

KAZAKHSTAN STOCK EXCHANGE JSC

Approved

by a decision of the Management Board of
Kazakhstan Stock Exchange JSC

(minutes No. 147 dated November 29, 2019)

Effective

as of December 3, 2019

NOTICE

The Procedure below has been translated by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with the original version in Russian, the latter prevails.

PROCEDURE

of including financial instruments in List T+ and Collateral list T+

Almaty

2019

LIST OF AMENDMENTS

1. Changes and additions No. 1:

- approved by a decision of the Management Board of Kazakhstan Stock Exchange (KASE) (minutes No. 89 of the meeting on June 30, 2020);
- effective from August 3, 2020.

2. Addition No. 2:

- approved by a decision of the Management Board of Kazakhstan Stock Exchange (KASE) (minutes No. 93 of the meeting on July 9, 2020);
- effective from August 3, 2020.

3. Changes and additions No. 3:

- approved by a decision of the Management Board of Kazakhstan Stock Exchange (KASE) (minutes No. 88 of the meeting on August 19, 2021);
- effective from August 23, 2021.

4. Changes and additions No. 4:

- approved by a decision of the Management Board of Kazakhstan Stock Exchange (KASE) (minutes No. 118 of the meeting on November 10, 2021);
- effective from November 15, 2021.

This Procedure has been developed in accordance with the legislation of the Republic of Kazakhstan and internal documents of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) and contains a description of the procedure of forming the List of financial instruments admitted to deals with the central counterpart on terms of partial collateral (hereinafter – the List T+), the List of financial instruments accounted for as collateral for obligations on deals with partial collateral (hereinafter – the Collateral list T+), as well as the conditions of including financial instruments in the List T+ and Collateral list T+, and exclusion from said lists (*this preamble was changed by a decision of the Exchange's Management Board dated June 30, 2020*).

Article 1. General provisions

1. This Procedure uses concepts and terms defined by the legislation of the Republic of Kazakhstan, internal documents of the Exchange "Rules execution of exchange activities" (hereinafter – the Rules of exchange activities), "Rules of execution of clearing activities on deals in financial instruments" (hereinafter - the Clearing Rules) and other internal documents of the Exchange.
2. The List T+ is formed of financial instruments for transactions in which the Exchange carries out clearing activities in accordance with article 17 of the Exchange's internal document "Rules of execution of exchange activities" (hereinafter – Rules of exchange activities) and which meet the requirements established by article 2 of this Procedure (*this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020*).

The financial instruments of the List T+ are admitted to transactions with partial collateral, for which the Exchange acts as the central counterpart.
3. The Collateral list T+ is formed from the financial instruments of the List T+ that meet the requirements established by article 4 of this Procedure.
4. The List T+ and the Collateral list T+ (hereinafter – the Lists) are approved by the Exchange's Management Board in the manner specified in article 5 of this Procedure (*this item was changed by a decision of the Exchange's Management Board dated June 30, 2020*).
5. Financial instruments admitted to concluding transactions with the central counterpart on terms of partial collateral on the exchange markets are (*this paragraph was supplemented by a decision of the Exchange's Management Board dated June 30, 2020*):
 - on the currency market – currencies included in the "List T+";
 - on the stock market – securities included in the List T+, and currencies included in the Collateral list T+, representing means of settlement on deals with securities (*this paragraph was supplemented by a decision of the Exchange's Management Board dated June 30, 2020*);
 - on the derivatives market – all derivative financial instruments, trading in which was opened following a decision of the Exchange's Management Board;
6. Financial instruments accepted as collateral for transactions with the central counterpart on terms of partial collateral are (*this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020*):
 - on the currency market – currencies included in the Collateral list T+;
 - on the stock market – securities and currencies, included in the "Collateral list T+";
 - on the derivatives market – the national currency.
7. (*This item was excluded by a decision of the Exchange's Management Board dated June 30, 2020*).

Article 2. Requirements set for financial instruments for inclusion in the List T+

1-0. In order for a financial instrument to be included in the List T+ and be in said list, a particular financial instrument must comply with:

- 1) the requirement for liquidity specified in item 1 of this article;
- 2) the requirement for reliability specified in item 2 of this article;
- 3) other requirements specified in item 3 of this article.

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

1. Compliance of the financial instrument with the liquidity requirement is determined taking into account the following criteria:

- 1) it is a share or depositary receipt, or a security of an investment fund, being for at least two consecutive calendar months in the list of securities of the first liquidity class, approved in accordance with the Exchange's internal document "Methodology of defining securities liquidity indicators" *(this sub-item was changed by a decision of the Exchange's Management Board dated June 30, 2020)*;
- 2) it is a government security issued by the Ministry of Finance of the Republic of Kazakhstan or the National Bank of the Republic of Kazakhstan;
- 3) it is a bond with the amount of the placed issue of at least 5 (five) billion tenge for bonds issued in accordance with the legislation of the Republic of Kazakhstan, or at least 35 (thirty five) billion tenge for bonds issued in accordance with the legislation of foreign states;
- 4) the presence of a market-maker for this financial instrument;
- 5) the availability of a written agreement with at least one trading participant on the readiness to act as a provider for purchase and sale transactions with this financial instrument at the request of the Exchange;
- 6) with respect to a financial instrument, there is an opinion of the unit responsible for managing the liquidity of the Central counterpart regarding the possibility of forcibly liquidating unfulfilled obligations within the time period established by the Clearing Rules and there is a recommendation to include it in the List T+.

A mandatory criterion for recognizing a financial as complying with the liquidity requirement is the compliance with the criterion of sub-item 2) or sub-item 6) of this item *(this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020)*.

2. Compliance of a financial instrument for reliability criteria is determined taking into account the distribution of securities quoted in the Exchange's lists by groups approved by the Committee on market risks (hereinafter – the Committee) based on assessing the level of risk of the issuer of the security, carried out in accordance with the Exchange's internal document "Methodology of assessing the risk level of issuers of securities listed on the Exchange" *(this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020)*.

A financial instrument is recognized as meeting the reliability requirement at compliance with the following criteria *(this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020)*:

- 1) in respect of foreign currencies – government securities of the country of the issuer of this foreign currency are included in group 1 (securities with the highest level of reliability) or group 2 (securities with a high level of reliability);

- 2) in relation to securities – a security is included in group 1 or in group 2, or in group 3 (securities with a reliability level above the average);
 - 3) in relation to derivative financial instruments – the underlying asset of a derivative financial instrument meets the criterion established by sub-item 1) of this item, provided that the underlying asset is foreign currency, or meets the criterion established by sub-item 2) of this item provided that the underlying asset is a security *(this sub-item was included by a decision of the Exchange's Management Board dated June 30, 2020)*.
3. Compliance of securities with the following other requirements is determined taking into account the following criteria:
- 1) for government securities of the Republic of Kazakhstan – it is not a government long-term savings treasury obligation of the Republic of Kazakhstan (MEUJKAM);
 - 2) for bonds:
 - must be denominated in Tenge or U.S. Dollars or in euros, or British pounds, or Swiss francs, or Russian roubles *(this paragraph has been amended by a decision of the Exchange Management Board of August 19, 2021)*;
 - should be traded in "net" prices;
 - must not be a perpetual or subordinated bond;
 - shall not be an index-linked par value bond;
 - 3) on the date of monitoring for compliance with the requirements for inclusion of financial instruments in the List T+ within 6 (six) consecutive calendar months preceding the date of the mentioned monitoring, there are no cases provided for in sub-items 1) and(or) 4) and(or) 5) of item 7 of article 5 of this Methodology;
 - 4) as of the date of monitoring for compliance with the requirements for inclusion of financial instruments in the List T+, there are no cases provided for in sub-items 2) and(or) 3) of item 7 of article 5 of this Methodology.

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

4. In the List T+, based on a decision of the Exchange's Management Board taken in accordance with the provisions of article 5 of this Procedure, a security can be included that doesn't not meet requirements established by items 1 and (or) 2 of this article, provided that the increasing coefficient specified by the Exchange's Management Board at making of a decision on inclusion of said security in the List T+, applied to target values of market risk on said security, at setting of such rates by the Committee *(this item was changed by a decision of the Exchange's Management Board dated June 30, 2020)*.
5. A bond of a certain denomination that does not meet the requirements established by paragraph two of sub-item 2) of item 3 of this article may be included in the List T+, provided that the Exchange's Management Board makes a corresponding decision *(this item was changed by a decision of the Exchange's Management Board dated July 9, 2020)*.

Article 3. Conditions for setting the features "prohibition of short sales" and "prohibition of unsecured purchases" for financial instruments

1. For financial instruments included in the List T+, the Exchange has the right to establish the following features:

- 1) feature "prohibition of unsecured purchases": is established in relation to currency and means that transactions with settlements in such currency are concluded with full coverage of liabilities arising in such currency;
 - 2) the feature "prohibition of short sales": is established in relation to a security and means that transactions with such a security are concluded with full coverage of arising obligations in such a security.
2. The characteristics specified in item 1 of this article shall be established on the basis of a decision of the Committee if one of the following conditions exists:
- 1) the average daily total amount of foreign currency recorded in the clearing accounts of all clearing participants for the last calendar month and (or) for the previous business day is less than the concentration limit established for this foreign currency;
 - 2) the average daily total amount of securities accounted for in clearing accounts of voluntary providers for the last calendar month and (or) for the previous business day is below the concentration limit established for this financial instrument.
3. The Exchange has the right to establish the period of validity of the features specified in item 1 of this article, whereby:
- 1) if only the start date of the feature validity is determined, the feature is effective starting from this date and indefinitely;
 - 2) in case of establishing the period of validity of a feature, the feature is valid from the date of the beginning of the period of validity (inclusive) until the end of the period of validity (inclusive).
4. For securities included in the "KASE Global" sector of the Exchange's "Mixed" official list, the "ban on short selling" feature may be set if a corporate event occurs seven business days prior to the date of the corporate event and be in effect until and including the date of completion of that corporate event (*this item is included by decision of the Exchange Board of Management on November 10, 2021*).

Article 4. Requirements for financial instruments for inclusion in the Collateral list T+

1. To include a financial instrument in the Collateral list T+ and to be in the specified list, such a financial instrument must be included in the List T+.
2. A financial instrument must meet the following additional liquidity criteria (*this paragraph was supplemented by a decision of the Exchange's Management Board dated June 30, 2020*):
 - 1) in relation to the financial instrument, there is an analytical opinion of the unit responsible for the liquidity management of the Central counterpart, regarding the possibility of forcibly liquidating unfulfilled obligations within one trading day;
 - 2) (*this sub-item was removed by a decision of the Exchange's Management Board dated June 30, 2020*);
 - 3) in respect of foreign currency, the value of the approved concentration limit of such foreign currency is not less than 10 (ten) billion tenge in equivalent.
3. (*This item was removed by a decision of the Exchange's Management Board dated June 30, 2020*).
4. (*This item was removed by a decision of the Exchange's Management Board dated June 30, 2020*).
5. In the List T+ of, based on a decision of the Exchange's Management Board taken in accordance with the provisions of article 5 of this Procedure, a security

can be included that doesn't not meet requirements established by items 1 and (or) 2 of this article, provided that the increasing coefficient specified by the Exchange's Management Board at making of a decision on inclusion of said security in the List T+, applied to target values of market risk on said security, at setting of such rates by the Committee *(this item was changed by a decision of the Exchange's Management Board dated June 30, 2020)*.

Article 5. The procedure of inclusion of financial instruments in the List T+ and the Collateral list T+ and the procedure of their exclusion from the lists.

1. The Exchange quarterly, no later than the last business day of the second month of the quarter, monitors financial instruments for compliance with the requirements for their inclusion in the Lists and (or) their presence in said Lists *(this item was changed by a decision of the Exchange's Management Board dated June 30, 2020)*.
2. According to the results of monitoring the clearing unit prepares an opinion on compliance of financial instruments with the requirements (hereinafter – the Opinion), and puts it up for consideration by authorized bodies of the Exchange in accordance with item 4 of this article *(this item was changed by a decision of the Exchange's Management Board dated June 30, 2020)*.
3. During the preparation of the Opinion, the clearing unit is entitled to request from other structural divisions of the Exchange additional information and documents necessary, in the opinion of the clearing unit, to prepare a reasoned Opinion.
4. The Conclusion indicates information that is the basis for making a decision on the inclusion of a financial instrument in the List T+ and / or in the Collateral list T+, or on the exclusion of a financial instrument from these lists.
5. The inclusion of financial instruments in the Lists or the exclusion of financial instruments from the Lists is carried out on the basis of the recommendation of the Committee upon a decision of the Exchange's Management Board taken on the basis of the consideration of the Opinion prepared in accordance with items 2 – 4 of this article.

If it is necessary to exclude a financial instrument from the Lists in an expeditious manner, the Exchange's Management Board has the right to make this decision without recommendations of the Committee.

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

6. The Exchange may include a financial instrument in the manner prescribed by item 5 of this article, without observing the deadline established by item 1 of this article:
 - 1) in the List T+ based on a request of the clearing participant drawn up in a deliberate form;
 - 2) in the List T+ and (or) the Collateral List T+ on the basis of a memo of other units of the Exchange involved in the process of admitting financial instruments to circulation in the Exchange's trading systems.
 - 3) to the Collateral List T+ on the basis of the Clearing Member's free-form request, provided that the specified financial instrument has been on the List T+ for at least thirty calendar days *(this sub-item was included by a decision of the Exchange Board of Directors on November 10, 2021)*.

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

- 6-1. The inclusion of a government security of the Republic of Kazakhstan of a certain name that meets the requirements of article 2 (for the List T+) and (or) article 4 (for the Collateral list T+) of this Procedure is automatically carried out in the

respective list without a recommendation of the Committee and a decision of the Exchange's Management Board from the date of opening of trading in said government security of the Republic of Kazakhstan (*this item was included by a decision of the Exchange's Management Board dated June 30, 2020*).

- 6-2. The Exchange may include in the T+ List and/or in the T+ Collateral List a non-state security of a certain denomination issued by a certain issuer and complying with Article 2 (for the T+ List) and/or Article 4 (for the T+ Collateral List) of this Procedure from the date of trading opening of the said non-state security, subject to prior approval of the Committee, by a general (framework) decision of the Exchange Management Board, provided that the said security meets the following requirements:

- 1) the circulation period of the security does not exceed one year;
- 2) the issuer of the above security is an international financial institution rated not lower than the country rating of the Republic of Kazakhstan by Standard & Poor's or a similar rating by Moody's Investors Service or Fitch;
- 3) the security is a discount security;
- 4) the Exchange has written confirmation from the clearing participant of its intention to become a liquidity provider for those securities.

A general (framework) decision of the Exchange Management Board, specified in item one of this item, must necessarily contain the name of the issuer who issued these securities, terms of issue and circulation of these securities, other conditions which are essential for the decision in question to take effect. The existence of the said general (framework) decision of the Management Board on the possibility to include in the T+ List and/or in the T+ Collateral List a non-state security of a certain denomination issued by a certain issuer and complying with the conditions specified in this clause, does not require further a separate decision of the Board on inclusion of each such security in the Lists in accordance with item 5 of this article.

(This item is included by decision of the Exchange Board of Management on August 19, 2021)

- 6-3. Inclusion of securities of KASE Global sector "Mixed" of the Exchange's official list is carried out:

- 1) to the T+ List from the date of opening of trades in these securities on the basis of a decision of the Exchange Management Board made when the securities are included in the "KASE Global" sector of the Exchange's official "Mixed" list, subject to a recommendation of the Committee;
- 2) to the T+ Collateral List based on a decision of the Management Board of the Exchange with a recommendation of the Committee in the following cases:
 - based on the results of quarterly monitoring of the compliance of financial instruments with the requirements for their inclusion in the Lists and/or their presence on the Lists, conducted after at least thirty calendar days from the date of opening of trading in the specified financial instrument, if the requirements of Article 4 (for the T+ Collateral List) of this Order are met;
 - on the basis of a memo from the unit responsible for liquidity management of the Central Counterparty, if it is possible to enforce liquidation of outstanding obligations under the financial instrument within one trading day;
 - on the basis of the clearing participant's request, drawn up in any form.

(This item is included by a decision of the Exchange Board of Management on November 10, 2021).

7. The Exchange has the right to exclude a financial instrument without observing the time period established by item 1 of this article, from the List T+ and (or) from the Collateral List T+ in the manner prescribed by item 5 of this article, in the following cases *(this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020)*:
 - 1) occurrence of cases of non-fulfillment by the issuer of such financial instrument of its obligations or upon receipt by the Exchange of information indicating a worsening of financial condition of the issuer of such financial instrument, as a result of which the financial instrument has ceased to meet the reliability criteria established by this Procedure;
 - 2) announcement of the issuer of this financial instrument on the repurchase/exchange of this financial instrument;
 - 3) other cases of significant change in market conditions, prices of financial instruments, increased market volatility;
 - 4) occurrence of cases when the issuer or the initiator of admission of such a financial instrument fail to disclose information about planned changes to securities issue prospectuses, bond program issue prospectuses and other documents determining the procedure and terms for repayment, payment of coupon interest for bonds, as well as deadlines for fixing registers of holders for making such payments, the amount of coupon payments, the face value for bonds, as well as other characteristics of the security that influence the determination of its value, terms of circulation, terms and amounts of coupon or dividend payments *(this sub-item was included by a decision of the Exchange's Management Board dated June 30, 2020)*;
 - 5) occurrence of cases of non-fulfillment by the issuer or the initiator of admission of such a financial instrument of requirements for the disclosure of information about corporate events of the issuer of securities *(this sub-item was included by a decision of the Exchange's Management Board dated June 30, 2020)*.
8. A financial instrument may be excluded from the Lists T+ if it does not meet the requirements of article 2 (for the List T+) and article 4 (for the Collateral list T+) of this Procedure, as well as in the event of any of the cases specified in item 7 of this article in the manner provided for in item 5 of this article *(this item was supplemented by a decision of the Exchange's Management Board dated June 30, 2020)*.
9. A financial instrument is excluded from the Lists automatically without the recommendation of the Committee and without the adoption of an appropriate decision by the Exchange's Management Board in cases:
 - 1) termination of trading in a financial instrument of a certain name in accordance with the Rules of exchange activities from the date following the date of fulfillment of all obligations and claims on this financial instrument;
 - 2) redemption (early redemption) of bonds:
 - one clearing day prior to the date of fixing the register of bondholders to repay it, if fixing is carried out at the beginning of the day;
 - on the date of fixing the register of bondholders for its redemption, if the fixing is carried out at the end of the day;
 - one clearing day before the date determined in accordance with paragraphs one or two of this sub-item if the register of bondholders is fixed on a non-working day

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

10. A financial instrument may be excluded from a List temporarily (for a certain period) in the manner provided for in item 5 of this article, in the following cases (*this paragraph was changed by a decision of the Exchange's Management Board dated June 30, 2020*):
 - 1) if there is information about the issuer's corporate events (stock repurchases, delisting, negative events in relation to major shareholders, as well as other events that increase the risk of default and/or lead to increased volatility of the price characteristics of the financial instrument);
 - 2) long holidays in the Republic of Kazakhstan or in foreign countries, according to which laws this financial instrument is traded (*this sub-item was changed by a decision of the Exchange's Management Board dated June 30, 2020*).
11. Information on the decision of the Management Board on the inclusion of a financial instrument in the List T+ and/or the Collateral list T+, or on the exclusion of a financial instrument from the List T + and/or from the Collateral list T + is communicated to clearing participants no later than one business day before the date of the coming into effect of the respective changes by publishing the respective news item on the Exchange's website (www.kase.kz) (*this item was changed by a decision of the Exchange's Management Board dated June 30, 2020*).

Article 6. Final provisions

1. This Procedure and all changes and/or additions to this Procedure are brought to the attention of clearing participants by posting on the Exchange's website (www.kase.kz).
2. This Procedure is subject to updating as necessary, but at least once every three years, calculated from the date of coming into effect of this Procedure.
3. Responsibility for making timely changes and additions to this rests with the Clearing chamber.

Chairperson of the Management Board

A. Aldamergen