

# KAZAKHSTAN STOCK EXCHANGE

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

by Kazakhstan Stock Exchange  
Management Board decision

(meeting minutes # 85  
of June 10, 2013)

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

from July 1, 2013

**N O T I C E**

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

## **RULES**

### **on Trading System Operation in Remote Access Mode**

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Almaty

2013

## **A M E N D M E N T S**

### **1. Amendments No. 1:**

- approved the decision of the Management Board of Kazakhstan Stock Exchange JSC (Minutes No. 52 of May 17, 2016 meeting);
- entered into force on June 2, 2016.

These Rules determine principle conditions of connection to the trading system of Kazakhstan Stock Exchange (hereinafter referred to as – the Exchange) for operation thereof in the remote access mode and such work.

## Chapter 1. GENERAL PROVISIONS

1. The concepts used herein mean the following:

- 1) **"Exchange administrator"** – an employee of the Exchange, exercising functions on organization and holding trades in financial instruments;
- 2) **"Internet-client"** – a person, that came into agreement with the Exchange member on execution of deals by the latter in the trading system at the expense and in the interests of this person on the basis of his directions (client orders, requests), transferred to the indicated Exchange member via the trading system through the Internet or other communications channels;
- 3) **"Internet-provider"** – an organization, rendering telecommunication services on access to the Internet;
- 4) **"observing organization"** – an organization that has the right to examine proceeds and results of trades in the trading system;
- 5) **"provider"** – an organization, rendering telecommunications services on connection of terminals and the trading system on the principle of "point-to-point";
- 6) **"program terminal"** – the trading system terminal software;
- 7) **"remote access mode"** – a method of the trading system operation, that requires no physical presence of the trading system user at the Exchange (a natural person, authorized for execution of certain actions in the trading system);
- 8) **"Confirmation System"** – a programming-technical complex of the Exchange, that allows the persons connected thereto for the receipt of the data via the trading system on the deals with securities, concluded in the trading system on behalf or under instructions of these persons or in the interests of these persons or their clients, and to provide the Exchange with confirmation of such deals on the basis of processing of the received data (messages on the concluded deals conditions compliance with the conditions which under or which at such deals should or might be concluded) or refusals of confirmation of such deals;
- 9) **"trading system terminal" or "terminal"** – a client part of the trading system, intended for operation thereof in the remote access mode;
- 10) **"market data"** is an information product representing data generated in real time by the Exchange trading system during exchange trading and transmitted via DMA systems for informational purposes or for conclusion of deals in the trading system.

The trading system in this case means data on prices and volumes (in the number of instruments traded) of orders for concluding deals accepted by the Exchange for conclusion of deals, the data on prices and volumes (in the number of instruments traded) of deals concluded, the data on values of market indicators calculated by the Exchange during and/or upon results of a trading day, the list of which is determined by KASE internal documents;

- 11) **"trading system"** – a programming-technical complex of the Exchange, by means of which deals with the financial instruments admitted to circulation at the Exchange are concluded;
  - 12) **"Participant"** – an organization (except for the Internet-client – a legal entity), that has the right to operate the trading system in the remote access mode;
  - 13) **"Confirmation System participant"** – an organization connected to the Confirmation System.
2. Other concepts, used in these Rules, are similar to concepts, defined by other Exchange internal documents, and the legislation of the Republic of Kazakhstan.

3. Connection to the trading system for operation thereof in the remote access mode is allowed only to:
  - 1) participants of the trades held by the Exchange (the Exchange members);
  - 2) participants of the Confirmation System;
  - 3) observing organizations;
  - 5) Internet-clients via DMA system;
  - 6) employees of the Exchange that perform debugging, administration, maintenance and support of the trading system.
3. An organization from those mentioned in sub-items 1)–2) of item 3 hereof may operate the trading system in the remote access mode on condition of an application submission subject to Appendix 1 hereto. From the first working day following the day of the indicated application receipt by the Exchange, this organization receives the Participant status and on conditions of compliance thereby with minimum technical and other requirements, specified in items 4-7 of article 2 of these Rules, is connected to the trading system for operation thereof in the remote access mode.
5. The organization that intends to operate the trading system in the remote access mode in the capacity of an organization–observer should submit an application subject to Appendix 1 hereto and receive a written permission of the Exchange for the organization operation of the trading system in the remote access mode in the capacity of an observing organization.

From the first working day that follows the day of receipt of the permission indicated by the Exchange, this organization receives the Participant status and on conditions of compliance thereby with minimum technical and other requirements specified in items 4–7 of article 2 hereof, is connected to the trading system for operation thereof in the remote access mode.
6. Internet-clients work with the trading system in the remote access mode under the agreements between Internet-clients and the Exchange members providing services thereto.
7. Employees of the Exchange connect to the trading system for operation therewith in the remote access mode upon authorization (including verbal permissions) of the Exchange President or Vice-president acting in the capacity of the President.
8. For the persons of those listed in sub-items 1)–3) of item 2 of these Rules have the force of an adherence contract. Gaining by this person the Participant status subject to items 4 and 5 hereof means conclusion of an agreement on the whole on the conditions specified hereby.
9. Exclusive rights on a program terminal and market data as intellectual property objects belong to the Exchange; Participants are granted the right of use only.

The Exchange grants to Participants the right to display (demonstrate) market data to their clients only via DMA system and only to such extent and in such composition which are necessary for concluding deals at the Exchange. Dissemination of market data by any other way or for any other purposes is secondary dissemination of market data and must be carried out strictly in accordance with the Regulations on Commercial Terms of Real-Time Market Data Dissemination.
10. The order of the trading system operation in the remote access mode is similar to the order of its use from a working place in the trading hall of the Exchange and is determined by the Exchange explanatory-instructional materials regarding the trading system operation (trading system user’s manuals).

Special features of the trading system operation in the remote access mode at application of programming-cryptographic information security devices are established by the Rules on Use of Programming-Cryptographic Information Security Devices at Operation of the Trading System in the Remote Access Mode.
11. Changes and additions hereto may be given effect to not earlier than in 15 days after the approval thereof and are subject to bringing to notice (by way of publication on the Exchange site in the Internet) of the persons that use the trading system in the remote access mode, immediately after approval of such changes and additions.

**Chapter 2. MINIMUM TECHNICAL AND OTHER REQUIREMENTS. TECHNICAL RECOMMENDATIONS. CONNECTION TO TRADING SYSTEM**

1. Connection to the trading system for its use in the remote access mode the Participant (candidate to a Participant) must have the following communication channels:
  - 1) the main communication channel, organized through the direct via remote access mode provider or Internet via the Internet provider.  
  
organization of the main communication channel through the direct connection without remote access mode provider is allowed only for the government body regulating and supervising the securities market;
  - 2) the reserve communication channel, organized via Internet through another Internet provider, apart from specified in sub-item 1) of this item.  
  
The reserve communication channel is used by participants to operate the trading system in remote access mode, if error occurs in operation of the main communication channel, organized in compliance with sub-item 1) of this item.
2. In order to connect to the trading system in the remote access mode IP addresses set by the Exchange shall be used.  
  
The list of IP addresses and connection ports (including IP addresses and ports of the trading system terminals automatic update services and other services) through the main and backup communication channels, as well as amendments to this list shall be provided by the Exchange to its Participants (candidate Participants) in writing or published on the Exchange website ([this paragraph was amended by the Exchange's Management Board decision of May 17, 2016](#)).
3. Connection to the trading system via Internet is allowed only with use of program-cryptographic means of information protection.
4. A personal computer on which a program terminal is installed must have at least Core2Duo processor and at least 1 gigabyte RAM capacity. The indicated computer should have installed Microsoft® Windows® XP operating system or better.
5. Connection to the trading system main communication channel through the direct connection without remote access mode provider the government body regulating and supervising the securities market must have:
  - 1) active direct communications channel to the Exchange facilities, which should comply with the requirements specified in item 7 hereof;
  - 2) operational telecommunications equipment that is required for maintenance of connection between a terminal and the trading system.
6. For connection to the trading system via a provider it is required to:
  - 1) to enter into an agreement with one of providers<sup>1</sup>, subject to which the Participant (candidate to Participants) will receive a possibility of connection of his terminal (their terminals) with the trading system;
  - 2) to have an active direct communications channel to this provider, specified in sub-item 1) of this item, which should comply with the requirements specified in item 7 hereof;
  - 3) to have operational telecommunications equipment that is required for maintenance of connection between a terminal and the trading system and whose characteristics are agreed upon with a provider;
  - 4) provide the Exchange with a letterhead, confirming that a Participant (candidate to Participants) has the main and reserve channels that meet requirements of item 1 of this article;

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<sup>1</sup> A list of providers is presented by the Exchange.

7. At connecting to the trading system to operate in the remote access mode (via direct connection to the remote network provider – CIR<sup>2</sup>) the bandwidth must make up at least 256.0 kilobit per second per trading system terminal:

8. The Exchange provides the Participants (candidates to Participants) with consultations on selection of a method of connection to the trading system for its operation in the remote access mode.

The mentioned consultations are provided free of charge except for the cases which require a visit of the Exchange employees for providing of consultations on the spot. On such occasions the Exchange may collect a fee from the Participants (candidates to Participants) regarding its employees visit in the quality of expenses reimbursement.

9. A program terminal, and programs and/or instructions on the installation thereof are delivered to the Participants by the e-mail addresses provided to the Participants for these purposes.

Program terminal is installed independently by the Participants with receipt, as may be required, of the Exchange employees' consultations.

The indicated consultations are provided, as a rule, by phone. In the event the Exchange employees visit a site for purposes of such consultations the Exchange may collect a fee from Participants in the quality of expenses reimbursement for its employees visit.

10. The Exchange assumes no responsibility:

1) for failure to install and start a program terminal due to the Participant non-compliance with the requirements specified in items 4–6 hereof;

2) for incorrect installation of a program terminal by the Participant and the consequences of such incorrect installation;

3) for failure to provide connection of a terminal with the trading system due to inoperability of communication channels and telecommunication equipment of the Participant, failure in operation of remote access host operator or Internet service provider, network access denial on the Participant's part to the IP-addresses to be provided by the Exchange to the Participants in accordance clause 2 of this Article (*this sub-clause was amended by the Exchange's Management Board decision of May 17, 2016*);

4) for delays in the trading system terminal's operation due to the Participant's non-compliance with the requirements and recommendations specified in items 4–7, of this article.

11. The number of trading system terminals at one Participant is not limited under the condition of sufficient capacity of his communications channel (channels) and telecommunications equipment productivity, and presence of necessary quantity of available telephone lines and ports at its telecommunications equipment.

A Participant may use various methods of connection to the trading system in regard to different terminals.

### Chapter 3. SPECIAL CONDITIONS

1. In case of modification or development of a new generation of a program terminal the Exchange delivers it to the Participants in the order similar to the specified in item 9 of article 2 of these Rules.

At a delivery of a modified version of a program terminal to the Participants the fee for its provision for use is not collected from the Participants.

When a new generation program terminal is delivered to the Participants (developed within the framework of the trading system software change) the Exchange may collect from the Participants a fee for providing this program terminal for use. The amount and procedure of payment is specified by the Exchange Management Board.

2. The Participants are prohibited:

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<sup>2</sup> The English phrase abbreviation "committed information rate".

- 1) to decompile and disassemble a program terminal;
  - 2) to deliver a program terminal to third parties by any method and in any form;
  - 3) to violate restrictions set in item 9 of article 1 of these Rules with regard to dissemination of market data.
3. For violation of any of the terms specified in item 2 of this article, a Participant pays the Exchange a forfeit in 1,000-fold amount of MCI<sup>3</sup> (in regard of every such violation).
4. The Exchange may suspend the Participant operation in the trading system (with subsequent written notification of the Participant thereof):
- 1) if the Participant violates the payment condition for provision of services related to operation of the trading system in the remote access mode;
  - 2) if the Participant violates any ban specified in item 2) of this item;
  - 3) if the Participant violates the condition, specified in sub-items 2) of item 1 of article 2 of these Rules;
  - 4) if the Participant does not pay a forfeit, specified in sub-item 3 of this article.
5. Recommencement of a Participant operation of the trading system is made by the Exchange (with further written notification of this Participant) after correction by a Participant of violation of requirements set forth by item 2 of this article, and after this Participant pays forfeits, stipulated by item 3 of this article.
6. In case of detection of an abnormal network activity (multiple requests to connect, DoS-attack or similar) from a Participant IP address the Exchange reserves the right to undertake any necessary actions to eliminate this activity up to blocking this IP address till detection of circumstances that entailed this situation.
- At this the Exchange must send this Participant a written notification on blocking his IP address during three working days from the day, when this Participant address was blocked.
7. Apart from the sanctions prescribed by items 28 and 29 hereof, the Exchange may disqualify the Participant from use of the trading system (with subsequent written notification of this Participant thereof), if the violation by the Participant of the bans specified in sub-items 2), 3), 4) of item 26 hereof, endangers, as the Exchange may think, the trading system operability or exclusive rights of the Exchange on a program terminal and market data as objects of intellectual property.
8. The order of disputes adjustment at failures (faults, errors or delays) in operation of the trading system and terminals is determined by the Rules on Disputes Settlement at Technical Faults in the Trading System Operation of the Exchange.

#### **Chapter 4. PAYMENT FOR EXCHANGE SERVICES RELATED TO OPERATION OF TRADING SYSTEM IN REMOTE ACCESS MODE**

1. The Participants pay for the following services of the Exchange related to the trading system operation in the remote access mode in compliance with Regulations on Membership Fees and Exchange Dues.
2. The Participant may temporarily refuse to use the trading system in the remote access mode with a proportionate release of this Participant from payment of the Exchange services on provision of telecommunications equipment ports use under the condition of receipt by the Exchange of the written notification of this Participant on such refusal before the beginning of the month, in which this Participant intends to suspend use of the trading system in the remote access mode.

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<sup>3</sup> A monthly calculation index for computation of pensions, allowances and other social payments, and also for application of the penalty sanctions, taxes and other payments in compliance with the legislation of the Republic of Kazakhstan whose value is determined subject to the laws of the Republic of Kazakhstan On Republican Budget for respective years.

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3. The Participant is released from payment of the Exchange fees for provision to it of operation of the trading system in the remote access mode, beginning the month of suspension (termination) of work in the trading system in the remote access mode.



**Appendix 1**

to Rules on Trading System  
Operation in Remote Access  
Mode

[on a letterhead]

Kazakhstan Stock Exchange

**APPLICATION**

Herewith we express our intent to operate your trading system in the remote access mode as [indicate]

- trades participant
- Confirmation System participant
- observing organization

with connection thereto [mark]

- by direct communications channel without a provider of the remote access network (only for a government body, regulating and supervising the securities market)
- the direct connection via a provider of the remote access network
- via the Internet via Internet provider

We would like to use [indicate number] of terminals of the trading system that will be located at the address: [indicate].

We state that we got acquainted with the Rules of the trading system operation in the remote access mode, we agree therewith and undertake to comply with the requirements thereof. The obligation pledged by us includes also such obligation to comply with the conditions of subsequent changes and additions in the indicated Rules under the condition that such changes and additions were brought to our notice subject to item 11 of article 1 of the indicated Rules.

We assume the responsibility for violation of the obligations contained in the present application. This responsibility includes the responsibility for actions (non-action) of employees and clients (clients' employees), working on our behalf with your trading system in the remote access mode in breach of (non-compliance with) the norms of the aforementioned Rules and for the consequences of such actions (such non-action).

[position] [signature] [surname, initials]<sup>4</sup>

[position] [signature] [surname, initials]<sup>5</sup>

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<sup>4</sup> Position title, signature, surname and initials of the person that have the right of first signature on behalf of the Participant (candidate to Participants).

<sup>5</sup> Position title, signature, surname and initials of the person that have the right of second signature on behalf of the Participant (candidate to Participants).