

KAZAKHSTAN STOCK EXCHANGE

Appendix R4
to Rules of Exchange
Securities Trading

Approved

by resolution No. 621 of the Directorate
of the National Securities Commission
of the Republic of Kazakhstan

of June 8, 2000

Agreed on

with Central Securities Depository

Adopted

by the decision of Kazakhstan Stock
Exchange categories "K", "P", "H"
members general meeting

(protocol No. 2 of May 18, 2000)

Effective

from July 1, 2000

NOTICE

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

REGULATIONS of Settlements based on Securities Trading Results

Almaty
2000

LIST OF AMENDMENTS

1. Changes and Additions No. 1:

- approved by the decision of Kazakhstan Stock Exchange categories "K", "P", "H" members meeting (protocol No. 5 of July 30, 2001);
- considered agreed on pursuant to article 2 of the law of the Republic of Kazakhstan "On Changes and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Securities Market" of July 11, 2001;
- effective from August 1, 2001.

2. Changes and Additions No. 2:

- agreed on with the National Bank of the Republic of Kazakhstan on November 9, 2001;
- approved by the decision of Kazakhstan Stock Exchange categories "K", "P", "H" members meeting (protocol No. 6 of November 13, 2001);
- effective from November 15, 2001.

3. Additions No. 3:

- agreed on with the National Bank of the Republic of Kazakhstan on January 29, 2002;
- approved by the decision of Kazakhstan Stock Exchange categories "K", "P", "H" members meeting (protocol No. 1 of February 6, 2002);
- effective from February 7, 2002.

4. Changes No. 4:

- agreed on with the National Bank of the Republic of Kazakhstan on August 9, 2002;
- approved by the decision of Kazakhstan Stock Exchange categories "K", "P", "H" members meeting (protocol No. 3 of September 23, 2002);
- effective from October 1, 2002.

5. Changes No. 5:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on January 21, 2005;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 49 of December 29, 2004);
- effective from January 24, 2005.

6. Changes No. 6:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on July 21, 2006;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 10 of May 15, 2006);
- effective from July 24, 2006.

7. Change No. 7:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on March 11, 2007;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 14 of March 15, 2007);
- effective from March 16, 2007.

Section 1. INTRODUCTION

1. These Regulations define the order of settlements on deals in government securities and corporate serial securities concluded on trades of the Kazakhstan Stock Exchange (hereinafter "**the Exchange**").

These Regulations force does not apply to execution of deals in government securities of being privatized organizations, concluded on the Exchange trades.

2. Concepts used in these Regulations mean the following:
 - 1) "**Depository**" – Central Securities Depository (*this paragraph was changed by the Exchange Council decision of April 14, 2005*);
 - 2) "**Exchange correspondent account**" – the Exchange correspondent account No. 900161427 with the Department on Monetary Operations Registration (OOKSP) of the National Bank of the Republic of Kazakhstan, Bank Identifier Code (BIC) 190201125, Taxpayer Registration Number (TRN) 600200049149, Economic Activity Code (EAC) 15 (*this paragraph was changed by the Exchange Council decision of March 15, 2007*);
 - 3) "**National Bank**" – the National Bank of the Republic of Kazakhstan;
 - 4) "**Official list**" – a list of securities, which passed the listing procedure (*this sub-item was changed by the Exchange member meeting decision of November 13, 2001*);
 - 5) "**Confirmation System User**" – an organization registered by the Exchange as the Confirmation System participant and connected to it. Organizations granting trades participants the right to conclude deals on belonging to these organizations "depo" accounts, and organization through money accounts of which are made settlements on deals concluded by other trades participants must register on the Exchange as the Confirmation System Users;
 - 6) "**Confirmation System**" – the Exchange program and technical complex forming information for the System participants about details of concluded on their "depo accounts deals and receiving confirmations of such deals or refusal from confirmation of such deals;
 - 7) "**Depo account**" – an organization's account in the Depository for registration of securities being in nominal holding by this organization and/or belong to it;
 - 8) "**Scheme T+0**" – a scheme of settlements on deals concluded on the Exchange trades when securities and money are delivered on the deal conclusion day;
 - 9) "**Scheme T+N**" – a scheme of settlements, indicating the maximum time frames of making settlements on concluded deals. T – is the conventional sign of the day of trades, N – the number of business days (N not more than 3), established for final settlements on concluded deals. Scheme T+3 – the scheme of settlements on deals concluded on the Exchange trades when securities and money are delivered not later than on the third day after the deal conclusion day.
 - 10) "**Scheme "Outright"**" – a scheme of settlements on deals concluded on the Exchange trades when the date and the place of settlements are defined by agreement of parties at the deal conclusion moment. This scheme is used for settlements on deals concluded on trades executed by the method of conclusion of nego deals in corporate serial securities from the official list (given this only the settlements date is defined) and securities admitted to circulation (trading) in the "Unlisted Securities" sector, excluding repo deals in relation to which is established scheme "T+0" (*this sub-item was changed by decisions of the Exchange members meeting of September 23, 2002 and the Exchange Council of December 29, 2004*).
 - 11) "**Exchange Trading System**" – the Exchange program and technical complex through which securities are admitted to circulation (trading) on the Exchange;
 - 12) "**Trader**" – a physical person participating in the Exchange trades on behalf of the Exchange member;

- 13) **"Trades participants, Participants"** – an organization admitted to participation in the Exchange trades.
3. Settlements on deals in securities can be made by two methods:
- by net positions calculated on concluded during the certain trading session deals in securities;
 - by each deal separately without mutual netting of requirements and obligations on another deals.

Section II. SETTLEMENTS ON NET POSITIONS

4. Settlements on deals in securities by net positions are made only given delivery of securities to the Depository.
5. Upon trades completion the exchange regulations establish deals confirmation period, during which the Confirmation System Users must either confirm or refuse from concluded deals, unconfirmed during trades.
6. Deals unconfirmed by the Confirmation System Users within the set period, are considered canceled.
7. Upon completion of deals confirmation period the Exchange implements the clearing session, during which net positions in securities and money for each trades participant are calculated through mutual netting of all concluded by him during the trading session deals.
8. Mutual netting is made only on deals in certain securities merged into the single group for the clearing session on them. Forming of security groups, inclusion into a certain group or exclusion from certain securities for the single clearing session is exercised by the Exchange Board.
9. The trades participant's net position in securities is defined through mutual netting of counter deals, after which in the trade participant are defined net positions on delivery of sold securities, net demands on purchased securities, and net position in money.

When making mutual settlements net-demands and net obligations of trades participants occurring on concluded repo opening deals and confirmed repo closing deals are considered.

When calculating net positions on deals in securities, settlements on which are made with automatic adding of the accumulated interest in compliance with the established on the Exchange algorithm, the accumulated interest in calculated on each deal separately.

10. Monetary net positions of one trades participant on various securities, included into the single group for the clearing session are liable to mutual netting.
11. Thus, by results of the clearing session net positions are calculated for each trades' participant:
- in securities, separately on each security on each depo account;
 - in money, the single securities group.
12. After the clearing session the Exchange on agreed on with the Depository time delivers to it the summary list of concluded on the Exchange deals and the summary list of net-positions in money and in securities in section of depo accounts on each trades' participant.
13. Based on the summary list of trades' participants net positions the Depository writes off securities from depo accounts to the transit account and during 30 minutes upon the receipt of the summary list informs the Exchange about results.
14. Prior to the established by the exchange regulations time trades participants, who have net obligations in tenge, must ensure entering of the necessary amount. The payment on deals in corporate serial securities is made to the Depository correspondent account. The payment on deals in government securities is made to the Exchange correspondent account.
15. The absence of the necessary number of securities on the trades' participant depo account – net seller of securities by the moment of their transfer to the transit account is recognized as non-fulfillment of net obligations.

16. Non-fulfillment by the trades' participant of own net-obligations in money is recognized non-entering, entering of money not in full volume or with violation of set time frames.
17. Non-fulfillment by the trades' participant of net-obligations on deals concluded by him is absolute and sufficient basis for non-fulfillment of net demands of this trades' participant.
18. In case of non-fulfillment of own net obligations before the trades start, such trades' participant is debarred from participation on executed by the Exchange trades until settlement of issues related to non-fulfillment by him of own net obligations, and on the nearest trades such trades' participant net positions are forcibly liquidated.
19. The forced liquidation can not be done if the trades' participant, whose net demands were non-fulfilled, submits to the Exchange a written agreement to give the trades' participant, who committed non-fulfillment of net obligations, the possibility to fulfill net obligations with the delay for certain period with payment of the penalty or without request of such.
20. The forced liquidation of the net position is done as follows: during exchange trades the Exchange authorized representative on behalf of the trades' participant who non-fulfilled own net obligations on previous trades, concludes the deal in the amount of available with the trades' participant net position, but of the contrary type. The time of the net position forced liquidation is defined by the Exchange independently, the Exchange does accept claims of the trades' participant who committed non-fulfillment of net obligations on the deal price parameters (several deals) liquidating the net position.
21. The deal on forced liquidation of the net position is concluded by the best to the moment of the deal conclusion proposals. If on previous trades there are counter unpaid net positions of two and more different participants, then first of all such net positions are mutually netted between them at the average weighted rate, set based on trades results on the day of conclusion of deals, formed such net positions.
22. The rate difference formed due to the difference between the price of conclusion of deals formed the net position and the price of its forced liquidation, forms either net obligations or the net demand of the trades participant based on trades results, during which the net position was forcibly liquidated.

Section III. SCHEME T+0, SETTLEMENTS ON EACH DEAL

23. Settlements on deals in securities separately on each deal in scheme T+0 are made only given delivery of securities to the Depository. Settlements on deals are made in the order established by the Depository internal documents.
24. Settlements in money given scheme T+0 and settlements on each deal separately are made only through trades' participants correspondent accounts, opened in the National Bank. Trades' participants who does not have own correspondent accounts in the National Bank must make settlements through the Exchange correspondent accounts or the third persons who have accounts in the National Bank.
25. In the moment of the deal the Trading System forms a message in the set format containing information on the concluded deal and delivers the Depository for settlements.
26. If the deal in securities was concluded on the "depo" account belonging to the Confirmation System User, the Exchange delivers to him the information message with the deal details and only upon the receipt from him of the confirmation immediately delivers to the Depository information on the deal for settlements.

If the Confirmation System User refuses from conformation of the deal concluded on his "depo" account, such deal is immediately cancelled. The trades' participant who concluded this deal is responsible for its cancellation.
27. For the time from the moment of the deal conclusion and before the Depository starts settlements on this deal, the seller must ensure availability of sufficient number of securities on the depo account, and the buyer of securities must ensure sufficient amount of money on his correspondent account.

28. In case of absence of money on the securities buyer's correspondent account or securities on seller's depo account on the moment of settlements on the deal made by the Depository, such deal receives in the Trading System the non-fulfilled status. For settlements on the deal, recognized as non-fulfilled, the authorized Exchange employee on agreement of both parties on behalf of trades' participants executes the repeated deal based on terms of the previously concluded deal. When concluding the repeated deal on the Confirmation System User account the confirmation is not required (*this item was changed by the Exchange members meeting decision of November 13, 2001*).
- 28-1. The refusal of a party at fault from execution of the repeated deal on the day of the deal conclusion means cancellation of the deal with obligation to pay penalties (*this item was included by the Exchange members meeting decision of November 13, 2001 and supplemented by the Exchange members meeting decision of February 6, 2002*).
- 28-2. The refusal of the injured party from execution of the repeated deal on the day of the deal conclusion debars it from requesting of penalties payment (*this item was included by the Exchange members meeting decision of November 13, 2001 and supplemented by the Exchange members meeting decision of February 6, 2002*).
- 28-3. If settlements on the repeated deal can be made through fault of the party injured during settlements on the deal, both parties are debarred from requesting penalties payment (*this item was included by the Exchange members meeting decision of November 13, 2001*).
- 28-4. If execution of the repeated deal on the deal conclusion day is impossible, parties have the right to execute the repeated deal on the following business day. In case of refusal of one of the parties from execution of the repeated deal on the following business day, the injured party has the right to request penalties payment (*this item was supplemented by the Exchange members meeting decision of February 6, 2002*).
29. The repeated deal execution time is determined by the Exchange authorized employee, but considering wills of the deal parties.
30. If settlements on the repeated deal can not be executed due to the absence of money on the securities buyer's correspondent account or securities on seller's depo account on the moment of settlements on the deal made by the Depository, the deal parties on the mutual agreement have the right to request the Exchange authorized employee to replicate the repeated deal.
- The repeated deal can be replicated unlimited number of times, but within the trades time period and given the mutual agreement of parties, which must be expressed by delivery through the Exchange Trading System of appropriate information or by any other method used on the Exchange.
31. If settlements on the repeated deal were not made and the deal parties did not request the repeated deal replication, the deal is recognized cancelled. Responsibility of the party at fault is limited by the penalties size levied for non-fulfillment of only one deal regardless of the number of repeated deals (*this item was included by the Exchange members meeting decision of November 13, 2001*).
- If in case of repeated deals replication both parties did not fulfill their obligations and such deals were finally cancelled, the party which first did not fulfill its obligations on the deal will bare responsibility (*this item was included by the Exchange members meeting decision of November 13, 2001*).

Section IV. SCHEME T+N, SETTLEMENTS ON EACH DEAL

32. Settlements on deals in securities separately on each deal in scheme T+N are made only given delivery of securities to the Depository. Settlements on deals are made in the order established by the Depository internal documents.
- Scheme T+N is used for fulfillment of deals concluded on trades executed by the continuous counter auction method (*this paragraph was changed by decisions of the Exchange members meeting of September 23, 2002 and the Exchange Council of December 29, 2004*).
- The maximum number of days for settlements on deals, concluded on trades executed by the continuous counter auction method, is determined by the Exchange Board for each security

(this paragraph was changed by decisions of the Exchange members meeting of September 23, 2002 and December 29, 2004).

33. *(This item was excluded by the Exchange members meeting decision of July 30, 2001).*
34. Upon completion of trades the exchange regulations sets the period of deals confirmation, during which the Confirmation System Users must confirm or refuse from concluded deals, unconfirmed during trades.
35. Deals unconfirmed by the Confirmation System Users within the set period are recognized cancelled.
36. Upon the completion of deals confirmation the Exchange delivers to the Depository information on concluded deals *(this item was changed by the Exchange members meeting decision of July 30, 2001).*
37. From the moment of confirmation by the Confirmation System Users of the deal in securities, trades' participants – securities buyers have the right to pay purchased by the securities. When receiving the payment the Depository enters purchased securities on appropriate depo accounts of participants – buyers of securities and delivers to the Exchange information on paid securities *(this item was changed by the Exchange members meeting decision of July 30, 2001).*
38. The trades participant – the buyer of securities must ensure prior to 15.00 ALT of the T+N day to enter money in payment of purchased by him securities on the money account, used by the Depository for settlements on deals in securities *(this item was changes by decisions of the Exchange members meeting of July 30, 2001 and the Exchange Council of May15, 2006).*
39. *(This item was excluded by the Exchange members meeting decision of July 30, 2001).*
40. *(This item was excluded by the Exchange members meeting decision of July 30, 2001).*
41. As settlements are implemented, but not later than 10.00 of the day following the deal execution day, the Depository informs the Exchange about results.

Section V. SCHEME "OUTRIGHT"

42. Deals in securities on scheme "Outright" are executed by trades participants in the place and time frames indicated in appropriate exchange certificates.

Satisfaction of deals in securities, concluded on trades based on nego deals conclusion method, can be executed between the deal parties agreement through personal accounts of independent registrars, keeping registers of these securities holders. In this case participants independently submit exchange certificates on the concluded deal to the registrar for settlements *(this paragraph was changes by decisions of meetings of the Exchange members of July 30, 2001, the Exchange Council of December 29, 2004).*

Deals in securities from the official list are satisfied only through the Depository *(this item was included by the Exchange members meeting decision of July 30, 2001).*
43. *(This item was excluded by the Exchange members meeting decision of July 30, 2001).*
44. Settlements on scheme "Outright" through the Depository are made as follows:
 - 1) the Exchange delivers to the Depository information on concluded deals;
 - 2) as deals are satisfied the Depository delivers the Exchange information about this.

Section V–1. PRELIMINARY BLOCKING

(This item was included by the Exchange members meeting decision of July 30, 2001).

- 44–1. On separate securities and schemes of settlements with delivery of securities to the Depository, the Exchange Council by its decision can establish the term of preliminary blocking of being sold securities on depo accounts.

The Depository delivers to the Exchange information about blocked on depo accounts securities, intended for sale on the Exchange trades not later than in 30 minutes before the Exchange trades start, and during the Exchange trades.

In its turn the Exchange during 30 minutes upon the completion of trades in securities delivers to the Depository information about securities due to unblocking.

Securities, on which was concluded the deal or deals were cancelled during the Exchange trades are due to unblocking.

Section VI. CONSEQUENCES FOR NON-FULFILLMENT OF OBLIGATIONS ON CONCLUDED DEALS

45. The penalty is paid by the party at fault in favor of the injured party in the following amount:

- 1) 0.1% from the non-fulfilled payment amount for each payment delay day in case of untimely fulfillment of obligations on deals in securities;
- 2) 5.0% from the cancelled deal amount, settlements on which are made in compliance with section III of these Regulations, excluding repo closing deals for which responsibilities for non-fulfillment of obligations are established by the Exchange certain internal; documents.

(This item was changed by the Exchange Council decision of May 15, 2006).

46. In case of delay of settlements on deals in securities the injured party has the right at any moment to cancel the deal unilaterally.

The deal cancellation day is recognized the day of registration by the Exchange of the injured party appropriate application.

46–1. When canceling the deal, the party at fault retains obligations on payment of the commission fees levied for both parties as a result of this deal conclusion *(this sub-item was included by the Exchange member meeting decision of November 13, 2001).*

47. If the deal in securities, settlements on which are made on net positions by schemes T+N and "Outright", is cancelled, the party at fault pays the penalty equal to the maximum value out of three sizes:

- 5% from the deal amount in the deal conclusion currency price;
- the rate difference formed due to the change of Kazakhstan tenge rate to a foreign currency, in which was expressed the concluded deal price, between the deal conclusion day and the deal cancellation day.
- the difference between the deal amount and the average weighted price of exchange trades in this security on the day, following the day of the deal cancellation, multiplied by the securities number in the deal.

Penalties defined in this item are limited if the Exchange forcibly liquidated the party's at fault net position. In this case, the party at fault must pay the amount formed as a result of the rate difference between the deal conclusion price and the liquidation deal price, plus 0.1 % from the deal amount.

President

D. Karasaev