

KAZAKHSTAN STOCK EXCHANGE

Approved

by decision No. 137/0 of Kazakhstan
Stock Exchange Management Board

of December 24, 2002

Effective

December 24, 2002

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.

SPECIFICATION

of Automatic Repo Market

Almaty

2002

LIST OF AMENDMENTS

1. Change No. 1:

- approved by decision No.69/0 of Kazakhstan Stock Exchange Management Board of June 10, 2003;
- effective June 10, 2003.

2. Following a decision of Kazakhstan Stock Exchange Board of Directors (minutes No. 1 (3) dated January 15, 2004), in all internal documents of the Exchange the words "Closed Joint-Stock Company Kazakhstan Stock Exchange" have been replaced by the words "Joint-Stock Company Kazakhstan Stock Exchange" in respective cases and the words "CJSC Kazakhstan Stock Exchange" have been replaced by the words "JSC Kazakhstan Stock Exchange".

3. Additions No. 2:

- approved by decision No. 17/2 of Kazakhstan Stock Exchange Management Board of February 7, 2005;
- effective January 28, 2005 and will remain in force until January 26, 2010 (inclusive).

4. Change No. 3:

- approved by decision No. 171/1 of Kazakhstan Stock Exchange Management Board of December 26, 2005;
- effective February 1, 2006.

5. Additions No. 4:

- approved by decision No. 4/2 of Kazakhstan Stock Exchange Management Board of January 13, 2006;
- effective January 16, 2006.

6. Changes and Additions No. 5:

- approved by decision No. 45/0 of Kazakhstan Stock Exchange Management Board of March 27, 2006;
- effective April 1, 2006.

7. Changes No. 6:

- approved by decision No. 65/2 of Kazakhstan Stock Exchange Management Board of April 26, 2006;
- effective April 26, 2006.

8. Changes № 7:

- approved by decision No. 113/1 of Kazakhstan Stock Exchange Management Board of August 28, 2008;
- effective September 1, 2008.

9. Additions and Change № 8:

- approved by decision No. 177/1 of Kazakhstan Stock Exchange Management Board of December 22, 2008;
- effective December 25, 2008.

10. Changes No. 9:

- approved by decision No. 183/0 of Kazakhstan Stock Exchange Management Board of December 29, 2008;
- effective January 1, 2009.

11. Additions No. 10:

- approved by decision No. 47/3 of Kazakhstan Stock Exchange Management Board of March 19, 2009;
- effective April 1, 2009, except the norm on inclusion of item 3-1 to the Specification on auto repo market, covering relations that originated before the amendments came into effect.

12. Additions No. 11:

- approved by the Management Board of Kazakhstan Stock Exchange on April 28, 2009 No. 69/0;
- effective May 21, 2009.

13. Changes No. 12:

- approved by decision No. 10 of Kazakhstan Stock Exchange Management Board of January 14, 2010;
- effective January 13, 2010.

14. Changes No. 13:

- approved by decision No. 174 of Kazakhstan Stock Exchange Management Board of May 24, 2010;
- effective May 25, 2010.

This Specification has been developed in compliance with the Rules on repo transactions approved by the general meeting of Kazakhstan Stock Exchange members (hereinafter – the Exchange) (protocol No. 6 of December 23, 2002), and defines basic characteristics of the automatic repo market *(this paragraph was changed following a decision by the Exchange's Management Board of Directors dated January 15, 2004)*.

Chapter 1. GENERAL PROVISIONS. SUBJECTS OF REPO TRANSACTIONS

1. Concepts used herein shall have meanings as defined in the above mentioned Rules and other Exchange internal documents.

For purposes hereof the repo transaction means only the repo transaction carried out in the "automatic" method.

2. The following types of securities may be loaned in repo transactions (with account taken of the peculiarities provided for in items 3-1 and 3-2 hereof) *(this paragraph was supplemented following a decision of the Exchange Management Board dated March 19, 2009)*:

- 1) government securities of the Republic of Kazakhstan, including securities issued in compliance with the legislation of other countries (except for Kazakh municipal securities, and government long-term savings treasury bills of the Republic of Kazakhstan (MEUJKAM)), whose actual circulation term did not exceed half of the term set upon their issue *(this sub-item was supplemented following the Exchange Management Board decision of February 7, 2005 and changed following the Exchange Management Board decision of May 24, 2010)*;

- 2) Kazakh municipal securities, issuers of which comply with information disclosure requirements specified in Exchange internal documents;

shares, listed on the Exchange in the first category, issuers of which fully comply with listing requirements for the first category in sector "Shares";

debt securities listed on the Exchange as Rated debt securities and rated "B-" or higher on an international scale of rating agency Standard & Poor's (or a similar rating on international scale of another rating agency) or "kzB-" or higher on a national scale of rating agency Standard & Poor's, issuers of which fully comply with listing requirements for this category;

debt securities, listed on the Exchange in the first subcategory of Non-rated debt securities, issuers of which fully comply with listing requirements for this category.

(This sub-item was changed following the Exchange Management Board decision of August 28 and December 29, 2008).

3. Securities mentioned in sub-item 1) of item 2 hereof are loaned in repo transactions through setting required adjustments in the trading system, with no necessity for the Exchange Management Board to make any decisions.

A security mentioned in sub-item 2) of item 2 hereof may be loaned in repo transactions subject to a decision of the Exchange Management Board, made on the basis of a stock market member application (the Application), signed by a person, enjoying the right of first signature on behalf of this member in accordance with a notarized member's signatures and stamp print sample card available at the Exchange *(this passage was changed following the Exchange Management Board decisions dated January 14, 2010 and May 24, 2010)*.

If a security cleared for loans in repo transactions in accordance with the second passage of this item was not loaned in such transactions for three months, the Exchange Management Board may remove the security from the list of securities cleared for loans in repo transactions. The security may be put back on the list of securities cleared for loans in repo transactions in accordance with the second passage of this item *(this paragraph was changed following the Exchange Management Board decisions of June 10, 2003, March 27, 2006 and April 26, 2006, supplemented following the Exchange Management Board decision of March 27, 2006 and changed following the Exchange Management Board decision of May 24, 2010)*.

3-1. The Exchange Management Board may ban loan of securities mentioned in sub-item 2) of item 2 hereof in repo transactions, should the provisions of this item be violated *(this item was included by the Exchange Management Board decision of March 19, 2009)*.

3-2. Any securities mentioned in sub-item 2) of item 2 hereof issued by the same issuer shall be banned for loans in repo transactions:

- 1) the issuer failed to timely pay interest on bonds listing on the Exchange; and/or
- 1-1) the issuer failed to timely pay the principal on the matured debt securities listing on the Exchange; and/or *(this sub-item was included following the Exchange Management Board decision dated April 28, 2009)*
- 2) the issuer failed to timely pay dividend on preferred shares listing on the Exchange; and/or
- 3) the admission initiator failed to present the Exchange with issuer financial statements (including interim) within three months after the term set in the listing agreement; and/or
- 4) the admission initiator failed to present the Exchange with substantial information on the issuer and/or the securities (information that may affect price and valuation of the securities) within ten days after the term set by the Listing rules.

(This item was included by the Exchange Management Board decision of March 19, 2009).

3-3. The ban imposed in accordance with item 3-1 or 3-2 hereof shall be annulled by the Exchange Management Board provided the issuer/admission initiator corrected the violation that had entailed the ban (with account to the peculiarity provided for in the second passage of this item).

If securities were banned for loan in repo transactions in accordance with item 3-2 hereof due to untimely interest payment on debt securities and/or face value of debt securities upon circulation expiry, such ban may only be annulled upon receipt by the Exchange of evidence that the issuer has fully repaid his liabilities towards holders of his debt securities (including fines and penalties, mentioned in the relevant prospectus(es) of securities issues) *(this passage was changed following the Exchange Management Board decision dated May 24, 2010)*.

(This item was included following the Exchange Management Board decision of March 19, 2009).

4. Standardized repo transaction terms for securities mentioned in sub-item 1) of item 2 hereof are Intraday¹, 1, 2, 3, 7, 14 and 28 days *(this paragraph was supplemented following the Exchange Management Board decision of January 13, 2006)*.

Standard repo transaction terms for securities mentioned in sub-item 2) of item 2 hereof shall be set by the Exchange Management Board decisions permitting loan of the securities in repo transactions, based on repo transaction terms proposed in the Applications. With that the security may only be loaned for five different terms, and the maximum repo transaction term may not exceed 30 days *(this paragraph was changed following the Exchange Management Board decisions of December 26, 2005 and December 29, 2008)*.

5. The start date of repo transactions trade on the security, admitted for loan in repo transactions, in compliance with the second paragraph of item 3 hereof, shall be defined by the Exchange Management Board decision admitting the securities for loan in repo transactions on the basis of the date proposed in the Application. The security may only be loaned for five different terms, and the maximum repo transaction term may not exceed 30 days *(this paragraph was changed following the Exchange Management Board decision of December 22, 2008)*.

The security cleared for loan in repo transactions in accordance with the second passage of item 3 hereof, may be opened not earlier the business day following the receipt of the Application, with the Application to be received before 13.00 Almaty time of the last business day, preceding the proposed trading beginning date specified in the Application *(this paragraph was included following the Exchange Management Board decision of December 22, 2008)*.

¹ Intraday (Eng.) – within one (business) day *(the footnote was included following the Exchange Board decision on January 13, 2006)*.

If the Application proposes no beginning trading date for the security cleared for loan in repo transaction in accordance with the second paragraph of item 3 hereof, then the beginning trading date shall be determined by the Exchange Management Board independently with the decision clearing the securities for loans in repo transactions.

6. Repo transactions are formed as financial instruments in the following way:
 - 1) from the securities mentioned in sub-item 1) of item 2 hereof, repo transactions with the same transaction term are one financial instrument regardless of securities loaned in the repo transactions (*this sub-item was changed following the Exchange Management Board decision of December 29, 2008*);
 - 2) on each security mentioned in sub-item 2) of item 2 hereof, repo transactions with different terms are different financial instruments.
7. Only one currency – the tenge – may be used in repo transactions.
8. Repo transactions' codes being financial instruments shall be set in the trading system in accordance with the Exchange' separate internal document.

Chapter 2. CALCULATION OF PARAMETERS OF REPO DEALS

9. The repo transaction opening price equals to the security price determined in compliance with the Exchange's internal document Methodology of Securities Valuation (*this item was changed following the Exchange Management Board decision of May 24, 2010*).
10. The amount of loaned securities loaned in a repo transaction is calculated by the trading system automatically based on the sum of a repo opening deal, determined by repo agents at the conclusion and the repo transaction opening price by formula:

$$K = \left[\frac{Q}{P_o} \right], \text{ where}$$

- K – amount of loaned securities (units);
Q – sum of a repo opening deal (KZT), determined by repo agents at the conclusion;
P_o – repo transaction opening price (KZT);
[] – rounding up the result to the nearest integral value.

11. The sum of the repo opening deal is calculated by the trading system automatically based on the amount of loaned securities and the repo transaction opening price by formula:

$$Q_o = K \times P_o, \text{ where:}$$

- Q_o – sum of the repo opening deal (KZT).

12. Repo transaction closing price is calculated by the trading system automatically based on the repo transaction yield, the repo transaction term and the repo transaction opening price by formula:

$$P_c = \left(\frac{I}{365} \times n \times \frac{P_o}{100} \right) + P_o, \text{ where}$$

- P_c – repo transaction closing price (KZT);
I – repo transaction yield (APR);
n – repo transaction term (days)² (*this paragraph was supplemented following the Exchange Management Board decision of January 13, 2006*).

13. The sum of the repo closing deal is calculated by the trading system automatically based on the amount of loaned securities and the repo transaction closing price by formula:

² For the repo transaction with Intraday period, n equals one (*this reference was included following the Exchange Board decision of January 13, 2006*).

$$Q_c = K \times P_c, \text{ where}$$

Q_c – amount of repo closing deal (KZT).

14. Prices of repo opening and closing deals are rounded by the trading system automatically to the fourth decimal, and the sum of the repo transaction and the sum of the repo closing deal to the second decimal place according to the mathematical rounding rules (digits up to five are reduced down to zero, and digits from five and over are increased up to ten).
15. The sum of the repo closing deal is recalculated by the trading system automatically based on the repo transaction term.

Chapter 3. REPLACEMENT OF LOANED SECURITIES

16. Securities may be replaced with other securities in cases specified by the above mentioned Rules on repo transactions and based on terms, specified hereby. Given this:
 - 1) securities mentioned in sub-item 1) of item 2 hereof may be replace one another when loaned in repo transactions;
 - 2) securities mentioned sub-item 2) of item 2 hereof loaned in repo transactions may not be replaced with other securities.

President

A. Joldasbekov