

KAZAKHSTAN STOCK EXCHANGE

PRESS RELEASE

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Kazakhstan Stock Exchange Launches Currency Swap Transaction Market

On December 29, 2008 Kazakhstan Stock Exchange (KASE) launched the currency swap transaction market for participants of exchange currency trades. The subject of transactions is US dollar, the most liquid currency on the Kazakhstan market.

Four KASE category "B" members dealt in first currency swap transactions having submitted 33 orders during the trades. This resulted in one USD5.0 m. USD_TOD_TOM transaction at a price +KZT0.02 a currency unit at KZT1,207.6 m. trading turnover (money equivalent of the aggregate volume of deals comprising the currency swap transaction).

The currency swap transaction market has been launched within the frames of implementation of the KASE Development Strategy for 2007–2010 for purposes of enlargement of the list of financial instruments available to KASE members.

A currency swap transaction represents an aggregate of the two simultaneously concluded between the same trade participants and counter-directed to each other deals in the same amount of the same currency; at that, the deals differ from each other in settlement terms. The deal with an earlier settlement is a currency swap transaction opening deal, and the second deal is a closing deal of the transaction.

The difference between prices of US dollar according to opening and closing deals of the transaction shall be used as the price of the currency swap transaction. At that, weighted average price of all deals in USD_TOD or USD_TOM concluded in the morning trading session shall be used as the price of currency swap transaction opening deal, and the price of closing deal of the transaction (USD_TOM or USD_SPT) shall be determined by the KASE trading system automatically as the sum of the price of currency swap transaction opening deal and the price of the transaction. Deals in USD_TOM may be used for opening of currency swap transactions, only provided USD_TOM is trading in the morning session on the day of the opening deal.

For reference: USD_TOD – contracted symbol (trade code) of US dollar trading on T+0 settlement terms (with execution of deals on the trading day), USD_TOM – trade code of US dollar trading on T+1 settlement terms (with execution of deals on the business day following the trading day), USD_SPT – trade code of US dollar trading on T+2 settlement terms (with execution of deals on the second business day after the trading day).

Morning trading session (from 10.15 through 11.00 Almaty time) is the main for USD_TOD. USD_TOM shall be trading on this session provided banks – correspondents of KASE on US dollar are not settling in this currency on the trading day.

USD_TOD_TOM – contracted symbol (trade code) of currency swap transaction, opening deal of which is a USD_TOD deal, and closing deal is a USD_TOM deal.

USD_TOD_SPT – trade code of currency swap transaction, opening deal of which is a USD_TOD deal and closing deal is a USD_SPT deal.

Currency swap transaction price is measured in Kazakhstan tenge within the second decimal place accuracy, similarly to that of US dollar trading on KASE.

Currency swap transactions open in the KASE trading system at the day trading session in foreign currencies from 11.30 through 15.30 Almaty time. The size of a lot at carrying out currency swap transactions shall be USD50,000. The size of an order for conclusion of currency swap transaction opening deal shall be equal to or divisible by the size of a lot.

The main trading method at currency swap transaction is continuous counter-directed auction.

KASE category "B" members, that is members enjoying the right of participation in exchange currency trades, shall participate in currency swap transactions. KASE members in this category are mainly banks.

At the beginning stage of operation of this market segment, results of currency swap transactions will be released in KASE news. As the transactions become regular, the results thereof will be available at the KASE website in the section dedicated to foreign currency market at: <http://www.kase.kz/ru/cur>.

A new exchange service provides wide opportunities, which gives KASE grounds to look for significant interest to the innovation on the side of exchange currency market participants. KASE considers as additional stimulants absence of special taxation on currency swap transaction, and KASE's zero tariffs on such transactions, which will be applicable at least until June 2009 in accordance with the Exchange Council decision of December 25, 2008.

Results of interrogation of KASE members disclosed a huge potential of currency swap transaction market. Besides, successful experience of Moscow Interbank Currency Exchange with an analogous currency market segment already operational allows expecting popularity of a new exchange service.