

# KAZAKHSTAN STOCK EXCHANGE JSC

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

following a decision of Management Board  
of Kazakhstan Stock Exchange JSC

(meeting minutes No. 147  
dated November 29, 2019)

**Effective as of**

December 3, 2019

## **NOTICE**

The Rules have been translated into English by employees of Kazakhstan Stock Exchange solely for information purposes. In case of any incompliance of this translation with the Rules' original in Russian, the Russian version prevails.

# **RULES**

## **of market-maker activities**

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Almaty

2019

## LIST OF AMENDMENTS

**1. Changes and addition No. 1:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 78 of the meeting on June 9, 2020);
- effective from the date of commissioning of the second release of the trading and clearing system ASTS+ on the stock market.

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

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 89 of the meeting on June 30, 2020);
- effective from July 1, 2020.

**3. Changes and additions No. 3:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 96 of the meeting on July 14, 2020);
- effective from July 29, 2020.

**4. Addition No. 4:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 117 of the meeting on August 27, 2020);
- effective from August 28, 2020.

**5. Change and addition No. 5:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 123 of the meeting on September 10, 2020);
- effective from September 11, 2020.

**6. Changes and addition No. 6:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 144 of the meeting on October 29, 2020);
- effective from October 30, 2020, with the exception of amendments to Appendix 4 of these Rules, the coming into effect of which is established from November 12, 2020.

**7. Changes and addition No. 7:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 159 of the meeting on December 3, 2020);
- effective from December 4, 2020.

**8. Changes and additions No. 8:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 162 of the meeting on December 11, 2020);
- effective from December 14, 2020.

**9. Change No. 9:**

- approved by a decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes No. 17 of the meeting on February 23, 2021);
- effective from February 24, 2021.

These Rules have been developed in accordance with the requirements of the Regulations on market-makers, approved by the Board of Directors of Kazakhstan Stock Exchange JSC (hereinafter – the Regulations), determine the conditions and procedure of assigning by Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) to members of the Exchange of the market-maker status, conditions and procedure of the voluntary refusal of the market-maker status or the forced stripping of such status, the specification of market-makers and their responsibility for non-fulfillment or violation of the obligations of a market-maker.

**Article 1. General provisions**

1. Terms used in these Rules are identical to those determined in other internal documents of the Exchange or laws of the Republic of Kazakhstan.
2. For purposes of these Rules, the market-maker specification means a set of requirements, rights, obligations, prohibitions, restrictions, special conditions, benefits (preferences) and other conditions applicable to market-makers for financial instruments of one and the same type (title) or several similar types (titles), in addition to general requirements, rights, obligations, prohibitions, restrictions, special conditions, benefits (preferences) and other conditions set out in the Regulations and these Rules. Market-maker specifications are reflected in appendices 2, 3 and 4 hereto.

**Article 2. Conditions and procedure of assigning the status of market-maker and refusal to assign it**

1. The status of a market-maker is assigned to a member of the Exchange by an instruction of a member of the Exchange's Management Board in charge of the trading division, which is released on the basis of the memo of this structural division of the Exchange (*this item was changed by a decision of the Exchange's Management Board dated June 9, 2020*).
2. The status of a market-maker is assigned on a particular type of financial instrument in accordance with the conditions provided for by the Regulations and these Rules.
3. To obtain the status of a market-maker for particular financial instruments, a member of the Exchange shall submit an application according to the form of Appendix 1 to these Rules three business prior to the day from which that member of the Exchange intends to begin executing obligations of a market-maker for those financial instruments.
4. Within three business days from the day of receipt of the application from a member of the Exchange for assigning to him the status of a market-maker for particular financial instruments, the Exchange shall send to that member of the Exchange a notice of assigning to him the status of a market-maker for those financial instruments, or a motivated refusal to do so (taking into account the specifics described in paragraph two of this item, and with the exception specified in item 3 of this article).

The instruction of the member of the Exchange's Management Board in charge of the trading division, to assign to a member of the Exchange the status of a market-maker for particular securities, being included anew in the Exchange's official list (being admitted to circulation on the Exchange) must be issued within three business days from the effective date of the decision of the Exchange's Management Board on inclusion of those securities in the Exchange's official list (on admission to circulation on the Exchange), but not later than the date of opening of trading in those securities (*this paragraph was changed by a decision of the Exchange's Management Board dated June 9, 2020*).

The instruction of the member of the Exchange's Management Board in charge of the trading division, to assign to a member of the Exchange the status of a market-maker for particular securities must contain a record about the activation

date of said status, i.e. about the day, beginning from which that member of the Exchange takes on obligations of the market-maker for those instruments. In this case, the day of activation of this status is determined by the Exchange on the basis of the conditions of the application of this member of the Exchange for assigning to him the status of a market-maker for these financial instruments (*this paragraph was changed by a decision of the Exchange's Management Board dated June 9, 2020*).

The notice being sent by the Exchange to its member on assignment to it of the status of a market-maker for particular financial instruments must contain the record about the activation date of said status.

5. In case, following an instruction of the member of the Exchange's Management Board in charge of the trading division, a member of the Exchange was stripped of the status of a market-maker for particular financial instruments (also due to voluntary relinquishment of said status), a new application from that member of the Exchange for assigning to him the status of a market-maker for those financial instruments is considered by the Exchange not earlier than 30 trading days after said instruction's date (*this item was changed by a decision of the Exchange's Management Board dated June 9, 2020*).
6. The Exchange refuses to assign to a member of the Exchange the status of a market-maker for particular financial instruments for any of the following reasons:
  - 1) non-compliance of the application of that member of the Exchange for said status with the form specified in Appendix 1 hereto;
  - 2) non-compliance of that member of the Exchange within 12 consecutive months before the day the Exchange received the application for assigning to him said status, with regulations of the Republic of Kazakhstan on the securities market and/or internal documents of the Exchange in terms of manipulations on the security market and/or unfair conduct, and/or unlawful use of insider information;
  - 3) systematically occurring (two or more times within 12 consecutive months) cases of that member of the Exchange failing as a market-maker for any financial instruments (as the case of a market-maker's failure is described in paragraph two of item 1 of article 6 of these Rules).
7. Apart from situations defined in item 4 of this article, the Exchange may also refuse to assign to a member of the Exchange the status of a market-maker for particular financial instruments in case that member of the Exchange failed to comply with any requirements, prohibitions, restrictions and special conditions, specified in the Regulations and these Rules in the course of 12 consecutive months before the day the Exchange received the application for assigning to him said status.
8. In case the member of the Exchange's Management Board in charge of the trading division on assigning issues an instruction to assign the status of a market-maker for particular financial instruments to a member of the Exchange, the Exchange shall on the day of sending a notice of assignment to that member of the Exchange of such status, send a written notification on such instruction to the authorized body, as well as publish information on such assigning of the status of a market-maker to the member of the Exchange on its website ([www.kase.kz](http://www.kase.kz)) ([www.kase.kz](http://www.kase.kz)) (*this item was changed by a decision of the Exchange's Management Board dated June 9, 2020*).

**Article 3. Conditions and procedure of voluntary waiver of the market-maker status by a member of the Exchange**

1. A member of the Exchange may voluntarily relinquish the market-maker status provided the total continuous operation time of that member of the Exchange as

a market-maker for particular financial instruments makes up at least 30 trading days after the day of decision on assignment of the status of a market-maker for the respective financial instrument to that member of the Exchange, except for government securities for which such term of operation as a market-maker makes up 10 trading days.

2. For voluntary relinquishment of the status of a market-maker for particular financial instruments, a member of the Exchange shall provide a written notification in any form, signed by the authorized member of the executive body of that member of the Exchange (the person solely executing duties of the executive body of that member of the Exchange), sealed by the stamp (if available) of that member of the Exchange and containing a record on the preferred day, upon the onset of which that member of the Exchange intends to discontinue acting as a market-maker for those financial instruments. At the same time such preferred day is determined by that member of the Exchange independently, based on terms of items 1 and 3 of this article.
3. Irrespective of the date of notice by a member of the Exchange on the voluntary relinquishment of the status of a market-maker for particular financial instruments and irrespective of the preferred day specified by that member of the Exchange, upon the onset of which he would like to discontinue acting as a market-maker for those financial instruments, that member of the Exchange must execute duties of a market-maker for those financial instruments for at least three trading days after the date of registration by the Exchange of the original of said notification as incoming correspondence.
4. Within three business days from the day of receipt of the notice from the member of the Exchange regarding voluntary relinquishment of the status of a market-maker for particular financial instruments the Exchange shall send to that member of the Exchange a notice of withdrawal of the status of a market-maker for those financial instruments due to its voluntary relinquishment of said status.

A member of the Exchange is stripped of the status of a market-maker in case of his voluntary refusal of this status on the basis of an instruction of a member of the Exchange's Management Board, who supervises the trading division, subject to the conditions provided for by these Rules (*this paragraph was changed by a decision of the Exchange's Management Board dated June 9, 2020*).

The instruction of the member of the Exchange's Management Board in charge of the trading division to strip him of his status of a market-maker for particular financial instruments due to voluntary relinquishment of that status, must contain a record about the de-activation date of said status, i.e. about the day, beginning from which that member of the Exchange is released from obligations of the market-maker for those instruments. At the same time, the de-activation day of said status is determined by the Exchange based on terms of items 1 and 3 of this article, taking into account the preferred day of said member of the Exchange, upon the onset of which he intends to discontinue fulfilling obligations of the market-maker for those financial instruments (*this paragraph was changed by a decision of the Exchange's Management Board dated June 9, 2020*).

The notice being sent by the Exchange to its member with regard to withdrawal of the status of a market-maker for particular financial instruments due to voluntary relinquishment of that status, must contain a record about the de-activation day of said status.

5. In case the member of the Exchange's Management Board in charge of the trading division issues an instruction to strip a member of the Exchange of the status of a market-maker for particular financial instruments due to voluntary relinquishment of that status, the Exchange on the day of sending to that member of the Exchange the status withdrawal notice, shall notify the authorized body in written on such instruction, as well as release information on such member of the Exchange stripped of the status of a market-maker on its website

[www.kase.kz](http://www.kase.kz)) *(this item was changed by a decision of the Exchange's Management Board dated June 9, 2020).*

**Article 4. Conditions and procedure of compulsory withdrawal of the market-maker status**

1. The member of the Exchange's Management Board in charge of the trading division may take a decision on compulsory stripping a member of the Exchange of his status as a market-maker for particular financial instruments at occurrence of one or several of the following grounds *(this paragraph was changed by a decision of the Exchange's Management Board dated June 9, 2020)*:
  - 1) changes in the legislation of the Republic of Kazakhstan or internal documents of the Exchange, emergence of situations impeding the circulation of those financial instruments, which make the further operation of this member of the Exchange as a market-maker for those particular financial instruments impossible;
  - 2) incompliance of that member of the Exchange with legal norms of the Republic of Kazakhstan, internal documents of the Exchange or ethical norms of members of the Exchange;
  - 3) availability of cases when that member of the Exchange fails to fulfill his obligations as a market-maker for particular financial instruments (as a case of failure to fulfill the market-maker's obligations is determined in paragraph two of item 1 of article 6 of these Rules);
  - 4) incompliance of that member of the Exchange with requirements, prohibitions, restrictions, special conditions specified in the Regulations and these Rules.
2. The instruction of the member of the Exchange's Management Board in charge of the trading division on the compulsory stripping of a member of the Exchange of his status as a market-maker for particular financial instruments must contain a record about the de-activation day of that status, i.e. the day beginning from which that member of the Exchange is released from obligations of a market-maker for those financial instruments. At that the de-activation day of that status is determined by the Exchange independently, based on the notion that such day must not precede the date of such instruction *(this item was changed by a decision of the Exchange's Management Board dated June 9, 2020)*.
3. Within three business days from the date of the decision on the compulsory stripping of a member of the Exchange of his status as a market-maker for particular financial instruments, the Exchange shall send to that member of the Exchange a notice on compulsory withdrawal of his status as a market-maker for those financial instruments, and shall send to the authorized body a written notification on said instruction, as well as release information on such compulsory stripping of the member of the Exchange of his status as a market-maker on its website ([www.kase.kz](http://www.kase.kz)) *(this item was changed by a decision of the Exchange's Management Board dated June 9, 2020)*.
4. The instruction of the member of the Exchange's Management Board in charge of the trading division on the compulsory stripping of a member of the Exchange of his status as a market-maker for particular financial instruments can be appealed by the member of the Exchange within 30 business days from said instruction's issue date.

A request of a member of the Exchange for appealing against the instruction on compulsory stripping him of the status of a market-maker for particular financial instruments is considered by the Exchange's Management Board. The member of the Exchange's Management Board in charge of the trading division does not vote on the appealing against the instruction on compulsory stripping him of the status of a market-maker.

Appealing by a member of the Exchange the instruction on the compulsory stripping of him of his status as a market-maker for particular financial instruments shall not suspend the validity of that instruction. *(This item was changed by a decision of the Exchange's Management Board dated June 9, 2020)*

**Article 5. Standards of market-makers' activities**

1. Taking into account the requirements of item 12 of the Regulations, there are the following additional requirements for the market-maker's quotations maintained during the entire trading session:
  - 1) the volume of the mandatory quotation must equal the amounts specified in these Rules;
  - 2) the spread must not exceed the value established by these Rules, unless the conditions for the announcement and maintenance of mandatory quotes do not provide for compliance with the spread value;
  - 3) mandatory quotations can be announced and maintained by a particular member of the Exchange on his own account, as well as on account of his clients in accordance with their instructions (taking into account the specifics set out in sub-item 4) of this item);
  - 4) at announcement of mandatory quotations that member of the Exchange is prohibited to use trading accounts controlled through the Control and Collateral System *(this sub-item was changed by a decision of the Exchange's Management Board of December 3, 2020)*.
  - 5) a member of the Exchange who has the status of a market-maker for financial instruments of a particular title is not entitled to submit iceberg orders in fulfillment of his duties for a financial instrument of this title *(this sub-item was included by a decision of the Exchange's Management Board of December 3, 2020)*.
2. If not otherwise specified in these Rules, an order of a member of the Exchange for purchase (sale) of particular financial instruments he is submitting to the trading system in pursuance of his market-maker obligations on those financial instruments, must be marked by that member of the Exchange as a mandatory quotation or a market-maker's order.

In case a member of the Exchange holding the status of a market-maker for particular financial instruments has not marked the order for purchase (sale) of particular financial instruments as a mandatory quotation or the market-maker's order, such order will not be recognized by the trading system as one submitted by that member of the Exchange in pursuance of his market-maker obligations on those financial instruments.

3. A member of the Exchange holding the status of a market-maker for particular financial instruments, may change the price indicated in the mandatory quotation he announced, provided he observes the spread specified in these Rules.
4. A member of the Exchange holding the status of a market-maker for particular financial instruments, may during a trading session use the time-out, whose maximum total length is specified in these Rules.

If not otherwise specified in these Rules, the time-out can be used during the trading session piece by piece.

During the trading session the counting of the actual length of the time-out used by the member of the Exchange holding the status of a market-maker for particular financial instruments, begins from the moment of emergence of a situation when that member of the Exchange fails to fulfill any of his obligations (set of obligations) of the market-maker for those financial instruments, is suspended at the moment of correction of that situation, and is continued from the moment of occurrence of each of the consecutive situations of failure of that

member of the Exchange to fulfill any of said obligations (set of obligations) and is suspended at the moment of correction of such new situation.

**Article 6. Responsibility for failure to fulfill or violation of market-maker's obligations**

1. Four purpose of differentiating the improper fulfillment of the market-maker's obligations, the Exchange makes distinction between cases of non-fulfillment and violation of the market-maker's obligations.

A case of the market-maker's failure to fulfill his obligation is the situation when the market-maker for particular financial instruments fails to announce and/or maintain quotations for purchase and sale of those financial instruments during the entire trading session (with exceptions defined in items 4 of article 5 of these Rules and item 13 of the Regulations).

A case of the market-maker's violation of his obligation is the situation when the market-maker for particular financial instruments fails to comply with any of the requirements, prohibitions, restrictions and special conditions specified in the main text of these Rules and in the market-maker specification applicable to that member of the Exchange (with exceptions defined in items 4 of article 5 of these Rules and item 13 of the Regulations, and the situation which is subject to the definition quoted in paragraph two of this item).

2. In case, a member of the Exchange holding the status of a market-maker for particular financial instruments fails to fulfill or violates the obligation(s) of the market-maker during a calendar month, the following sanctions or their combinations are applied to that member of the Exchange:

- 1) for any violation of the obligation within one calendar month, the market-maker loses the right to the privileges provided for in the specifications for payment of commission fees and payment of remuneration by the Exchange;

- 2) for the second and subsequent cases of violation of any obligation of the market-maker within one calendar month by an order of a member of the Exchange's Management Board supervising the trading division, this Exchange member may be forcibly denied the status of a market-maker (*this sub-item was changed by a decision of the Exchange's Management Board dated June 9, 2020*).

3. The decision on applying to a member of the Exchange of a sanction (set of sanctions) out of those indicated in item 2 of this article is taken by the member of the Exchange's Management Board in charge of the trading division based on results of considering all circumstances of occurrence and development of a situation which is subject to the definition given in paragraph two and three of item 1 of this article (*this paragraph was changed by a decision of the Exchange's Management Board dated June 9, 2020*).

At the same time, the sanction providing for the loss of privilege on payment of commission fees and payment of remuneration by the Exchange is applied unconditionally in accordance with the market-maker specification applicable to this member of the Exchange.

In the course of consideration of circumstances in accordance with paragraph one of this item, the member of the Exchange's Management Board in charge of the trading division examines all orders submitted by a member of the Exchange to the trading system, including those not marked by that member of the Exchange as mandatory quotations or the market-maker's orders (*this paragraph was changed by a decision of the Exchange's Management Board dated June 9, 2020*).



**Article 7. Final provisions**

1. Issues not regulated by these Rules are resolved in accordance with the laws of the Republic of Kazakhstan, internal documents of the Exchange, as well as decisions of the Exchange's bodies, which are made in the prescribed manner within their competence.
2. Responsibility for the timely making of amendments and/or additions to these Rules (updating) lies with the Trading Department.
3. These Rules are subject to updating upon necessity, but at least once every five years, calculated from the date of putting into effect of these Rules.

**Appendix 1**

to the Rules of market-maker activities

Kazakhstan Stock Exchange JSC

**APPLICATION**  
**for assigning the market-maker status**

We hereby ask you to assign *[indicate the full name of the applicant]* the status of a market-maker for *[indicate the name of financial instruments indicating the identification details]* from *[indicate the date]* according to the terms of the scheme *[indicate the number of the scheme, if available]* *(this paragraph was changed by a decision of the Exchange's Management Board of October 29, 2020)*.

We confirm our being familiar with the Exchange's internal documents "Regulations on Market-Makers" and "Rules of Market-Makers' Activities", also with obligations and duties of a market-maker for the above-mentioned financial instruments, as well as with our responsibility as such market-maker.

We undertake the obligation to announce and maintain according to these Regulations on market-makers the mandatory quotations on the above-mentioned financial instruments and other duties following from our holding the status of a market-maker for the above-mentioned financial instruments.

Position

[signature]

Surname, initials

[stamp (if available)]

**Appendix 2**

to the Rules of market-maker activities

**SPECIFICATION**  
**of the market-maker for securities**

**Part 1. REQUIREMENTS FOR MANDATORY QUOTATIONS**

- 1.1. Mandatory quotations on securities are maintained in the trading system throughout the trading day (taking into account the particulars specified in paragraph two of this item and part 2 of this Specification).

The market-maker, for units of a unit investment trust, of which he is the management company, begins to announce and maintain mandatory quotations two trading days after the date of commencement of the market-maker functions for such units.

*(This item was changed by a decision of the Exchange's Management Board of February 23, 2021)*

- 1.2. If not otherwise specified by a decision of the Exchange's Board of Directors with regard to particular securities, the market-maker shall announce and maintain mandatory quotations (upon his choice) according to conditions of scheme 1, 2 or 3, determined in the appendix to this Specification *(this item was changed by decisions of the Exchange's Management Board of June 30, 2020 and October 29, 2020)*.

- 1.2-1. The number of equity securities / ETF securities / global depositary receipts, deals with which are settled in US dollars, according to the condition of Scheme 1, is calculated on a weekly basis on the first business day of the calendar week according to the following algorithm:

- 1) before 09:30 o'clock, Almaty time, the Exchange's Information and Statistics Department fixes the closing price of these equity securities / ETF securities / global depositary receipts determined on the last business day preceding the first business day of the current calendar week on the London Stock Exchange, published on the terminal of the Bloomberg information system; in the absence of such information on the Bloomberg terminal or its inoperability, reliable websites are used as backup sources of such information regarding the reliability and relevance of closing prices published on them;
- 2) the closing price of this item on these equity securities / ETF securities / global depositary receipts obtained in accordance with sub-item 1) of this item is transferred to the Exchange's Trading Department, which calculates the number of equity securities / ETF securities / global depositary receipts according to the following formula:

$$K = \frac{2\,000 \times MCI}{P \times R}, \text{ where}$$

- K – number of equity securities / ETF securities / global depositary receipts rounded up;
- MCI – monthly calculation indicator for calculating pensions, benefits and other social payments, as well as for applying penalties, taxes and other payments in accordance with the legislation of the Republic of Kazakhstan, the value of which is established by the laws of the Republic of Kazakhstan on the republican budget for the relevant years;
- P – closing price obtained in accordance with sub-item 1) of this item;
- R – official rate of the national currency established by the National Bank of the Republic of Kazakhstan on the day of settlement;
- 3) the number of equity securities / ETF securities / global depositary receipts received in accordance with sub-item 2) of this item is entered into the Exchange's trading system and 60 minutes before the opening of trading with these equity securities / ETF securities /

global depositary receipts is sent to the market-maker by e-mail.

*(This item was included by a decision of the Exchange's Management Board dated June 30, 2020 and changed by a decision of the Exchange's Management Board dated December 11, 2020)*

- 1.3. To move from one scheme of announcement and maintaining of mandatory quotes to another the market-maker must five working days before the beginning of the calendar month, provide the Exchange with a corresponding application drawn up in any form.

Transition from one scheme of announcement and maintaining of mandatory quotes to another during the current month is prohibited.

- 1.4. The minimum number of government securities issues for which a market maker announces and maintains mandatory quotations in accordance with Scheme 1 or 2 is five government securities issues with a maturity period of *(this paragraph was changed by a decision of the Exchange's Management Board dated December 3, 2020)*:

less than 360 days;

from 361 to 1080 days inclusive;

from 1081 to 1800 days inclusive;

from 1801 to 2520 days inclusive;

from 2521 to 3600 days inclusive.

*(This item was supplemented by a decision of the Exchange's Management Board of June 30, 2020 and amended by a decision of the Exchange's Management Board of September 10, 2020)*

- 1.5. Mandatory quotes announced by a market-maker during a discrete auction trading in securities are not considered by the trading system as submitted by a member of the Exchange in pursuance of his duties as a market-maker at the time of such an auction *(this item was included by a decision of the Exchange's Management Board dated June 9, 2020)*.
- 1.6. A market-maker for government securities, whose mandatory quotation parameters correspond to the conditions of Schemes 1 or 2, has the right to increase the number of government securities issues for which he intends to announce and maintain mandatory quotations, regardless of the number of days remaining until their maturity *(this item was included by a decision of the Exchange's Management Board of September 10, 2020 and changed by a decision of the Exchange's Management Board of December 3, 2020)*

## **Part 2. TERMS OF THE TIME-OUT**

- 2.1. On securities the time-out can be used at any time of the trading day.
- 2.2. The maximum total length of the time-out on securities makes up 90 minutes during one trading day.
- 2.3. The maximum total length of the time-out on government securities makes up 150 minutes during one trading day.

## **Part 3. ADDITIONAL RIGHTS OF THE MARKET-MAKER**

- 3.1. A market-maker for government securities who chose the scheme of 1 or 2 of announcement and maintaining of mandatory quotes, has the right to change the type of security within one circulation period in order to maintain the mandatory quotation for such a security, provided that from the day this member of the Exchange was assigned the status of a market-maker for a variable security, the term of his activity as a market-maker is at least ten trading days *(this item was supplemented by a decision of the Exchange's Management Board dated June 30, 2020)*.
- 3.2. A market-maker may relinquish further announcement and/or maintenance during the trading

day in the trading system of mandatory quotations on particular securities, if the accomplished total volume of purchase-sale transactions in those securities, concluded by this member of the Exchange during the trading day (based on mandatory quotations he announced earlier) made up at least:

- 1) five-fold minimum amount of mandatory quotation for equity/debt securities, units of a mutual investment fund, ETF securities and global depository receipts of this denomination *(this sub-item was changed by a decision of the Exchange's Management Board dated June 30, 2020)*;
  - 2) three-fold minimum amount of mandatory quotation on government securities of this denomination *(this sub-item was changed by a decision of the Exchange's Management Board dated June 30, 2020)*.
- 3.3. A market-maker for particular securities may relinquish further announcement and/or maintenance during the trading day in the trading system of mandatory quotations on those securities, if the accomplished total volume of purchase-sale transactions in those securities, concluded by that member of the Exchange during the trading day (based on mandatory quotations he announced earlier) made up at least the minimum volume of the best mandatory quotation on those securities and at the same time the deviation of the price of the last concluded deal in those securities from the closing price thereof on the preceding trading day or – at absence of the closing price for those securities on the preceding trading day – from the opening price thereof on the current trading day exceeds the following value: *(this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020)*:
- 1) 5.0 basis points of yield on debt securities (except for debt securities traded in "dirty" prices);
  - 2) 7.0 % on debt securities traded in "dirty" prices *(this sub-item was changed by a decision of the Exchange's Management Board dated June 30, 2020)*;
  - 3) 7.0 % on equity securities, units of a unit investment trust, securities of ETF and global depository receipts *(this paragraph was included by a decision of the Exchange's Management Board dated June 30, 2020)*

#### **Part 4. PREFERENCE AND REMUNERATION FOR THE MARKET-MAKER. SPECIAL CONDITION**

- 4.1. The market-maker for equity/debt securities, shares of a unit investment trust, ETF securities and global depository receipts of particular title pays the Exchange's fees on deals of purchase and sale of securities of that title at a rate reduced by 50% relative to the rate applicable to such deals in accordance with the Exchange's internal document on membership fees, exchange and clearing fees, if, within one calendar month for which the Exchange's commission fees are charged on deals of purchase and sale of securities of that title, the parameters of his mandatory quotations correspond to the conditions of scheme 1.

The market-maker for equity/debt securities, shares of a unit investment trust, securities of ETF and global depository receipts of a particular title is freed from payment of the Exchange's commission fees on deals for the sale of securities of that title, if, within one calendar month, for which the Exchange's commission fees are charged on deals of purchase-sale of securities of that title, the parameters of his mandatory quotes correspond to the conditions of scheme 2 and are announced and/or maintained by him from his own account (in his own interests and at his own expense).

*(This item was changed by decisions of the Exchange's Management Board dated June 30, 2020 and December 3, 2020)*

- 4.2. A market-maker for government securities, regardless of the chosen scheme, is exempted from payment of the Exchange's commission fees on transactions of purchase and sale of securities of this title, for which he fulfills the obligations of the market-maker.

A market-maker for government securities of particular denomination pays the Exchange's commission fees on transactions with other government securities for which he does not perform the functions of a market-maker at a rate reduced by 50% relative to the rate applicable to such transactions in accordance with the Exchange's internal document on

membership dues, exchange and clearing fees (*this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020*).

The first and second paragraphs of this item do not apply to transactions on repurchase of government securities issued by the Ministry of Finance of the Republic of Kazakhstan.

- 4.3. A market-maker for equity securities, the parameters of the mandatory quotes of whom within one calendar month for which the Exchange's commission fees are charged, comply with the conditions of Scheme 3, is exempt from payment of the Exchange's commission fees (*this paragraph was changed by a decision of the Exchange's Management Board dated December 3, 2020*).

A market-maker for equity securities, the parameters of the mandatory quotes of whom within one calendar month correspond to the conditions of scheme 3, is entitled to receive a fee in the amount of 25% of the amount of the Exchange's commission fee received from the counterparty of the concluded deal, taking into account the following (*this paragraph was changed by a decision of the Exchange's Management Board dated December 3, 2020*):

- 1) the counterparty on purchase-sale transactions is not this market-maker;
- 2) the order of the market-maker, according to which the purchase and sale transaction was concluded, has been submitted to the trading system earlier in time than the counterparty's order for such a transaction, and the amount of such a transaction is 3,000 times the MCI.

- 4.3-1. A market-maker for government securities, the parameters of the mandatory quotations of whom within one calendar month, for which the Exchange's commission fees are charged, correspond to the conditions of Scheme 3, is entitled to receive a remuneration in the amount of 50% of the amount of the Exchange's commission fee received from the counterparty on the concluded deal, considering the following (*this paragraph was changed by a decision of the Exchange's Management Board of December 3, 2020*):

- 1) this market-maker is not the counterparty for purchase and sale transactions;
- 2) the market-maker's order, on which the purchase and sale deal was concluded, was submitted to the trading system earlier in time than the counterparty's order for such a deal, and the size of such a deal is equal to 500,000,000 tenge at par.

*(This item was included by a decision of the Exchange's Management Board of July 14, 2020)*

- 4.4. Items 4.1 – 4.3-1 of this specification do not apply to (*this paragraph was changed by a decision of the Exchange's Management Board of July 14, 2020*):

- 1) transactions in the government blocks of shares of enterprises being privatized;
- 2) deals related to repo transactions;
- 3) deals of purchase-sale of securities, concluded by the method of concluding direct deals;
- 4) deals in government securities with current maturity of less than 360 days.

- 4.5. Payment of remuneration to the market-maker in accordance with the second paragraph of item 4.3-1 of this Specification is carried out within five business days of the month following the settlement month, based on the information received by the Exchange about bank details of the member of the Exchange and the proforma invoice, the act of completion of jobs and the invoice issued by him (*this paragraph was changed by a decision of the Exchange's Management Board of July 14, 2020*).

Responsibility for the relevance of the provided information, stipulated by the first paragraph of this item rests with the member of the Exchange.

- 4.6. In the event of onset of circumstances, as a result of which members of the Exchange may suffer significant financial losses from non-fulfillment or improper fulfillment of the obligations of market-makers for securities, the Exchange's Management Board may temporarily, for a period not exceeding 10 trading days from the date of the Exchange's Management Board's decision, expand (increase) the maximum spread values established by the appendix to this Specification (*this item was changed by a decision of the Exchange's Management Board dated December 3, 2020*).

## Appendix

to the Specification of the market-maker for securities

*(This appendix was included by a decision of the Exchange's Management Board of October 29, 2020)*

### **S C H E M E S** **of announcement and maintenance of mandatory quotations for securities**

Name	Scheme 1		Scheme 2		Scheme 3	
	Volume of mandatory quotations for purchase (sale), MCI	Maximum spread value	Volume of mandatory quotations for purchase (sale), MCI	Maximum spread value	Volume of mandatory quotations for purchase (sale)	Maximum spread value
1	2	3	4	5	6	7
<b>Equity securities / unit investment fund units / ETF securities / global depository receipts (with settlements in Kazakh tenge)</b>	2,000-fold	3.0 %	3,000-fold	1.0 %	3,000-fold MCI	maintaining quotes with the best prices <sup>1</sup>
<b>Units of a unit investment fund (settled in US dollars)</b>	13,500 US dollar	3.0 %	-	-	-	-
<b>Debt securities</b>	1,000-fold (for bonds, deals with which are settled in Kazakh tenge) or 5,000 US dollars (for	2.0 percentage points between the values of the yields of mandatory quotes or 3.0% of the	-	-	-	-

<sup>1</sup> The best prices are understood as prices in relation to other orders of trading participants, i.e. the price of a market-maker's order for buying should be the highest, and for selling – the lowest of all available orders.

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	bonds, deals with which are settled in US dollars)	price of a mandatory buy quote for mandatory quotes for indefinite debt instruments and debt instruments traded in "dirty" prices				
<b>Government securities</b>	50,000-fold		100,000-fold	1.0 percentage point between the values of the yields of the mandatory quotations or 2.0% of the mandatory buy quotation for mandatory quotations on debt securities traded in "dirty" prices	500,000,000 tenge at par	1% of the price of the mandatory purchase quotation
<b>Name</b>	<b>Scheme 1</b>		<b>Scheme 2</b>		<b>Scheme 3</b>	
<b>Financial instruments</b>	<b>Number, pc.</b>	<b>Maximum spread value</b>	<b>Number, pc.</b>	<b>Maximum spread value</b>	<b>Number, pc.</b>	<b>Maximum spread value</b>
<b>Equity / ETF / Global Depository Receipts (settlement in US dollars)</b> <i>(the text of this cell was changed by a decision the of the Exchange's Management Board of December 11, 2020)</i>	Number calculated in accordance with item 1.2.-1	3.0 %	-	-	-	-



## **Appendix 3**

to the Rules of market-maker activities

# **SPECIFICATION**

## **of the market-maker for futures**

### **Part 1. REQUIREMENTS FOR MANDATORY QUOTATIONS**

- 1.1. The minimum amount of the best mandatory quotation of a market-maker for particular futures on all execution terms makes up 100 MCI.
- 1.2. The maximum value of spread for mandatory quotations on particular futures on all execution terms makes up 2 %.

### **Part 2. TERMS OF TIME-OUT**

- 2.1. On futures the time-out can be used at any time of the trading day.
- 2.2. The maximum total length of the time-out on particular futures makes up 30 minutes during one trading day.

### **Part 3. ADDITIONAL RIGHTS OF THE MARKET-MAKER**

- 3.1. A market-maker for particular futures may relinquish further announcement and/or maintenance during the trading day in the trading system of mandatory quotations on those futures, if the accomplished total volume of purchase-sale transactions in those futures, concluded by that member of the Exchange during the trading day (based on mandatory quotations he announced earlier) made up at least the two-fold minimum volume of the best mandatory quotation on those futures.

### **Part 4. REMUNERATION OF THE MARKET-MAKER**

- 4.1. A market-maker for particular futures is released from payment of the Exchange's commission fees.
- 4.2. The Exchange pays a member of the Exchange who has the status of a market-maker for particular futures, a fee of 50% of the amount of the commission fee received from the counterparty of the concluded transaction.
- 4.3. The Exchange's Management Board independently determines the state of the futures market as normal or volatile depending on various parameters of this market, including the magnitude of fluctuations in futures prices.

The Exchange's Management Board may also determine the state of the futures market as volatile based on the applications received from market-makers for futures (compiled in deliberate form) on the recognition of the state of the futures market as volatile.

- 4.4. Market-makers for futures are not subject to the responsibility defined in article 6 of the Rules.

The special condition established by the first paragraph of this item is subject to cancellation by the Exchange's Board of Directors upon reaching the level of liquidity on the futures market determined by it.

- 4.5. A member of the Exchange holding the status of a market-maker for particular futures:
- 1) for a three-fold violation of any obligation of the market-maker within one calendar month, loses the right to receive the remuneration established by item 4.2 of this Specification;
  - 2) for the fourth case of violation of any obligation of the market-maker within one calendar month, a member of the Exchange's Management Board in charge of the trading division has the right to issue an instruction to forcibly strip this Exchange member of the market-maker status (*this paragraph was changed by a decision of the Exchange's Management Board dated June 9, 2020*).

**Appendix 4**

to the Rules of market-maker activities

**SPECIFICATION**  
**of the market-maker for foreign currencies**

**Part 1. REQUIREMENTS FOR THE MARKET-MAKER (CANDIDATE FOR MARKET-MAKERS)  
AND FOR MANDATORY QUOTATIONS**

- 1.1. The equity of a member of the Exchange holding the status of a market-maker for a particular foreign currency-based financial instrument or wishing to obtain such status must equal to at least 1,000,000-fold MCI.
- 1.2. If not otherwise specified by a decision of the Exchange's Board of Directors with regard to a particular foreign currency-based financial instrument, the minimum volume of the best mandatory purchase (sale) quotation for foreign currency-based financial instrument makes up:
  - 1) on the US dollar (hereinafter – the dollar) and on currency swap transactions/foreign currency transactions regarding the dollar – USD500,000 (*this sub-item was supplemented by a decision of the Exchange's Management Board of December 3, 2020*);
  - 2) on the ruble of the Russian Federation (hereinafter – the ruble) and on foreign currency transactions in relation to the ruble:

according to scheme 1 of the announcement and maintenance of mandatory quotations – 5,000,000 rubles;

according to scheme 2 of the announcement and maintenance of mandatory quotations – 20,000,000 rubles;

*(this sub-item was changed by decisions of the Exchange's Management Board of October 29, 2020 and December 3, 2020)*
  - 3) on the Chinese yuan (hereinafter – the yuan) and on foreign currency transactions regarding the yuan – CNY100,000 (*this sub-item was changed by a decision of the Exchange's Management Board of December 3, 2020*).
- 1.3. The maximum value of spread makes up:
  - 1) for mandatory quotations on the dollar – KZT0.3 (*this sub-item was changed by a decision of the Exchange's Management Board dated December 3, 2020*);
  - 2) for mandatory quotations on the ruble regardless of the chosen scheme of announcing and maintaining mandatory quotes – KZT0.01 (*this sub-item was changed by a decision of the Exchange's Management Board of October 29, 2020*);
  - 3) for mandatory quotations on the yuan – KZT0.07;
  - 4) for currency swap transactions / foreign currency transactions with regard to the dollar, ruble and yuan – 1.5 percentage points between yield values of mandatory quotations (*this sub-item was supplemented by a decision of the Exchange's Management Board dated December 3, 2020*).
- 1.4. In case of emergence of circumstances resulting in members of the Exchange possibly incurring substantial financial losses from their undue performance of obligations of the market-maker for a particular foreign currency-based financial instrument, the Exchange's Management Board may temporarily, for no longer than 10 (ten) trading days, increase at most twice the maximum value of the spread for mandatory quotations on that financial instrument, specified in item 1.3 of this Specification.

## Part 2. TERMS OF THE TIME-OUT

- 2.1. On foreign currencies the time-out can be used at any time during the trading session.
- 2.2. The maximum total length of the time-out makes up:
  - 1) five minutes – on a particular foreign currency-based financial instrument with a settlement date on the trading day and on foreign currency transactions regarding the yuan (*this sub-item was changed by a decision of the Exchange's Management Board dated December 3, 2020*);
  - 2) 60 minutes – on a particular financial instrument in foreign currency with a settlement date of the next business day and the second business day after the trading day and currency swap transactions/foreign currency transactions regarding the dollar, euro and ruble (*this sub-item was supplemented by a decision of the Exchange's Management Board dated December 3, 2020*).

## Part 3. ADDITIONAL RIGHTS OF THE MARKET-MAKER

- 3.1. A market-maker for a particular foreign currency-based financial instrument may relinquish further announcement and/or maintenance during the trading session in the trading system of mandatory quotations on that financial instrument, if the accomplished total volume of purchase-sale transactions in that financial instrument, concluded by that member of the Exchange during the trading day (based on mandatory quotations he announced earlier) made up at least the five-fold minimum volume of the best mandatory quotation on that financial instrument.

## Part 4. PREFERENCES FOR THE MARKET-MAKER. SPECIAL CONDITIONS

- 4.1. The Exchange's internal document on membership fees, exchange and clearing commissions for foreign currency market-makers can specify preferences on payment of monthly membership fees (*this item was changed by decision of the Exchange's Management Board dated June 30, 2020*).
- 4.2. Market-makers for foreign currency-based financial instruments are not subject to item 2 of article 5 of the Rules of market-maker activities.
- 4.3. (*This item was excluded by a decision of the Exchange's Management Board dated December 3, 2020*).
- 4.4. If on a particular trading day the Exchange doesn't conduct trading in the financial instrument on the ruble and/or yuan with settlement on the trading day, then the market-maker may not maintain mandatory quotations on the financial instrument on the yuan on that trading day (*this item was supplemented by a decision of the Exchange's Management Board of October 29, 2020*).