

KAZAKHSTAN STOCK EXCHANGE

A p p r o v e d

by the decision of Kazakhstan
Stock Exchange Council

(protocol No. 11 of November 1, 1996)

E f f e c t i v e

from November 4, 1996

R e - a p p r o v e d

by the decision of the Exchange Council of
Almaty Financial Instruments Exchange

(protocol No. 1 of April 14, 1997)

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

(protocol No. 1 of April 1, 1999)

N O T I C E

Rules have 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 Rules in Russian, the Russian version shall always prevail.

R U L E S

of Foreign Currencies Exchange Trading

Almaty

1996

LIST OF AMENDMENTS

1. Change No. 1:

- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 1 of February 28, 1997);
- effective from March 3, 1997.

2. Changes No. 2:

- agreed on with the Agency of the Republic of Kazakhstan on 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.

3. Change No. 3:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on December 21, 2004;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 37 of October 20, 2004);
- effective from October 21, 2004.

4. Changes and Addition № 4:

- submitted to the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations for endorsement;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 35 of December 25, 2008);
- effective from December 29, 2008.

These Rules determine the procedures of foreign currencies deals conclusion at trades of Kazakhstan Stock Exchange (hereinafter referred to as the Exchange) and execution of such deals *(this paragraph was changed subject to the Exchange Council decision of January 15, 2004)*.

Section I. FOREIGN CURRENCIES TRADED ON EXCHANGE

Article 1. Terms of Foreign Currencies Admission to Circulation on Exchange. Types of Deals in Foreign Currencies

Foreign currencies are admitted to circulation on the Exchange by the Exchange Council decisions.

2. On executed by the Exchange trades in foreign currencies is admitted conclusion of deals in the following types of foreign currencies:
 - 1) separate foreign currency purchasing-selling deals with settlements timeframes, established by the Exchange Council decisions;
 - 2) matching foreign currency purchasing-selling deals, which present the currency swap transaction – the aggregate of two simultaneously made between two one and the same participants of foreign currency exchange trades and reversal to each other deals with the same number of the same foreign currency, which differ in these deals settlements timeframes (on the assumption that thereby timeframes comply with timeframes of settlements on deals in foreign currency, established by the Exchange Council decisions).
3. For a foreign currencies participant – the currency swap transaction participant, this transaction has the "selling-purchasing" nature, if according to included into this transaction deals on foreign currency purchasing-selling with earlier settlements timeframe this KASE member sold a foreign currency and vice versa has the "purchasing-selling" nature, if according to the mentioned deal he purchased a foreign currency.
4. The difference between foreign currency prices according to deals of its purchasing-selling, included into this transaction is used as the currency swap transaction price; given this:
 - 1) the price of a foreign currency according to included into this transaction foreign currency purchasing-selling deal with earlier settlements timeframe is the weighted average price of all deals in this foreign currency with mentioned settlements timeframe, made on the start (opening) day of this transaction on the first by turn trading session where this foreign currency has been traded with mentioned settlements timeframe;
 - 2) the price of a foreign currency according to included into this transaction foreign currency purchasing-selling deal with later settlements timeframe (i.e. the price, based on which are defined this transaction participants obligations on such deal) is defined as the sum of the foreign currency price, defined in compliance with the previous paragraph and this transaction price.

(This article was changed by the Exchange Council decision of December 25, 2008).

Section II. PARTICIPANTS OF EXCHANGE TRADES IN FOREIGN CURRENCIES

Article 2. Participants of Exchange Trades

1. Participants of exchange trades in foreign currencies are the Exchange category "B" members *(this item was changed by the Exchange Council decision of December 25, 2008)*.
2. *(This item was excluded by the Exchange Council decision of December 25, 2008)*.

3. Terms and the order of admission to the Exchange membership, suspension and discontinuation of the Exchange membership as well as rights and responsibilities of the Exchange members are established by separate Exchange documents *(this item was changed by the Exchange Council of December 25, 2008)*.

Article 3. Traders

1. Traders – natural persons authorized by trades' participants to participate in exchange foreign currencies trades on behalf of the trades' participants *(this item was changed by the Exchange Council of December 25, 2008)*.
2. Traders' admission trades participation terms are determined by the Exchange internal documents.
3. *(This item was excluded by the Exchange Council decision of December 25, 2008)*.
4. Any trader actions regarding his carrying out foreign currency transactions during exchange trades are equal to actions of the trades' participant he represents.
5. At detection of trader violation of terms hereof and other internal documents of the Exchange, regulating the foreign currencies deals conclusion and execution order, the Exchange is entitled to dismiss such trader from participation in exchange foreign currencies trades *(this paragraph was changed by the Exchange Council of December 25, 2008)*.

The duration and terms of such disqualification are defined by the Exchange Board.

The Exchange Board decision on dismissal of a trader from participation in exchange foreign currencies trades may be appealed by the trades' participant represented thereby in the Exchange Council *(this paragraph was changed by the Exchange Council of December 25, 2008)*.

An appeal of the decision on disqualification does not suspend its affect.

Article 4. Other Persons Admitted for Presence at Trades

1. Apart from the traders and employees of the Exchange, servicing exchange foreign currency trades, the President and the Vice-president of the Exchange, other persons may be present at the Exchange trades exclusively as observers and only by authority of the Exchange President or the Vice-president, supervising foreign currencies trades *(this item was changed by the Exchange Council of December 25, 2008)*.
2. No person, present at exchange trades, may, during the trades, debate questions, advertise, make remarks, and carry out other actions, not related to these trades.
3. Other, except for traders, persons, present at exchange trades, are forbidden against carrying out transactions in foreign currencies tradable at the Exchange.
4. The persons, present at exchange trades in the observing capacity, are forbidden against direct or indirect interference in the process thereof.

**Section III. EXCHANGE FOREIGN CURRENCY TRADING.
FOREIGN CURRENCIES DEALS DOCUMENTING**

(This headline was changed by the Exchange Council decision of December 25, 2008).

Article 5. Regulations of Foreign Currencies Exchange Trades

1. Regulations of Foreign Currencies Exchange Trades (place and time of trades execution, the main method of trades execution and other basic parameters of

their execution) are defined by the Exchange internal document, subject to approval of the Exchange Board.

(This article was changed by decisions of the Exchange Council of September 10, 2004 and December 25, 2008).

Article 6. Foreign Currencies Quotation. Foreign Currencies Trading Method

(This article was changed the Exchange Council decision of December 25, 2008).

Article 7. Exchange Rate Change Limit

1. An Exchange rate change limit means the maximum possible deviation during the trading:
 - at trading by fixing method: the deviation of the current foreign currency rate in relation to the rate, stated at the previous trades;
 - at trading by other methods: the deviation of the foreign currencies sale/purchase prices indicated in the applications in relation to the exchange rate, determined according to the results of the previous trades.
2. The exchange rate change limit size is determined by the Exchange Council.
3. In case, at trading by fixing method the deviation of the current foreign currency rate exceeds the determined exchange rate change limit, the Exchange President or the Vice-president, supervising foreign currencies trading, should suspend trading and call an emergency session of the Exchange Council.

The Exchange Council makes a decision on recommencement or termination of trades. With that, the trades may not be terminated for a period exceeding 24 hours.

Suspension of the trades, held by fixing method, on the basis of the exchange rate change limit excess, is allowed not more than three times in succession.

4. At trading, by other than fixing methods, the requests, where the sale/purchase prices differ from the exchange rate, determined according to results of the previous trades, by more than the exchange rate change limit, are rejected.

Article 8. Commission Fees and other Exchange Charges

1. Trades participants pay the Exchange commission fees on the foreign currency deals concluded thereby *(this item was changed by the Exchange Council decision of September 10, 2004).*
2. Size, calculation and the Exchange commission charges payment procedures are determined by the internal documents thereof *(this item was changed by the Exchange Council decision of September 10, 2004).*
3. The Exchange internal documents may specify other types of fees (including for the Exchange property use), subject to payment by trades' participants *(this item was changed by the Exchange Council decision of September 10, 2004).*

Article 9. Tax on Foreign Currencies Transactions

1. Possible foreign currencies transactions tax is calculated and paid by trades' participants independently.
2. The Exchange assumes no liability for accurateness of calculations of foreign currency transactions tax sums and for completeness and timeliness of payment thereof.

Article 10. Exchange Foreign Currency Deals. Deals Processing

1. The foreign currency purchase and sale deals concluded between trades participants during the trading subject hereto shall be recognized as exchange foreign currency deals.
2. Exchange foreign currency deals are formalized with exchange certificates in the form subject to the Exchange Board authorization.

An exchange certificate is the document, verifying foreign currency purchase and sale deal conclusion during exchange trading, registration and accounting of the deal by the Exchange.

An exchange certificate, apart from other possible information, contains the following data:

- the register of all the deals, concluded by the trades participant during foreign currency trades;
 - the trades participant net-obligations and net-requirements in KZT and foreign currency, resulting from the deals concluded during trading with account of commission fees and other Exchange charges.
3. The exchange certificate, signed by the Exchange administrator (the Exchange administrator deputy) and a trades participant trader and verified by the Exchange stamp, is the agreement, determining mutual obligations of the Exchange and a trades participant in regard of the deals concluded thereby coming within the terms hereof and the Exchange internal documents, in which they are specified.
 4. An exchange certificate is formalized in two copies, one of which is issued to a trades' participant trader, and the second is retained at the Exchange for purposes of making settlements in KZT and foreign currency.
 5. A name of the trades' participant that concluded the deal at the Exchange, likewise the content of the exchange certificate, formalized upon conclusion of the deal, represent commercial secret and are not subject to disclosure or transfer to the third persons without a special authorization of the trades participant that is a party of the deal (*this paragraph was changed by the Exchange Council decision of February 28, 1997*).

This prohibition does not cover provision of information on results of exchange trades to the National Bank of the Republic of Kazakhstan.

Article 11. The Exchange Information

(This article was excluded by the Exchange Council decision of October 20, 2004).

**Section IV. SETTLEMENT.
SETTLEMENT TERMS VIOLATION LIABILITY**

Article 12. Making Settlements

Terms and procedures of settlements in KZT and foreign currencies are determined by individual internal documents of the Exchange.

Settlements on foreign currency purchasing-selling deals, included into the currency swap transactions, are made on the same terms and in the same order as on separate foreign currency purchasing-selling deals (*this paragraph was included by the Exchange Council decision of December 25, 2008*).

Article 13. Settlements Terms Violation Liability

The norms, regarding settlements terms violation liability, are determined by individual internal documents of the Exchange.

Section V. CONFLICTS

Article 15. Resolution of Arguments and Disagreements

Arguments and disagreements between trades' participants and between trades participants and the Exchange regarding conclusion and execution of the exchange deals are subject to resolution by way of negotiations, and in case of failure to reach a mutually acceptable solution – by the Exchange Arbitration Commission (*this item was changed by the Exchange Council decision of December 25, 2008*).

President

D. Karasaev