator of a number of issues of non-government issue securities, for which a member of the Exchange provided services for placement of non-government issue securities, shall be calculated by the formula:

$$K_s = \frac{S}{S_{max}}, \text{ where:}$$

S – a number of issues of non-government issue securities, for which the member of the Exchange provided placement services in a relevant market, calculated taking into account specifics set out in clause 3 of this article;

S<sub>max</sub> – the largest indicator S of a member of the Exchange on a relevant market.

*(This clause is included by a decision of the Management Board of the Exchange dated July 27, 2023)*

3. When determining candidates for a reward in the "Underwriter of the Year" nomination, the following shall not be taken into account:

- 1) placement of non-government issue securities, in which the entire declared volume of placement was redeemed by one person (on one account or within one transaction) and/or;
- 2) placement of non-government debt securities denominated in tenge with a yield to maturity lower than the base rate established by the National Bank of the Republic of Kazakhstan on the day of bonds placement, by more than 2.00%.

*(This clause is changed by a decision of the Management Board of the Exchange dated July 27, 2023)*

3. Subdivision responsible for offering candidates for nomination of members of the Exchange in the "Underwriter of the Year" nomination shall be the Issuer and Investor Relations Department of the Exchange.

**Article 6. Selection criteria for a reward in the nomination "Market Leader"**

1. In the "Market Leader" nomination, a member of the Exchange shall be rewarded who has demonstrated the highest trading activity in the exchange market sector corresponding to one of the categories of the nomination, provided that this sector complies with the established liquidity criteria.
2. Selection criterion for a reward in the "Market Leader" nomination shall be indicator of trading activity  $K_a$ , calculated subject to the internal document of the Exchange "Methodology for calculation of activity indicators of members of Kazakhstan Stock Exchange JSC".
3. Subdivision responsible for offering candidates for nomination of the members of Exchange in the "Market Leader" nomination shall be Information and Statistics Department of the Exchange.

**Article 7. Selection criteria for a reward in the nomination "Market Maker of the Year"**

1. In the "Market Maker of the Year" nomination, a member of the Exchange shall be rewarded who has demonstrated the best discharge of market maker duties and contributed to increasing the liquidity of the exchange market.
2. Market Maker of the Year shall be a member of the Exchange with the highest  $K_m$  indicator, which characterizes activities of the market maker separately on any market.
3. Indicator of market maker activity,  $K_m$  shall be calculated by the following formula:

$$K_m = 0,1K_v + 0,6K_q + 0,3K_n, \text{ where:}$$

$K_v$  – an indicator of a volume of transactions calculated for a market maker subject to clause 4 of this article;

$K_q$  – an indicator of a number of transactions calculated for a market maker subject to clause 5 of this article;

$K_n$  – an indicator of a number of financial instruments calculated for a market maker subject to clause 6 of this article.

4. Indicator of a volume of transactions of the market maker shall be calculated by the formula:

$$K_v = \frac{V}{V_{max}}, \text{ where:}$$

$V$  – a volume of transactions of the market-maker for all financial instruments for which the member of the Exchange is the market-maker of a relevant market, calculated taking into account specifics set out in clause 7 of this article;

$V_{max}$  – the highest  $V$  value of the market maker on a relevant market.

5. Indicator of a number of market maker transactions shall be calculated by the formula:

$$K_q = \frac{Q}{Q_{max}}, \text{ where}$$

$Q$  – a number of transactions of the market maker for all financial instruments for which the member of the Exchange is the market-maker of a relevant market, calculated taking into account specifics set out in clause 7 of this article;

$Q_{max}$  – the highest  $Q$  of the market maker on a relevant market.

6. Indicator of a number of financial instruments shall be calculated by the formula:

$$K_n = \frac{N}{N_{max}}, \text{ where:}$$

N – a number of denominations of financial instruments of a relevant market, for which the member of the Exchange is a market maker, calculated taking into account specifics specified in clause 8 of this article;

Nmax – the highest N indicator of the market maker on a relevant market.

7. In order to exclude influence of especially large transactions of a non-recurrent nature on value of indicator of the market maker activity, the Exchange shall have the right to exclude transactions volume of which exceeds the value of  $V_{lim}$  calculated by the formula:

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

$\bar{V}$  – an arithmetic mean of all transactions to be closed with all securities on a relevant market;

$\delta$  – a mean-square deviation of a volume of any transaction from among all transactions that were closed with securities of a relevant market.

8. As an indicator of a number of financial instruments N, a number of instruments for which the member of the Exchange was a market maker and made transactions shall be taken.
9. The subdivision responsible for offering candidates for nomination of the members of Exchange in the "Market Maker of the Year" nomination shall be the Trading Department of the Exchange.

**Article 8. Selection criteria for a reward in the nomination "For Development of the Derivatives Market"**

1. In the nomination "For Development of the Derivatives Market" the member of the Exchange shall be rewarded, who has demonstrated the highest trading activity on the derivatives Market subject to the Methodology for calculation of activities indicators of the members of Kazakhstan Stock Exchange JSC.<sup>1</sup>
2. Selection criteria for a reward in the nomination "For Development of the Derivatives Market" shall be:
- 1) volume of transactions made by the member of the Exchange on the derivatives market;
  - 2) number of transactions made by the member of the Exchange on the derivatives market;
  - 3) indicator of a number of trading accounts operated by a member of the Exchange when closing transactions on the derivatives market;
  - 4) performance by the member of the Exchange of functions of the market maker on the derivatives market.
3. Subdivision responsible for offering candidates for nomination of the member of the Exchanges in the nomination "For Development of the Derivatives Market" shall be the Trading Department of the Exchange.

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<sup>1</sup> Approved by a decision of the Management Board of the Exchange dated May 19, 2008 No. 66/0.

**Article 9. Selection criteria for a reward in the nomination "For Significant Contribution to Attracting Investors"**

1. In the nomination "For Significant Contribution to Attracting Investors" the member of the Exchange shall be rewarded who has provided the largest increase in new active trading accounts.
2. Selection criterion for a reward in the nomination "For Significant Contribution to Attracting Investors" shall be a number of trading accounts that were opened by clients of the member of the Exchange, and who participated by closing at least one trade transaction on the Exchange during the period under review.  
  
Data about the dates of opening trading accounts shall be provided by the Central Securities Depository JSC without specifying the member of the Exchange who services the trading account. Information about belonging of the trading account to a certain member of the Exchange and information about the closed transactions from the trading account shall be formed from data in the information systems of the Exchange.
3. Subdivision responsible for offering candidates for nomination of the members of the Exchange in the nomination "For Significant Contribution to Attracting Investors" shall be the Issuer & Investors Relations Department Of the Exchange.

**Article 9-1. Selection criteria for a reward in the nomination "For Contribution to Development of the Exchange Market of the Chinese Yuan"**

1. In the nomination "For Contribution to Development of the Exchange Market of the Chinese Yuan" a member of the Exchange who has demonstrated the highest trading activity in relation to the Chinese yuan shall be rewarded.
2. Selection criteria for a reward in the nomination "For Contribution to Development of the Exchange Market of the Chinese Yuan" shall be:
  - 1) volume of transactions expressed in the Chinese yuan closed by the member of the Exchange with the Chinese yuan;
  - 2) number of transactions closed by the member of the Exchange with the Chinese yuan.
3. Subdivision responsible for offering candidates for nomination of the members of the Exchange in the nomination "For Contribution to Development of the Exchange Market of the Chinese Yuan" shall be the Information and Statistics Department.

*(This article is included by a decision of the Management Board of the Exchange dated July 27, 2023)*

**Article 9-2. Selection criteria for a reward in the nomination "For Contribution to Development of the Exchange Market of the Russian Ruble"**

1. In the nomination "For Contribution to Development of the Exchange Market of the Russian Ruble" a member of the Exchange who has demonstrated the highest trading activity in relation to the Russian ruble shall be rewarded.
2. Selection criteria for a reward in the nomination "For Contribution to Development of the Exchange Market of the Russian Ruble" shall be:
  - 1) volume of deals, expressed in Russian rubles, closed by the member of the Exchange with the Russian ruble;
  - 2) number of deals closed by the member of the Exchange with the Russian ruble.
3. Subdivision responsible for offering candidates for nomination of members of the Exchange in the nomination "For Contribution to Development of the Exchange Market of the Russian Ruble" shall be the Information and Statistics Department.

*(This article is included by a decision of the Management Board of the Exchange dated July 27, 2023)*

**Article 9-3. Selection criteria for a reward in the nomination "Best Financial Consultant"**

1. In the nomination "Best Financial Consultant" a member of the Exchange shall be rewarded, who has demonstrated the highest activity in providing advisory services to issuers on issue of non-government securities on the Exchange and the listing of securities on the Exchange.
2. Selection criteria for a reward in the nomination "Best Financial Consultant" shall be a number of issuers and/or new issuers to which the member of the Exchange provided services of a financial advisor and the number of issues listed on the KASE.
3. Subdivision responsible for offering candidates for nomination of the members of the Exchange in the nomination "Best Financial Consultant" shall be the Listing Department.

*(This article is included by a decision of the Management Board of the Exchange dated July 27, 2023)*

**Article 11. Procedure for the Management Board of the Exchange to take decision to reward candidates**

1. Every year until February 1, responsible divisions of the Exchange shall prepare and submit to the Information and Statistics Department information about candidates for a reward, as well as comprehensive materials on the analysis members of the Exchange and identification of candidates. Responsibility for completeness and accuracy of such materials shall be borne by chiefs of responsible subdivisions.
2. Any of the responsible subdivisions can come up with an offer to determine an additional nomination and/or category based on performance for any year and reward a member of the Exchange in it.
3. The Information and Statistics Department shall collect all information about candidates for a reward and criteria for their selection and provide these materials to the Management Board to make a final decision on a reward.
4. Final decision shall be made by the Management Board of the Exchange by developing a consolidated expert opinion based on the provided materials subject to clause 3 of this article, as well as taking into account additional information specified in clauses 5 and 6 of this article, if any.
5. In cases when one of the nominations is claimed by two or more members of the Exchange, when making a final decision the Management Board of the Exchange shall take into account:
  - 1) experience of interaction and cooperation of a member of the Exchange with subdivisions of the Exchange;
  - 2) materials provided by the member of the Exchange in open access on his official website;
  - 3) meetings, conferences, seminars, master classes, webinars and other events organized and held by the member of the Exchange related to development of the stock market of Kazakhstan.
6. Final decision of the Management Board of the Exchange may be affected by cases of violation by a member of the Exchange of the internal rules of the Exchange during the period under review and by cases of application of any sanctions against the member of the Exchanges by the authorized body.
7. Responsibility for providing information to members of the Management Board of the Exchange about cases of application of any sanctions against members of the

Exchange by the authorized agency or the Exchange shall be borne by the Monitoring Department.

**Article 12. Final provisions**

1. Control over implementation of these Rules and making changes/additions to them (updating) shall be vested in the Information and Statistics Department.
2. These Rules shall be updating as necessary but at least once every five years.

Chairperson of the Management Board

A. Aldambergen