

KAZAKHSTAN STOCK EXCHANGE

Approved

by the decision of Kazakhstan Stock
Exchange Council Committee
on Currency Market

(protocol No. 12 of December 19, 1999)

Effective

from December 20, 1999

Annex 3 to Rules of Market-Makers Activities

Appendix 3

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 Specification in Russian, the Russian version shall always prevail.

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

on US Dollar Market-Maker Status

Almaty

1999

LIST OF AMENDMENTS

1. Changes and Additions No. 1:

- approved by the decision of Kazakhstan Stock Exchange Council Committee on Currency Market (protocol No. 1 of January 25, 2000);
- effective from February 1, 2000.

2. Changes No. 2:

- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 2 of February 28, 2002);
- effective from May 2, 2002.

3. Addition No. 3:

- approved by the decision of Kazakhstan Stock Exchange Council (protocol of July 5, 2002);
- effective from July 10, 2002.

Article 1. Market-Maker Status

1. The US dollar market-maker status is assigned by the Exchange Board on the basis of the Exchange member corresponding application submission.

Article 2. Requirements for Market-Maker

2. The Exchange member, pretending to assignment of the US dollar market-maker status, should possess own capital in the amount equal to at least a KZT equivalent of ten million US dollars *(this item was changed by the Exchange Council decision of January 25, 2000)*.

Article 3. Market-Maker Duties

3. A market-maker of the US dollar must:
 - 3.1. Pay a monthly membership fee in the amount of a KZT equivalent of 500 US dollars *(this item was changed subject to the Exchange Council decision of January 25, 2000)*.
 - 3.2. Maintain at least one firm quotation for purchase and one firm quotation for sale (hereinafter referred to as "Mandatory quotations") in the trading system during an additional session.

In case the banks – the Exchange correspondents on USD do not make settlements in USD on the trading day for any reason (due to holidays, force majeure or other possible reasons), then during the additional session the USD market-maker must maintain (until 15.30 of Almaty time) in the Exchange trading system mandatory USD quotations with settlements on the day T+n, where T – USD trading day, n – duration of break in making settlements on USD in USD by the banks – the Exchange correspondents (in days) *(this paragraph was included by the Exchange Council decision of July 5, 2002)*.

- 3.3. Maintain the spread between the best mandatory quotations in the amount not exceeding 0.05 tenge at the net-position equal up to one million USD, and 0.1 tenge at the net-position up to two million USD. With that the volume of the mandatory quotation, available before conclusion of the deal at any moment of the trading day, must equal or exceed USD300,000. The mandatory quotation volume may be less than USD300,000, if mandatory quotation satisfaction may lead to an excess of the market-maker net-position more than USD2,000,000

or

maintain the spread between the best mandatory quotations in the amount, not exceeding 0.1 tenge at the net-position equal or less than USD2,000,000. With that the mandatory quotation volume, available before the conclusion of the deal at any moment of the trading day, should total at least USD1,000,000. The mandatory quotation volume may be less than USD1,000,000, if mandatory quotation satisfaction may lead to an excess of the market-maker net-position more than USD2,000,000.

(This item was changed by the Exchange Council decision of January 25, 2000).

- 3.4. To fix a new mandatory quotation within one minute after removal or satisfaction of the mandatory quotation.
- 3.5. *(This item was excluded by the Exchange Council decision of January 25, 2000)*.

Article 4. Market-Maker Rights

4. A market-maker of USD is entitled:
 - 4.1. Not to discharge his duties during the whole morning session, and also from 12.30 to 14.00 of Almaty time during an additional session.
 - 4.2. To change the mandatory quotations prices declared prior under condition of compliance with the spread determined hereby.
 - 4.3. To refuse displaying mandatory quotations, if the net-position volume reaches USD5,000,000.
 - 4.4. To declare an up-to-fifteen minute time-out in case an extraordinary situation is forming on the market. During the time-out a market-maker may remove all quotations and avoid displaying new quotations. Time-out is authorized only once during one trading day. A market-maker should inform an Exchange administrator for to receive a time-out. Notification on time-out receipt is made in the free form and may be processed via the trading system terminal, REUTERS terminal or by phone.
 - 4.5. To avoid paying commission fees on the deals, concluded at the Exchange foreign currency trades.

Article 5. Market-Maker Liability

5. In case of the market-maker three time violation of his duties discharge terms, set hereby, such market-maker is imposed a twenty monthly calculated index penalty in favor of the Exchange (*this item was changed by the Exchange Council decision of February 28, 2002*).
6. Forty five or more minute violation of the terms provided in item 3.4 hereof, except as provided in items 4.1 and 4.4, is recognized as a market-maker refusal to display mandatory quotations. Due to a market-maker default of mandatory quotations display such market-maker is deprived of market-maker status and imposed a two hundred monthly calculated index penalty (*this item was changed by the Exchange Council decision of February 28, 2002*).
7. The market-maker that violated the terms of item 16 of "Rules of Market-Makers Activities", is imposed a two hundred monthly calculated index penalty (*this item was changed by the Exchange Council decision of February 28, 2002*).

Article 6. Market-Maker Duties Discharge Release

8. A market-maker is entitled not to discharge his duties, specified in tem 3.3. hereof, if:
 - 8.1. The banks – operators of the currency market on over-the-counter inter-bank market fix quotations on sale and purchase, the spread on which amounts to the value, exceeding 0.25 tenge. REUTERS PLC and its subsidiaries data are used for consideration of the situation.
 - 8.2. State bodies of the Republic of Kazakhstan make changes in the legislation of the Republic of Kazakhstan, which may significantly affect the situation on the currency market of the Republic of Kazakhstan.
 - 8.3. The events that may significantly affect the situation on the currency market of the Republic of Kazakhstan take place on the territory of the Republic of Kazakhstan or abroad.
9. Market-makers acquire the right not to discharge the duties, specified in item 3.3 hereof, in the events, prescribed in item 8 hereof, only upon a corresponding notification from the Exchange.
10. The decision on release of marker makers from discharge of the duties, specified in item 3.3 hereof, in the events, prescribed in item 8 hereof, before call

Specification on US Dollar Market-Maker Status

of the Exchange Council Committee on Currency Market is made by the Exchange Board.

(This article is included by the Exchange Council decision of January 25, 2000).

President

D. Karasaev