

KAZAKHSTAN STOCK EXCHANGE

A p p r o v e d

by Kazakhstan Stock Exchange
Board of Directors decision

(minutes No. 32 of December 30, 2010)

NOTICE

The Regulation 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 Regulation original version in Russian, the latter prevails.

REGULATION on Audit Committee

Almaty

2010

I. General Provisions

1. This Regulation on the Audit Committee of the Board of Directors of Kazakhstan Stock Exchange (hereinafter – the Regulation) defines the status, authority, composition, work process and functions of the Audit Committee of the Exchange's Board of Directors, procedure for calling and conducting of meetings, preparation of decisions, as well as the rights and liabilities of members of the Audit Committee.
2. Terms and definitions used in this Regulation:
Exchange – JSC "Kazakhstan Stock Exchange";
Exchange Council – Board of Directors of the Exchange;
Audit Committee – Exchange Board of Directors' Committee on Audit;
Board – Management Board of the Exchange;
President – Chairman of the Exchange's Management Board;
Internal Audit Service – Department of the Exchange's internal audit.
3. This Regulation is an internal document of the Exchange and has been drawn up in accordance with the Law of the Republic of Kazakhstan "On Joint-Stock Companies", the Charter and Corporate Governance Code of the Exchange and other internal documents of the Exchange.
4. The Audit Committee is an advisory body of the Exchange Council and is established for an in-depth consideration of issues assigned to the Exchange Council's competence or being studied by the Exchange Council in exercising control over the Board's activities and development of necessary recommendations for the Exchange Council and the Board.
5. The Audit Committee is accountable to the Exchange Council, acts within powers vested in it by the Exchange Council and this Regulation.
6. In its activities the Audit Committee is governed by the legislation of the Republic of Kazakhstan, the Exchange's Charter, decisions of the general meeting of the Exchange's shareholders, decisions of the Exchange Council and this Regulation.

II. Objectives of the Audit Committee

7. The Audit Committee's activities are aimed at assisting the Exchange Council by way of drawing up recommendations on:
 - 1) setting up an efficient system of control over the Exchange's economic and financial operations, including completeness and accuracy of financial statements;
 - 2) control over reliability and efficiency of internal control and risk management systems, as well as processing of documents relating to corporate governance;
 - 3) control over ensuring the independence of external and internal auditing as well as ensuring that requirements of the legislation of the Republic of Kazakhstan are being followed;
 - 4) other issues stipulated by requirements of this Regulation.

III. Functions of the Audit Committee

8. The Audit Committee, in accordance with the established procedure, carries out the following functions:
 - 1) with regard to financial statements:
 - a) considers together with the Board and external auditor financial statements, as well as the soundness and acceptability of principles of financial reporting used, substantial estimated figures in financial statements, substantial adjustments of financial statements;
 - b) considers together with the Board, external and internal auditors suggested (supposed) changes in the Exchange's accounting policy as well as how such changes will impact the reports' substance;

- c) considers any substantial discrepancies emerging between the external auditor and the Board with regard to the Exchange's financial statements;
 - d) pre-approves of the Exchange's Accounting Policy;
 - e) pre-approves of the Exchange's annual financial statements;
- 2) with regard to internal control and risk management:
- a) analyzes reports of external and internal auditors on the state of internal control and risk management systems;
 - b) analyzes the efficiency of internal control means and risk management systems of the Exchange, as well as makes suggestions with regard to these issues and issues related;
 - c) executes control over implementation of recommendations made by external and internal auditors of the Exchange with regard to internal control and risk management systems;
 - d) conducts on a regular basis meetings with the Board to consider substantial risks and internal control problems and respective plans of the Exchange with regard to risk management;
 - e) pre-approves of the policy and procedures of the Exchange regarding internal control and risk management systems;
 - f) analyzes the results and quality of implementation of measures (adjusting steps) developed by the Exchange for the purpose of improving internal control and risk management systems;
- 3) with regard to external audit:
- a) studies issues regarding appointing and changing of the Exchange's external auditor and prepares respective recommendations;
 - b) ensures receipt from the external auditor of the list of all accompanying services which the external auditor has been rendering (intends to render) to the Exchange, and discusses it together with the external auditor. It judges as on how well accompanying services are compatible with the auditor's independence. It advises the Exchange Council on measures ensuring the external auditor's independence;
 - c) pre-approves the receipt of accompanying services from the external auditor;
 - d) pre-approves of substantial conditions of the draft agreement (contract) with an external auditor on auditing of the Exchange's annual financial statements;
 - e) views together with the external auditor results of the annual and interim audits, including the Board's communications on audit results;
 - f) conducts at least once each six months meetings with the external auditor, without participation of Board members;
- 4) with regard to internal audit:
- a) administers the Internal Audit Service's activities;
 - b) makes suggestions regarding the number of personnel, term of authorities of the Internal Audit Service, appointing of its head and staff, as well as early termination of their authorities, the procedure of the Internal Audit Service's activities;
 - c) makes suggestions to the Exchange Council as on the amount and conditions of remuneration and bonuses for employees of the Internal Audit Service, qualifying requirements for employees of the Internal Audit Service;
 - d) pre-approves the Regulation on Internal Audit Service, policy, internal auditing procedures and other documents regulating activities of the Internal Audit Service, as well as additions and amendments thereto, ensures independence of the Internal Audit Service from the Board;

- e) pre-approves candidates supposed to be hired as managers and employees by Internal Audit Services in subsidiaries and organizations related to the Exchange, as well as makes suggestions as on early termination of their powers in case those do not have Boards of Directors or Audit Committees;
- f) pre-approves the internal audit policy and procedures in subsidiaries and organizations related to the Exchange, in case those do not have Boards of Directors or Audit Committees;
- g) pre-approves of the annual auditing plan, budget (cost estimate) of the Internal Audit Service;
- h) pre-approves of the Internal Audit Service's regular reports providing in aggregate form operating results and the auditors' most substantial comments;
- i) considers issues regarding existing limits preventing the Internal Audit Service from efficient execution of assignments and assists in removing of such limits;
- j) conducts at least once each quarter meetings with the head of the Internal Audit Service, without participation of Board members;
- k) conducts preliminary assessment of the Internal Audit Service's activities;
- l) initiates conducting by the Internal Audit Service of independent checks (evaluations) of issues of interest when necessary.

In case the Board deems it necessary to conduct an independent check (evaluation) of an issue of interest by the Internal Audit Service, the President turns to the Audit Committee for a preliminary permission to conduct such independent check (evaluation);

- 5) on compliance with the legislation:
 - a) evaluates the efficiency of the Exchange's internal procedures designed for ensuring compliance with the legislation;
 - b) receives and studies reports of authorized bodies (including tax bodies), external and internal auditors, Board members on issues regarding compliance with the legislation;
 - c) makes suggestions on the "hotline" procedure making it possible for the Exchange's employees to confidentially or anonymously report suspected violations of the law or abuse, including those regarding the completeness and trustworthiness of financial reports, as well as make their recommendations as on the procedure of consideration and response to such inquiries;
- 6) work reports:
 - a) regularly, but not less than once a year reports to the Exchange Council on its activities;
 - b) prepares information on results of the Audit Committee's work with the purpose of including it into the Exchange Council's report and disclosing it in reports to the general meeting of the Exchange's shareholders;
- 7) other responsibilities:
 - a) generates, upon need, recommendations to the Exchange Council on conducting of special investigations (checks), including those with independent advisors (experts) invited;
 - b) analyzes and summarizes incidents of fraud and evaluates the adequacy of measures against fraud in future taken by the Board;
 - c) fulfills, upon the Exchange Council's decision, other responsibilities referring to the Committee's competence.

IV. Composition, election and term of office of Audit Committee members

9. Determination of the composition, term of powers of the Audit Committee, election of its Chairman and members, as well as an early termination of their powers are the responsibility of the Exchange Council.

The Audit Committee's members are paid remuneration and/or compensated for expenses related to fulfillment of their responsibilities to the amount and in the order defined by the general shareholders' meeting or Exchange Council.

10. The Audit Committee is composed from members of the Exchange Council and experts possessing necessary professional knowledge required for working in the Audit Committee.
11. The Audit Committee shall comprise at least three members, including an independent director (s). The chairman of the Audit Committee is elected out of independent directors.

A member of the Exchange Council not being independent can be selected into the Audit Committee, if the Exchange Council decides as an exception that the membership of that person is necessary for the Exchange and its shareholders. In case of such appointment the Exchange Council must disclose the nature of the director's dependence and justify the decision on his acceptance into the Audit Committee in a report to the Exchange's shareholders.

The Chairman of the Audit Committee or any other member of the Committee can divest himself of his authorities provided he has sent a respective request to the Chairman of the Audit Committee not later than 30 days before the supposed termination of authorities.

12. At least one member of the Audit Committee must have longstanding work experience corresponding with the higher education in the field of accounting and financial reporting and/or finance and /or auditing.
13. The secretary of the Audit Committee is selected by the Audit Committee out of employees from the Internal Audit Service or it must be the Exchange's employee who is a corporate secretary of the Exchange Council.

The Audit Committee's secretary carries out functions on organization and information support of the Audit Committee's activities.

The Audit Committee's secretary ensures the preparation and conducting of the Audit Committee's meetings, collection and classification of meeting materials, timely notification of the Audit Committee's members and persons invited to the Audit Committee's meetings, sending to them the agenda, materials on the agenda, taking minutes of meetings, as well as the ensuing storage of all relevant materials of the Audit Committee.

The Secretary ensures receipt by the Audit Committee's members of all necessary information.

V. Chairman of the Audit Committee

14. The Audit Committee's Chairman carries of the following responsibilities:
- 1) calls and determines the form of conducting of the Audit Committee's meetings, chairs the meetings, organizes the procedure of taking minutes of the Audit Committee's meetings;
 - 2) approves the agenda of the Audit Committee's meetings taking into account proposals from members of the Audit Committee, the Internal Audit Service;
 - 3) assigns responsibilities to members of the Audit Committee;
 - 4) draws up the plan of the Audit committee's meetings for the current year, controls the execution of decisions and plans of the Audit Committee;
 - 5) reports to the Exchange Council on results of the Audit committee's activities;
 - 6) carries out other functions stipulated by the authorities of the Audit Committee.
15. In case of absence of the Chairman, his responsibilities shall be fulfilled by the Vice-Chairman of the Audit Committee. The Vice-Chairman of the Audit Committee is appointed by the Chairman of the Audit Committee out of elected members of the Audit Committee.

VI. Members of the Audit Committee

16. A member of the Audit Committee may in the established order:
- 1) request and obtain from executive officers and employees of the Exchange any information (documents, materials) regarding the Exchange, if he needs such information in order to fulfill functions of a member of the Audit Committee;
 - 2) initiate or conduct any investigation regarding issues which are responsibility of the Audit Committee as determined by this Regulation;
 - 3) familiarize with meeting minutes and decisions of the Audit Committee, auditors' reports;
 - 4) request including into minutes of the Audit Committee's meeting of his special opinion on the meeting agenda's issues and decisions being taken;
 - 5) request calling of the Audit Committee's meetings;
 - 6) introduce issues into the agenda of meetings of the Audit Committee;
 - 7) exercise other rights stipulated by the legislation of the Republic of Kazakhstan, the Exchange's charter, other internal documents of the Exchange.

VII. Work rules of the Audit Committee

17. The Audit Committee conducts regular intramural meetings at least once each three months and special meetings, when necessary. The Audit Committee chooses the form of conducting of meetings based on the importance of issues being considered.

The agenda of the Audit Committee's meetings is prepared and distributed by the secretary of the Audit Committee to all members of the Audit Committee and all interested persons not later than five working days before the supposed date of the meeting.

A meeting of the Audit Committee is considered as qualified when there is a quorum – not less than half of members of the Audit Committee.

A meeting of the Audit Committee can be called upon the initiative of the Chairman or a request of:

- 1) any member of the Audit Committee;
- 2) the Exchange Council;
- 3) the Exchange's Internal Audit Service;
- 4) the Board.

In case of refusal of the Audit Committee's Chairman to call a meeting, the initiator may turn with the said request to the Exchange Council which is obliged to call the Audit Committee's meeting.

A meeting of the Audit Committee is held with mandatory invitation of the person who presented that request.

18. Decisions are taken by the simple majority of voices of the Audit Committee's members taking part in the meeting. At the parity of voices the Chairman of the Audit Committee has the deciding right to vote.

In emergency cases, depending upon the urgency and importance of issues being considered a member of the Audit Committee may participate in the Audit Committee's intramural meeting, when there is quorum available, by way of a videoconference (interactive audiovisual communication), conference-call (simultaneous talking of the Audit Committee's members in the call-conference mode), as well by using other means of communication. In that case the Audit Committee's member shall be considered as having taken part in an intramural meeting of the Audit Committee, whereas the minutes of the Audit Committee's meeting shall also specify the type of communication used.

19. Members of the Audit Committee must attend intramural meetings of the Audit Committee. In case of need the following persons may upon invitation from the Chairman of the Audit Committee attend the Audit Committee's meetings:

- 1) head of the Internal Audit Service;

- 2) leading partner and/or other representatives of the external auditor;
 - 3) members of the Board, including the Chief Accountant;
 - 4) independent advisors (experts) invited in the established order for obtaining information on issues in the agenda.
20. The minutes are drawn up based on the results of each meeting of the Audit Committee not later than 3 (three) working days after the meeting.

Minutes of the Audit Committee are signed by the Chairman and other members of the Audit Committee, as well as by its secretary.

The minutes are drawn up in two copies, with one of them to be sent to the Exchange Council with materials and recommendations prepared for it within 3 (three) working days after signing, and the second one to be kept by the Audit Committee's secretary. Copies of the minutes have to be sent to members of the Audit Committee.

Minutes of the Audit Committee's meetings specify:

- 1) the data, place and form of conducting of the meeting;
- 2) the list of the Audit Committee's members who took part in the consideration of the agenda of the Audit Committee's meeting, as well as the list of other persons attending the audit committee's meeting;
- 3) the agenda;
- 4) suggestions of the Audit Committee's members regarding the agenda's issues;
- 5) issues put to the voting and results of the respective voting;
- 6) decisions taken and recommendations.

VIII. Responsibility of the Audit Committee's members

21. A member of the Audit Committee carries responsibility before the Exchange and the general meeting of shareholders for damage caused by his activities (inactivity) in accordance with the legislation of the Republic of Kazakhstan, in particular for damages incurred as a result of provision of misleading information or deliberately false information.

IX. Accountability of the Audit Committee

22. The Chairman of the Audit Committee provides the Exchange Council with the annual report on results of the Audit Committee's activities not later than two months following the reporting month.
23. The Exchange Council may at any time request a report on the current activities from the Audit Committee. The dates of preparation and presentation of such report are determined by the Exchange Council.
24. Information on the Audit Committee's activities is subject to inclusion into a certain section of the Annual Report.

X. Ensuring the Audit Committee's activities

25. In order to ensure the Audit Committee's activities, a particular item of expenses is provided for when drawing up the expenditure budget. The Audit Committee's expenses include, in particular, remuneration of the Chairman and members of the Audit Committee, other expenses.
26. Remuneration of members of the Audit Committee is paid per each meeting of the Audit Committee. The amount and procedure of remuneration payments to members of the Audit Committee are determined by the general meeting of shareholders or Exchange Council.

XI. Confidentiality

27. Whilst carrying out responsibilities of members of the Audit Committee and at the expiry of their powers in the Audit Committee, persons who are (were) members of the Audit Committee are obliged to comply with requirement of the strictest confidentiality with regard to information they receive with regard to their working in the Audit Committee.

XII. Other provisions

28. This Regulation as well as all additions and amendments hereto are subject to approval by the Exchange Council.

Chairman of the Committee

Zh. Berdalina