

KAZAKHSTAN STOCK EXCHANGE

Approved

by Exchange Council decision
of Almaty Financial Instruments Exchange
(protocol No. 2 of August 15, 1997)

Effective

from September 1, 1997

Re-approved

by the decision of Kazakhstan
Stock Exchange Council Committee
on Currency Market
(protocol No. 1 of April 1, 1999)

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 Conclusion of Deals at Foreign Currency Trades (DEALER CODE)

Almaty

1997

LIST OF AMENDMENTS

1. Change No. 1:

- approved by the decisions of Kazakhstan Stock Exchange Council Committee on Currency Market (protocol No. 11 of November 29, 1999);
- effective from November 30, 1999.

The concepts used herein mean the following:

"Exchange" – Kazakhstan Stock Exchange (KASE) *(this paragraph was changed subject to the Exchange Council decision of January 15, 2004)*;

"Exchange member" – an organization that is a member of the Exchange in compliance with its charter and the internal documents regulating membership on the Exchange;

"Trade participant" – an organization, including but not limited to the Exchange members, participating on its own behalf in the trades held by the Exchange;

"Trader" – an individual participating in the Exchange trades on behalf of a trade participant.

Chapter I. GENERAL PROVISIONS

1. The Rules set bounds to the conduct of traders in relation to each other and to trade participants when applicable to trades held by the Exchange.
2. The norms hereof are binding.
3. Any trader complying with the norms set hereby may expect and require that these norms are complied with by other traders.

Chapter II. DEAL CONCLUSION ORDER

1. Internal documents of the Exchange specify the order of the Exchange deals conclusion by traders and execution of other actions related to participation of traders in trades held by the Exchange.
2. In case the order for execution of any action is not set by the internal documents of the Exchange, it is (not) to be executed by a trader subject hereto or in compliance with the practice generally accepted at the Exchange.
3. In case the norms hereof or the practice generally accepted at the Exchange are not applicable when used in respect to any action, it is (not) to be executed by a trader at his own discretion on the basis of bona fide competition in regard to other traders and with respect to the interests of trades participants.

Chapter III. FORBIDDEN ACTS

1. Traders are forbidden against putting direct or indirect pressure on other traders for purposes of alteration of their market behavior.
2. Traders are forbidden against conclusion of manipulating deals, which shall mean:
 - deals, by previous concert between two and more traders or trade participants represented thereby, having counter directivity, at approximately equal sums and by approximately equal prices, that do not suppose, as a rule, the execution thereof and aimed at overvaluation (undervaluation) of price indicators of trades
 - deals, by previous concert between two traders or trade participants represented thereby, at costs, explicitly deviating from the market conditions, aimed at overvaluation (undervaluation) of price indicators of trades

Classifying the deal as manipulative is determined by an objective of its conclusion.

3. Traders are forbidden against spreading misleading information for purposes of putting pressure on the market situation forming at trades held by the Exchange.

Chapter III-I. RECOGNITION OF A DEAL AS MANIPULATIVE

(This chapter was included subject to the decision of the Exchange Council on the currency market of November 29, 1999).

1. A deal is (series of deals are) recognized as concluded for manipulative purposes, in case the deal is (series of deals are) concluded between two trades participants (in case of a series of deals – between four or less banks) during the trading session the rate thereon differs by one or more percent from the rate of the deal preceding this deal (series of deals) and following this deal (series of deals). If such deal was (series of deals were) registered as the first deal, then the rate is to be compared only with the following deal, registered in the trading system, correspondingly, if such deal is concluded as the last in the trading session, then the rate is to be compared with the preceding deal only.
2. The deals concluded for manipulative purposes are recognized by the Exchange special commission composed of the Exchange President, the Exchange administrator, and a representative of the National Bank of the Republic of Kazakhstan.
3. The issue on recognition of a deal as manipulative is considered by the special commission upon application of a foreign currency trade participant representative or the Exchange Board initiative.
4. Consequent effects of recognition of a deal as manipulative:
 - 1) in case a deal is recognized as manipulative, the commission shall disclose the fact to every trade participant;
 - 2) the deals, recognized as manipulative are excluded from calculations of weighted average rate of the exchange trading and the results of exchange trading are disclosed without consideration of manipulative deals;
 - 3) the deals, recognized as manipulative are not subject to cancellation, net-requirements and net-obligations thereon are to be considered when making calculations at carrying out daily clearing on the concluded deals;
 - 4) the fact of conclusion of the deals, recognized as manipulative, is considered at the Exchange Council or a corresponding committee.

Chapter IV. CONFIDENTIALITY

1. A trader should refrain from disclosure and/or transfer to the third persons of the information, related to confidential or declared as such at the communication thereof to a trader in compliance with the internal documents of the Exchange.
2. A trader should refrain from receipt of the information that is not related to the trade participant represented thereby, but is a subject of official or commercial secret of other trade participants.

In case such information in any fashion became available to a trader, he should refrain from disclosure and/or communication thereof to the third persons.

Chapter V. RESPONSIBILITY

1. The Exchange is entitled to announce the name of the trader – the violator of the norms set hereby both to other traders and to trade participants.
2. The trader violation of the norms set hereby is an unconditional ground for his temporary or permanent disqualification from trades subject to the decision of the Exchange President, the Exchange Vice-president supervising trading or the currency broker.

Such decision may be appealed by a trade participant in the Exchange Council. Appeal of the decision does not suspend the validity thereof.

3. The trader violation of the norms set hereby which entailed material misstatement of the market conditions is an unconditional basis for suspension or termination of the Exchange membership of the trade participant represented by such trader subject to the Exchange Council decision.

President

D. Karasaev