

KAZAKHSTAN STOCK EXCHANGE

A p p r o v e d

by resolution No. 464 of the Directorate
of the National Securities Commission
of the Republic of Kazakhstan

on October 29, 1999

A c c e p t e d

by the decision of Kazakhstan Stock
Exchange category "K" members meeting

(protocol No. 8 of October 27, 1999)

E f f e c t i v e

from November 1, 1999

Annex 1 to Rules of Market-Makers Activities

Appendix 2

to Rules of Market-
Makers Activities

NOTICE

The Specification 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 Sepcification in Russian, the Russian version shall always prevail.

S P E C I F I C A T I O N

of Market-Maker Status

for Exchange Category "K" Members

Almaty

1999

LIST OF AMENDMENTS

1. Change No. 1:

- accepted by the decision of the meeting of members of Kazakhstan Stock Exchange of categories "K", "P", "H" (protocol No. 2 of May 18, 2000);
- approved by resolution No. 621 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of June 8, 2000;
- effective from July 1, 2000.

2. Changes No. 2:

- agreed on with the National Bank of the Republic of Kazakhstan on April 9, 2002;
- approved by the decision of the meeting of members of Kazakhstan Stock Exchange of categories "K", "P", "H" (protocol No. 2 of April 11, 2002);
- effective from May 2, 2002.

3. Change No. 3:

- agreed on with the Agency of the Republic of Kazakhstan of Regulation and Supervision of Financial Market and Financial Organizations on September 1, 2004;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 29 (3) of September 10, 2004);
- effective from September 10, 2004.

4. Change No. 4:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on May 24, 2005;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 7 of April 14, 2005);
- effective from July 1, 2005.

Article 1. Market-Maker Status

1. Market-maker status on the government securities market is assigned by the Exchange Board individually in respect of each securities issue on the basis of submission of a respective application of the Exchange member *(this item was changed by the decision of the Exchange members meeting of April 11, 2002)*.

Article 2. Requirements to Market-Makers

2. The Exchange member, pretending to assignment of a market-maker status in a determined security, should:
 - 2.1. Possess at least KZT500,000,000 own capital, unless other value is specified for this security by to the Exchange Council decision.
 - 2.2. Possess a license for carrying out brokerage and dealer activities on the securities market *(this item was changed by the Exchange members meeting decision of April 11, 2002)*.
 - 2.3. Comply with other requirements, set in respect to the determined securities by the Exchange Council.

Article 3. Market-Maker Duties

3. A market-maker of the securities, on which he executes the functions thereof, should:
 - 3.1. Maintain at least one firm quotation for purchase and one firm quotation for sale (hereinafter referred to as the Mandatory quotations) in the trading system during the whole trading day.
 - 3.2. In respect of mandatory quotations, maintain a minimum set for this security volume, available to execution of a deal in any moment during the trading day.
 - 3.3. Maintain the spread between the best mandatory quotations (by the difference in absolute terms between the values of yield to maturity, computed in compliance with the bond yield and purchase and sale quotations calculation methodology applied at the Exchange) in the amount, not exceeding two percent points. Other spread value in respect of these securities may be set by the Exchange Council *(this sub-item was changed by the Exchange Council decision of April 14, 2005)*.

Article 4. Minimum Mandatory Quotation Volume

4. The minimum mandatory quotation volume of market-makers in respect of each security is set by the Exchange Council.
5. The minimum mandatory quotation volume is set in securities, on the assumption that the minimum mandatory quotation volume must be divisible by 10 or 100 or 1,000 or 10,000, depending on the prices scale for this security.

Article 5. Market-Maker Rights

6. The market-maker on the securities, on which he exercises the functions thereof, may:
 - 6.1. Change prices of the mandatory quotations set prior on the conditions of compliance with the spread set by this specification, and also with account to the restrictions, defined in article 6 hereof.
 - 6.2. Refuse to display a mandatory quotation for purchase, if the volume of the securities purchased net of that sold during the trading day reached the volume, set by the Exchange Council decision in respect of this security.

- 6.3. Refuse to display a mandatory quotation for sale, if the volume of the securities sold net of that purchased during the trading day reached the volume, set by the Exchange Council decision in respect of this security.

Article 6. Market-Maker Rights Restriction

7. A market-maker may not change the prices of mandatory quotations (display new mandatory quotations with subsequent removal of those set prior) reducing the price (receipt of a new mandatory quotation with the price less profitable for a potential counteragent) by the value, exceeding that set by the Exchange Council decision in respect of this security.
8. *(This item was excluded by the Exchange members meeting decision of May 18, 2000).*

Article 7. Commission Fee Calculation Features

9. The Exchange category "K" members are released from payment of the Exchange commission fees in respect of transactions with the government securities, on which they exercise market-maker functions.
10. *(This item was excluded by the Exchange Council decision of September 10, 2004).*

President

D. Karasaev