

KAZAKHSTAN STOCK EXCHANGE

Approved

by Kazakhstan Stock Exchange
Management Board decision

(minutes of meeting # 165
of September 9, 2011)

Effective

from September 15, 2011

NOTICE

The Procedure below has been translated into English by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incomppliance of this translation with the Procedure original version in Russian, the latter prevails.

PROCEDURE

for Conducting Electronic Testing of Trading System Users

Almaty

2011

1. GENERAL PROVISIONS

1. This Procedure for Conducting Electronic Testing of Trading System Users (hereinafter – the Procedure) has been developed in accordance with laws of the Republic of Kazakhstan and internal documents of JSC "Kazakhstan Stock Exchange" (hereinafter – the Exchange), including, but not limited to, the Rules on Certification of the Trading System Users, the Regulations on the Examining Board, the Regulations on Membership, and it defines the order, terms and conditions, and procedure for conducting electronic testing of users of the Exchange's trading system.

In accordance with the Rules on Certification of the Trading System Users, a person wanting to become a user of the trading system (hereinafter – a candidate) must successfully pass an exam in trading system operation, which is conducted by the Exchange in the form of an electronic test (hereinafter, «electronic testing» and «testing» will be used synonymously and interchangeably).

2. Testing is conducted for the purpose of impartial and transparent assessment of a candidate's professional qualification, checking his knowledge of laws of the Republic of Kazakhstan and the Exchange's trading system, as well as for purposes of ensuring admittance to trading only of qualified candidates in order to protect the trading system from unskillful actions (unskillful negligence), minimize faults and exclude default.
3. The objectiveness of testing is ensured by standardization of terms and conditions, time, counting of results and tests' contents.
4. Testing of a candidate is conducted in the trading hall of the Exchange.
5. The following persons may be candidates:

a trader (a candidate for trader) is a physical person (resident and non-resident) who has the right to conclude deals in the Exchange's trading system on behalf of a particular Exchange member and perform other actions relating to his responsibilities in accordance with the Exchange's internal documents;

a participant of the Confirmation System (a candidate for participant of the Confirmation System) is a physical person (resident and non-resident) authorized to act through a terminal of the Exchange's Confirmation System;

an observer (a candidate for observer) is a physical person (resident and non-resident) who is only admitted to watching the sequence and results of trading taking place in the trading system.

2. TERMS OF CONDUCTING TESTS AND REQUIREMENTS FOR TAKING TESTS

6. Candidate testing is performed using software for electronic testing of users developed by the Exchange's IT Department and maintained by the Trading Department.
7. Candidate testing is performed not more than twice a month, on the first and fifteenth days of each month. In case the test date falls onto a non-working day (day off or holiday), testing will be held on the first working day following the respective date.

In exceptional cases the Exchange's Management Board can fix another testing date.
8. Before the testing the secretary of the Examining Board shall carry out detailed instructing as on taking the test, answer all questions of the candidates regarding the electronic testing.
9. While taking the test, it is prohibited to use textbooks, reference books, special and other literature, as well as mobile phones or other means of communications and data storage devices.

While taking the test, the candidates may not talk or leave the room where the test is taking place.
10. In case a candidate violates any of terms specified in item 9 of the Procedure, the Examining Board may warn such candidate and/or ban such candidate from testing. In case of disqualification, such candidate shall be considered as having failed the test, and shall be admitted to repeated testing not earlier than two weeks after the test date.
11. A candidate's disqualification mentioned in item 10 of the Procedure, shall be registered by the secretary of the Examining Board in the log of electronic testing of trading system users.

Procedure for Conducting Electronic Testing of Trading System Users

The log of electronic testing of trading system users is kept by the secretary of the Examining Board and is stored in hard copy in the Trading Department.

12. Before the testing, a candidate aspiring for admittance to the use of the Exchange's trading system, shall have to provide to the Exchange the original of the document proving his identity, and, upon the specific case, one of the following documents:
 - 1) a candidate for trader – the list of traders drawn up according to the form of Appendix 3 to the Regulations on Membership, with this person's name included in the list of the Exchange member's traders;
 - 2) a candidate for Confirmation System's participant – the list of employees authorized to operate a Confirmation System terminal drawn up according to the form of Appendix 3 to the General Terms of Securities Trading Results Based Settlements, with this person's name included in the mentioned list;
 - 3) a candidate for observer – a request from an Exchange member for admittance of his employees to watching the sequence and results of trading taking place in the trading, with indication of this candidate.
13. Upon receipt of necessary documents, members of the Examining Board shall consider the issue regarding admittance of this candidate to taking electronic tests.

3. OPERATION OF THE ELECTRONIC TESTING SOFTWARE

14. The electronic testing software is protected by a password preventing unauthorized access and change of the software's settings by the candidate.
15. The electronic testing distribution kit is kept in the IT Department.
16. A candidate shall be provided with a login and password for the electronic testing system by the secretary of the Examining Board, after which he has to register in the registration pop-up window.
17. Throughout the entire electronic testing session a candidate will see a timer on his screen counting down the time left to the end of testing.
18. Upon expiry of the time allocated to taking tests in all categories, the software will automatically form a report on the display showing results of a candidate's testing.
19. A candidate is given the opportunity to choose only one version out of answers suggested. There can be two to six versions of answers to each question.
20. A candidate is given the opportunity to skip a question or return to an earlier question and correct his answer. In case a question was left unanswered, that question shall not be scored (the answer to that question shall be scored as incorrect).
21. In case a candidate has answered all questions early, he shall be given the opportunity to end the testing independently, pressing the "End Testing" button.
22. After completing the tests, a candidate will see a report on his test results on his screen. The software automatically counts the correct answers of the electronic testing.
23. The user manual for operation of the electronic testing software is available on the Exchange's website, at <http://www.kase.kz/ru/downloads>.

4. QUESTIONS FOR TAKING ELECTRONIC TESTS

24. Test questions for taking an electronic test are composed in accordance with laws of the Republic of Kazakhstan, the Exchange's regulatory base and the Exchange's Trading System User Manual.
25. The list of questions for taking an electronic test is drawn up in accordance with the Regulations on the Examining Board and approved by a member of the Exchange's Management Board who supervises the execution of trading.

5. TESTING CATEGORIES

26. Tests of three categories are used for testing candidates (indicated in the "Market" column):

Market	Total number of questions	Number of correct answers necessary for successful test passing	Overall time, minutes
Stock market	50	40 and more	50
Foreign currencies market	30	24 and more	30
Derivatives market	30	24 and more	30

6. TEST RESULTS

27. A candidate whose correct answers number eighty and more per cent of the total of questions in each of the three categories, shall be deemed certified and can be included in the list of trading systems users.
28. A candidate whose correct answers number less than eighty per cent of the total of questions in each of the three categories, shall be deemed having failed the test and can be admitted to repeated testing not earlier than two weeks after the test date. The pre-requisite of readiness for the repeated testing is the candidate's having taken at the Exchange an additional course in operating the trading system.
29. In order to take a repeated test, a candidate must submit a letter from an Exchange member requesting repeated test taking for that candidate, whereupon the Examining Board shall fix the date and time of testing.
30. A candidate shall be handed a report on his test results in accordance with Appendix 1 to the Procedure signed by the chairman and members of the Examining Board. The Exchange member shall be notified by a written notice signed by the member of the Exchange's Managing Board who supervises execution of trading, accompanied by a copy of the report on the candidate's test results.
31. Test results are registered by the secretary of the Examining Board in the electronic testing log and stored in electronic form in the electronic testing database.

7. FINAL PROVISIONS

32. In cases provided by item 13 of the Rules on Certification of the Trading System Users, the Exchange may conduct repeated testing of a certified trader.
33. Disputes related to testing are considered by members of the Examining Board and the Exchange's Management Board.
34. The composition of the Examining Board is determined by the Exchange's Management Board. That stipulates that the Examining Board's actions are regulated by the Exchange's internal documents, including but not limited to, the Regulations on the Examining Board and Rules on Certification of the Trading System Users.
35. After conducting testing the secretary of the Examining Board shall draw up minutes of the meeting of the Examining Board in accordance with Appendix 2 to the Procedure, with mandatory indication of the date, time and venue of the meeting, as well as persons attending the meeting (chairman and members of the Examining Board), the question(s) asked and test results of candidates in the form of a list of candidates who successfully passed tests. The meeting minutes are to be signed by members and chairman of the Examining Board.
36. Minutes of a meeting of the Examining Board are stored in a hard copy in the Trading Department.

President

K. Damitov

REPORT ON TEST RESULTS

Candidate:

Date and time:

Category:

No.	Surname, first name and patronymic	Organization	Date and time of test	Category	Number of questions	Number of correct answers	Correct answers, %	Number of wrong answers	Wrong answers, %	Result

Chairman of the Examining Board

(signature)

Secretary of the Examining Board

(signature)

employee of the Testing Unit

(signature)

employee of the Supervisory Unit

(signature)

KAZAKHSTAN STOCK EXCHANGE

MINUTES

of meeting of the Examining Board of JSC "Kazakhstan Stock Exchange"

No.

_____ 20__

Almaty

Time of the meeting: _____

Place of the meeting: _____

IN ATTENDANCE WERE:

members of the Examining Board:

— ;
— .

Meeting secretary.

AGENDA:

On the results of testing candidates for users of the Exchange's trading system conducted on _____ 20__ .

REPORTS:

The Chairman has opened the meeting of the Examining Board and let the member of the Examining Board speak on the agenda issue.

The member of the Examining Board has announced reports on results of the electronic testing.

The following persons took part in the discussion:

RESOLVED:

1. The following candidates have successfully passed the tests:

— ,
— .

2. The following candidates have failed the tests:

— ,
— .

Members of the meeting

Meeting secretary