

Stock Market Fraud - A Memo for Citizens

Kazakhstan Stock Exchange JSC (hereinafter – the Exchange, KASE) urges the public to remain alert due to a rise in illegal activities by unlicensed individuals related to investment practices. There has been an increase in instances of online fraud globally, including in Kazakhstan, where scammers falsely claim to provide access to trading financial instruments on the country's market. Additionally, these scammers have started to act on behalf of KASE.

KASE officially states that it does not provide its own services to individuals or legal entities with direct involvement from the Exchange or its staff for the purpose of profiteering in the exchange markets.

Stay cautious and keep in mind! KASE's official profiles on social media are named as follows:

Instagram — kase.kz

Facebook — KASE

LinkedIn — Kazakhstan Stock Exchange

All other accounts are FAKE and HAVE NO relation to the Exchange, and can only be used for fraudulent purposes!

KASE acts as a trading operator and offers access to the Exchange's trading system solely for members of the Exchange, who execute transactions on the stock market on behalf and in the interests of investors. The list of members of the Exchange, which includes membership categories and contact details, is available on KASE's website at the link: <https://kase.kz/ru/membership/#brokers>.

It is important to note that only licensed brokerage firms are members of the Exchange. KASE emphasizes that when entering into contracts and dealing with firms lacking a license from the regulator (Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, ARDFM), clients take on all potential risks. It is important to recognize that many scammers follow a common strategy: they operate via popular messaging platforms such as WhatsApp, Telegram, social media, email, and make unsolicited phone calls. These individuals claim to be representatives of the Exchange and encourage victims to invest money in securities. In exchange, the scammers promise high returns on investments, along with consulting and related services, for which they request various sums to be sent to purported brokerage accounts. Once the funds are transferred, the scammers engage with the client until they indicate a wish to withdraw part or all of their money from the brokerage account. Subsequently, "investors" usually encounter problems communicating with the fraudulent brokers. Additionally, in many instances, the scammers request extra payments to facilitate the withdrawal of the total amount of funds that were initially invested. To safeguard personal assets, the Exchange advises individuals in Kazakhstan to adhere to these straightforward guidelines:

Important: how to safeguard yourself against scammers!!!

The first aspect to consider is the broker's licensing. Brokers are only permitted to operate if they hold a license from the authorized entity – the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (ARDFM) and upon the conclusion of a relevant brokerage services contract. Activities of financial intermediaries are rigorously governed by the Civil Code of the Republic of Kazakhstan, the Act of the Republic of Kazakhstan "On the Securities Market", along with other regulatory legal documents in the Republic of Kazakhstan. Secondly, after checking for a license, it is necessary to evaluate the reliability of brokers by other parameters. The company's rating, its financial indicators and shareholders – all these criteria indicate the reliability of the broker. For example, the ARDFM website contains general information on brokers (shareholders, management, contacts, measures of influence and sanctions applied). It is important to understand that by investing their funds in the stock market, the investor is not insured against market risks and as a result may either receive

income or suffer losses. Therefore, the broker cannot and should not guarantee the client a high investment income and (or) the absence of losses on investments.

If you have encountered any type of financial fraud, we recommend that you contact the ARDFM on the hotline at +7 (727) 237 10 00 for questions on protecting the rights of consumers of financial services.