

KAZAKHSTAN STOCK EXCHANGE

Approved

by decision No. 57/0 of Kazakhstan
Stock Exchange Board

of June 7, 2002

Effective

from July 1, 2002

NOTICE

The Rules have been translated into English by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with the original version of the Rules in Russian, the Russian version shall always prevail.

RULES

on Certification of Trading System Users

Almaty

2002

LIST OF AMENDMENTS

1. Additions No. 1:

- approved by decision No. 11/0 of Kazakhstan Stock Exchange Board of January 27, 2003;
- effective from February 3, 2003.

2. Change No. 2:

- approved by decision No. 164/2 of Kazakhstan Stock Exchange Board of November 14, 2007;
- effective from November 14, 2007.

These Rules were elaborated for purposes of operability insurance of the trading system of Kazakhstan Stock Exchange (hereinafter referred to as – the trading system) and its protection from unqualified actions (unqualified non-operation) *(this paragraph was changed subject to the Exchange Council decision of January 15, 2004).*

Chapter 1. GENERAL PROVISIONS

1. The concepts used herein mean as follows:
 - 1) **"Exchange"** – Kazakhstan Stock Exchange Inc. *(this sub-item was changed in compliance with the Exchange Council decision of January 15, 2004);*
 - 1–1) **"Internet–customer"** – the person that concluded an agreement with the Exchange member on execution by the latter of deals in the trading system at the expense and in the interests of this person on the basis of his requests (client orders, directions), delivered to this Exchange member by the trading system via the Internet or other communications channels *(this sub-item was included subject to the Exchange Board decision No. 11/0 of January 27, 2003);*
 - 2) **"observer"** – a natural person, allowed for examination of trades proceed and results in the trading system;
 - 3) **"operator"** – an employee of the Exchange, authorized to execute certain actions in the trading system on behalf of the Exchange (on administration of the trading system);
 - 4) **"confirmation system participant"** – a natural person, authorized to execute actions through the terminal of the Exchange confirmation system;
 - 5) **"trading system user"** – a trader, a confirmation system participant, an observer or an operator;
 - 6) **"trader"** – a natural person, participating in the Exchange trades on behalf of the Exchange member via the trading system.
2. Only the natural persons that passed certification and certification confirmation subject hereto except as provided in item 2-1 hereof, are allowed for the trading system operation *(this item was changed subject to decision No. 11/0 of the Exchange Board of January 27, 2003).*
- 2–1. Internet-clients are allowed for the trading system operation certification for purposes of their directions transactions (client orders, requests) thereby to the Exchange members servicing them in respect of deals execution in the trading system at the expense and in the interests of these Internet-clients. With that:
 - 1) the Exchange member independently determines a possibility to assign to his customer an Internet-customer status, that is, the possibility for this customer to transmit one's directions (client orders, requests) via the trading system to this Exchange member in respect of execution of deals by the latter in the trading system at the expense and in the interests of this customer;
 - 2) the Exchange member servicing the Internet-customer is fully answerable for actions or failure to execute such actions on the side of this Internet-customer in the trading system and for consequences of such actions or failure to execute such actions.

(This item was included subject to the Exchange Board decision No. 11/0 of January 27, 2003).

Chapter 2. CERTIFICATION CONDITIONS

3. A trader (candidate to traders), pretending to a receipt of admission to the trading system operation, should comply with the following conditions:
 - 1) inclusion of this person's name to the traders list of the Exchange member, formalized in the form of Appendix 3 to the internal document of the Exchange "Regulations of Membership";
 - 2) *(this sub-item was excluded subject to the Exchange Board decision No. 164/2 of November 14, 2007);*

- 3) the person should have at least three months of experience (knowledge of procedures) of execution of transactions in the financial instruments the trader functions thereon will be conducted by this person;
 - 4) this person should complete the trading system operation training course conducted by the Exchange;
 - 5) this person should be aware of the legislation of the Republic of Kazakhstan, related to organization and functioning of the organized financial market, and also the Exchange internal documents regarding the trading system;
 - 6) the person should pass the trading system operation exam administered by the Exchange.
4. A confirmation system participant (confirmation system participant candidate), pretending to a receipt of admission to the trading system operation, should comply with the following conditions:
 - 1) the person's name should be in the list of the confirmation system user employees, formalized in the form of Appendix 3 to the Exchange internal document "General Conditions of Settlements on Results of Trades in Securities";
 - 2) the person should either be taking or have taken the trading system confirmation system mode operation course conducted by the Exchange;
 - 3) the person should know the Exchange internal documents, related to the confirmation system;
 - 4) the person should pass the trading system confirmation system mode operation exam administered by the Exchange.
 5. The observer (candidate to observers), pretending to a receipt of admission to the trading system operation should comply with the following conditions:
 - 1) the person's name should be included into the Exchange member application on admission of its employees to the examination of proceed and results of trades in the trading system;
 - 2) the person should either be taking or have taken the trading system examination mode operation course conducted by the Exchange;
 - 3) the person should pass the trading system examination mode operation exam administered by the Exchange.
 6. The operator (candidates to operators), pretending to a receipt of admission to the trading system operation, should comply with the following conditions:
 - 1) the person should either be taking or have taken the trading system operation course conducted by the Exchange;
 - 2) the person should be aware of the legislation of the Republic of Kazakhstan, related to organization and functioning of the organized financial market and also the Exchange internal documents, related to the trading system;
 - 3) the person should pass the trading system operation exam administered by the Exchange.
 7. The Exchange Board may make exceptions from item 6 hereof in respect of individual persons.

Chapter 3. CERTIFICATION PROCEDURE

8. For administration of the trading system operation exams, the Examination commission is made of the Exchange employees which composition is determined by the Exchange Board.
9. Upon receipt of the notification on readiness to take the trading system operation exam from the person pretending to receive the trading system operation admission, the Examination commission considers the question on admission of this person to this exam and fixes the exam administration day and time. It is not mandatory to formalize the corresponding decision of the Examination commission in the written form.

10. The trading system operation examination is administered in the Exchange premises not later than in 7 working days from the date of notification receipt as specified in item 9 hereof. The examination results are formalized in a protocol.
11. The persons that passed the trading system operation exam are considered to be certified trading system users and receive a personal identification number (ID) for the trading system operation admission.
12. In case the person pretending to a receipt of the trading system operation admission fails the trading system operation exam he may resit it after taking an additional trading system operation course at the Exchange.

Resit of the trading system operation exam is administered in the order specified by items 9–11 hereof.
13. The Exchange may oblige the trading system user to the trading system operation exam resit in the following cases:
 - 1) the Exchange has justified claims to the user in regard of his operation in the trading system;
 - 2) this user has not operated in the trading system for more than six months;
 - 3) the legislation of the Republic of Kazakhstan underwent a change, related to organization and functioning of the organized financial market and the Exchange internal documents in regard of the trading system;
 - 4) this user (trader) was disqualified from participation in trades held by the Exchange subject to item 25 of the Exchange internal document "Regulations on Membership".
14. The Exchange annually conducts the Exchange back-up trading systems operation and back-up trades holding methods seminar-trainings for the traders.

President

A. Joldasbekov