

KAZAKHSTAN STOCK EXCHANGE

Approved

by a decision of the Board of Directors
of Kazakhstan Stock Exchange
(minutes No.47
dated October 4, 2019)

Effective as of

December 3, 2019

REGULATIONS

**resolving issues in case of
technical failures in the
operation of the Exchange's
software and hardware complex**

Almaty

2019

**Rules for resolving issues in case of technical failures
in the operation of the software and hardware complex of the Exchange**

These Rules have been developed in accordance with the requirements of the legislation of the Republic of Kazakhstan, regulating public relations in the field of informatization, the securities market, and regulate the procedure for resolving situations that have arisen as a result of technical failures in the operation of the software and hardware complex of Kazakhstan Stock Exchange JSC (hereinafter - the Exchange).

Article 1. General Provisions

1. The concepts and terms used in these Rules are identical to the concepts and terms defined by the legislation of the Republic of Kazakhstan and other internal documents of the Exchange.
2. For the purposes of these Rules:
 - 1) the Exchange's software and hardware complex means trading and trading and clearing systems (hereinafter referred to as the trading system), as well as the Exchange's information systems used to carry out clearing activities and monetary settlements.
 - 2) a technical failure in the process of concluding deals means a temporary failure or incorrect operation of the mechanism for submitting, collecting and satisfying orders in the Exchange's trading system, as a result of which / which the submission of orders and their satisfaction are carried out incorrectly for several or all trading participants;
 - 3) a technical failure in the process of securing trades means the impossibility of submitting orders and concluding transactions (including force majeure circumstances), which entailed the impossibility of participating in exchange trades for several or all of the trading participants;
 - 4) a technical failure of the clearing process is understood as the failure of the Exchange's information system, the result of which is the impossibility of performing the reconciliation process and determining the obligations of clearing participants subject to clearing;
 - 5) a technical failure of the cash settlement process means a breakdown of the Exchange's information system, the result of which is the impossibility of making cash settlements on exchange transactions;
 - 6) a technical failure on the side of a trading participant means a failure or incorrect operation of the computer and / or communication equipment of a trading participant and / or companies serving him, which lead to the impossibility of his participation in exchange trading;
 - 7) the period of technical failure is understood as the period of time from the beginning to the end of a technical failure determined by the Exchange in accordance with the requirements of these Rules;
 - 8) force majeure means natural disasters, natural calamities, wars, hostilities, acts of terrorism, civil unrest, including failure or incorrect operation of computer and / or communication equipment of service companies and errors or delays in the operation of such equipment, as well as technical failures in settlement organizations;
 - 9) interested parties are members of the Exchange, issuers of securities, distributors of exchange information and other persons who have a significant interest in exchange trading.
3. Technical failures of the Exchange's software and hardware complex are subdivided into the following types:
 - 1) technical failure of concluding transaction process;
 - 2) technical failure of the bidding process;
 - 3) technical failure of the clearing process;

- 4) technical failure of the cash settlement process.
4. Technical failures of the Exchange's trading system do not include failure and /or incorrect operation of information systems and/or computer and/or communication equipment on the side of a trading participant, as a result of which (which) a trading participant is unable to connect to the Exchange's trading system. Measures to restore information systems and / or computer and / or communication equipment on the side of the trading participant are taken by the trading participant independently.
5. The Exchange makes every possible effort to maintain its trading system in working order and notifies its members about failures in its work in accordance with the requirements of these Rules.

Article 2. Actions of the Exchange in occurrence of technical failures

1. In the event of a technical failure, the director of the Exchange structural unit which provides information technology activities, or a person replacing him, determines the type and interval of the technical failure based on the information of this structural unit, which are recorded in accordance with the form of the appendix to these Rules, and no later than the next business day sends it through the electronic document management system to a member of the Management Board of the Exchange in charge of the structural division of the Exchange providing risk management.

The Exchange, no later than 30 minutes after detecting a technical failure, notifies interested parties of information about such a technical failure and the possible time for its elimination by publishing a message on the Exchange website or in any other available way if it is impossible to publish this message on the Internet website of the Exchange.

2. Members of the Management Board of the Exchange who are responsible for coordination and control of the structural divisions of the Exchange providing information technology activities and / or trading activities and / or activities related to cash settlements and / or clearing activities, or persons replacing them, determine actions to regulate technical failure (taking into account the features established by paragraphs 4 and 5 of this article), which may provide for:
 - 1) restart of information systems and / or hardware of the Exchange;
 - 2) transition to work on a backup server and / or in a backup center of the Exchange;
 - 3) delay in the start and / or suspension and / or extension and / or early end of trading;
 - 4) provision of places for participation in trading, equipped with an access point to the Exchange trading system, for users of the trading system in a place determined by the Chairperson of the Exchange Management Board or the Deputy Chairperson of the Exchange Management Board who is in charge of trading;
 - 5) conducting trades by reserve methods;
 - 6) change in the period for clearing and / or settlements (fulfillment of obligations) for all or individual names of financial instruments;
 - 7) taking other actions at the discretion of the Exchange.
3. Actions to resolve a technical failure identified in accordance with paragraph 2 of this article:
 - 1) trading participants are brought to the notice of the course of resolving technical failures by publishing relevant messages on the Exchange

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website or in any other available way if it is impossible to publish them on the website of the Exchange;

- 2) are binding on all trading participants and the relevant employees of the Exchange.
4. In the event of a technical failure in the process of concluding transactions, the Exchange cancels all transactions for which settlement orders were not sent to the settlement organization, and all orders accepted by the Exchange during the period of technical failure. In this case, such transactions are recognized as canceled, applications rejected.

The exchange notifies trading participants about the cancellation of transactions and rejection of orders through the trading system after eliminating the failure and resuming the trading system.
5. In the event of a technical failure in the clearing process, the Exchange cancels all transactions for which settlements have not been made on the current trading day.
6. In the event of a technical failure in the process of making cash settlements on exchange transactions, the Exchange takes measures within its competence to organize a reserve and / or alternative scheme for making cash settlements.
7. Information about the elimination of a technical failure is brought to the attention of interested parties by publishing a message on the Exchange website, which contains information:
 - 1) the period of technical failure;
 - 2) the type of technical failure;
 - 3) other necessary information.

Article 3. Actions of trading participants in case of technical failures

1. In the event of any technical failure, the trader of a trading participant or another person who discovered such a failure is obliged by any available means to immediately notify the Exchange subdivision that performs the functions of organizing and conducting trading.
2. After notification of the occurrence of any technical failure, the Exchange determines on whose side the technical failure occurred.
3. In the event of a technical failure on the side of a trading participant, the trading participant shall eliminate such failure, including any causes and / or consequences, on his own.

After eliminating the technical failure, the trader connects to the Exchange's trading system as usual.
4. In the event of any technical failure provided for in paragraph 3 of Article 1 of these Rules, the Exchange shall eliminate such a technical failure on its own in accordance with these Rules.

Article 4. Entering quotes (orders) / deleting orders during a technical failure on the side of a trading participant

1. In the event of any technical failure, if necessary, a trading participant can contact the broker with a request to enter quotes (orders) into the trading system on behalf of this trading participant and / or release from obligations to conclude transactions with financial instruments arising from quotes (orders) submitted by this trading participant to the trading system prior to the occurrence of such a failure, by deleting orders by the broker from the trading system.

In order for the broker to enter quotes (orders) into the trading system on behalf of the trading participant and / or delete orders, the trading participant must inform the broker with the details of the relevant quotes (orders) and send written notification by any possible means of communication with the details of the relevant orders, which must be registered in the journal of the outgoing documentation of this trading participant.

2. The broker has the right to enter quotes (orders) into the trading system on behalf of a trading participant and / or delete valid quotes (orders) in accordance with paragraph 49 of the Rules for the implementation of the activities of the organization of trading in securities and other financial instruments.
3. In case of receiving a message from a trading participant in accordance with paragraph 1 of this Article, the broker enters / deletes quotes (orders) in the trading system on behalf of this trading participant, taking into account the following features:
 - 1) if the Exchange broker has the technical capability to enter / delete quotes (orders) in the trading system;
 - 2) the broker refuses to remove valid quotes (orders) from the trading system if transactions have already been concluded for such quotes (orders).
4. If the broker indicates incorrect details of quotes (orders) when they are entered into the trading system in accordance with paragraph 3 of this article, transactions concluded as a result of erroneous entry / deletion of such quotes (orders) are declared to be canceled, except for transactions for which settlement orders were sent to the settlement organization, or the settlements for which were carried out.

Article 5. Resumption of trading

1. The decision to resume trading during the current day, in the event of their suspension, is made by a member of the Exchange Management Board who is responsible for coordination and control of the Exchange structural unit providing trading activities, or by a person replacing him, with the determination of the time of resumption of trading and the internal document of the Exchange.

The decision to resume trading is made if, after the Exchange has consulted with the authorized body, a letter from the authorized body has not been received to extend the suspension of trading in securities.

2. If the technical failure is not eliminated before the end of the trading day, the Exchange does not resume trading, the trading day is considered closed since the onset of a technical failure.

In case of elimination of technical failure by the beginning of the next trading day, trades will be opened as usual

Article 6. Liability of the Exchange to trading participants

1. The Exchange shall not be liable for losses, including lost profits, caused to an Exchange member participating in the Exchange's trading as a result of a technical failure in the operation of the software and hardware complex, taking into account the exceptions established by this article.
2. The Exchange is not responsible for losses incurred by an Exchange member participating in the Exchange trading, including in the remote access mode, as a result of a technical failure that occurred through the fault of this Exchange member, its employees or third parties (including organizations providing telecommunications services), as well as due to inoperability or failure of the computer and communication equipment of this Exchange member and / or errors and / or delays in the operation of such equipment.

3. The amount of the Exchange's liability for the broker's erroneous entry / removal of quotes (orders), the details of which were sent by the trader of the Exchange member in accordance with paragraph 1 of Article 4 of these Rules, as a result of which transactions were concluded for which settlements were made, is limited to the amount of the monthly membership fee for the "stock" or "currency" categories (depending on the type of financial instrument for which the deal was concluded) by exemption from payment of the membership fee of a trading participant whose quotes (orders) were mistakenly entered / deleted by the Exchange broker.
4. If the duration of any technical failure is more than one business day, the Exchange exempts the Exchange members from paying the membership fee for the "stock" or "currency" categories (depending on the type of financial instrument, which is not traded), in proportion to the number of days during which a technical failure on the Exchange lasts.
5. Disputes arising from technical failures related to the conclusion of exchange transactions are subject to consideration in accordance with with the requirements of the Exchange internal documents.

Article 7. Final provisions

1. Issues not regulated by these Rules are resolved in accordance with the legislation of the Republic of Kazakhstan, the charter of the Exchange, its internal documents, as well as decisions of the bodies and officials of the Exchange, accepted in accordance with the established procedure within their competence.
2. These Rules are to be brought to the attention of the Exchange members through their publication on the Exchange website www.kase.kz.

Exchange members and other interested persons are obliged to familiarize themselves with these Rules and comply with their requirements. Failure of the Exchange members and other interested parties to familiarize themselves with these Rules cannot be a reason for the Exchange not to apply the requirements of these Rules.
3. Responsibility for the timely introduction of amendments and / or additions to these Rules (updating) rests with the structural unit that ensures the organization of trading on the Exchange.
4. These Rules are subject to updating as necessary, but at least once every three years.

Chairperson of the Board

A. Aldambergen

Appendix

to the Rules for resolving
issues in case of technical
failures in the operation of
the Exchange's software
and hardware complex

THE FORM
fixing a technical failure

Date of technical failure	
Type of technical failure	<input type="checkbox"/> technical failure of the transaction process <input type="checkbox"/> technical failure of the bidding process <input type="checkbox"/> technical failure of the clearing process <input type="checkbox"/> technical failure of the cash settlement process
Period of technical failure	from __.__.__. to __.__.__. Astana time
Actions taken by the Exchange to resolve the technical failure	

[Director of Information Technology
Department]

[signature]

[surname, initials]

[Head of department, in whose
activity there was a technical failure]

[signature]

[surname, initials]

[member of the Management Board
of the Exchange who is responsible
for coordinating and control of the
structural division of the Exchange,
providing the activities of
information technology]

[signature]

[surname, initials]

[member of the Management Board
of the Exchange who is responsible
for coordinating and control of the
structural division of the Exchange,
in the activities of which there was a
technical failure]

[signature]

[surname, initials]