

KAZAKHSTAN STOCK EXCHANGE JSC

Approved

by decision of the Management Board of
Kazakhstan Stock Exchange JSC

(minutes of meeting
dated 23 June 2021 No. 61)

Effective

from 24 June 2021

REGULATIONS on the Indexes and Indicators Committee

Almaty City

2021

AMENDMENT SHEET

1. Addendum No. 1:

- approved by decision of the Management Board of Kazakhstan Stock Exchange JSC (minutes of meeting dated 22 June 2023 No. 59);
- effective from 30 June 2023.

These Regulations determine the procedure for formation, functions of the Indices and Indicators Committee (hereinafter referred to as the Committee) of Kazakhstan Stock Exchange JSC (hereinafter referred to as the Exchange), composition, rights and responsibilities of members of the Committee, functions of the Committee as well as regulations on its activities.

Article 1. General provisions

1. The Committee is a permanent, collegiate body under the Management Board of the Exchange, tasks of which shall be formation of lists and parameters to calculate stock market indicators as well as formation of expert theses on questions of improvement of the methods to calculate stock and money market indicators.
2. In its activities, the Committee shall be guided by the laws of the Republic of Kazakhstan, including regulatory legal acts of the authorized body, these Regulations, internal documents of the Exchange and recommendations of international institutions on issued of the indicator calculation methodology.
3. The Committee shall be accountable to the Management Board of the Exchange and shall act within the powers granted to it by the Management Board of the Exchange subject to these Regulations and/or other internal documents of the Exchange.

Article 2. Composition of the Committee

1. The Committee shall consist of an odd number of members, which shall be at least five people.
2. Deputy Chairman of the Management Board in charge of the information and statistics subdivision shall be appointed as the Chairman of the Committee.
3. Members of the Committee shall be:
 - 1) a member of the Management Board supervising the risk subdivision;
 - 2) workers of:
 - the information and statistics subdivision;
 - the trading subdivision;
 - the clearing subdivision;
 - 3) other employees, determined by the order of the Chairman of the Board of the Exchange;
 - 4) a representative of a financial organization that is part of ALE Association of Financial Organizations of Kazakhstan (hereinafter – AFC).
4. Personal composition of the Committee, persons who substitute the chairman and members of the Committee (if necessary) as well as the secretary of the Committee shall be determined by the order of the Chairman of the Management Board of the Exchange. A member of the Committee from AFC shall be determined by AFC on its own in the manner established by it.
5. The Chairman of the Committee, in addition to managing activities of the Committee, shall perform the following functions:
 - 1) arrange work of the Committee;
 - 2) convenes meetings of the Committee and preside over them;
 - 3) approve agenda of meetings of the Committee;
 - 4) arrange keeping minutes at meetings;

- 5) determine a form of meetings of the Committee, date and time of meetings of the Committee;
 - 6) arrange discussion of issues at meetings of the Committee, and also hear opinions of persons invited to participate in the meeting;
 - 7) allocate duties among members of the Committee, give them and the Secretary of the Committee assignments related to study and preparation of issues for examination at a meeting of the Committee;
 - 8) control compliance with decisions of the Committee.
6. Functions for organizational and informational support of work of the Committee shall be performed by the Secretary of the Committee, appointed from among employees of the Exchange.
- In the absence of the Secretary of the Committee, he shall be substituted by an employee elected by the Committee at its meeting.
7. The Secretary of the Committee shall ensure:
- 1) preparation and holding of meetings of the Committee;
 - 2) collection and systematization of materials for meetings of the Committee;
 - 3) formation of an agenda of the meeting of the Committee or absentee voting of members of the Committee;
 - 4) timely sending to the members of the Committee and invited persons of notices of meetings of the Committee, agenda of meetings, materials on agenda items;
 - 5) taking minutes of meetings as well as subsequent storage of minutes (decisions) of meetings of the Committee;
 - 6) issue of extracts from minutes (decisions) of the Committee, as necessary,
 - 7) performance of other functions on behalf of the chairman or other members of the Committee (hereinafter collectively referred to as the 'members of the Committee').

Article 3. Functions of the Committee

Main functions of the Committee shall be to examine and make decision on the following issues:

- 1) formation of representative lists for calculation of stock market indicators subject to internal documents of the Exchange;
- 2) approval of recalculation of stock or money market indicators in case of a technical failure or force majeure;
- 3) provision of recommendations and offers to the Management Board of the Exchange on issues of improving methods for calculating indicators of the stock and money markets;
- 4) performance of other functions on behalf of the Chairman of the Management Board or the Management Board of the Exchange as well as those provided for by internal documents of the Exchange.

Article 4. Operating procedure of the Committee

1. Meetings of the Committee shall be held in person, in absentia or remotely as necessary.
2. When conducting voting in absentia, members of the Committee, within one business day after the voting day as determined by the Chairman of the

Committee, shall sign a ballot indicating voting results and hand it over to the Secretary of the Committee. The Secretary, based on received ballots, shall prepare minutes of the meeting of the Committee in the manner prescribed by these Regulations.

3. A remote meeting of the Committee shall be held using applications for videoconferencing as recommended by the information technology subdivision, with provision of information security.
4. A meeting of the Committee can be convened at the initiative of the Chairman of the Committee or at the request of:
 - 1) any member of the Committee;
 - 2) any member of the Management Board of the Exchange.

Meeting of the Committee shall be held with obligatory invitation of the person who made the specified request.

5. When carrying out activities of the Committee, main means of remote communication between members of the Committee and persons replacing them (if any) shall be e-mail.
6. Agenda of the meeting of the Committee shall be formed by the Secretary of the Committee on the basis of the submitted materials and approved by the Chairman of the Committee.
7. Notice of holding/ convening of a meeting of the Committee indicating the time and place of the meeting with the approved agenda and necessary materials on the agenda items shall be sent by the Secretary of the Committee to the members of the Committee by e-mail no later than one business day before the date of the meeting of the Committee.
8. At the suggestion of a member (members) of the Committee, the Committee shall have the right to additionally examine at the meeting issues not included in the agenda subject to consent of the majority of the members of the Committee participating in the meeting and provided that all necessary materials on these issues are available.
9. A meeting of the Committee shall be valid (have a quorum) if it is attended by at least half of the members of the Committee. In the absence of quorum, the Chairman of the Committee shall take decision to adjourn the meeting.
10. Decisions on each item on the agenda of the meeting of the Committee shall be taken by a simple majority of the total number of votes of the members of the Committee participating in this meeting and entitled to vote when making these decisions. In case of tie vote, the Chairman of the Committee shall have a casting vote.
11. Transfer of voting rights by a member of the Committee to another member of the Committee or an employee of the Exchange shall not be allowed.
12. Members of the Committee shall have the right to vote only on the options 'for' and 'against' and shall not have the right to refuse to take part in (abstain from) the voting.
13. The meeting of the Committee shall be held by the Chairman of the Committee subject to the approved agenda.
14. Persons other than members of the Committee without the right to vote can be invited to participate in the meeting of the Committee.

Article 5. Preparation and provision of materials to members of the Committee

1. Materials must be coordinated with members of the Committee, and, if necessary, with structural subdivisions of the Exchange.

2. Materials on each agenda item must contain the following:
 - 1) necessary information on the offered issue;
 - 2) an explanatory note and a draft decision of the Committee to it in the form subject to Appendix 1 to these Regulations;
 - 3) necessary calculations and substantiations of the offered draft decision;
 - 4) opinions of interested structural subdivisions of the Exchange (if necessary);
 - 5) a list of persons who must be included in the number of those invited to examine the issue, indicating the last name, first name and position held in the organization (if necessary);
 - 6) other necessary materials..
3. An explanatory note on the issue included in the agenda of the meeting of the Committee, with attached materials, shall be submitted to the secretary of the Committee at least two business days before the meeting in the electronic document management system.
4. Materials submitted to the Secretary of the Committee later than the time specified in clause 3 of this article shall not be included in the agenda.

Decision to include an issue of an urgent and/or important nature on the agenda of a meeting of the Committee without complying with the requirement established by the first clause of this clause shall be taken by the Chairman of the Committee. At the same time, materials on such issue must be provided to the Secretary of the Committee no later than the beginning of the planned meeting of the Committee.
5. Secretary of the Committee shall ensure verification of the submitted materials on the issues to be included in the agenda of the meeting of the Committee for compliance with the requirements established by clause 2 of this article.

In case of non-compliance of the submitted materials with requirements of clause 2 of this article, secretary of the Committee shall have the right to demand revision of the material or provision of additional materials, unless otherwise established by the Chairman of the Committee.
6. Secretary of the Committee shall exercise control and monitoring of compliance with decisions (orders) of the Committee, and provide information on status of compliance with them to the Chairman of the Committee at least once a quarter.
7. Structural subdivision of the Exchange, responsible for collecting and processing of exchange information, shall monitor relevance of the methodology for calculating stock and money market indicators at least once every six months. Monitoring results shall be executed as a report according to the form subject to Appendix 2 to these Regulations and submitted by the Secretary of the Committee for examination by members of the Committee no later than August 15 - for the first half of the year and February 15 of the year following the reporting one - for the second half of the year (*this item was included by a decision of the Management Board of the Exchange dated 22 June 2023*).

Article 6. Minutes of the meetings of the Committee

1. Decisions of the Committee on the agenda items of the meeting of the Committee shall be recorded in minutes. Minutes shall be executed and submitted by the Secretary of the Committee for approval via corporate e-mail to the members of the Committee who participated in the meeting, persons substituting them, within two business days from the date of the meeting.

Minutes shall be subject to follow-on revision by the secretary of the Committee if there are comments and/or suggestions from the members of the Committee who participated in the meeting to the draft minutes of the meeting of the Committee.

Minutes of the meeting of the Committee shall be signed by the Chairman and Secretary of the Committee.

2. Minutes of the meeting of the Committee must contain the following information:
 - 1) full name of the Committee and location of the executive body of the Exchange;
 - 2) date, time and place of the meeting;
 - 3) information about members of the Committee and invited person(s) indicating surname, initials, position;
 - 4) agenda of the meeting;
 - 5) issues put to vote and related voting results;
 - 6) decisions taken and other information as decided by the Committee..
3. A dissenting opinion of a member of the Committee on an issue or on a draft decision on an issue included in the agenda of the meeting of the Committee must be stated in writing, indicating arguments and shall be attached to the minutes of the meeting of the Committee.
4. Originals of the minutes of the meetings of the Committee, as well as materials on the agenda of the Committee shall be kept by the secretary of the Committee.

Article 7. Rights and responsibilities of members of the Committee

1. When exercising functions specified in Article 3 of these Regulations, the Committee shall have the right to:
 - 1) in advance study and examine any issues referred to its competence by these Regulations, as well as on its own initiative and/or on behalf of the Management Board of the Exchange;
 - 2) request from the structural subdivisions of the Exchange necessary information in order to develop recommendations of a recommendatory nature on issues of determining parameters for calculating indicators of the stock and money markets;
 - 3) involve employees of the structural subdivisions of the Exchange and/or external experts to participate in meetings of the Committee;
 - 4) make relevant recommendations to the Management Board;
 - 5) make appropriate binding decisions subject to execution by structural subdivisions;
 - 6) change parameters fixed by internal documents of the Exchange used for calculation of stock and money market indicators;
 - 7) exclude from calculation of indicators of the stock and money markets parameters of individual transactions and orders for conclusion of transactions at trades conducted by the Exchange;
 - 8) give recommendations to structural subdivisions based on results of examination of issues at the meetings of the Committee..
2. Members of the Committee and persons replacing them shall have to:
 - 1) comply with requirements established by these Regulations and other internal documents of the Exchange for procedure for conduct of activities of the Committee;
 - 2) be independent and objective, participating in activities of the Committee;
 - 3) ensure confidentiality of documents (information, data), including those making a commercial, official or other secret protected by law, received by

the members of the Committee in the course of exercising their powers subject to these Regulations, and be liable subject to the laws of the Republic of Kazakhstan for violation of such duty;

- 4) discharge other duties subject to these Regulations and other internal documents of the Exchange.
3. The Chairman and members of the Committee, as well as persons replacing them, shall be held liable for improper performance of functions subject to these Regulations subject to the laws of the Republic of Kazakhstan and internal documents of the Exchange.
4. A member of the Committee shall have the right to:
 - 1) initiate examination by the Committee of issues corresponding to its main tasks;
 - 2) receive information to the extent necessary and sufficient for formation of a sound, well-founded opinion on the issue examined by the Committee;
 - 3) involve employees of structural subdivisions of the Exchange and/or external experts to participate in meetings of the Committee with consent of the chairman of the Committee;
 - 4) take other measures necessary to perform functions provided for by these Regulations..
5. Responsibility for timely provision to members of the Committee of materials on issues included in the agenda of the meeting of the Committee shall be borne by the secretary of the Committee.
6. Responsibility for timely introduction of changes into the order of the Chairman of the Management Board of the Exchange on approval of the composition of the Committee, taking into account requirements of article 2 of these Regulations, shall be borne by the information and statistics subdivision.
7. Members and the secretary of the Committee shall be responsible for disclosure of confidential information received in the course of performance of their functions in work of the Committee.

Article 8. Final provisions

These Regulations shall be subject to updating as necessary but at least once every five years after these Regulations take effect.

Chairperson of Management Board

Aldambergen A.O.

Annex 1

to the Regulations on the
Indexes and Indicators
Committee

(This annex is included by decision of the Management Board of the Exchange dated 22 June 2023)

EXPLANATORY NOTE

re "[name of the issue submitted to the Indexes and Indicators of the Committee]"

The main text of the explanatory note, indicating the reason for submitting the issue to the meeting of the Indices and Indicators Committee, disclosing the essence of the issue, justifying the choice of the calculation method (if the issue provides for such choice).

* * *

Draft decision of the Indexes and Indicators Committee

Draft decision consisting of one paragraph.

or

Draft decision consisting of one paragraph with several sub-clauses:

- 1) the first sub-clause of the draft decision consisting of one paragraph with several sub-clauses;
- 2) the second sub-clause of the draft decision consisting of one paragraph with several sub-clauses;
- 3) ...

or

1. The first clause of the draft decision consisting of several clauses.
2. The second clause of the draft decision consisting of several clauses.
3. ...

Title

(chief of subdivision)

Surname and initials

(signature)

Annex 2

to the Regulations on the
Indexes and Indicators
Committee

(This annex is included by decision of the Management Board of the Exchange dated 22 June 2023)

REPORT

**on revision of methodologies for calculation of indicators of the stock and money
markets to examination by the Indexes and Indicators Committee**

N	Date	Name of methodology	Monitoring results	Changes of/ additions to the methodology (if necessary)
1.				
2.				
3.				
4.				
5.				

Title

(chief of subdivision)

(signature)

Surname and initials