KAZAKHSTAN STOCK EXCHANGE JSC

A p p r o v e d   b y

a decision of the Management Board of
Kazakhstan Stock Exchange JSC

(minutes No. 61 of the meeting on
June 23, 2021)

Effective

from July 7, 2021

N O T I C E

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

SPECIFICATION

of KASE Index futures

city of Almaty

2021

LIST OF AMENDMENTS

1. Changes and addition No. 1

– approved aby a decision of the Management Board of Kazakhstan Stock Exchange (KASE) (minutes No. 145 of the meeting dated December 13, 2022);

– effective as of January 5, 2023.

This Specification has been developed in accordance with the internal document of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) "Rules for execution of exchange activities" and defines the standard conditions, parameters of trading, the procedure for the arising, change and termination of obligations on the KASE Index futures (hereinafter – futures contract).

Chapter 1. CONCLUSION OF A FUTURES CONTRACT

1. This Specification uses the concepts defined by the Exchange's internal document "Rules for execution of exchange activities" and other internal documents of the Exchange.
2. The underlying asset of a futures contract is KASE Index, calculated by the Exchange in accordance with the internal document "Methodology for calculating stock market indicators".
3. When trading in a futures contract, the price is indicated in Kazakh tenge per point of KASE Index.
4. The lot size when trading a futures contract is one point.
5. The minimum change in the price of a futures contract during trading is 0.01 points.
6. The value of the minimum change in the price of a futures contract is 0.01 tenge.
7. Trading in a futures contract is open for four terms of circulation *(this paragraph has been changed by a decision of the Exchange's Management Board dated December 13, 2022)*.

   At the end of the circulation of a futures contract with the closest maturity, trades with the longest maturity of such a contract are opened.
8. The day of commencement of circulation of a futures contract is the fifth day of each month falling on the quarter's beginning: January, April, July and October[1] *(this paragraph has been changed by a decision of the Exchange's Management Board dated December 13, 2022)*.

   If the day of the beginning of circulation of a futures contract falls on a holiday or day-off, then the day of the beginning of circulation is the next working day after it, on which exchange trading in futures contracts is held.
9. The last day of circulation of a futures contract is the third Thursday of the month falling on the quarter's end: March, June, September and December.

   If the third Thursday of the month falling on the quarter's end falls on a holiday or day-off, the last circulation day of the futures contract is the last trading day preceding the third Thursday of this month.

(This item has been changed by a decision of the Exchange's Management Board dated December 13, 2022)

10. The day of execution of a futures contract is the last day of circulation, except for the cases provided for in items 20 and 21 of this Specification.
11. An additional method of trading a futures contract is the nego deals method.

Chapter 2. OBLIGATIONS ON A FUTURES CONTRACT

12. Fulfillment of obligations under a futures contract is carried out without delivery of the underlying asset, while the parties to such a contract are obliged to pay each other an amount of money in tenge (variation margin), the amount of which depends on the change in the price of the underlying asset.

[1] The day of commencement of circulation of a futures contract is the date specified in this Specification, with the exception of the initial period of exchange trading, during which it is allowed to open trading in a futures contract from the date established by the decision of the Management Board *(this footnote was included by a decision of the Exchange's Management Board dated December 13, 2022)*.

13. Variation margin is calculated during the clearing session by the Exchange in accordance with the Exchange's internal document "Regulations for conducting clearing sessions for trades with the central counterparty" and is paid from the first day of the conclusion of a futures contract through the day of its execution.

14. For the purpose of calculating the variation margin, one of the following formulas is used:

    1) when calculating the variation margin for a futures contract for which the variation margin has not been previously calculated:

$$VM_0 = (P_{last} - P_{fut}) \times \frac{S_{tick}}{tick}, \text{ where}$$

VM_0 – the size of the variation margin for a futures contract for which the variation margin has not been previously calculated, rounded according to the rules of mathematical rounding;

P_{last} – current (last) settlement price of a futures contract determined in accordance with the Exchange's internal document "Methodology for Determining Risk-Parameters of Financial Instruments";

P_{fut} – futures contract price;

S_{tick} – cost estimate of the minimum change in the price of a futures contract, determined in accordance with the appendix to this Specification;

tick – the minimum change in the contract price, as defined in accordance with the appendix to this Specification;

    2) when calculating the variation margin for a contract for which the calculation of the variation margin was carried out earlier:

$$VM = \left(P_{last} - P_{previous}\right) \times \frac{S_{tick}}{tick}, \text{ where}$$

VM – the size of the variation margin for a futures contract for which the variation margin was previously calculated, rounded according to the rules of mathematical rounding;

$P_{previous}$ the previous settlement price of the futures contract (or the initial settlement price of the futures contract).

15. The obligations to pay the variation margin are fulfilled in the manner and on the terms established by the Exchange's internal document "Rules for Execution of Clearing Activities on Deals in Financial Instruments" (hereinafter – the Clearing Rules). Whereby:

    1) if the variation margin is positive, then the obligation to pay the variation margin arises on the part of the seller of the futures contract;

    2) if the variation margin is negative, then the buyer of the futures contract has an obligation to pay the variation margin in an amount equal to the absolute value of the calculated variation margin.

16. The execution price of a futures contract corresponds to the value of the underlying asset of such a futures contract, calculated on the day of its execution at the end of the trading day in accordance with the Exchange's internal document "Methods for calculating stock market indicators".

Chapter 3. GROUNDS FOR TERMINATION OF OBLIGATIONS UNDER A FUTURE CONTRACT

17. Obligations under a futures contract are completely terminated upon the expiration of the circulation period of this contract, as a result of its execution.

18. The obligations of a trading participant under a futures contract are completely terminated as a result of counterclaims by such a participant under the futures contract with the same underlying

asset and circulation period in the amount of his obligations in the manner and on the terms stipulated by the Clearing Rules.

19. Obligations under a futures contract may be terminated on other grounds specified in the Clearing Rules, in accordance with the procedure established by them.

Chapter 4. SPECIAL CONDITIONS

20. In the event of suspension or termination of circulation of a futures contract on exchange trading, as well as in the event that during the period from the first day of the conclusion of the futures contract to the trading day preceding the last day of the conclusion of this contract, inclusive, the Exchange suspended trading in at least one share[2] or at least one share was excluded from circulation on the Exchange and/or excluded from the representative list for calculating KASE Index, the Exchange has the right to make one or more of the following decisions:

    1) on changing the date of the last day of circulation of the futures contract;

    2) on changing the date of the execution day of the futures contract;

    3) on changing the current (last) settlement price and/or determining the procedure for calculating and transferring the variation margin.

21. The Exchange has the right to change the date of the last day of circulation and/or the date of the execution day of a futures contract, if during the term of such a contract the last day of its circulation is declared a non-working day.

22. Unless otherwise provided by a decision of the Exchange's Management Board, from the moment the decision (decisions) made by the Exchange's Management Board come into force in accordance with items 20 and 21 of this Specification, the conditions of existing obligations on previously concluded futures contracts are considered changed taking into account the specified decision (decisions).

Chapter 5. FINAL PROVISIONS

23. Responsibility for the timely introduction of changes and/or additions (updating) to this Specification rests with the trading division.

24. This Specification is subject to updating as necessary, but at least once every three years, calculated from the date of entry into force of this Specification.

Chairperson of the Management Board — A. Aldambergen

[2] A share is understood as a share out of shares in the representative list for calculating KASE Index *(the numbering of this footnote was changed by a decision of the Exchange's Management Board dated December 13, 2022)*.