

KAZAKHSTAN STOCK EXCHANGE

Approved

by Kazakhstan Stock Exchange
Board of Directors decision

(meeting minutes No. 10 of April 25, 2013)

Effective from

July 1, 2013

NOTICE

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

RULES

of Professional Ethics and Business Behavior

Almaty

2013

These Rules define rules of the professional ethics and business behavior that guide members of Kazakhstan Stock Exchange (hereinafter – the Exchange) and other securities¹ market entities when implementing activities on the organized securities² market of the Republic of Kazakhstan.

Article 1. General Provisions

1. The concepts used in these Rules are identical to concepts defined by other Exchange internal documents and the legislation of the Republic of Kazakhstan.
2. The norms of these Rules are mandatory for observance (when applicable) by the following organized securities market entities:
 - 1) organizations, which do not have licenses for activities on the securities market of the Republic of Kazakhstan liable to licensing in compliance with the legislation of the Republic of Kazakhstan but who Exchange remote members;
 - 2) investors, using KASE members services, including Exchange clients, which use the DMA³ system when making deal in the Exchange trading system;
 - 3) listed companies or issuers, using KASE members services;
 - 4) users of the confirmation system;
 - 5) the Exchange.
3. The norms of these Rules that relate to activities of the Exchange members and other entities of the organized securities market, specified in item 2 of this article and which are the legal entities are mandatory for observance (when applicable) for chief executives and other employees of the Exchange and other entities of the organized securities market.
4. The Exchange member uses available methods, means and in compliance with its authorities facilitates development and dissemination of norms of these Rules is aimed at broad familiarization with them of the Exchange members clients and other interested parties.
5. If Exchange member was the subject for criticism on behalf of another Exchange member, its client or another Exchange member client, other person for violation of norms of these Rules, then such Exchange member has the right of defense of its interests and reputation as well as through implementation of unbiased public or confidential investigation of incriminated to this Exchange member violations.
6. Each entity of the organized securities market, which observed set by these Rules norms and principles, has the right to expect and require observance of these norms and principles by other participants of the organized securities market.

Article 2. Rules of the Organized Securities Market Entities Behavior

1. The relations between the organized securities market entities and their activities at this market are regulated by the legislation of the Republic of Kazakhstan, these Rules and other Exchange internal documents, agreements and customs of trade.

In cases when the relations between the organized securities market entities and their activities at this market are not directly regulated by the legislation of the

¹ In compliance with item 1 of article 5 of the Law of the Republic of Kazakhstan "On Securities Market" entities of the securities market are individual investors, issuers, professional participants of the securities market, trades organizers and self-regulated organizations.

² In compliance with sub-item 89) of article 1 of the Law of the Republic of Kazakhstan "On Securities Market" the organized securities market – the area of circulation of serial securities and other financial instruments, deals in which are made according to the trades organizer internal documents.

³ DMA – Direct Market Access.

Republic of Kazakhstan, Exchange internal documents, agreements and no applicable to such relations or activities customs of trade, shall be applied the norms of the legislation of the Republic of Kazakhstan regulating similar relations or types of activities, and in case of absence of such norms the relations and activities are regulated based on the general fundamentals, sense and principles of the legislation of the Republic of Kazakhstan on the securities market and principles, specified in item 2 of this article.

2. The organized securities market entities must implement their activities based on the principles of:
 - 1) professionalism;
 - 2) fair competition and cooperation without infringement of interests of other organized securities market entities;
 - 3) fair and equal trade, honesty in relations;
 - 4) protection of rights and safety of investors property with observance of its clients interests priority;
 - 5) independence;
 - 6) information openness.
3. The Exchange member or association (group) of Exchange members it is prohibited to:
 - 1) implement any actions which entail violations (or will become the reason of violations) by the Exchange member, other entity of the organized securities market of norms of the legislation of the Republic of Kazakhstan, Exchange internal documents or force anyone to undertake such actions;
 - 2) undertake any actions which affect the organized securities market, general terms of services provision at the market, fairness and integrity (normal mode) of Exchange executed trades;
 - 3) have direct or indirect influence in any form on other organized securities market entities in order to change their behavior at this market or force them to reject investment or trade plans;
 - 4) allow interference of third parties into the activities of this Exchange member or association (group) of Exchange members that can cause damage to this Exchange member or association (group) of Exchange members or a third party;
 - 5) unreasonably criticize or publicly discuss activities of other organized securities market entity that can malign its business reputation.
4. Agreements arranged in any form (concerted actions) of the Exchange members between themselves shall be recognized unethical, if such agreements (concerted actions) of the Exchange members between themselves cause:
 - 1) restriction of competition on the organized securities market as it is defined by the legislation of the Republic of Kazakhstan, including but not limited, by the legislation on the competition protection and restriction of the monopoly (antimonopoly law);
 - 2) split of the organized securities market territorially on types of provided services or services consumers on the organized securities market;
 - 3) setting unreasonable requirements or unacceptable criteria, conditions (membership, servicing), impeding entry to the trading, clearing and other systems and organizations, without participation in which the competing between themselves Exchange members will not be able to provide to its clients necessary services on the organized securities market;
 - 4) sending complaints, including the collective ones, to the authorized body, sending of claims to another government bodies in relation to a separate

Exchange member with the request to impose on this Exchange member sanctions without preliminary notice or discussion of such complaint (claim) subject with this Exchange member.

5. in case of conflict of interests or circumstances, which infringe the Exchange member or its client independence, its client interests or may otherwise influence on relations of this Exchange member with its client, then the client must be made aware on such conflict or these circumstances as well as on such circumstances beyond professional activities of this Exchange member, as:
 - 1) financial participation of this Exchange member in the mentioned client capital;
 - 2) direct or indirect participation of this Exchange member in the mentioned client activities and/or projects;
 - 3) financial and/or other property dependence of the Exchange member and the mentioned client from each other;
 - 4) participation of the Exchange member chief executives and the mentioned client in the bodies from each other.

Article 3. Rules of Information Dissemination and Requirements for Advertisement Content

1. When the Exchange member disseminates any information this Exchange member must observe norms of the legislation regulating the content of such information, the order of its disclosure and dissemination on the territory of the Republic of Kazakhstan, relations that occur during production, dissemination, publication and use of the advertisement.
2. The Exchange member is prohibited to:
 - 1) publicly disseminate ungrounded information that discredits business reputation of other organized securities market entities, address anyone with ungrounded written or verbal applications, complaints in relation to someone or undertake other actions, which may have negative consequences for other organized securities market entities;
 - 2) use an advertisement for unfair competition specifying actual or imaginary disadvantages of any organized securities market entities;
 - 3) permit plagiarism in their activities, copy and use in the same for as an original official material, developed by another party and/or part of this material without reference on an author, publisher or source of this material (including the specifics set by item 3 of this article);
 - 4) publish or somehow disseminate advertising (marketing) information aimed at the business development, is the Exchange member knows that such information contains inaccurate actual data or if such information does not indicate concrete data or assessment, absence of which may cause incorrect interpretation of advertising (marketing) information.
3. Disseminated by the Exchange member information when used in it unoriginal, procured in third parties information must contain accurate references to this information sources.
4. The Exchange member does not have the right to disseminate, provide to the Exchange or other organized securities market entity information or advertisement, which contains:
 - 1) unreliable information (misrepresented or deliberately false information) to influence on the situation of the organized securities market or Exchange executed trades;
 - 2) guarantees of future profitability of investments to any financial instruments, including those based on the information on real yield of such investments in the past;

- 3) guarantees of safety of investments to any financial instruments and stability of income and losses related to such investments;
 - 4) comparative data which are based on deliberately biased choice of a primary data, used for analysis, including analytical comparison of data that relate to other Exchange members, on different types, period and criteria of their activities assessment;
 - 5) direct or indirect instructions aimed at ungrounded expectations in clients on results of proposed professional services;
 - 6) informed in order to mislead or press upon the clients or other third parties;
 - 7) exaggerated or unconfirmed statements on skills (experience, results) of work of this Exchange member and/or qualification of its employee and its relations with government bodies, organizations, other parties.
5. for purposes of ensuring norms of these Rules, each Exchange member is recommended to develop and approve procedures of the internal control of publications, dissemination, provision of the information and advertisement and assign a person, responsible for check-up of outgoing from this Exchange member information and advertisement before their publication, dissemination and provision.

Article 4. Prohibition of illegal use of insider and other confidential information

1. The Exchange member is prohibited to:
 - 1) use insider information when making deals in financial instruments (before such information becomes public);
 - 2) provide to the third parties recommendations to make deals in financial instruments, based on an insider information (before such information becomes public);
 - 3) transfer to the third parties or make accessible for the third parties an insider information (before such information becomes public), excluding cases, stipulated by the legislation of the Republic of Kazakhstan.
2. The Exchange member does not have the right to use, disclose or transfer to the third parties confidential information or law protected secret, excluding cases, stipulated by the legislation of the Republic of Kazakhstan, and other information that in compliance with the Exchange internal documents is considered confidential or announced confidential when provided to the Exchange member (hereinafter – the confidential information).

Article 5. Rules of Deals Conclusion on Organized Securities Market

1. The Exchange members must observe the norms of these Rules when making deals or implementing other activities on the organized securities market.
2. The violation of obligations set forth by item 1 of this article are considered the following actions and/or conditions:
 - 1) deviation from conclusion of deal in financial instruments at announced in the Exchange trading system price;
 - 2) inability to execute concluded deals in financial instruments or make settlements based on the terms and order defined by the Exchange internal documents;
 - 3) abandonment of conflicts resolution, non-act for timely detection of violations and regulation of disputes or contradictions or ungrounded delay of reclamations;
 - 4) misinterpretation of the reporting data or provision of deliberately incorrect data in order to affect the market;

- 5) violation of set by the Exchange internal documents terms and order of submission of reports and other information;
 - 6) non-observance of the principle of sharing money and other financial instruments that belong to clients and the Exchange member;
 - 7) unauthorized or illegal use of financial instruments that belong to a client;
 - 8) execution of a deal at the expense of a client without his permission and/or by way inconsistent with the terms of an agreement with client.
2. Any deals of the Exchange member in financial instruments included to the Exchange list are subject for conclusion in the Exchange trading system, excluding cases set by the legislation of the Republic of Kazakhstan.
 3. The Exchange member must:
 - 1) submit orders to the Exchange trading system in compliance with the client order terms (an investment decision on the Exchange member own portfolio), without ungrounded change of this order subject (an investment decision), prices and/or number of this subject, and this order period of validity (an investment decision), unless otherwise specified by an agreement with this client or decision of the Exchange member authorized body;
 - 2) conclude deals based on parameters of submitted order if this order price crossed or coincided with counter orders prices (including orders submitted by this Exchange member), including transfer of trades in to the standby mode, during execution of auctions of opening or closing, excluding cases stipulated by the Exchange internal documents;
 - 3) timely, completely and in optimal way execute a deal made in the Exchange trading system;
 - 4) in case of occurrence of circumstances that led, will lead or may lead to violation of the Exchange internal documents norms, violation of normal process of Exchange executed trades or failure of Exchange trading system operation, notify the Exchange during the current trading day on all such circumstances in details.
 4. The Exchange member is prohibited to submit an order to the Exchange trading system or announce in the trading system a quotation for purposes of testing of any system or program and technical mean.

Any actions related to testing of any system or program and technical mean in the trading system, training of anyone how to operate the trading system, practical demonstration of the trading system resources, can be implemented only in the pilot or training trading system and its analogues.

Article 6. Prohibition to Conclude Manipulation or False Deals in Financial Instruments

1. The Exchange member is prohibited to make deals for purposes of manipulation on the organized securities market and false deals.
2. The terms and order of recognition of deals in financial instruments, concluded on the organized securities market, as made for purposes of manipulation are set by the legislation of the Republic of Kazakhstan and the Exchange internal documents.
3. Recognition of deals in financial instruments as false deals is defined by the purpose it was made, in particular, a deal is considered false as follows:
 - 1) a deal does not have any economic sense or create false impression on financial instruments liquidity increase;
 - 2) an unnecessary deal, made to receive or facilitating receipt by KASE member of unfairly overstated income or imposing on KASE member (its client) unfairly overstated costs on commission fees;

- 3) a deal, made to simulate an active trade or to receive (facilitating receipt by KASE member or its client) the status of trades active participant or qualified investor.

Article 7. Ethical Rules of Interaction with Clients

1. The Exchange member when interacting with its client must:
 - 1) provide to a client (a potential client) for familiarization the information on possible risks related to conclusion of deals in financial instruments and/or capital attraction on the organized securities market, and provide to a client the information on commission fees and other tariffs charged by other entities of the organized securities market, services of which are used at provision by the Exchange member of services to its clients (including fees and other Exchange tariffs, clearing organization, central depository);
 - 2) act strictly within authorities and terms, set forth by client signed agreement (a client order), and undertake all possible measures to execute its obligations under this agreement (order);
 - 3) undertake all possible measures to receive from a client all necessary for the Exchange member information that relates to legal, tax, licensing, other important status of a client, his investment goals, and other issues, which may be necessary for execution by the Exchange member of obligations in compliance with concluded with a client agreement (order) or the legislation of the Republic of Kazakhstan, including resistance to legalization (laundering) of illegally received profit and funding of terrorism, on taxes, currency regulation and money transfer;
 - 4) undertake all possible measures to protect rights and safety of a client assets, measures to prevent actions infringing this client and measures to prevent or minimize possible losses of a client;
 - 5) at acceptance of a client order check requisites and content of this order and if this order contradicts the legislation of the Republic of Kazakhstan refuse to execute this order;
 - 6) execute client orders as they received, at this investment decisions on own investment portfolio of the Exchange member must be implemented last of all;
 - 7) bring to a client notice all known by the Exchange member information related to execution of client orders and undertake all necessary measures for an adequate assessment by a client of risks;
 - 8) provide to a client (including a potential client) only reliable information on the status of organized securities market, prices and quotations, issuers condition, possible risks on the organized securities market and other information;
 - 9) disclose to a client the information on own legal status, observance of set prudential norms and other indicators or criteria of financial sustainability, on fulfillment of requirements for the risk management system functioning, and compliance of own activities with other legislation requirements;
 - 10) avoid conflicts of interests and in case of the conflict undertake all necessary actions for its resolution, ensuring a client interests and provision of the information to a client on the nature and volume of own interest, and do not allow satisfaction of own interests at the expense of infringement of rights and legal interests of a client;
 - 11) continuously strive for support and improvement of own professional services quality;
 - 12) ensure observance by all own employees of ethical rules when interacting with clients and these Rules norms.

2. In relation to its clients the Exchange member has no right to:
 - 1) admit infringement of rights and legal interests of one client in favor of another;
 - 2) provide to a client any guarantees related to investments into any financial instrument;
 - 3) abuse lack of information, ignorance or lack of experience of a client when making deals in financial instruments or execution of transactions in them;
 - 4) inform a client that made in his interests deals in financial instruments was concluded in the Exchange trading system or through a certain trades method, if the deal is not such;
 - 5) use the DMA system or other trading (information) system applied by a client for conclusion of deals in the Exchange trading system or browse concluded deals, if such system does not reflect in the real-time the precise information on an order status, a concluded deal status, the phase of this deal confirmation and execution, and the reasons of this deal non-execution;
 - 6) undertake any actions discrediting other Exchange member business reputation, which provides services to a client or discrediting a client business reputation, who is also a client of other Exchange member.
3. The Exchange member must notify a client on the change in terms and order of its services payment and the Exchange member must:
 - 1) have an approved by its authorized body document (e.g., the tariff policy), containing detailed description of rules and principles of pricing for its services, the disclosure of the information on prices for its services;
 - 2) change its commission fees and other tariffs, terms and order of payment of its services only after notification of a client on such changes.

Article 8. Ethical Rules for Exchange Member Employees

1. The Exchange member does not have the right to permit its employees to work connected with implementation of professional activities on the organized securities market, which does not have necessary knowledge, being guided by the principle that actions (inactions) and recommendations of the Exchange member employee are considered actions (inactions) and recommendations of the Exchange member itself.
2. The Exchange member chief executives and other employees:
 - 1) in relations with clients and other organized securities market to abstain from any actions, which can be considered or interpreted as misuse of official authorities or another measure, ensuring unfair advantages or benefits for any persons;
 - 2) abstain from donation (acceptance) of gifts, gratuitous services or services at underestimated cost, unofficial services with the purpose to receive (provide) any ungrounded benefits, values, advantages on the organized securities market with violation of norms of these Rules or other Exchange internal documents;
 - 3) ensure protection of the Exchange member, clients and its employees confidential information as well as ensure protection of confidential information on its previous employers, colleagues and clients, and do not use confidential information for personal benefits or in interests of third parties;
 - 4) never enter directly or indirectly into agreement with third parties, if it can infringe interests of the Exchange member, damage the Exchange member business reputation or image;

- 5) make deals in financial instruments exclusively based on market conditions, accessible to any investor or interested person on the open market in strict compliance with norms of these Rules or other Exchange internal documents.

Article 9. Ethical Rules of Financial Advisors and Analysts Activities

1. The Exchange member, which provides consulting services on issues related to activities on the organized securities market and/or issues related to admission of financial instruments to the Exchange list and their presence in it (hereinafter – the financial advisor), must not abuse granted to it rights in order to infringe clients interests.
2. The financial advisor must:
 - 1) ensure protection of the confidential information on its client and this client activities, excluding cases when disclosure of such information is stipulated by the legislation of the Republic of Kazakhstan;
 - 2) have at the disposal and efficiently apply procedures, ensuring differentiation of an access to its client confidential information and activities in possession with various financial advisor internal divisions.
3. The financial advisor, which has the confidential information on its client and this client activities must not use this information to make deals in financial instruments in order to receive personal benefit or benefits of third parties.
4. The financial advisor or analyst, which is the Exchange member employee, when provides to the financial advisor (Exchange member) client recommendations to buy, sell financial instruments, exchange them or undertake other actions in these instruments must have enough basis for confidence that such recommendation is acceptable for this client taking into account its legal, tax, licensing and other statuses, the structure of investment portfolio or provisions of the investment declaration, financial status and needs.
5. Any documents and recommendations of financial advisors and analysts of the Exchange member, provided to clients must have grounded, adequate base and must be confirmed by appropriate data based on results of research and surveys.

Article 10. Responsibility for Non-observance of Rules of Professional Ethics and Business Behavior

1. The Exchange member is responsible for inappropriate observance of norms of these Rules.

At this the Exchange member must undertake all necessary measures and ensure observance of norms of these Rules (when applicable) by each its employee and client.
2. The fact of execution of a deal or undertaking of an action prohibited in compliance with norms of these Rules is set the Exchange authorized body decision or its committee depending on this body (committee) competence or the subject of dispute (proceeding, complaint, claim) in compliance with item 2 article 11 of these Rules.
3. Depending on made by this Exchange member (employee, Exchange member client) violation of norms of these Rules, the Exchange is entitled to make the decision to undertake the following measures in relation of this Exchange member:
 - 1) send to the Exchange member a warning on made by this Exchange member (its employee, client) violation of norms of these Rules, inadmissibility of repeated violation and the need in improvement of internal control of observance of all norms of the legislation of the Republic of Kazakhstan and Exchange internal documents;

- 2) put to the Exchange member a claim to pay a forfeit in compliance with item 6 of this article;
 - 3) remove the Exchange member trader from participation in Exchange executed trades;
 - 4) remove the Exchange member from participation in Exchange executed trades in compliance with item 7 of this article;
 - 5) suspend or terminate membership on the Exchange;
 - 6) submit to the authorized body of an application to impose penalties on the Exchange member or its chief executives;
 - 7) publicly disseminate the information on violation of norms of these Rules made by the Exchange member (its employee, client).
4. Any violation by the Exchange member trader of norms of these Rules is the basis for temporary or permanent removal of this trader from participation in the Exchange executed trades based on the Exchange Management Board decision. At this appeal of such decision does not suspend its effect.
 5. Any violation by the Exchange member trader of norms of these Rules, which entailed significant distortion of market situation or distortion of normal mode of the Exchange executed trades, is the basis for suspension or termination of the Exchange membership provided by this Exchange member trader based the Exchange Management Board decision.
 6. In case of violation by the Exchange member of norms of article 5 and 6 of these Rules, the Exchange Management Board is entitled to made the decision to impose on this Exchange member a forfeit in the size of 50 monthly calculation indices in favor of the Exchange and/or in the size of 100 monthly calculation indices in favor of other Exchange member for a violation that entailed infringement of rights of other Exchange member and/or its client.

The Exchange requirement to pay a forfeit imposed on its member according to the first paragraph of this item must be paid during five working days from the date of receipt by this Exchange member of a corresponding Exchange notice.
 7. in case of systematic (three and more during twelve months) violations by the Exchange member, its employees or clients of norms of these Rules, the Exchange Board of Directors has the right to make the decision to suspend or termination of the Exchange membership of this or termination of this Exchange member.

Article 11. Settlement of Disputes and Controversies

1. All disputes and controversies on any issues related to activities on the organized securities market are subject to resolution by the Exchange member on its behalf or on behalf of its clients and employees through negotiations based on the principles, specified in item 2 of article 2 of these Rules.
2. Consideration of the issue on defining the fact of conclusion of a deal or implementation of an action as prohibited in compliance with norms of these Rules is exercised by the authorized body of the Exchange or its committee in compliance with the Exchange internal documents based on:
 - 1) a letter (application, appeal, claim, complaint), received by the Exchange;
 - 2) a corresponding information of the Exchange division, responsible for monitoring of the Exchange members activities, listed companies or responsible for supervision on the organized securities market;
 - 3) at initiative of any Exchange body (committee, commission).
3. In case of any disputes and controversies between the Exchange members (their employees, clients) such disputes (controversies) are considered by the Exchange Commissions on Resolution of Disputes and Conflicts and/or other

Exchange body in compliance with applicable provisions of article 20 of Kazakhstan Stock Exchange Code of Corporate Governance, approved by the Exchange shareholders special general meeting (minutes # 14 of January 17, 2008), and other Exchange internal document.

4. In case of failure to reach an agreement on a dispute (controversy) or disagreement of parties with the decision of the Exchange Commissions on Resolution of Disputes and Conflicts such dispute (controversy) is subject to resolution judicially in compliance with the legislation of the Republic of Kazakhstan.

President

K. Damitov