

# KAZAKHSTAN STOCK EXCHANGE

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## **Appendix R1**

to Rules of Exchange  
Securities Trading

### **A g r e e d o n**

with Central Securities Depository  
President of Central Securities Depository

B. KAPYSHEV

### **A p p r o v e d**

by resolution No. 100 of the Directorate  
of the National Securities Commission  
of the Republic of Kazakhstan

of June 26, 1998

### **A d o p t e d**

by the decision of Kazakhstan Stock  
Exchange members general meeting

(protocol No. 10 of May 25, 1998)

### **E f f e c t i v e**

from June 29, 1998

## **NOTICE**

Mentioned below General Terms in English have been translated by employees of Kazakhstan Stock Exchange for information purposes only. In case of any incompliance of this translation with General Terms original version in Russian, the latter prevails.

# **GENERAL TERMS**

## **of Securities Trading Results Based Settlements**

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Almaty

1998

## LIST OF AMENDMENTS

### 1. Addition and Changes No. 1:

- adopted by the decision of Kazakhstan Stock Exchange members general meeting (protocol No. 3 of June 7, 1999);
- approved by resolution No. 353 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of June 24, 1999;
- effective from July 5, 1999.

### 2. Changes No. 2:

- adopted by the decision of Kazakhstan Stock Exchange categories "K", "P", "H" members meeting (protocol No. 6 of September 25, 2000);
- approved by resolution No. 677 of the Directorate of the National Securities Commission of the Republic of Kazakhstan of October 12, 2000;
- effective from October 19, 2000.

These Terms regulate the order of settlements on deals in securities, admitted to circulation on the Exchange, with the exception of securities, the order of settlements on deals of which are defined by separate internal documents.

Used in these Terms concepts mean:

- **"Exchange"** – joint stock company Kazakhstan Stock Exchange *(this paragraph was changed by the Exchange Council decision of January 15, 2004)*;
- **"Depository"** – Central Securities Depository JSC *(this paragraph was changed by the Exchange Council decision of April 14, 2005)*;
- **"Custodian account"** – an account opened by the Depository for stock accounting;
- **"Exchange trading system"** – the Exchange program and technical system ensuring securities quotation, admitted to circulation of the Exchange;
- **"Trades participants, Participants"** – the Exchange members. Admitted to exchange trades;
- **"Securities"** – securities recognized as such by the legislation in force, admitted to circulation on exchange trades;
- **"Confirmation system"** – the Exchange program and technical system forming the data for the system participants on deals details, made on their behalf, and accepting participants confirmations;
- **"Trader"** – an individual, participating in the Exchange trades on behalf of a trades participant.

## Section I. PRE-TRADING PROCEDURES

### Article 1. Securities Blocking

1. Exchange trades can be executed in two modes:
  - with the preliminary blocking of being sold securities before exchange trades;
  - without the preliminary blocking before exchange trades.
2. The decision on selection of trades execution mode, specified in item 1 of this article, is made by the members general meeting or its section by agreement with the Depository.
3. If for securities trading was established trades execution mode with the preliminary blocking, then trades participants must submit to the Depository the order for blocking of securities planned for selling during exchange trades.
4. the information exchange mode on blocked securities is established by separate Exchange internal documents by agreement with the Depository.
5. If trades execution mode as selected without the preliminary blocking, then in the Exchange trading system no limits are set for being sold during exchange trades securities volume.

## Section II. CONFIRMATION SYSTEM

### Article 2. Confirmation System Indicators

1. The Confirmation System users are organization registered by the Exchange as such.
2. The registration on the Exchange as the Confirmation System user requires submission of an application (Appendix No. 1), and filling in the form in compliance with Appendices No. 2 and 3.
3. After the registration as the Confirmation System user, the Exchange Council set for this organization the Confirmation System terminal. Payment terms for setting and using the terminal are defined by separate Exchange internal documents.

**Article 3. Confirmation System Terminal Operation Terms**

1. The Confirmation System transmits to Confirmation System user only deals made on custodian accounts of this user.
2. Deals are confirmed through the Confirmation System terminal.
3. Entry to the Confirmation System using the personal password issued to the Confirmation System user authorized employee, means complete acceptance by the Confirmation System user of responsibility for its employee actions.

**Article 4. Deals Confirmation Procedure**

1. The message exchange schedule in the Confirmation System is established by the members general meeting and its sections decision.
2. All Confirmation System users of the Exchange in compliance with the schedule are provided the information on made on their behalf deals. The information on each deal has the following parameters:
  - the deal type (buying or selling);
  - a price per security;
  - the securities number;
  - the deal amount;
  - the security national identification number;
  - the identification code of trades participant, who made the deal;
  - the custodian account number, on which a transaction was made;
  - the deal number, assigned by the Exchange Trading System;
  - other information, which refers to the deal parameters.
3. The Confirmation System users in compliance with the established schedule must confirm deals details made on their behalf in the Exchange Trading System.
4. Deals on which was not received the positive confirmation or was received the negative confirmation are considered unconfirmed.
5. In compliance with the set schedule the information on unconfirmed deals, unconfirmed by the Confirmation System users, are transmitted to trades participants, who made the deal on their behalf for clarification.
6. On certain securities if the Confirmation System user refuses to confirm settlements on the deal, the deal is the subject to termination.
7. Trades participant, who made an unconfirmed deal, must within the set by the schedule period provide to the Exchange the deal conformation from the Confirmation System user, in the name of which was this unconfirmed deal made or provide details of other organization, which agrees to take obligations on this deal. If the Confirmation System user is such organization then this deal parameters must be confirmed by this organization.
8. In case the Confirmation System user refuses to make settlements on deals for securities selling if on the Exchange was used the preliminary blocking mode, within set by the schedule period the Exchange transmits to the Depository the data for unblocking of corresponding securities on the unconfirmed deal, and the trades participant – seller must transmit to the Depository the order for blocking of corresponding securities on custodian accounts of the organization, which takes obligations on this deal.
9. If trades participant given the refusal of the Confirmation System user to make settlements on the deal does not provide new details of custodian account, the

Exchange draws this unconfirmed deal to the trades participant custodian account.

**Article 5. Parties Responsibilities in the Confirmation System**

1. Trades participants are responsible for deals made on behalf the Confirmation System users before the Exchange.
2. The Confirmation System users responsibility before trades participants for untimely confirmation or unfounded non-confirmation of deals, made on their behalf is specified in bilateral agreements between the Confirmation System user and the trades participant.
3. The Exchange is responsible before trades participants for the Confirmation System terminal operation quality. In case of the Confirmation System terminal operation failure through the Exchange fault, the Exchange releases the trades participant from membership fees payment in proportion to the damage caused, but not more than for 2 (two) months regardless of the damage size.
4. The Exchange reimburses losses only to trades participants, trades participants handles issues with their clients in the regression order.

**Section III. SETTLEMENTS PROCEDURE**

**Article 6. Settlements on the Exchange Deal**

1. Deals settlement procedure is described by the Depository internal legal documents.
2. Regulations of the information exchange with the Depository is set forth by the decision of members general meeting or corresponding section of the members general meeting in the Exchange internal document "Regulations of Securities Trading Results Based Settlements" *(this item was supplemented by the resolution of the Directorate of the National Securities Commission of the Republic of Kazakhstan of June 24, 1999).*
4. *(this item was excluded by the resolution of the Directorate of the National Securities Commission of the Republic of Kazakhstan of June 24, 1999).*
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8. *(this item was excluded by the resolution of the Directorate of the National Securities Commission of the Republic of Kazakhstan of June 24, 1999).*

**Article 7. Consequences of Obligations Non-fulfillment on Deals Made**

*(This article was excluded by the resolution of the Directorate of the National Securities Commission of the Republic of Kazakhstan of June 24, 1999).*

President

D. Karasaev