

# KAZAKHSTAN STOCK EXCHANGE

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## **Approved**

by a decision of the Board of Directors  
of JSC "Kazakhstan Stock Exchange"

(meeting minutes  
No. 30 dated December 14, 2017)

## **Effective**

as of February 23, 2018

### **NOTICE**

The 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 the Rules' original version in Russian, the latter shall prevail.

# **RULES**

## **of execution of exchange activities**

## LIST OF AMENDMENTS

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

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (meeting minutes No. 22 dated July 13, 2018);
- effective as of October 1, 2018.

**2. Changes and additions No. 2:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (meeting minutes No. 26 dated September 7, 2018);
- effective as of September 10, 2018.

**3. Additions and changes No. 3:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (meeting minutes No. 33 dated November 7, 2018);
- effective as of November 30, 2018.

**4. Changes No. 4:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (meeting minutes No. 37 dated December 12, 2018);
- effective as of January 1, 2019.

**5. Additions and changes No. 5:**

- approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (meeting minutes No. 10 dated February 22, 2019);
- effective as of February 25, 2019.

These Rules were developed in accordance with laws of the Republic of Kazakhstan, and they define general terms and conditions of main activities of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange), general terms of membership of the Exchange, general terms of inclusion of securities in the official list of the Exchange, characteristics of concluding deals in particular types of financial instruments during exchange trading.

## Chapter 1. GENERAL PROVISIONS

### Article 1. Main definitions and designations

1. The Exchange uses a series of designations in its activities, not defined in the current legislation of the Republic of Kazakhstan. For purposes of their unified usage in internal documents and activities of the Exchange, as well as in activities, upon necessity, of members of the Exchange and its other clients, the Exchange has developed a glossary containing definitions of main designations, being the appendix 1 hereto.
2. The Exchange also uses in its activities other definitions and terms defined in accordance with statutory acts of the Republic of Kazakhstan.

### Article 2. General information about activities of the Exchange

1. The Exchange is a universal floor featuring the following exchange markets:
  - 1) the "stock" market – regulated market of securities, stakes in limited liability partnerships;
  - 2) the "currency" market – regulated foreign exchange market;
  - 3) the "derivatives" market – regulated market of derivative financial instruments.

*(This item was changed by a decision of the Exchange's Board of Directors dated July 13, 2018).*

- 1-1. The Exchange maintains a list of financial instruments authorized for circulation in its trading system (hereinafter – the Exchange's list), containing also information on markets, sectors, categories and market sectors, where trading in particular financial instruments with single settlement characteristics takes place. The rules of composing the list of financial instruments authorized for circulation in the trading system are defined in a separate internal document approved by the Exchange's Board of Directors.

Issues of inclusion and quotation of financial instruments in markets, in sectors and categories of the Exchange, as well as the procedure of execution of deals in financial instruments in various sectors of the market are defined in respective internal documents of the Exchange.

*(This item was included by a decision of the Exchange's Board of Directors dated July 13, 2018).*

2. The Exchange carries out the following functions:
  - 1) operation and maintenance of trading systems;
  - 2) setting requirements for issuers, whose securities are supposed to be or were included in the Exchange list, as well as for securities and other financial instruments (being) admitted to circulation on the Exchange;
  - 3) provision to its members of access to trading systems for purposes of execution of deals in securities and other financial instruments admitted to circulation on the Exchange;

- 4) training of traders participating on behalf of a member of the Exchange in trading in securities and other financial instruments circulating in the Exchange's trading system;
- 5) admission of traders to participation in the trading and their suspension from participation in the trading in case of violation of requirements of laws of the Republic of Kazakhstan on the securities market and internal documents of the Exchange;
- 6) maintenance of the register of traders of the Exchange admitted to the trading, those suspended from participation in the trading (with indication of the reason for suspension), and posting thereof on the Exchange's website;
- 7) organization and conducting of trading in securities and other financial instruments admitted to circulation on the Exchange;
- 8) execution of monitoring and analysis of deals in securities and other financial instruments concluded in the Exchange's trading system;
- 9) organization of activities of the Exchange's committee set up for purposes of consideration of issues of acknowledgment of deals in securities and other financial instruments as executed for manipulation purposes;
- 10) provision to the authorized body of information on results of monitoring and analysis of deals concluded in the Exchange's trading system, as well as on violation by members of the Exchange of requirements of laws of the Republic of Kazakhstan on the securities market, internal documents of the Exchange according to the procedure specified by the statutory act of the authorized body;
- 11) execution of monitoring of disclosure of information by issuers of securities admitted to circulation on the Exchange, to the extent required by the legislation of the Republic of Kazakhstan and internal documents of the Exchange, and provision of information on results of such monitoring to the authorized body;
- 12) execution of clearing activities on deals in financial instruments;
- 13) execution of functions of the central counteragent on particular markets *(this sub-item was changed by a decision of the Exchange's Board of Directors dated July 13, 2018)*;
- 14) organization and execution of settlements of deals in securities and other financial instruments, admitted to circulation on the Exchange, or preparation of information necessary for execution of such settlements;
- 15) rendering of consultancy, information and other services as part of licensed activities;
- 16) conducting analytical research with regard to the securities and other financial instruments market;
- 17) execution of particular types of banking transactions according to the procedure specified in the banking laws of the Republic of Kazakhstan;
- 18) defining the terms and procedure of suspending and resuming the trading on the Exchange;
- 19) monitoring of the financial status of members of the Exchange;
- 20) release on the Exchange's website of information on all corporate events, quarterly financial statements of issuers, whose securities are included in the exchange's official list, and members of the Exchange, according to the procedure specified in the Exchange's rules;
- 21) participation in the trading in securities and other financial instruments admitted to circulation on the Exchange, at settlement of default and execution of functions of the central counteragent;

22) other functions stipulated in internal documents of the Exchange.

## Chapter 2. PARTICIPANTS OF EXCHANGE TRADING

### Article 3. Members of the Exchange

1. Participants of exchange trading are exclusively members of the Exchange – professional participants of the securities market and other legal entities, entitled in accordance with laws of the Republic of Kazakhstan to execute deals financial instruments other than securities.

If not otherwise specified in laws of the Republic of Kazakhstan, individuals and legal entities not being members of the Exchange, are not admitted to exchange trading.

2. A member of the Exchange can participate in the exchange trading in accordance with his membership categories.
3. The procedure of granting the Exchange membership, admission of members of the Exchange to trading and requirements for members of the Exchange are governed by a separate internal document of the Exchange "Regulations on Membership"<sup>1</sup>.

### Article 4. Admission of traders and observers to trading

1. On behalf of a member of the Exchange, individuals authorized by him – traders that underwent training in the operation of the trading system in accordance with the Exchange's internal document "Rules of provision of access to the trading system"<sup>2</sup>, participate in trading in financial instruments (*this item was changed by a decision of the Exchange's Board of Directors dated December 12, 2018*).
2. Requirements for traders, terms of admission of traders to participation in the trading and suspension of them from the trading, the procedure of compulsory training of traders to operate the Exchange's trading system, as well as other issues related to other actions of traders, are defined by internal documents of the Exchange "Regulations on Membership" and "Rules of provision of access to the trading system" (*this item was changed by a decision of the Exchange's Board of Directors dated December 12, 2018*).
3. Persons are admitted to the trading as observers following a decision of the Chairman and/or Deputy Chairman of the Management Board supervising the operation of trading. At that they are not allowed to intervene directly or indirectly in the trading process.

### Article 5. Suspension of traders from trading

The trader of a member of the Exchange can be suspended from participation in the trading and stripped of access to operation of the Exchange's trading system for reasons specified in the Exchange's internal documents "Regulations on Membership" and "Rules of provision of access to the trading system" (*this item was changed by a decision of the Exchange's Board of Directors dated December 12, 2018*).

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<sup>1</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 42 of the meeting on November 7, 2014).

<sup>2</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 37 of the meeting on December 12, 2018) (*this footnote was changed by a decision of the Exchange's Board of Directors dated December 12, 2018*).

**Article 6. Clearing participants**

1. A clearing participant means a legal entity holding the valid status of a clearing participant.
2. Only members of the Exchange can be clearing participants.
3. Each clearing participant is assigned a category defining the method of securing obligations on deals concluded in financial instruments on a particular exchange market *(this item was changed by a decision of the Exchange's Board of Directors dated July 13, 2018)*.
4. The procedure of assigning, stripping and resumption of the clearing participant status, as well as requirements for organizations formally requesting the clearing participant status, requirements for defining the category of the clearing participant, rights and liabilities of clearing participants, the responsibility of clearing participants and the Exchange are governed by the separate internal document of the Exchange "Regulations on Clearing Participants"<sup>3</sup> *(this item was changed by a decision of the Exchange's Board of Directors dated July 13, 2018)*.

**Chapter 3. ADMISSION OF FINANCIAL INSTRUMENTS TO CIRCULATION ON THE EXCHANGE**

**Article 7. Financial instruments admitted to circulation on the Exchange**

In accordance with the Rules of executing activities on organization of trading in securities and other financial instruments<sup>4</sup> the following items are admitted to circulation in the Exchange's trading system:

- 1) non-government serial securities of organizations – residents of the Republic of Kazakhstan, whose issuance was registered by the authorized body in the manner prescribed by laws of the Republic of Kazakhstan;
- 2) non-government serial securities of organizations – non-residents of the Republic of Kazakhstan, whose issuance was registered by the authorized body or which were admitted to circulation on the Exchange;
- 3) non-government serial securities of organizations – residents of the Republic of Kazakhstan, whose issuance was registered in accordance with laws of a foreign country and which were admitted to circulation on the Exchange;
- 4) serial securities of international financial organizations – residents of the Republic of Kazakhstan, whose issuance was registered in accordance with laws of a foreign country and which were admitted to circulation on the Exchange;
- 5) debt obligations (notes) of organizations of the Republic of Kazakhstan;
- 6) government serial securities of the Republic of Kazakhstan, including bonds of local executive bodies of the Republic of Kazakhstan;
- 7) foreign government serial securities;
- 8) derivative financial instruments and other financial instruments admitted to circulation on the Exchange.

**Article 8. Listing and delisting of securities**

1. For inclusion of securities in the Exchange's official list and their presence therein, the issuer must undergo the listing procedure that includes a check of

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<sup>3</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 7 of the meeting on April 8, 2015).

<sup>4</sup> Approved by resolution No. 170 of the Management Board of Agency of the Republic of Kazakhstan for regulation and surveillance of the financial market and financial organizations dated October 29, 2008.

the issuer and his securities for compliance with listing requirements, specified by the authorized body<sup>5</sup> and internal documents of the Exchange governing the listing activities.

2. A decision on inclusion of securities in the Exchange's official list is taken by the special body – the Listing commission<sup>6</sup>, with the exception specified in item 3 of this article.

The structure, functions, powers and obligations of the Listing commission are defined in the Regulations on the Listing commission<sup>7</sup>.

3. A decision on inclusion of securities in the Exchange's official list and their presence therein according to the simplified procedure is taken by the Exchange's Management Board.
4. The Exchange sets requirements for disclosure of information at presence of securities in the official list, which the admittance initiator must provide to the Exchange within the deadlines and on terms prescribed by laws of the Republic of Kazakhstan, the listing agreement and the Listing Rules<sup>8</sup>.
5. The Exchange carries out monitoring of disclosure of information by initiators of securities admittance during the presence of those securities in the Exchange's official list according to the internal document "Procedure for monitoring of information disclosure by securities admission initiators"<sup>9</sup>.
6. The issue of delisting of particular securities is put for consideration by the Listing commission or the Exchange's Management Board on grounds specified by the authorized body<sup>5</sup> and/or Listing Rules.

**Article 9. Admission of other financial instruments to circulation on the Exchange**

Admission to circulation in the Exchange's trading system of foreign currencies, derivative financial instruments and other financial instruments (except for derivative securities) is carried out following a decision of the Exchange's Management Board.

*(This article was changed by a decision of the Exchange's Board of Directors dated July 13, 2018).*

**Chapter 4. ORGANIZATION AND CONDUCTING OF TRADING**

**Article 10. General provisions on organization and conducting of trading**

1. The main place for conducting trading are the Exchange's trading systems:
  - 1) Next – for conducting foreign currency trading;

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<sup>5</sup> "Requirements for issuers and their securities (being) admitted to circulation on the stock exchange, as well as for particular categories of the stock exchange list and making of amendments to some statutory acts of the Republic of Kazakhstan on issues of regulation of the securities market" approved by resolution No. 54 of the Management Board of the National Bank of the Republic of Kazakhstan dated March 27, 2017.

<sup>6</sup> Hereinafter the Listing commission means the permanent external body of the Exchange, whose main task is to take decisions on listing, delisting, change of the category of the Exchange's official list in accordance with laws of the Republic of Kazakhstan.

<sup>7</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 33 of the meeting on December 24, 2009).

<sup>8</sup> Approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 15 of the meeting on April 27, 2017).

<sup>9</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 42 of the meeting on November 7, 2014).

- 2) ATS<sup>10</sup> – for conducting trading in securities and derivative financial instruments.
2. Operation of information systems Next and ATS is carried out from a work place in the Exchange's trading room or remotely.
3. Main conditions of connecting to information systems of the Exchange to operate them remotely are given in the Exchange's internal document "Rules on Trading System Operation in Remote Access Mode"<sup>11</sup>.
4. Trading in financial instruments is conducted each business day during the trading day. A trading day can be divided into separate trading sessions.
5. The trading schedule (place, time and other main parameters of trading) is defined in the Exchange's internal document "Regulations on Trades and Confirmation System Operation"<sup>12</sup>.
6. Opening and discontinuation of trading in financial instruments is carried out by a decision of the Exchange's Management Board taking into account specifics set in paragraphs two and three of this item.

Discontinuation of trading in particular debt securities, in case of their redemption, is carried out without a decision of the Exchange's Management Board.

If not otherwise specified by a decision of the Exchange's Management Board, the date of discontinuation of trading in derivative financial instruments of a particular series is set based on the respective specification approved by the Exchange's Management Board.

7. Trading on the Exchange is conducted in accordance with the trading methods described in the Exchange's internal document "Regulations on trading methods"<sup>13</sup>.
8. The main method of conducting trading in financial instruments is the method of continuous counter-driven auction. The reserve method of conducting trading in financial instruments is the fixing method.
9. The standard method of conducting trading on offering or buyback of securities is the special trading session method which doesn't limit the right of the member of the Exchange who initiated such trading, to choose another trading method subject to agreement with the Exchange.

In case of choosing another trading method for offering or buyback of securities, the member of the Exchange who initiated such trading, must not later than three business days prior to the offering or buyback of securities notify the Exchange in writing of such offering or buyback (*this paragraph was included by a decision of the Exchange's Board of Directors dated September 7, 2018*).

#### **Article 11. Exchange deals in financial instruments. Formalizing deals in financial instruments**

1. Exchange deals in financial instruments mean financial instruments purchase-sale deals concluded between trading participants during the trading in accordance with these Rules and other internal documents of the Exchange.

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<sup>10</sup> Abbreviation of "Automated trading system".

<sup>11</sup> Approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 85 of the meeting on June 10, 2013).

<sup>12</sup> Approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 17 of the meeting on January 27, 2012).

<sup>13</sup> Approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 17 of the meeting on June 13, 2018) (*this footnote was changed by a decision of the Exchange's Board of Directors dated July 13, 2018*).

Deals are acknowledged as concluded after their registration in the Exchange's trading system.

2. Deals in financial instruments are formalized in exchange certificates.
3. An exchange certificate is a document confirming the conclusion during the exchange trading of deals in financial instruments, as well as the registration of such deals in the Exchange's trading system.
4. An exchange certificate is provided to a member of the Exchange based on trading results in electronic form by means of the trading system or the guaranteed delivery transport system using cryptographic protection means ensuring confidentiality and inalterability of data being transmitted.
5. Upon a request from a member of the Exchange, an exchange certificate is drawn up in two hard copies, of which one is handed to the trader of the trading participant, and the second one remains at the Exchange.
6. Information on parties of the deal concluded on the Exchange, as well as the contents of the exchange certificate drawn up after its conclusion are commercial secret and are not subject to disclosure or forwarding by the Exchange to third parties without permission of the trading participant being a party to that deal, taking into account specifics stipulated by item 7 of this article.
7. Information on results of exchange trading is provided to the authorized body and/or other government authorities in accordance with the current legislation of the Republic of Kazakhstan.

#### **Article 12. Confirmation system**

1. For purposes of accounting of financial instruments and the clients' money and confirmation of rights thereunder, members of the Exchange of the "stock" category may be registered on the Exchange as users of the confirmation system. For registration on the Exchange as a user of the Confirmation system, it is necessary to provide an application according to the form of the appendix 2 to these Rules.
2. If a member of the Exchange wishes to obtain access to the Exchange's trading system as a user of the Confirmation system, his employee(s) must undergo the training in operation of the trading system, the terms and procedure of which are specified in the Exchange's internal document "Rules of provision of access to the trading system".  
  
Upon completion of the training, the user shall provide the list of users of the Confirmation system according to the form of the appendix 3 to these Rules (*this item was changed by a decision of the Exchange's Board of Directors dated December 12, 2018*).
3. Confirmation of deals is carried out through the confirmation system of the Exchange's trading system. The conditions and procedure of the operation of the confirmation system are governed by the Exchange's internal document "Regulations on Trades and Confirmation System Operation".
4. The confirmation system transmits to a user only those deals which were made on accounts of that user.
5. A user of the confirmation system must:
  - 1) have a trading account (trading accounts) opened in the Central Depository for confirmation of deals using such account(s);
  - 2) provide to the Exchange an application for registration according to the form of the appendix 4 to these Rules, containing information on trading accounts of the user of the confirmation system, deals involving which

must be confirmed by such participant, and on the list of members of the Exchange that can execute transactions using such trading accounts.

6. Logging into the confirmation system of the Exchange's trading system under a personal password issued to the authorized employee of the confirmation system user means unconditional acceptance by the confirmation user system of obligations resulting from activities performed by its employee.
7. Users of the confirmation system in the Exchange's trading system for confirmation of deals concluded in their name, are sent data which contain the number of the deal, the direction of the deal (purchase or sale), the price of a unit of the financial instrument, the quantity of the financial instrument, the amount of the deal, the identification code of the member of the Exchange that concluded the deal; the No. of the account involved in the deal, as well as other information related to parameters of the deal.
8. Deals in financial instruments that were not confirmed by the confirmation system user are carried out on account of own assets of the member of the Exchange that concluded them according to the procedure and on terms set in item 53 of the Rules of executing activities on organization of trading in securities and other financial instruments and separate internal documents of the Exchange: "Regulations on Conducting Settlements on Securities Transactions under T+0 Scheme with Full Backing (Gross Settlements)"<sup>14</sup> and "Procedure of execution of deals on the stock market according to scheme T+2"<sup>15</sup>.
9. Trading participants carry responsibility towards the Exchange on deals concluded on behalf of the confirmation system users.

The responsibility of the confirmation system users towards trading participants for untimely confirmation or unjustified confirmation of deals concluded on their behalf, is determined in bilateral agreements between the confirmation system user and the trading participant.

### **Article 13. Market-makers**

1. For purposes of increasing the liquidity and development of financial instruments, internal documents of the Exchange provide for the possibility of receipt by a trading participant of the market-maker status with regard to financial instruments admitted to circulation on the Exchange.
2. A market-maker undertakes the obligation to announce and maintain mandatory quotations on particular financial instruments and other obligations resulting from the holding of such market-maker status on financial instruments.
3. A member of the Exchange may obtain the market-maker status on financial instruments, deals in which he is entitled to conclude at the Exchange-operate trading according to his Exchange membership category.
4. The procedure of assigning and stripping of the market-maker status on a particular financial instrument, as well as the procedure of execution of market-maker activities are defined by the separate internal document of the Exchange "Regulations on Market-Makers"<sup>16</sup>.

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<sup>14</sup> Approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 39 of the meeting on November 10, 2016).

<sup>15</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 43 of the meeting on December 11, 2014).

<sup>16</sup> Approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 22 of the meeting on August 31, 2016).

**Article 14. Valuation of securities**

1. The Exchange carries out securities valuation:
  - 1) for determining the number of a repo transaction's underlying asset, the exact amount of the opening deal, the closing price and the repo transaction closing deal amount at execution of auto repo transactions in the Exchange's trading system;
  - 2) for purposes of calculation of the repo transaction opening price, the current market price of the repo transaction's underlying asset, the compensation payment deficit, the compensation payment amount and repo transaction closing deal at its early execution at carrying out of repo transactions by the "direct" method;
  - 3) at blocking of securities in favor of the Exchange by participants of trading it operates, as security of their obligations towards the Exchange;
  - 4) for defining settlement prices of financial instruments of the stock market used at execution by the Exchange of clearing activities on deals in financial instruments;
  - 5) for other purposes stipulated in the Exchange's internal documents.
2. The procedure of securities valuation is governed by the Exchange's internal document "Methodology of Securities Valuation"<sup>17</sup>.

**Article 15. Surveillance of deals executed on the Exchange**

1. Deals, whose parameters and terms of conclusion give ground to suspect those deals as concluded for purposes of manipulation on the securities market, are put up for consideration by the expert committee of the Exchange set up for purposes of consideration of issues of recognition of deals in securities and other financial instruments as carried out for manipulation purposes. The expert committee issues a conclusion being its opinion on whether there are necessary and sufficient grounds to assume the suspicious deals were made for manipulation purposes.
2. Recognition of a deal in securities and other financial instruments as made for manipulation purposes is carried out by the authorized body based on results of consideration of the expert committee's opinion.
3. The procedure and terms of recognition of deals in securities and other financial instruments as concluded for purposes of manipulation are set by the Rules of recognition of deals in securities and other financial instruments concluded on the regulated and over-the-counter securities markets, as executed for purposes of manipulation, forming and operation of the expert committee of the stock exchange, as well as its structure<sup>18</sup>.
4. The Exchange takes measures on countering the legalization (laundering) of illegal revenues, and against the terrorism financing, stipulated by the Act No. 191-IV of the Republic of Kazakhstan "On countering the legalization (laundering) of illegal revenues, and against the terrorism financing" dated August 28, 2009.

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<sup>17</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 7 of the meeting on March 31, 2011).

<sup>18</sup> Approved by a resolution of the Management Board of the National Bank of the Republic of Kazakhstan (minutes No. 13 of the meeting on January 28, 2016).

## Chapter 5. CLEARING AND SETTLEMENT OF DEALS

### Article 16. Clearing activities

1. The Exchange carries out clearing activities on deals in:
  - 1) securities, included following decisions of the Exchange's Management Board in the list of financial instruments of the stock market, deals in which are cleared by the Exchange;
  - 2) financial instruments of the currency market;
  - 3) financial instruments of the derivatives market.
2. Only clearing participants may use the Exchange's clearing services.
3. The terms and procedure of execution by the Exchange of clearing activities on deals in financial instruments (as these activities are determined in the act of the Republic of Kazakhstan "On the Securities Market"), including the rules of organization and operation of the risk management system of the Exchange as a clearing organization, are governed by the Rules of execution of clearing activities on deals in financial instruments.

### Article 16-1. Execution of activities of the central counteragent

1. Deals in financial instruments being concluded by clearing participants with regard to which the Exchange carries out functions of the clearing counteragent, are subject to the open offer mechanism – the method of execution of contractual obligations on concluded deals by way of automated inclusion in the Central counteragent's deals.
2. After conclusion of a deal by clearing participants, a novation of the parties to the concluded deal takes place, according to which the Exchange, acting as the Central counteragent, becomes the seller for the buyer, and the buyer for the seller. Thus, contractual obligations and requirements of clearing participants on the concluded deal are automatically replaced by similar contractual obligations and requirements of each clearing participant with the Central counteragent.
3. The Exchange, acting as the Central counteragent, warrants fulfillment of obligations on deals emerged as a result of the novation, towards each conscientious clearing participant irrespective of the fulfillment by other clearing participants of their obligations towards the Exchange according to the procedure an taking into account restrictions set in the Exchange's internal document "Rules of execution of clearing activities on deals in financial instruments".

*(This article was included by a decision of the Exchange's Board of Directors dated July 13, 2018).*

### Article 17. Execution of settlements on deals

1. Settlements on deals in securities (including repo transactions) are carried out by the Central Depository according to the agreement on service of the trading operator concluded with the Central counteragent according to the procedure set in its internal documents and internal documents of the Exchange "Procedure of execution of deals on the stock market according to scheme T+2", "Procedure of conclusion of deals in government securities according to scheme T+2" and "Schedule of execution of settlements on deals in securities according to scheme T+0 with full security (gross settlements)" *(this item was supplemented by a decision of the Exchange's Board of Directors dated November 7, 2018).*
2. Settlements on deals in foreign currency and derivative financial instruments are carried out by the settlement unit of the Exchange according to its internal documents.

The procedure of execution of settlements in Kazakh tenge and foreign currencies is specified in a separate internal document of the Exchange "rules of execution of settlements based on foreign currency trading results"<sup>19</sup>.

Settlements on foreign currency purchase-sale deals being part of currency swap transactions are carried out on the same terms and in the same sequence as on separate foreign currency purchase-sale deals.

## Chapter 6. EXCHANGE INFORMATION

### Article 18. Dissemination of exchange information

1. Main principles of the Exchange's approach to its information policy, including general principles of the Exchange information disclosure, main provisions on the Exchange information disclosure procedure and its information interaction with third parties, on the use of the brand and/or trademarks of the Exchange by third parties are defined in the internal document "Information Policy"<sup>20</sup>.
2. The minimum contents of the exchange information, main terms and procedure of its dissemination, as well as the grade of responsibility of the Exchange at dissemination of exchange information are governed by internal documents "Rules of dissemination of exchange information"<sup>21</sup> and "Regulations on terms of commercial provision of exchange information"<sup>22</sup>.

### Article 19. Exchange indicators

1. In accordance with the Methodology of the stock market indicators calculation<sup>23</sup> the Exchange calculates the stock market indicators.
2. In accordance with the Methodology of the foreign currency market indicators calculation<sup>24</sup> the Exchange calculates the foreign currency market indicators.
3. In accordance with the Methodology of the money market indicators calculation<sup>25</sup> the Exchange calculates the money market indicators.
4. In accordance with the Memorandum on forming the inter-bank deposit market indicator<sup>26</sup> the Exchange carries out organization of the process of collection of deposit interest rates from the memorandum participants, computation of average deposit interest rates, setting of standard terms for deposit, on which average indicators are calculated and release of information on the indicator.

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<sup>19</sup> Approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 20 of the meeting on July 20, 2017).

<sup>20</sup> Approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 29 of the meeting on November 9, 2017).

<sup>21</sup> Approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 10 of the meeting on April 28, 2011).

<sup>22</sup> Approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 14 of the meeting on February 16, 2017).

<sup>23</sup> Approved by the decision No. 83 of the Management Board of Kazakhstan Stock Exchange JSC dated August 22, 2017.

<sup>24</sup> Approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 125 of the meeting on November 10, 2015).

<sup>25</sup> Approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 53 of the meeting on June 2, 2017).

<sup>26</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 11 of the meeting on July 7, 2000).

## Chapter 7. SPECIFICS OF CONDUCTING TRADES ON THE STOCK MARKET

*(This heading was changed by a decision of the Exchange's Board of Directors dated July 13, 2018)*

### Article 20. Conclusion of deals in securities

1. Members of the Exchange may conclude deals in securities in their own names and for their own funds (so called dealers) and/or on behalf and on account of its clients (so called brokers).
2. Deals in securities are concluded according to schemes T+2 and T+0, with their conclusion procedure set in separate internal documents of the Exchange "Procedure of execution of deals on the stock market according to scheme T+2", "Procedure of conclusion of deals in government securities according to scheme T+2" and "Procedure of execution of settlements on deals in securities according to scheme T+0 with full security (gross settlements)", containing also provisions on the responsibility of trading participants for violating the rules of conducting trading, amounts and procedure of payment of penalties /forfeits *(this item was supplemented by a decision of the Exchange's Board of Directors dated November 7, 2018)*.
3. The Exchange's trading system provides for execution of repo transactions by two methods: the "direct" method – at trading conducted by the method of concluding direct deals, and the "automatic" method – at trading conducted by the method of uninterrupted counter-driven auction.

The terms and procedure of execution of repo transactions are governed by internal documents of the Exchange "Rules of execution of repo transactions"<sup>27</sup> and "Specification of automatic repo market"<sup>28</sup>.

### Article 21. Notification of the authorized body of critical events

1. The Exchange notifies the authorized body about occurrence of the following critical events:
  - 1) change of the price of the last transaction in particular shares, included in the Exchange's official list by the "Premium" category, concluded during the current day's trading session, by 15 and more percent relative to the price of the last executed transaction in that share which was concluded during the last preceding successful trading session (i.e. the trading session during which at least one transaction in that share was concluded);
  - 2) change of the price of the last transaction in particular shares, included in the Exchange's official list by the "Premium" category, concluded during the current day's trading session, by 15 and more percent relative to the price of the earlier executed transaction in that share which was concluded during the current preceding successful trading session;
  - 3) change of the equity market's index by 5 or more percent relative to the most recent value of that index for the previous trading day;
  - 4) change of the equity market's index by 5 or more percent relative to the earlier fixed value of that index for the current trading day;

*(This item was changed by a decision of the Exchange's Board of Directors dated February 22, 2019)*

2. Notification of the authorized body about critical events, stipulated in item 1 of this article, is carried out until 17:50 o'clock (Almaty time) of the day of occurrence of such event.

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<sup>27</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 4 of the meeting on February 29, 2012);

<sup>28</sup> Approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 60 of the meeting on June 16, 2016).

3. At occurrence of critical events stipulated in item 1 of this article the dealer performs the following actions:
  - 1) draws up a notice indicating results of the analysis of the situation on the regulated securities market resulting in the occurrence of the critical event;
  - 2) sends the drawn up notice by e-mail and/or fax<sup>29</sup> to the authorized body;
  - 3) controls the receipt by the authorized body of the notice sent to it.

**Article 22. Suspension of trading due to occurrence of critical events**

1. For purposes of this article, the change of the price of particular securities is defined as the change of the price of the last deal in those securities concluded during the trading session of the current day, regarding the price of the last executed deal in those securities, which was concluded during the last preceding successful trading session (i.e. that trading session during which at least one deal in those securities was concluded).
2. The Exchange suspends the trading in the following cases:
  - 1) at a decrease in the price of stocks listed on the Exchange in the "Premium" category, by 30 or more percent regarding the price fixed at the moment of closure of the trading day preceding such decrease;
  - 2) at a decrease in the index of the equity market by 15 or more percent regarding the last value of that index fixed on the first or second trading day preceding such decrease the Exchange suspends the trading in all shares quoted on the Exchange;
  - 3) at receipt by the Exchange of a notice from the issuer on submission of an application to the authorized body regarding making amendments to the issue prospectus of debt securities due to conducting of the restructuring of the issuer's liabilities, the Exchange suspends the trading in said debt securities.
3. The Exchange may also suspend the trading in securities in the following cases<sup>30</sup>:
  - 1) a change of the securities price by 50 or more percent;
  - 2) worsening of the securities' quality to an extent substantially threatening investors' interests;
  - 3) at a technical fault in the operation of the Exchange's trading system;
  - 4) other factors threatening interests of all participants of the securities trading, investors and the Exchange.
4. Suspension of the equity trading in cases specified in sub-items 1) and 2) of item 2 of this article is carried out automatically in the Exchange's trading system.

Suspension of the trading in debt securities in the case specified in sub-item 3) of item 2 of this article is carried out by the Exchange on the day of receipt of the notice of submitting the application mentioned in sub-item 3) of item 2 of this article.

The Exchange's dealer immediately notifies the deputy Chairman of the Management Board of the Exchange in charge of the trading of suspensions of the trading mentioned in the first and second paragraphs of this item.

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<sup>29</sup> Notices, sent by e-mail and/or fax, are drawn up in electronic form and are subject to registration as usual outgoing correspondence of the Exchange (*this footnote was changed by a decision of the Exchange's Board of Directors dated February 22, 2019*).

<sup>30</sup> Except for cases specified in items 1 and 2 of this article, when the trading is suspended automatically.

5. Suspension of the securities trading in cases specified in sub-item 3) of item 2 and item 3 of this article, is carried out following a decision of the Exchange's Management Board and for the term set by such decision.
6. Within one hour from the moment of suspension of the securities trading according to items 2 and 3 of this article the Exchange notifies of such suspension:
  - 1) the authorized body via e-mail and/or fax;
  - 2) members of the Exchange by way of releasing a respective message in the Exchange's trading system.
7. If after the Exchange conducted counseling with the authorized body, no letter was received from the authorized body regarding extension of the terms of suspension of the securities trading, then the trading in particular securities suspended in accordance with sub-items 1) and 2) of item 2 of this article, is suspended at the beginning of the new trading day on securities including those securities.
8. Resumption of the trading during the trading day, on which it was suspended, is allowed in the following cases:
  - 1) suspension of the trading was due to the trader's error;
  - 2) the trading was suspended due to a technical malfunction in the Exchange's trading system operation;
  - 3) if an instruction on resumption of the trading was received from the authorized body.
9. The trading in debt securities suspended for reasons indicated in sub-item 3) of item 1 of this article, is resumed by the Exchange at the beginning of the next trading session after receipt of the notice from the issuer regarding the state registration of amendments to the issue prospectus of the debt securities.

## **Chapter 8. SPECIFICS OF CONDUCTING TRADING ON THE CURRENCY MARKET**

*(This heading was changed by a decision of the Exchange's Board of Directors dated July 13, 2018)*

### **Article 23. Conclusion of deals in foreign currencies**

1. Deals in foreign currencies may be concluded by:
  - 1) members of the Exchange – banks – in their own name for their money and/or for their clients' money;
  - 2) members of the Exchange – brokerage firms – in their own name and only for their clients' money.
2. In the trading conducted by the Exchange, the following deals are concluded in foreign currencies:
  - 1) foreign currency purchase-sale deals with settlement deadlines set in the Exchange's internal documents;
  - 2) currency swap transactions.
3. For a participant of the foreign currency trading being a participant of a currency swap transaction, that transaction has a character of "sale-purchase", if according to the foreign currency purchase-sale deal with an earlier execution term being part of that transaction that trading participant sold foreign currency, and vice versa, has a character of "purchase-sale", if according to that deal he bought foreign currency.
4. The price of the currency swap transaction is represented by the yield of that transaction (the quantitative characteristic of the currency swap transaction

computed in annual percentage and depending upon its duration and the difference between prices of its opening and closure).

The opening price of the currency swap transaction ("opening price") is the weighted average price of all deals with that foreign currency with the indicated settlement deadline, concluded on the beginning (opening) day of that transaction at the first in sequence trading session, during which that foreign currency was traded with the indicated settlement deadline (taking into account the specifics set in item 4-1 of this article) *(this paragraph was changed by a decision of the Exchange's Board of Directors dated September 7, 2018)*.

The closing price of a currency swap transaction ("the closing price") is the price of foreign currency according to the foreign currency purchase-sale deal with a later settlement deadline being part of that transaction. At that such price is determined in accordance with the Exchange's internal document "Specification of currency swap transactions"<sup>31</sup>.

- 4-1. The opening price of the US dollar currency swap transaction ("opening price") is the weighted average price of all deals in that foreign currency, settled on the next business day after the trading day, concluded on the beginning (opening) day of that transaction at the first in sequence trading session, during which that foreign currency was traded *(this item was included by a decision of the Exchange's Board of Directors dated September 7, 2018)*.

#### **Article 24. Suspension of the foreign currency trading**

If not otherwise specified in the Exchange's internal documents, the foreign currency trading may be suspended in case of settlement of a technical malfunction. Settlement of a technical malfunction is governed by the internal document "Rules of settlement of issues at malfunctions in the trading system operation"<sup>32</sup>.

### **Chapter 9. SPECIFICS OF CONDUCTING TRADING ON THE DERIVATIVES MARKET**

*(This heading was changed following a decision of the Exchange's Board of Directors dated July 13, 2018)*

#### **Article 25. Types of derivative financial instruments**

1. Two sectors of derivative financial instruments operate in the Exchange's trading system:
  - 1) currency derivative financial instruments, i.e. derivative financial instruments with the national of foreign currencies as the underlying asset;
  - 2) stock market derivative financial instruments, i.e. derivative financial instruments with stocks, bonds or stock market indicators as the underlying asset.
2. Standard terms and parameters of the derivative financial instrument, used as the trading subject, as well as the theoretical price used as the opening price of trading for the derivative financial instrument, are determined by its specification approved by the Exchange's Management Board *(this item was changed following a decision of the Exchange's Board of Directors dated July 13, 2018)*.

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<sup>31</sup> Approved by a decision of the Management Board of the Exchange (minutes No. 37 of the meeting on March 31, 2016).

<sup>32</sup> Approved by a decision of the Board of Directors of Kazakhstan Stock Exchange JSC (minutes No. 27 of the meeting on October 12, 2017).

**Article 26. Conclusion of deals in derivative financial instruments**

1. Members of the Exchange may conclude deals in derivative financial instruments in their own name and for their money and/or for their clients' money.
2. Taking into account the rights of members of the Exchange defined in the first item of this article, for registration of its clients intending to participate in the trading in derivative financial instruments, a member of the Exchange must send to the Exchange an application for registration of the client of the member of the Exchange drawn up according to the form of appendix 5 to these Rules (hereinafter for purposes of this article – the application).
3. At receipt of the application the Exchange assigns to clients, indicated in the application, a trading account code for accounting of transactions in derivative financial instruments executed on behalf of those clients.

For annulment of the registration of its client, a member of the Exchange sends to the Exchange an application in free form with indication of the code of the trading account of its client.

Annulment of the registration of a client is carried out only in case of the complete closure of positions earlier opened on his behalf.

4. Conclusion of deals in derivative financial instruments means acquisition by its parties of rights and/or liabilities on derivative financial instruments in accordance with its specification.

**Article 27. Suspension of trading in derivative financial instruments**

1. The Exchange suspends the trading in derivative financial instruments at occurrence of the combination of the following factors:
  - 1) the price of an order reaches 95 % of the change limit of the price of a derivative financial instrument;
  - 2) said order is continuously present in the Exchange's trading system within 30 minutes from the moment of its submission;
  - 3) the amount of open positions on a derivative financial instrument makes up at least 50 % of the amount of open positions on derivative financial instruments with one underlying asset.

*(This item was changed following a decision of the Exchange's Board of Directors dated July 13, 2018).*

2. Suspension of trading in derivative financial instruments according to item 1 of this article is carried out by the Exchange's trading system automatically.
3. The Exchange may suspend the trading in all derivative financial instruments in the following cases:
  - 1) at insolvency of one member of the Exchange or several members of the Exchange, representing a substantial threat to the operation of the derivatives market;
  - 2) at absence of trading in derivative financial instruments for 30 consecutive trading days;
  - 3) at a technical malfunction of the Exchange's trading system.
4. Trading in derivative financial instruments at occurrence of any of cases stipulated in sub-items 1) and 2) of item 3 of this article, can be suspended only following a decision of the Exchange's Management Board. A decision of the Management Board on suspension of trading in derivative financial instruments must contain details of reasons and duration of such suspension.

5. In case of suspension of trading in a particular derivative financial instrument all orders for purchase or sale of that derivative financial instrument valid at the moment of such suspension are automatically annulled by the Exchange's trading system (*this item was changed following a decision of the Exchange's Board of Directors dated July 13, 2018*).

## Chapter 10. FEES AND DUES PAID TO THE EXCHANGE

1. The composition and amounts (rates) of membership fees and exchange dues, payable by members of the Exchange and other users of universal services of the Exchange, terms and procedure of payment of such fees and dues, as well as the responsibility for their non-payment, incomplete or untimely payment, are specified in the Exchange's internal document "Regulations on membership fees and exchange dues"<sup>33</sup>.

Internal documents of the Exchange can set types of fees payable to the Exchange by its members other than those mentioned in the Regulations on membership fees and exchange dues; in such case the amounts (rates) of such fees, deadlines and the procedure of their payment, as well as the responsibility for their non-payment, incomplete or untimely payment, are defined in other internal documents of the Exchange.

2. Amounts of clearing fees, payable by clearing participants, the procedure and deadlines of their payment, as well as the responsibility of clearing participants for their non-payment, incomplete or untimely payment are defined in the Regulations on clearing fees<sup>34</sup>.
3. Rates of listing fees, the procedure of calculation of their amounts, as well as deadlines and procedure of their payment are defined in the Rules of defining amounts, terms and procedure of payment of listing fees.
4. The Exchange charges persons receiving and/or disseminating information products of the Exchange or part of information products of the Exchange, as well as information based on information products of the Exchange, including derived information, respective fees approved by the Exchange's Board of Directors.

## Chapter 11. RESPONSIBILITY OF THE EXCHANGE AND ITS MEMBERS, PROCEDURE OF CONSIDERATION OF DISPUTES

### Article 28. Responsibility of the Exchange

For non-fulfillment and/or undue fulfillment of its obligations the Exchange carries responsibility in accordance with internal documents of the Exchange and laws of the Republic of Kazakhstan:

- 1) responsibility of the Exchange as a clearing organization is defined by the Exchange's internal document "Rules of execution of clearing activities on deals in financial instruments"<sup>35</sup>;
- 2) responsibility of the Exchange as a settlement organization is defined by the Regulations on responsibility for violation of deadlines for settlement based on results of foreign currency trading;
- 3) responsibility of the Exchange is also defined by the following documents:  
"Regulations on membership";

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<sup>33</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 5 of the meeting on March 29, 2012).

<sup>34</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 9 of the meeting on May 14, 2012).

<sup>35</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 7 of the meeting on April 8, 2015).

"Rules of settlement of issues at malfunctions in the trading system operation"<sup>36</sup>;  
"Rules of dissemination of exchange information";  
"Information policy";  
"Rules of trading system operation in the remote access mode"<sup>37</sup>;  
"Procedure of execution of deals on the stock market according to scheme T+2";  
"Procedure of execution of monitoring of members of the Exchange";  
"Listing rules".

**Article 29. Responsibility of members of the Exchange and clearing participants**

1. Members of the Exchange must comply with requirements of laws of the Republic of Kazakhstan and all internal documents of the Exchange which are mandatory. At failure to comply with requirements of internal documents the exchange applies sanctions.
2. A member of the Exchange carries obligations and responsibility on deals he concluded during the Exchange-operated trading, irrespective on whose behalf, on whose account and in whose interest that deal was concluded.
3. Internal documents of the Exchange governing its activities as the trading operator, define cases when trading participants may be subject to sanctions in form of payment of penalties/forfeits to the Exchange or the other participant of the deal.
4. For non-fulfillment or undue fulfillment by clearing participants of their obligations the Exchange sends to clearing participants requests to pay forfeit calculated in accordance with the Rules of clearing activities on deals in financial instruments.

**Article 30. Procedure of consideration of disputes related to exchange deals**

Disputes and discrepancies between trading participants, as well as between trading participants and the Exchange on conclusion and execution of exchange deals are subject to settlement according to the procedure stipulated by the separate internal document of the Exchange "Procedure of settlement of disputes and conflicts occurring in the process of execution of deals in financial instruments"<sup>38</sup> and in accordance with laws of the Republic of Kazakhstan.

**Article 31. Procedure of consideration of other disputes**

Disputes between members of the Exchange, as well as disputes between the Exchange and its members, except for disputes indicated in article 30 of these Rules, are considered at court.

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<sup>36</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes of the meeting on November 2, 2001).

<sup>37</sup> Approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 85 of the meeting on June 10, 2013).

<sup>38</sup> Approved by a decision of the Exchange Council of Kazakhstan Stock Exchange JSC (minutes No. 10 of the meeting on May 28, 2012).

**Chapter 12. FINAL PROVISIONS**

1. These Rules are subject to release on the Exchange's website.
2. The Management Board is responsible for ensuring compliance with requirements of these Rules, for timely making of amendments to these Rules (updating).
3. These Rules are subject to updating upon necessity or upon updating of other internal documents of the Exchange indicated in these Rules, but at least once every three years.

Chairman of the Management Board

A. Aldambergen

## **GLOSSARY**

### **of main definitions**

1. For purposes of this Glossary a definition means a definition of an object, appearance or event absent in the current legislation, shortened for the convenience of writing, reading, perception and understanding of the word name of that object (appearance, event) and having restricted use (e.g., for purposes of only one document or only group of similar documents).
2. Definitions given in this Glossary are used in internal documents of the Exchange, as well as in its office documentation and correspondence.

Disclosure of additional definitions is carried out in internal documents of the Exchange, in its office documentation and correspondence where those additional definitions are used.

In internal documents of the Exchange shortenings are used only in spreadsheet and graphic (illustrative) parts, except for some common shortenings (e.g., "No.", "%", "JSC"), "Kaz", "mln", "bn", "dstr.", "see", "th."), which can also be used in text part of internal documents of the Exchange.

3. The Exchange doesn't quote in its documents foreseen for use mainly by members of the Exchange, definitions used in those documents and that are given in this Glossary.
4. In item 5 of this Glossary there is a list of main definitions used by the Exchange in its activities as the trading operator.
5. The Exchange uses in its activities the main definitions listed below meaning the following:
  - 1) **"system is2in"** or **"is2in"** – (Issuers to Investors) a specialized system of electronic document flow between security admission initiators and the Exchange which allows security admission initiators to transmit documents and information messages to the Exchange in electronic form (without the need to provide them in hard copy) with subsequent release of such documents and messages in automated mode on the Exchange's website;
  - 2) **"assets of an investment fund"** (regarding foreign investment funds) – the total of assets belonging to a legal entity considered by the Exchange as a foreign joint-stock investment fund, or which is considered by the Exchange as a foreign unit investment trust;
  - 3) **"joint-stock investment fund"** (regarding foreign legal entities) – a legal entity which in accordance with laws of the country of incorporation operates in the legal form of a joint-stock company and is recognized as an investment fund;
  - 4) **"authorized shares"** (regarding shares issued in accordance with laws of countries other than the Republic of Kazakhstan) – shares, whose issue was registered in accordance with laws of the country of incorporation of the joint-stock company that issued those shares;
  - 5) **"shares outstanding"** (regarding shares issued in accordance with laws of countries other than the Republic of Kazakhstan) – shares out of those authorized, sold on the primary securities market;
  - 6) **"share"** (regarding securities, issued in accordance with laws of countries other than the Republic of Kazakhstan) – a security issued by a joint-stock company that in accordance with laws of the country of incorporation of that joint-stock company certifies the rights of the holder of that security to participate in the management of that joint-stock company, to dividends thereon and part of assets of that joint-stock company at its liquidation, as well as other rights, stipulated in said legislation;

- 7) "**preferred share**" (regarding shares, issued in accordance with laws of countries other than the Republic of Kazakhstan) – a share which in normal circumstances doesn't mean a right of the holder of that shares to participate in the management of the joint-stock company that issued it, but instead means the preemptive right of the holder of that share compared to owners of ordinary shares to dividends on that share in the fixed guaranteed amount and to receipt of part of assets of that joint-stock company at its liquidation;
- 8) "**ordinary shares**" (regarding shares, issued in accordance with laws of countries other than the Republic of Kazakhstan) – a share that foresees the unconditional right of the holder of that shares to participate in the management of the joint-stock company that issued it;
- 9) "**underwriter**" (regarding foreign legal entities) – a legal entity that in accordance with laws of the country of incorporation holds the right to execution of brokerage and/or dealing activities on the securities market and that renders to the issuer services of offering securities he issued;
- 10) "**assistant of the Exchange dealer**" or "**the dealers' assistant**" (regarding employees of the Exchange) – an employee of the Exchange, other than the dealer, that performs functions of organization and operation of financial instruments trading;
- 11) "**broker**" (regarding foreign legal entities) – a legal entity, in accordance with laws of the country of incorporation entitled to execute brokerage activities on the securities market, i.e. activities involving conclusion of deals in securities and other admissible financial instruments on behalf, on account and in interest of his clients;
- 12) "**time base**" – a condition of determining the number of days between some dates for purposes of calculation if the interest amount on a debt security (bond), expressed in form of a ratio "conditional or actual duration of a period in days / conditional or actual number of days in the year";
- 13) "**repurchase of a financial instrument**" – purchase of a financial instrument by its issuer or a broker acting on behalf, on account and in interest of that issuer;
- 14) "**repo closing date**" or "**closing date**" (regarding the repo transaction) – the day determined by participants of the repo transaction or by the trading system for execution of the repo closing deal;
- 15) "**repo opening day**" or "**opening date**" (regarding the repo transaction) – the day of conclusion of the repo opening deal;
- 16) "**unit holder**" (regarding foreign unit investment trusts) is the person holding the unit;
- 17) "**dealer**" (regarding foreign legal entities) is a legal entity which in accordance with laws of the country of incorporation may execute dealing activities on the securities market, i.e. activities involving execution of deals in securities and other admissible financial instruments for their own funds and in their own interest on the over-the-counter securities market and on the regulated securities market with the right of direct access thereto;
- 18) "**discount debt security**" or "**discount bond**" is a debt security (bond), being offered at a price lower than its face value, with interest being the discount and certifying in accordance with the issue terms the right of the holder of that security (bond) to receive from its issuer the face value of that security (bond) upon expiry of the determined term of its circulation;
- 19) "**indexed security**" or "**indexed bond**" is a debt security (bond), whose face value and/or interest on which is according to the issue terms subject to changing in accordance with the changing of any indicator (indexation at any indicator);
- 20) "**coupon debt security**" or "**coupon bond**" is a debt security (bond) certifying in accordance with the issue terms the right of the holder of that security (bond) to receive from its issuer the face value of that security (bond) upon expiry of the determined term of its circulation, as well as to receipt of interest thereon in form of coupon (coupons);
- 21) "**debt security with a floating coupon**" or "**bond with a floating coupon**" is a coupon indexed debt security (bond), the rate of the coupon on which is according to the issue

- terms subject to changing during the circulation term and is initially set only for a restricted number of coupon periods and is, respectively, unknown with regard to the other coupon periods;
- 22) **"additional offering of securities"** – offering of particular securities not supposed for offering or not offered in the course of previous iterations of special trading sessions on offering of those securities;
- 23) **"yield of the debt security"** or **"yield of the bond"** – the indicator of expected yield on a debt security expressed in annual percentage, for its buyer at redemption (expiry of its maturity) of that security (bond), without taking into account the possibility of reinvesting amounts received as interest thereon;
- 24) **"order"** – order for conclusion of a deal submitted by a trading participant; announcement by a trading participant of his wish to conclude a deal on terms of that announcement or on terms, on which submission of that announcement is admitted;
- 25) **"offset order"**:  
(regarding the valid order for selling of particular financial instruments) – an order for purchase of those financial instruments;  
(regarding the valid order for purchase of particular financial instruments) – an order for selling of those financial instruments;
- 26) **"valid order"** – order, accepted by the Exchange, not executed in full and not annulled by the trading participant who submitted the order, or by the Exchange;
- 27) **"competitive order"** – the same as "the limit order";
- 28) **"limit order"** – an order containing indication of the price of particular financial instruments supposed to be sold or bought;
- 29) **"invalid order"** –  
an order, not accepted by the Exchange; or  
an order, executed in full; or  
an order, accepted by the Exchange, not executed in full, but annulled by the trading participant that submitted the order, or by the Exchange;
- 30) **"non-competitive order"** – the same as "the market order";
- 31) **"non-limit order"** – the same as "the market order";
- 32) **"direct order"** (when using the method of conclusion of direct deals) – an order addressed to a trading participant and meant for viewing only by that trading participant;
- 33) **"market order"** – an order that doesn't contain a reference to the price of particular financial instruments supposed for selling or purchase, and meaning that the trading participant that submitted that order, wishes to conclude deals for any prices, for which the execution of that order is possible;
- 34) **"investment fund"** (regarding foreign legal entities or totals of assets, established in accordance with laws of countries other than the Republic of Kazakhstan) – a legal entity considered by the Exchange as a foreign joint-stock investment fund, or a total of assets, considered by the Exchange as a foreign unit investment trust;
- 35) **"investor"** – a person that bought or intends to buy financial instruments;
- 36) **"indexed face value of a debt security"** or **"indexed face value of a bond"** – face value of a debt security (bond), indexed at a certain indicator;
- 37) **"foreign legal entity"** – a legal entity not compliant with the definition of the term "legal entity of the Republic of Kazakhstan";
- 38) **"online client"** – a person that concluded an agreement with a member of the Exchange for conclusion by the latter of deals in the trading system on behalf and in the interest of that person based on his guidance (client orders, instructions), transmitted to the member

- of the Exchange by means of the trading system via the Internet or other communication channels;
- 39) **"iteration of trades"** or **"iteration"** (regarding discrete trades) – autonomous stage of discrete trades;
- 40) **"custodian"** (regarding foreign legal entities) – a legal entity that in accordance with laws of the country of incorporation holds the right to execute custodian activities on the securities market, i.e. activities involving accounting or storage of financial instruments and money, belonging to third parties, and to confirm rights on those financial instruments and money, with taking over obligations on intactness of those financial instruments and money;
- 41) **"confidentiality of information"** or **"confidentiality"** – a characteristic of information, the availability of which stipulates protection from disclosure in the course of its receipt, storage, processing or transfer and provision of access to such information only to a restricted number of persons;
- 42) **"corporate event"** (with regard to foreign issuers) – an event in the issuer's activities significantly affecting those activities and impacting interests of holders of their financial instruments;
- 43) **"quotation"** (with regard to financial instruments other than securities) – the same as the "limit order";
- 44) **"indicative quotation"** – an order not meaning the obligation to conclude a deal on terms of that order for the trading participant that submitted it;
- 45) **"mandatory quotation"** – an order for purchase or sale of particular financial instruments submitted by a market-maker as part of the fulfillment of his obligations on those financial instruments and meaning the unconditional consent of the market-maker to conclude a deal under that order's conditions;
- 46) **"best mandatory quotation"** – the mandatory quotation announced by the market-maker whose purchase (selling) price for particular financial instruments is the most favorable for sellers (buyers) of those financial instruments with regard to prices indicated by the market-maker in all of his other valid mandatory quotations for purchase (selling) of those financial instruments;
- 47) **"direct quotation"** – the same as the "indicative quotation";
- 48) **"coupon period"** – period for which one coupon on the coupon debt security (bond) is paid;
- 49) **"broker of the Exchange"** or **"broker"** (with regard to employees of the Exchange) – an employee of the Exchange performing functions on organization and conducting of trading in financial instruments and holding the highest authorities among other employees of the Exchange carrying out such functions;
- 50) **"international financial institution"** or **"IFI"** – organization established based on an international agreement in the sphere of international finance;
- 51) **"observer"** (in respect to the Exchange's trading system) – an individual or legal entity entitled to view the progress and results of the trading in the Exchange's trading system;
- 52) **"name of financial instruments"** – a closed quantity of financial instruments of the same type united by the same terms of issue, offering, circulation and redemption (if the type of particular financial instruments stipulates their redemption), as well as by the same characteristics and details;
- 53) **"the face value of the unit"** (in respect of foreign unit investment trusts) – monetary value of a unit at the initial offering of units of a unit investment trust;
- 54) **"circulation on the Exchange's trading floor"** or **"circulation on the trading floor"** (in respect to the Exchange) – the possibility to use particular financial instruments as underlying assets of deals concluded on a particular trading floor of the Exchange;

- 55) **"auto repo transaction"** – a repo transaction carried out by the "automatic" method (at the trading conducted by the method of continuous counter-driven auction on the auto repo market);
- 56) **currency swap transaction** – a total of two deals simultaneously concluded between two one and the same participants of the exchange trading in foreign currencies and counter-driven deals with the same quantity of one and the same foreign currency which differ from each other in the settlement deadlines provided those deadlines correspond with the settlement deadlines on deals in foreign currencies specified by decisions of the Board of Directors.
- 56) **"reverse repo transaction"** (in respect to a particular repo transaction participant) – repo transaction in which its participant acts as a repo buyer;
- 57) **"nego repo transaction"** – repo transaction, carried out by the "direct" method (on trades conducted by the method of conclusion of nego deals);
- 58) **"observing organization"** (in respect to the Exchange's trading system) – legal entity entitled to view the progress and results of the trading in the Exchange's trading system;
- 58-1) **trading organization** – performance by the Exchange of functions of the trading operator, determined in accordance with the act of the Republic of Kazakhstan "On the Securities Market" and internal documents of the Exchange, except for functions carried out by the Exchange, as a clearing organization, the central counteragent and organization carrying out particular types of banking transactions (*this sub-item was included by a decision of the Exchange's Board of Directors dated July 13, 2018*);
- 59) **"unit"** (in respect to foreign unit investment trusts) – a serial security, certifying the share of its owner in the total of assets, which is considered by the Exchange as a foreign unit investment trust, and the right of the owner of that security to receipt part of assets at discontinuation of that total;
- 60) **"the first head of the organization"** – the head of the executive body of an organization or person authorized to act solely as an executive body of the organization;
- 61) **"repo buyer"** – participant of the repo transaction buying the repo transactions' underlying asset at execution of the opening deal and selling it at execution of the closing deal;
- 62) **"user"** (in respect to a particular information system of the Exchange) – person having the right of access to the Exchange's information system;
- 63) **"the confirmation system user"** – an employee of the organization – participant of the confirmation system that may on behalf of that organization perform activities in the Exchange's trading system, provided to that organization as the confirmation system user;
- 64) **"the trading system user"** – an individual that may perform activities in the Exchange's trading system;
- 65) **"the repo transactions' subject "** – securities of one and the same title being bought and sold in the same number at execution of repo transactions;
- 66) **"repo seller"** – a participant of the repo transaction, selling the repo transactions' subject at execution of the opening deal and buying it at execution of the closing deal;
- 67) **"professional participant of the securities market"** (in respect to foreign legal entities) – a legal entity, holding in accordance with laws of the country of its incorporation the right to carry out licensed activities on the securities market;
- 68) **"order amount"** – the volume of an order in natural terms (in measurement units of financial instruments);
- 69) **"deal amount"** – the volume of a deal in natural terms (in measurement units of financial instruments);
- 70) **"remote access mode"** – the method of operation of the Exchange's trading system, not requiring the physical presence of the user on the Exchange;

- 71) **"successful trading session"** – a trading session in particular financial instruments, during which at least one deal in those financial instruments was concluded;
- 72) **"rating"** (depending on the context):  
the same as, "rating value"; or  
the process, the purpose of which is assigning of a letter, digit, letter-digit or sequential indicator reflecting the importance or significance of an object, appearance or event;
- 73) **"rating value"** – a letter, digit, letter-digit or sequential indicator reflecting the importance or significance of an object, appearance or event;
- 74) **"automatic repo market"** – the specialized part of the Exchange's trading system designed for carrying out of repo transactions by the "automatic" method;
- 75) **"deal concluded by a particular trading method"** or **"deal which was concluded by a particular trading method"** – a deal that was concluded at the trading conducted by a particular trading method;
- 76) **"repo closing deal"** or **"closing deal"** (in respect to the repo transaction) – the second in the execution sequence deal out of two deals making up the repo transaction; a purchase-sale deal of securities of the same, as in the case of repo opening deal, title, stipulating handing of money in the amount of that deal, from the second participant of the repo transaction to the first one, and return of the same number of securities of that title, as in the repo opening deal by the first participant of the transaction to the second one;
- 77) **"repo opening deal"** or **"opening deal"** (in respect to the repo transaction) – the first in the execution sequence deal out of two deals making up the repo transaction; a purchase-sale deal of particular securities, stipulating a transfer of money in the amount of that deal, from one of the participants of the repo transaction to the second one, and handing of a particular quantity of securities of that title, as in the repo opening deal by the second participant of the repo transaction to the first one;
- 78) **"direct deal "** – a deal that was concluded at the trading conducted by the method of conclusion of direct deals;
- 79) **"spread"** – a difference between prices which are indicated in the best mandatory quotations of one and the same market-maker for purchase and sale of one and the same financial instruments;
- 80) **"weighted average US dollar rate"** – weighted average price of all deals in US dollar concluded during the main (morning) trading session of the Exchange in the US dollar;
- 81) **"repo transaction term"** – the timespan between the repo closing and opening dates measured in days;
- 82) **"order amount"** – the order's amount in money terms;
- 83) **"deal amount"** – the deal's amount in money terms;
- 84) **"time out"** – the timespan within the trading session (trading day), which is provided to the market-maker for announcement of new mandatory quotations on particular financial instruments and during which the market-maker is allowed to not fulfill his obligations on those financial instruments;
- 85) **"trading system terminal"** or **"terminal"** (in respect to the Exchange's trading system) – the client part of the Exchange's trading system; the personal computer with installed software of the Exchange's trading system which is connected to the Exchange's trading system and is used for operation of the Exchange's trading system (for carrying out of activities in the Exchange's trading system);
- 86) **"technical failure"** or **"malfunction"** (in respect to failures in the operation of the Exchange's information systems) – temporary breakdown of an information system of the Exchange or its component which led to impossibility of participation in the Exchange-operated trading of one, several or all trading participants;

- 87) **"English auction"** – the trading conducted by the method of English auction, as this method is described in the Exchange's internal document "Regulations on the Trading Methods"<sup>39</sup>;
- 88) **"anonymous trading"** – the trading at conducting of which any trading participant (with exceptions specified in laws of the Republic of Kazakhstan and internal documents of the Exchange) is not provided with information with regard to which other trading participants, in particular, submitted applications, and which other trading participants, in particular, are parties to deals concluded based on that trading participant's order;
- 89) **"Dutch auction"** – the trading conducted by the method of Dutch auction, as this method is described in the Exchange's internal document "Regulations on the Trading Methods";
- 90) **"discrete trading"** – the trading that can be conducted in several stages (iterations) with defining of the deal prices based on results of each stage;
- 91) **"open trading"** – the trading, at conducting of which the execution or non-execution of an order, all other things equal, doesn't depend on which trading participant submitted it, and presumably there is competition among the potentially unlimited circle of trading participants (as opposed to the trading conducted by the method of direct deals conclusion, during which execution or non-execution of an order depends on which particular trading participant submitted it, and deals are exclusively contractual);
- 92) **"specialized trading"** – trading conducted by the method of special trading sessions, as this method is defined in the Exchange's internal document "Regulations on trading methods";
- 93) **"Frankfurt trading"** – trading conducted by the method of Frankfurt trading, as this method is defined in the Exchange's internal document "Regulations on trading methods";
- 94) **"trading information"** – information on the progress and/or results of trading in financial instruments (being) conducted by the Exchange;
- 95) **"trading account"** – an account of a trading participant, used for accounting of financial instruments he buys or sells;
- 96) **"order execution"** – conclusion of deals based on an order to its partial or full amount on account of valid offset orders;
- 97) **"managing company"** (in respect to foreign legal entities) – a legal entity, according to laws of its country of incorporation, entitled to carry out investment management of assets considered and managed as a single total;
- 98) **"repo transaction participant"** – a person which is a party in two deals making up a repo transaction;
- 99) **"confirmation system participant"** – organization connected to the Exchange's confirmation system;
- 100) **"trading participant"** – a member of the Exchange, admitted to trading and taking part therein;
- 101) **"information integrity"** – a state of information, by which any change thereof is absent, or a change is made intentionally by subjects with the respective right;
- 102) **"favorable price"**:  
(for a seller of particular financial instruments) – the price of particular financial instruments, not lower than relative to the price, at which he is ready to sell those financial instruments;  
(for a buyer of particular financial instruments) – the price of particular financial instruments, not higher than relative to the price, at which he is ready to buy those financial instruments;

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<sup>39</sup> Approved by a decision of the Exchange Council (minutes No. 49 of the meeting on December 29, 2004).

- 103) **"dirty price"** (in respect to a debt security (bond) – the price of a coupon debt security (bond), including the accrued (calculated, but not paid out) interest thereon;
- 104) **"closing price of the repo transaction"** or **"closing price"** (in respect to a repo transaction) – the price of the repo transactions' subject, at which the repo closing deal is concluded;
- 105) **"order price"** – the selling price and buying price of particular financial instruments to be sold or bought, indicated in the order;
- 106) **"declared price"** – the same as the "order price";
- 107) **"the opening price of the repo transaction"** or **"the opening price"** (in respect to the repo transaction) – the price of the subject of the repo transaction, at which the repo opening deal is concluded;
- 108) **"the opening price of the trading session"** – one of characteristics of the trading session, used for illustrative purposes, for taking particular decisions or execution of particular actions, or for other purposes;
- 109) **"deal price"** – the price of particular financial instruments, at which the deal was concluded;
- 110) **"the clean price"** (in respect to a debt security (bond) – the price of a coupon debt security (bond), not including the accrued (calculated, but not paid out) interest thereon;
- 111) **"announced securities"** (in respect to foreign securities) – securities, whose issuance was registered in accordance with applicable laws;
- 112) **"the trading system gate"**, or **"the gate"**, or **"the gate of the Exchange's trading system"** – software and hardware facility, designed for ensuring the communication of the DMA system with the Exchange's trading system, also for transfer of data from the DMA system to the Exchange's trading system and receive of data by the DMA system from the Exchange's trading system;
- 113) **"the issuer"**:  
(in respect to issued serial securities) – a person, who carried issuance of serial securities;  
(in respect to financial instruments, other than serial securities) – a person, which is carrying out, or which carried out issuance of financial instruments.

**Appendix 2**

to the Rules of execution of  
exchange activities

Kazakhstan Stock Exchange JSC

**APPLICATION**  
**for registration as a participant of the confirmation system**

Hereby we request Kazakhstan Stock Exchange JSC to register [full name of the "stock" category member of the Exchange] as a participant of the confirmation system.

We confirm that we were introduced to the rules of operation of the confirmation system laid out in in the exchange's internal documents "Regulations on Conducting Settlements on Securities Transactions under T+0 Scheme with Full Backing (Gross Settlements)", "Procedure of execution of deals on the stock market according to scheme T+2" and "Regulations on Trades and Confirmation System Operation".

[Position of chief executive officer]

[signature]

[Surname, initials]

*(This line was removed by a decision of the Exchange's Board of Directors dated November 7, 2018)*

**Appendix 3**

to the Rules of execution of exchange activities

**LIST  
of the confirmation system users**

Confirmation system participant

(full name of the organization)

Issue date:

- In addition to the one submitted earlier
- Instead of the one submitted earlier

Item No.	Position, office phone number	Surname, name, patronymic (if available)	Signature sample
1.			
2.			
3.			

On behalf of [*the full name of the organization*] the above-mentioned persons are authorized to execute activities on confirmation/refusal to confirm deals concluded in the accounts provided by [*the full name of the organization*].

We undertake the full responsibility for acts of the above-mentioned persons, following from powers provided by this document.

[Position of chief executive officer]

[signature]

[Surname, initials]

[Position of chief accountant]

[signature]

[Surname, initials]

*(This line was removed by a decision of the Exchange's Board of Directors dated November 7, 2018)*

**Appendix 4**

to the Rules of execution of exchange activities

**APPLICATION**  
**for registration of trading accounts with confirmation**

Hereby we inform you about the list of trading accounts opened at the Central Securities Depository, orders (if necessary) and deals, using which must be confirmed by us, and, accordingly, the list of members of the Exchange who can execute transactions over those trading accounts.

Confirmation system participant

(full name of the organization)

Valid from [date]

- In addition to the one submitted earlier  
 Instead of the one submitted earlier

Name of member of the Exchange	Trading account No.

[Position of chief executive officer]                      [signature]                      [Surname, initials]

[Position of chief accountant]                      [signature]                      [Surname, initials]

*(This line was removed by a decision of the Exchange's Board of Directors dated November 7, 2018)*

**Appendix 5**

to the Rules of execution of exchange activities

**APPLICATION<sup>40</sup>**  
**for registration of the client of the member of the Exchange**

Based on the fee agreement dated " \_\_\_\_ " \_\_\_\_\_ 20\_\_\_\_ \_\_\_\_\_  
(name of the organization – member of the Exchange)

provides services of trading and settlement support

\_\_\_\_\_  
(initials of the individual or name of the legal entity to which services of trading and settlement support are provided)

Taking into account the above-mentioned we ask you to register in the Exchange's trading system the client \_\_\_\_\_ with following bank details:  
(name of the organization – member of the Exchange)

Item No.	Bank details		
1	Client status:	Legal entity <input type="checkbox"/>	Individual <input type="checkbox"/>
2	Legal form <sup>41</sup>	Joint-stock company <input type="checkbox"/>	Limited liability partnership <input type="checkbox"/>
3	Type of activities <sup>12</sup>	Banking <input type="checkbox"/>	Insurance <input type="checkbox"/>
		Management of assets of a pension accumulative fund <input type="checkbox"/>	Brokerage and dealing <input type="checkbox"/>
		Production <input type="checkbox"/>	Other activities <input type="checkbox"/>
4	Residency	Resident <input type="checkbox"/>	Non-resident <input type="checkbox"/>

Name of the member of the Exchange \_\_\_\_\_  
(full name according to the certificate of state registration (state re-registration))

Representative of the member of the Exchange:

\_\_\_\_\_  
(position)

\_\_\_\_\_  
(surname, initials)

<sup>40</sup> The application must be drawn up on the letterhead of the organization – member of the Exchange.

<sup>41</sup> For legal entities.