

KAZAKHSTAN STOCK EXCHANGE

Approved

by the decision of the General Meeting
of Kazakhstan Stock Exchange members

(protocol No. 11 of June 13, 1998)

Effective

from June 15, 1998

NOTICE

The Code has 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 Code in Russian, the Russian version shall always prevail.

CODE

on Ethics of Kazakhstan Stock Exchange Members

Almaty

1998

LIST OF AMENDMENTS

1. Changes No. 1:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on May 25, 2004;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 8 of April 9, 2004);
- effective from May 26, 2004.

This Code and Appendices hereto are binding for all members of Kazakhstan Stock Exchange (hereinafter referred to as – the Exchange) *(this paragraph was changed by the Exchange Council decision of April 9, 2004)*.

Chapter I. GENERAL PROVISIONS

1. The Exchange members should operate on a bona fide competition principle executing deals at the Exchange trades and working with other members of the Exchange, their customers and the Exchange and abide by the principles of justice and honesty working at the Exchange.
2. Every Exchange member complying with the norms specified herein is entitled to expect and demand that these norms are observed by other Exchange members.
3. Separate principles of the Exchange members operation thereat are formalized in the form of mandatory appendices hereto and are binding for execution by the Exchange members *(this item was changed by the Exchange Council decision April 9, 2004)*.

Chapter II. FORBIDDEN ACTS

The Exchange members are forbidden:

1. To put direct or indirect pressure on other Exchange members for the purpose of alteration of their market behavior.
2. To conclude fraudulent deals that include:
 - deals by previous concert between two and more Exchange members which have counter directivity and are made on appropriately equal sums and on appropriately equal prices as a rule not supposing execution and having as its purpose overvaluation (underestimating) of trades price indices;
 - deals on the prior agreed between the two Exchange members price apparently deviating from market trends and having as its purpose overvaluation (underestimating) of trades price indices;
 - a series of deals on the results of which cash and securities remain at former owners but the securities liquidity impression is created.

Classifying a deal as fraudulent is determined by the aim of its execution.

3. To reject a declared quotation deal execution with the other Exchange member, except as specified by the Exchange internal documents.
4. To refuse making settlements on the deal registered in the Trading system.
5. To distribute misleading information for the purpose of putting pressure on the market situation forming at the trades held by the Exchange.
6. To provide the Exchange or other Exchange members with unreliable or distorted information.
7. Not to provide the Exchange with the information that may exert significant influence on forming of the market situation.
8. The Exchange member employees should not disclose and/or transfer to the third parties the information related to confidential in compliance with the Exchange internal documents or declared as such at its dissemination to the Exchange members.
9. The Exchange member employees should not receive the information, which is not related to the Exchange member they represent, being a subject of official or commercial secret of other Exchange members.

In case such information becomes in any fashion known to the Exchange member, he should not disclose and/or transfer it to the third parties.

Chapter III. CUSTOMER RIGHT PROTECTION

1. Before execution of an agreement on servicing transactions with customer securities the Exchange member should provide the customer with a brief overview: on possible risks, associated with transactions on stock markets, list of services, rendered by the Exchange member, commission rates, collected by the Exchange members and other information interesting the customer.
2. In relations with customers the Exchange member should operate within the framework of authorizations set forth by bilateral agreements.
3. Before execution of purchase and sale deals with securities on behalf of the customer the Exchange member should without prejudice inform the customer on the situation developing on the market.
4. Executing deals the Exchange member should discharge customers' commissions on the first come, first served basis, with that commissions on one's own account should be discharged last.
5. With regard to its customers the Exchange member has no right:
 - 5.1. To execute unnecessary transactions on the customer account for the purpose of receipt of commissions or other types of profit.
 - 5.2. To let interests of a certain customer be impaired in favor of the other customer.
 - 5.3. To provide the customer with indemnity due to investments in any financial instrument.
6. The Exchange member and its employees should comply with the market behavior requirements specified by the legislation of the Republic of Kazakhstan, the Exchange internal documents and Central Securities Depository JSC (*this item was changed by the Exchange Council decisions dated April 9, 2004 and April 14, 2005*).

Chapter IV. RESPONSIBILITY

1. The Exchange member is answerable to the Exchange for violations hereof and its obligatory appendices; the Exchange member holds the proceedings in regard to the third parties in the regression order (*this item was changed by the Exchange Council decision of April 9, 2004*).
2. Detected violations hereof in respect of activities of the Exchange member are considered at the Arbitration Commission session for taking disciplinary and penalty sanctions in regard to the Exchange member and are reported to the Exchange Council (*this item was changed by the Exchange Council decision of April 9, 2004*).
3. At multiple violations hereof the Exchange Council may decide to suspend or withdraw the violator from the Exchange membership.

Appendix 1

to Code on Ethics
of Kazakhstan Stock
Exchange Members

R U L E S

**on the form of deals execution
with non-state serial securities**

Chapter I. OBLIGATIONS OF EXCHANGE MEMBERS

Deals with the securities included in the official list of the Exchange or admitted to the sector "Non-listing securities" where either side counterparties are the Exchange members should be executed thereby only in the Exchange Trading system (*this paragraph was changed by the Exchange Council decision of April 9, 2004*).

Chapter II. RESPONSIBILITY

1. In case of violation of the specified in chapter I, each of the parties of the deal are charged a penalty in the amount of twenty monthly calculated indices; the Exchange member – the buyer that violated the terms provided in chapter I, should additionally pay a commission fee charged by the Exchange at deals execution (*this item was changed by the Exchange Council decision of April 9, 2004*).
2. Detected cases of violations of the provided in chapter I of this Appendix are passed to consideration of the Exchange Council (*this item was changed by the Exchange Council decision of April 9, 2004*).
3. Before the Exchange Council makes a decision regarding any violation case, the Exchange member may be disqualified from participation in trades in securities subject to the Exchange Board decision.
4. In case the Exchange member violates this Code three or more times, the Exchange Council may make a decision on his withdrawal from the Exchange membership.