

KAZAKHSTAN STOCK EXCHANGE

Approved

by the decision of Kazakhstan
Stock Exchange Council
(protocol No. 1 of February 8, 2002)

Effective

from February 11, 2002

NOTICE

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

RULES **on Exchange Trading in Promissory Notes**

Almaty
2002

LIST OF AMENDMENTS

1. Change No. 1:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations of 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.

2. Change No. 2:

- 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.

3. Changes No. 3:

- agreed on with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on March 13, 2008;
- approved by the decision of Kazakhstan Stock Exchange Council (protocol No. 13 of March 27, 2008);
- effective from March 28, 2008.

These "Rules on Exchange Trading in Promissory Notes" (hereinafter referred to as "the Rules") represent an internal document of the Exchange and define the order of promissory notes admission to trades on Kazakhstan Stock Exchange, deals conclusion and settlements thereon (*this paragraph was changed by the decision of the Exchange Council of January 15, 2004*).

Circulation of promissory notes on the exchange trading and formation of a list of the payers, whose promissory notes are admitted to circulation on the exchange, must be understood as a recommendation for making decisions on carrying out transactions in promissory notes. Equally the Exchange assumes no responsibility for the promissory notes market participants' decisions, based on the Exchange actions related to changes in the list of the payers, whose promissory notes are admitted to circulation on the exchange.

The concepts used herein and/or appendices hereto shall mean the following:

"Exchange" – Kazakhstan Stock Exchange Incorporated (*this paragraph was changed by the Exchange Council decision of January 15, 2004*);

"Internal documents of the Exchange (Internal documents)" – charter documents of the Exchange, these Rules, the Exchange bodies' decisions, made within their power and other documents, regulating internal activities of the Exchange;

"Correspondent account of the Exchange" – the Exchange correspondent account No. 900161427 in the Monetary transactions accounting office (OOKSP) of the National Bank of the Republic of Kazakhstan, BIC 190201125, TIN 600200049149, Sector of economy (Kbe) 15 (*this paragraph was changed by the Exchange Council decision of March 15, 2007*);

"Exchange administrator" – an employee of the Exchange, responsible for organization and holding of trades at the Exchange

"Payer" – a person obliged to pay on a promissory note.

"Clearing house" – the Exchange organization unit, responsibilities of which are executions of all actions on behalf of the Exchange, concerned with settlements on results of exchange trades in promissory notes;

"Payers list" – a list of the payers on promissory notes in the Trading system, acting as a criterion for ranking promissory notes, inclusion therein means that, the promissory notes, on which the payer is obliged to pay, are admitted to circulation on the exchange.

"Exchange trading system (Trading system)" – a complex of interrelated facilities, equipment, inventory, program and technical devices, internal documents and other necessary assets and procedures by means of which deals between the Exchange members are concluded;

"Authorized body" – the National Bank of the Republic of Kazakhstan;

"Trades participant" – a member of the Exchange, admitted to trading in promissory notes;

Section I. GENERAL PROVISIONS

Article 1. Promissory Notes Admission to Exchange Trading

The promissory notes, payers on which are included to the payers list, are admitted to exchange trading. The payers' list is formed by the Exchange Board on the basis of the Trades Department recommendations and trade participants' applications. Payers are excluded from the list subject to the Exchange Board decision on the basis of the Trades Department recommendations and trading activity on the exchange (*this item was changed by the Exchange Council decision of March 27, 2008*).

Article 2. Organization of Trades

1. For organization of trades in promissory notes, "Promissory Notes Market" is to be open in the Exchange trading system.
2. Trades in promissory notes in the Trading system are executed by method of execution of nego deals.

Article 3. Promissory Notes Trade Participants

1. The banks, exchange members of category "B" and/or "K" and non-banking organizations, exchange members of category "P" are admitted to trades in promissory notes.
2. Terms of traders' admission to participation in trades are determined by the Exchange internal documents.

Article 4. Regulations of Exchange Trades in Promissory Notes

(This article was changed by the Exchange Council decision of September 10, 2004).

1. Regulations of trades (place and time of trading and other main parameters of holding thereof) are determined by the Exchange Board.
2. The Exchange must notify trades participants on change of place and time of holding thereof, determined by the Exchange Board, at least 18 hours before trading begins.

The norm, set by the first paragraph of this item, does not cover cases of extra changes in the trades' regulations made by the Exchange President or the Vice-president, supervising holding of trades, at impossibility of trading in the normal mode.

Section II. SETTING QUOTATIONS AND DEALS CONCLUSION ORDER

Article 5. Promissory Notes Setting Quotations Order

1. Trades participants may display indicative quotations on the promissory notes admitted to circulation on the exchange.
2. Indicative quotations are set in the form of yield of the promissory note to maturity in percentage per annum and ranked in ascending order.

Article 6. Order of Conclusion of Deals in Promissory Notes

A deal conclusion request, in addition to general requisites: promissory note price in tenge or percentage to nominal, promissory notes quantity, deal's sum (product of price and promissory notes quantity), request direction (purchase or sale), counteragent name, must contain the following mandatory requisites:

- 1) term of payment on promissory note;
- 2) place of payment on promissory note;
- 3) backer;
- 4) nominal value and currency of promissory note;
- 5) interest rate (if the interest is accrued on the promissory note).
- 6) free field, to specify additional terms and data on the promissory note.

Article 7. Documenting Deals

On trading session close an exchange administrator issues to trades participants exchanges certificates verifying promissory note purchase and sale deal conclusion in the course of trading.

An exchange certificate, signed by an Exchange administrator (Exchange administrator deputy) verified by the Exchange stamp, is the document, determining mutual obligations of the Exchange and promissory notes deals participants.

Section III. ORDER OF SETTLEMENTS

Article 8. Settlements on Deals Results

1. The Exchange is not involved in the procedure of re-documenting the promissory note to the buyer's name as a result of the deals concluded at the exchange and only controls money transfer from the buyer to the promissory note seller. The seller and buyer re-document the promissory note to the buyer's name independently.
2. An electronic note on the deal conclusion is formed in the Exchange Trading system on the deal conclusion day.
3. Before 16.00 Almaty time of the day, following the day of the deal conclusion day (day T+1), the buyer of the promissory note must transfer the sum set by the deal terms to the correspondent exchange account. As the buyer credits the necessary sum the Clearing house confirms payment of the deal executing corresponding actions in the Trading system.
4. The seller, having proved that the payment is made, re-documents the promissory note to the buyer's name. Then, the buyer before 16.00 Almaty time of the second working day after the deal conclusion day (day T+2), confirms the deal execution in the Trading system.
5. Upon receipt of confirmation from the buyer the Clearing house before 18.00 Almaty time of the day T+2 transfers the money to the promissory note seller account.

Article 9. Commission and other Exchange Charges

For the exchange deals in promissory notes concluded at its trades the Exchange collects a commission fee in the amount of 50% monthly calculated index from each party of the deal.

Section IV. TRADING PARTICIPANTS LIABILITY

Article 10. Settlements Terms Violation Liability

1. In case the acquired promissory notes are not paid for, or paid only partially by the set term, the affected party may cancel the deal by submitting a corresponding application. Before submission of the application by the affected party, the guilty party is responsible for payment delay and must pay a forfeit for each day of payment delay in the amount of 0.1% of the deal's sum.
2. If a corresponding confirmation on the promissory note re-documentation was not submitted to the Clearing house by the buyer before 16.00 Almaty time of the day T+2, the deal is considered to be cancelled, and the money are returned to the buyer before 18.00 Almaty time of the day T+2. At that the guilty party must pay a 0.2% deal's sum forfeit in favor of the affected party.
3. In case the promissory note has been re-documented for the buyer's name, but the buyer has not confirmed the deal execution by the term set, the seller may before 17.30 Almaty time of the day T+2 present to the Clearing house a written blocking money application. In this case the money remains at the correspondent account of the exchange until the argument is resolved by the Arbitration commission, at that the guilty party is responsible for payment of the forfeit in favor of the affected party in the amount of 0.1% for each day from the day of the deal conclusion until the day of making settlements on the deal or its cancellation.
4. For violation hereof a trade participant subject to the Exchange Board decision may be temporarily disqualified from participation in exchange trading in all financial instruments, and in case of committing three and more violations, may be excluded from the Exchange members by the Exchange Council decision.

Article 11. Arguments and Disputes Resolution

1. Arguments and disputes between trades' participants and between trades participants and the Exchange in regard of conclusion and execution of exchange deals are subject to resolution by way of negotiations, and at failure to come to a mutually acceptable decision – by the Exchange Arbitration Commission on stock market.
2. The decisions on the issues, not covered by internal documents or resulted due to contradictions in internal documents, are made by the Exchange Board, and in case of disagreement of a trades participant with the decision made, the issue is brought to consideration of the Exchange Council.

President

D. Karasaev