

KAZAKHSTAN STOCK EXCHANGE

A g r e e d o n

with the Committee on Regulation and
Supervision of Financial Market and Financial
Organizations of the National Bank of the
Republic of Kazakhstan

on January 31, 2013

Chairman of the Committee on Regulation
and Supervision of Financial Market and
Financial Organizations of the National Bank
of the Republic of Kazakhstan

K. KOZHAKHMETOV

A p p r o v e d

by Kazakhstan Stock Exchange
Board of Directors decision

(the meeting minutes # 30
of December 14, 2012)

E f f e c t i v e

from February 21, 2013

NOTICE

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

REGULATIONS

On Expert Committee

Almaty

2012

LIST OF AMENDMENTS

1. Addition and changes No. 1:

- agreed upon with the Committee on Control and Supervision of Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan on October 30, 2013;
- approved by decision of Kazakhstan Stock Exchange Board of Directors (minutes No. 23 of meeting on September 26, 2013);
- effective as of November 18, 2013.

2. Changes No. 2:

- agreed upon with the National Bank of the Republic of Kazakhstan on August 29, 2014;
- approved by decision of Kazakhstan Stock Exchange Board of Directors (minutes No. 29 of meeting on August 8, 2014);
- effective as of September 9, 2014.

These Regulations have been developed in accordance with the Law of the Republic of Kazakhstan "On the Securities Market" of July 2, 2003 #461-II (hereafter – the Law), the Rules on Recognition of Deals Concluded on the Regulated and Over-the-Counter Securities Markets as Executed for Manipulative Purposes, Establishment and Operation of the Expert Committee of the Stock Exchange, as well as its Quantitative Composition, approved by resolution No. 70 of Management Board of the National Bank of Republic of Kazakhstan of April 23, 2014 (hereinafter – the Rules of Recognition) and internal document of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) "Methodology of Securities Valuation" (hereinafter – the Methodology), approved by the Exchange Board of Directors decision (minutes No. 07 of March 31, 2011) and defines the purpose, functions, structure, authorities, responsibility and procedure of operation of the Expert Committee of the Exchange¹ (*this preamble was changed by a decision of the Exchange Board of Directors of August 8, 2014*).

Chapter 1. GENERAL PROVISIONS

1. Term "suspicious deal" (as it is defined in the Exchange internal document "Regulations on Surveillance Division") and other terms, defined by other Exchange internal documents, in particular, the Methodology and Regulations on Surveillance Division are used herein.
2. For purposes hereof a conflict of interests shall mean a situation when interests of the Exchange Expert Committee (hereinafter – the Committee) member as a member (a major shareholder), an official, an employee or an affiliated person of any organization do not coincide with their obligation to be independent and impersonal when engaged in Committee operation. Unless otherwise is specified in individual or general cases by the Committee, a conflict of interests shall be a situation when a Committee member is a member (a major shareholder), an official, an employee or an affiliated person of:
 - 1) an Exchange member, which is a party of suspicious deal, a report on which is examined by the Committee; and/or
an organization, which is a subsidiary or a dependent joint-stock company as related to the Exchange member; and/or
an organization, in relation to which the Exchange member is a subsidiary or dependent joint-stock company; and/or
an organization, which is together with the Exchange member are subsidiaries or dependent joint-stock companies as related to the third organization;
 - 2) an issuer of securities (securities' underlying asset), which are subject of a suspicious deal, a report on which is studied by the Committee; and/or
a subsidiary or a dependent joint-stock company as related to the issuer; and/or
a parent company or a company the issuer is dependent on; and/or
an organization, which jointly with the issuer are subsidiaries or dependent joint-stock companies as related to the third organization.
3. For purposes hereof deals shall mean deals in securities concluded during the Exchange-operated trade (*this item was changed by a decision of the Exchange Board of Directors of August 8, 2014*).
4. The Committee is a permanent non-structural advisory body of the Exchange with the following goals and functions:
 - 1) according to item 3 of article 56 of the Law – development of expert conclusion on issues related to recognition of deals as made for manipulation purposes on the securities market;

¹ Also as the committee of the stock exchange on issues of recognition of deals in securities as concluded for manipulative purposes, which must be established according to article 56 of the Law and item 8 of the Rules of Recognition.

- 2) according to the Methodology – split of non-indexed GS of the Republic of Kazakhstan for their market valuation into subgroups, defining the quantity of such groups, their thresholds values (in days before maturity), and the types and degree of equation of polynomial trend applied to define the function of yield curve for each such group (*this item was changed by a decision of the Exchange Board of Directors of August 8, 2014*).
5. Expert opinions prepared by the Committee regarding manipulative deals on the securities market (hereafter – Committee opinions) shall not mean recognition and/or non-recognition of deals as concluded for manipulative purposes on the securities market, and equally shall not mean a suggestion or a recommendation of the Exchange to recognize and/or not to recognize deals as concluded for manipulative purposes on the securities market.

The purpose of Committee opinions is expression of its point of view if there are necessary and substantial grounds to think some deals were concluded for manipulative purposes on the securities market.

Committee opinions must be signed by the Committee Chairman and submitted to the National Bank of the Republic of Kazakhstan (hereinafter – the Authorized body) not later than fifteen business days after the date of detection of suspicious deals (*this paragraph was changed by decision of the Exchange Board of Directors of August 8, 2014*).

A repeated consideration of a report on a suspicious deal on which there is a conclusion of the Committee, is carried out by the Committee exclusively upon a respective request from the Authorized body (*this paragraph was included by decision of the Exchange Board of Directors of September 26, 2013 and changed by decision of the Exchange Board of Directors of August 8, 2014*).

6. The working bodies of the Committee are as follows:
 - 1) on issues related to recognition of deals as made for manipulation purposes on the securities market – Surveillance Division of the Exchange (hereinafter – the Division);
 - 2) on issues related to defining parameters on non-indexed GS of the Republic of Kazakhstan for their market valuation – Department for Information and Analysis (hereinafter – the Department).
7. At Committee Operation the main means of remote communication between the Division, Department, Committee members and persons authorized to substitute Committee members in case of their absence or a conflict of interests shall be electronic mail.
8. For purposes of e-mail correspondence between Committee members and persons authorized to represent Committee members in case of their absence or conflicts of interests, the Division shall use e-mail accounts, which were provided by Committee members and such persons.
9. For purposes of e-mailing to the Division Committee members and persons authorized to represent Committee members in case of their absence or conflict of interests, may use only one e-mail address – surveillance@kase.kz; to send a message via e-mail to the Department – info@kase.kz.

Chapter 2. COMMITTEE MEMBERS. EXPERTS (SPECIALISTS)

10. The Committee is composed of²:
 - 1) two representatives of the Authorized body (hereafter each of which – a member of the Committee representing the Authorized body or a representative of the Authorized body to the Committee);
 - 2) a member of the Exchange Management Board, coordinating issue regarding arrangement of trades in securities;

² According to item 9 of the Rules on Recognition

- 3) two members of the Exchange Board of Directors (hereafter each separately – a member of the Committee representing the Exchange Board of Directors);
 - 4) head of the Division;
 - 5) a representative of the Association of legal entities "Association of Kazakhstan Financiers" (hereinafter – a member of the Committee from the Association or a representative of the Association in the Committee).
11. The Committee composition shall be approved by the Exchange Board of Directors; at that:
- 1) The Authorized body shall independently, in the order set by itself, define its representatives in the Committee;
 - 2) a Committee member – a member of the Exchange Management Board (hereinafter – a Committee member from the Exchange Management Board) is a Committee member ex-officio as coordinating and controlling the Trades Department;
 - 3) Committee members from the Exchange Board of Directors shall be elected by the Exchange Board of Directors;
 - 4) in case the Exchange President is on the Committee board, he/she, as an Exchange Board of Directors member according to their position (according to the Exchange charter) shall not be considered as a Committee member from the Exchange Board of Directors;
 - 5) head of the Division is a Committee member according to the position;
 - 6) the Association of legal entities "Association of Kazakhstan Financiers" (hereafter – the Association) shall independently, in the order specified by itself, define its representative in the Committee;
 - 7) persons, elected to the Committee, may be re-elected an unlimited number of times;
 - 8) on any change in the Committee composition its new composition must be approved by the Exchange Board of Directors, at that, persons, newly defined (elected) by Committee members before such decision, may exercise authorities of Committee members from the moment of such definition (election);
 - 9) Committee composition must be accorded with the Authorized body³.
12. At determination of representatives to the Committee the Authorized body may additionally define other employees, authorized to substitute for Committee members in case of their absence.
- At election of Committee members from the Exchange Board of Directors it may additionally define other Exchange Board of Directors members, entitled to substitute for Committee members in case of their absence or a conflict of interests.
- At determination of its representative to the Committee the Association may additionally appoint other employees, authorized to substitute for a Committee member in case of their absence or a conflict of interests.
13. A Committee Chairman shall be elected by the Exchange Board of Directors from Committee members (except as provided by the second passage of this item).
- A Committee member that is an Exchange employee may not be elected as the Committee chairman⁴.
- The Exchange Board of Directors may also elect Committee members, entitled to substitute for a Committee chairman in case of their absence or a conflict of interests.
14. Terms of authorities of Committee members representing the Authorized body, and that of Authorized body employees, authorized to substitute for Committee members in case of their absence, shall be defined by the Authorized body independently, in the order specified by item 15 of these Regulations.

³ In accordance with item 9 of Rules on Recognition

⁴ In accordance with item 9 of Rules on Recognition

Terms of authorities of Committee members from the Exchange Board of Directors, and that of Exchange Board of Directors members, entitled to substitute for Committee members in case of their absence or a conflict of interests, shall end simultaneously with terms of authorities of the Exchange Board of Directors that elected them, in the order specified by item 16 of these Regulations.

Terms of authorities of a Committee member from the Association, and Association employees, authorized to substitute for a Committee member in case of their absence or a conflict of interests, shall be determined by the Association independently, in the order specified thereby (with account to item 17 hereof).

15. The Authorized body may at any time define its new representative to the Committee. At that authorities of the earlier defined Committee member from the Authorized body shall terminate automatically, regardless if the message received by the Exchange from the Authorized body saying on determination of its new representative to the Committee indicates authorities of a former member must be terminated.

The Authorized body may at any time define its new representative authorized to substitute for a representative of the Authorized body to the Committee in case of absence of that Committee member. A that authorities of an earlier defined representative of the Authorized body, authorized to substitute for any its representative to the Committee in case of absence of the Committee member, shall terminate automatically, regardless if the message received by the Exchange from the Authorized body on determination of a new representative, authorized to substitute for a representative of the Authorized body to the Committee in case of absence of the Committee member, says on termination of authorities.

After the general meeting of exchange shareholders have elected new Exchange Board of Directors members the Exchange shall immediately send to the Authorized body a request to appoint, if required, new Committee members representing the Authorized body, and new representatives of the Authorized body, authorized to substitute for its representatives in the Committee in case of absence of Committee members representing the Authorized body. If the Authorized body does not take any steps to respond to the request, it is considered, the Authorized body does not deem necessary to define new Committee members representing the Authorized body and new employees of the Authorized body and new employees of the Authorized body, authorized to substitute its representatives in the Committee in case of absence of Committee members representing the Authorized body.

16. Committee members representing the Exchange Board of Directors shall be elected (reelected) by the Exchange Board of Directors at one of its first meetings after the general meeting of exchange shareholders, at which Exchange Board of Directors members were elected in this composition (except for initial election of Committee members representing the Exchange Board of Directors, held without any connection with the general meeting electing members of the Exchange Board of Directors in new composition).

The Exchange Board of Directors may at any moment to early terminate authorities of any Committee member representing the Exchange Board of Directors and elect instead a new Committee member representing the Exchange Board of Directors.

The Exchange Board of Directors may at any moment early terminate authorities of all Committee members representing the Exchange Board of Directors and elect instead new Committee members representing the Exchange Board of Directors.

The Exchange Board of Directors may at any moment terminate authorities of Exchange Board of Directors members, authorized to substitute for Committee members representing the Exchange Board of Directors in case of absence or a conflict of interests, and elect instead (all or certain) new Exchange Board of Directors members, authorized to substitute for Committee members representing the Exchange Board of Directors in case of absence or a conflict of interests.

The Exchange Board of Directors may at any moment additionally elect Exchange Board of Directors members, authorized to substitute for Committee members representing the Exchange Board of Directors in case of their absence or a conflict of interests.

17. The Association may at any moment define its new representative to the Committee. At that authorities of the earlier appointed Committee member representing the Association shall

terminate automatically, regardless if the message received by the Exchange from the Association on determination of its new representative to the Committee indicates on such termination.

The Association may at any moment define its new employee, authorized to substitute for an Association representative to the Committee in case of absence of the Committee member. At that authorities of the earlier appointed Association representative, authorized to substitute for its representative to the Committee in case of absence of the Committee member, shall terminate automatically, regardless if the message, received by the Exchange from the Association on determination of its new representative, authorized to substitute for the Association representative to the Committee in case of absence of the Committee member, indicates on such termination.

After the general meeting of exchange shareholders elects new Exchange Board of Directors members the Exchange shall immediately send to the Association a request to appoint, if required, a new Committee member representing the Association and new representatives of the Association, authorized to substitute for its representative to the Committee in case of absence of a Committee member representing the Association. At that, if the Association does not take any steps to respond to the request, it is deemed, the Association does not consider necessary to appoint a new Committee member representing the Association and new Association representatives, authorized to substitute for its representative to the Committee in case of absence of a Committee member representing the Association.

18. If the Committee chairman is absent or involved in a conflict of interests, a Committee member entitled to substitute for the Committee chairman in case of his absence or a conflict of interests will act as Committee chairman. If several Committee members are entitled to substitute for the Committee chairman in case of their absence or a conflict of interests, authorities of the Committee chairman shall be exercised by the Committee member, determined for such purposes by the Office coordinating with such Committee members so that there is no conflict of interests. If the Exchange Board of Directors elected no Committee members, entitled to substitute for a Committee chairman in case of their absence or a conflict of interests, or delegation of authorities of the Committee chairman to any or its members, entitled to substitute for the Committee chairman in case of their absence or a conflict of interests, entails a new conflict of interests, authorities of the Committee chairman will be exercised by any other, apart from those indicated, Committee member, elected by the Committee for such purposes.

In case of absence of a Committee member representing the Authorized body authorities of the Committee member will be exercised by a representative of the Authorized body, authorized to substitute for its representatives to the Committee in case of absence of Committee members representing the Authorized body.

In case of absence of a Committee member representing the Exchange Board authorities of the Committee member will be exercised by another Exchange Board member in accordance with the order of deputizing of Exchange Board members set by the Exchange in case of their absence (through sick leave, vacation or business trip).

In case of absence of a Committee member representing the Exchange Board of Directors or their involvement in a conflict of interests authorities of the Committee member will be exercised by an Exchange Board of Directors member, authorized to substitute for Committee members representing the Exchange Board of Directors in case of their absence or a conflict of interests, as determined for such purposes by the Office coordinating with such Exchange Board of Directors members, to avoid a new conflict of interests.

In case of absence of the Office head authorities of the Committee member will be exercised by an Exchange representative, acting as the Office head.

In case of absence of a Committee member representing the Association authorities of the Committee member will be exercised by an Association representative, authorized to substitute for its representative to the Committee in case absence of a Committee member representing the Association.

It is not allowed to delegate authorities of a Committee member to other persons, including other Committee members, except as provided by passages first through sixth of this item.

19. No remuneration shall be set and paid to Committee members that are Exchange employees.

The general meeting of Exchange shareholders shall decide on remuneration matters in regard of Committee members representing the Exchange Board of Directors.

The Exchange Board of Directors shall decide on remuneration in regard of other Committee members, not mentioned in passages first through second of this item.

Having determined the remuneration payable for exercise of Committee member's authorities the Exchange Board of Directors may define the order of payment of such remuneration, as well with account to actual participation of Committee members in operation thereof.

20. For purposes of efficient opinions at its operation the Committee may in accord with the Exchange President engage into Committee activities external experts (specialists).

The Exchange President will decide on remuneration of labor of such experts (specialists).

Chapter 3. COMMITTEE OPERATION REGULATIONS

21. The file of the report on a suspicious deal compiled and formalized in accordance with the Exchange internal document "Regulations on Surveillance Division" as well as, if available, files of additional materials related to this deal (with the exception set by paragraph two of this item), shall be sent by the Division to Committee members via e-mail on the next business day after such deal is concluded.

The Division shall not send the file of the report on suspicious deal and, if available, files of additional materials related to this deal to Committee members involved in the conflict of interests with regard to this deal.

(This item was changed by a decision of the Exchange Board of Directors of September 26, 2013).

22. The Committee Chairman or a Committee member representing the Exchange Board may define that the report on a suspicious deal must be sent to Exchange members – agents of the deal with a request to submit written explanations on circumstances of the deal.

23. The Committee makes a decision on split into groups of non-indexed GS of the Republic of Kazakhstan for their market valuation once a quarter not later than five days before the beginning of a calendar quarter based on the following Department developed data:

- 1) information on deals, made in non-indexed GS of the Republic of Kazakhstan in the Exchange trading system during not less than three months, preceding the date, when the Committee made a decision;
- 2) an information of placement (additional placement) of non-indexed GS of the Republic of Kazakhstan during not less than three months, preceding the date, when the Committee made a decision;
- 3) an aggregated information on yield (yield curve) of non-indexed GS of the Republic of Kazakhstan for a buyer to maturity on deals, made in the Exchange trading system during not less than three months, preceding the date, when the Committee made a decision;
- 4) other information that from the Committee standpoint may influence on its decision.

24. In case of a significant change in the GS market conditions and/or significant change in the composition of GS the Republic of Kazakhstan, and in case of occurrence of any events that result in incorrect calculation of market prices of non-indexed GS of the Republic of Kazakhstan, the Committee has the right during a calendar quarter to revise the number if subgroups and/or their parameters – thresholds values, type and degree of equation of polynomial trend. Such revision must be implemented not later than before the first working day of a calendar week, when non-indexed GS of the Republic of Kazakhstan to be valued using the new number and/or parameters of subgroups.

25. The Committee decisions are subject to implementation by the Exchange structural divisions, responsible for securities market valuation.

26. Materials specified in item 23 and necessary to the Committee to make decisions on splitting into subgroups of non-indexed GS of the Republic of Kazakhstan for their market valuation and

defining parameters of such groups, are developed by the Department and sent to the Committee members:

- 1) not later than three working days before the date the Committee meetings is held, if at this meeting the Committee considers the issue related to the split of non-indexed GS of the Republic of Kazakhstan into subgroups and defining their parameters due to the end of the next calendar quarter;
 - 2) not later than one working day before the date of the Committee meeting is held, if the meeting is convened due to the significant change in the GS market condition and/or significant change in the composition of GS of the Republic of Kazakhstan, and in case of occurrence of any events that result in incorrect calculation of market prices of non-indexed GS of the Republic of Kazakhstan.
27. The Committee meetings shall be held, as may be required, and in accordance with requirements set in item 5 of these Regulations and item 17 of this Methodology (*this paragraph was changed by decision of the Exchange Board of Directors of August 8, 2014*).

The Committee makes decisions on issues under its competence at the meetings in present or through an absentee voting.

28. Committee meetings (an absentee voting) shall be convened upon an initiative of the Chairman or a Committee member representing the Exchange Management Board or upon request of:
- 1) any Committee member representing the Authorized body; or
 - 2) any two Committee members.
29. For purposes of getting clarifications of circumstances of concluding the suspicious deal, representatives of Exchange members – parties of this suspicious deal, as well, in case of need, clients (representatives of clients) of Exchange members, on whose client orders the deal was based, shall be invited to that Committee meeting, where the report on that deal is to be considered (*this paragraph was changed by decision of the Exchange Board of Directors of September 26, 2013*).

When considering at the Committee meeting of an issue related to the split of non-indexed GS of the Republic of Kazakhstan into subgroups for their market valuation and defining such subgroups parameters, the Committee chairman or a Committee member on behalf of the Management Board can invite to that meeting the Committee member on behalf of the Management Board, coordinating activities of the Division that implements the securities market valuation, and this Division's head.

30. The Committee may appoint/elect the Committee chairman from Committee members or Exchange employees acting on a permanent basis or the secretary for a Committee meeting for purposes of such meeting, compilation and signing Committee opinions, prepared and the Committee decisions, based on the meeting results.
31. At consideration of a report on a suspicious deal persons attending a Committee meeting may take into account any available information, which may refer to the deal, including opinions of external experts (specialists), engaged into Committee operation, written and spoken explanations on circumstances of conclusion of the deal, presented by Exchange members – agents of the deal and/or Exchange members' clients, on the basis of client orders of which the deal was concluded.

When considering at the Committee meeting of an issue related to the split of non-indexed GS of the Republic of Kazakhstan into subgroups for their market valuation and defining such subgroups parameters, the Committee meeting participants are entitled to take into consideration any available for them information that may facilitate making an optimal decision.

Participants of a Committee meeting exercising authorities of Committee members must be independent and impersonal, fulfilling such authorities on a bona fide basis and applying methods most reflecting collective interest of securities market entities.

⁵ (*This footnote was excluded by decision of the Exchange Board of Directors of August 8, 2014*).

32. The Committee shall make decisions through a simple majority vote of its members (with account to the second passage of this item).

At making a decision regarding any suspicious deal Committee meeting participants involved into a conflict of interests in connection with the deal may not be in the room where the Committee meeting is held or participate in the voting (*this paragraph was changed by decision of the Exchange Board of Directors of September 26, 2013*).

For an absentee voting the committee members fill in bulletins, developed according to Appendix 1 to these Regulations. The employees of Division or Department provide the bulletins to the Committee members for absentee voting. A decision made through an absentee voting is considered made in case of quorum in bulletins, received from the Committee members during two working days from the moment of bulletins provision.

33. The Committee decisions on issues related to deals as made to manipulate on the securities market are formalized through its opinions in the form, independently determined by the Committee based on norms of item 5 hereof.

The Committee decisions on issues related to the split of non-indexed GS of the Republic of Kazakhstan into subgroups for their market valuation and defining such subgroups parameter are formalized in writing, independently by the Committee based on norms set forth by item 23.

Committee opinions must not contain commercial and/or official secret of the securities market⁶.

34. The Committee's opinions and decisions shall be signed by the Committee chairman or a person, that exercised its authorities in accordance with item 18 hereof, and a Committee secretary or a Committee meeting secretary (except as provided in the second passage of this item).

The Committee's opinions and decisions shall be signed by all participants of the meeting, who voted for preparation (issue) of the opinion, unless the Exchange Board of Directors elected a Committee chairman and Committee members, authorized to substitute for a Committee chairman in case of their absence or a conflict of interests, or the Committee made a decision the opinion must signed in such way.

35. Upon respective request from the Authorized body the Committee may consider suspicious transactions concluded on over-the-counter securities market. The procedure of consideration by the Committee of such transactions is determined by the Committee itself taking into account peculiarities of each case being considered (*this item has been changed by decision of the Exchange's Board of Directors of August 8, 2014*).

Chapter 4. COMMITTEE MEMBERS LIABILITY

36. Committee members and persons, authorized (entitled) to substitute for Committee members, must ensure confidentiality of information, received thereby in connection with exercise of authorities of Committee members, including information, which is a commercial, official or other secret protected by the law, are liable in accordance with the Kazakhstan legislation.
37. For violation or improper compliance with norms set herewith Committee members and persons, authorized (entitled) to substitute for Committee members, may be:
- 1) removed from Committee membership or persons, authorized (entitled) to substitute for Committee members (in the order specified in items 15–17 hereof);
 - 2) penalized in other way in accordance with the Kazakhstan legislation, the Charter and other internal documents of the Exchange.

President

K. Damitov

⁶ In accordance with item 12 of the Rules of Recognition

Appendix 1

to Regulations on Expert
Committee

BULLETIN
for the Expert Committee Member
(surname, initials) Absentee Voting on Issue
(the issue text)

Almaty

"_____XX", 20XX

The issue put to an absentee voting:
(the issue's content)

| PRO | CONTRA | ABSTAINED |
|----------------------|----------------------|----------------------|
| _____ (signature) | _____ (signature) | _____ (signature) |

Explanation:

It is necessary to affix your signature in the field of selected by you option of voting and send the bulletin to specialists of the Exchange (specify a division) by fax (fax number), e-mail (e-mail address) or directly to the place of Exchange location.

The bulletin hard copy must be submitted to the Exchange (specify a division).