

JSC KAZAKHSTAN STOCK EXCHANGE

Approved

by a decision of the Board of Directors
JSC "Kazakhstan Stock Exchange
(Minutes No. 66 of the meeting
of October 29, 2021)

Effective from

From October 29, 2021

PROCEDURE

for resolution of disputes and conflicts arising in the process of transactions with financial instruments

This Procedure has been developed in accordance with the legislation of the Republic of Kazakhstan and internal documents of JSC "Kazakhstan Stock Exchange" (hereinafter - the Exchange) in order to resolve disputes and conflicts arising in connection with non-fulfillment by Exchange members and users of the control and collateral system their obligations in accordance with the Exchange internal documents in the process of executing deals in financial instruments in the trading modes without using the services of a central counterparty, as well as determination of the Dispute and Conflict Resolution Commission (hereinafter - the Commission) competence, principles of its activities, composition and establishment procedure, procedure for consideration and resolution of disputes and conflicts provided for by this Procedure.

Article 1. General provisions

1. For the purposes of this Procedure:
 - 1) Transaction Participant shall mean a Exchange member, user of the control and collateral system;
 - 2) Applicant shall mean the Exchange and/or the transaction participant initiating the dispute and/or conflict consideration by the Commission;
 - 3) Responding party shall mean the Party to the transaction that has not fulfilled / improperly fulfilled its obligations to the applicant.

Applicant and Responding Party throughout this Order may be referred to collectively as "parties" or individually as "party," as the context requires.
2. All other terms and definitions used in this Procedure correspond to the terms and definitions used in the legislation of the Republic of Kazakhstan and internal documents of the Exchange.
3. This Procedure is subject to mandatory compliance by all parties to the transaction.

Article 2. Competence of the Commission and principles of its activity

1. The Commission is a permanent collegial body of the Exchange.
2. The main competence of the Commission is consideration and resolution of disputes and conflicts between participants of a deal or between a participant of a deal and the Exchange, not settled by negotiations/correspondence and arising in connection with non-fulfillment by participants of deals of their obligations in accordance with internal documents of the Exchange in the process of execution by them of deals in financial instruments (hereinafter - disputes/conflicts).
3. The Commission shall resolve disputes/conflicts in accordance with the following principles:
 - 1) Independence and equality of the parties to the dispute/conflict;
 - 2) fairness and impartiality in resolving disputes/conflicts;
 - 3) confidentiality.
4. In resolving disputes/conflicts, the Commission shall be guided by the laws of the Republic of Kazakhstan, internal documents of the Exchange and/or customs of business turnover.

If the relations of the parties to a dispute/conflict are not directly regulated by the norms of legislation of the Republic of Kazakhstan and internal documents of the Exchange and there are no applicable to these relations customs of business turnover, the Commission shall apply the norms of the legislation of the Republic of Kazakhstan governing similar relations, and in the absence of such norms shall

resolve disputes and conflicts on the basis of the general principles, meaning and principles of civil legislation of the Republic of Kazakhstan.

5. Any interference in the activities of the Commission by parties to a transaction interested in the Commission's consideration of a dispute/conflict shall not be permitted.
6. In case of impossibility to regulate the dispute/conflict by negotiations/correspondence and settlement of the dispute/conflict by the Commission in the manner prescribed by this Procedure, the Exchange may disclose to the parties to the dispute/conflict the information (data) about each other in the presence of a written consent of such parties or the consent given in another form stipulated by the legislation of the Republic of Kazakhstan on the securities market for the purpose of disclosure of trade secrets on the securities market.

Article 3. Composition and structure of the Commission

1. Only a natural person can be a member of the Commission.
2. The Commission consists of three members of the Commission and the Secretary of the Commission (hereinafter referred to as the Secretary).
3. The following members of the Commission shall be permanent voting members:
 - 1) Chairman of the Commission (hereinafter - the Chairman) or a person entitled to replace the Chairman in his/her absence (hereinafter - the person replacing the Chairman) elected by the Exchange Board of Directors (hereinafter - the Board of Directors) from independent directors;
 - 2) a member of the Commission from members of the Exchange Board of Directors. This member of the Commission cannot be an employee (representative) of the deal participant and/or its affiliate, acting as a party to the dispute/conflict, and is determined at the discretion of the Chairman or the person replacing the Chairman;
 - 3) a member of the Exchange Management Board, coordinating and/or supervising the activities (supervision) of the structural unit of the Exchange, the main activity of which is organization and holding of trading (hereinafter - the "Curator"), appointed by the Board of Directors.
4. The term of office of the Chairman and the person replacing the Chairman shall be determined by the Board of Directors.

If the powers of an independent director of the Board of Directors who is the Chairman (person replacing the Chairman) are terminated for any reason, the powers of such independent director of the Board of Directors as the Chairman (person replacing the Chairman) shall be terminated simultaneously with his powers as an independent director of the Board of Directors.

5. The Chairman (person replacing the Chairman) shall perform the following functions:
 - 1) setting the date and time of the Commission meeting (hereinafter referred to as the Meeting);
 - 2) conducting the Meeting;
 - 3) organization of the Commission's work;
 - 4) other functions stipulated by this Procedure.
6. The member of the Commission specified in subparagraph 2) of paragraph 3 of this article shall be determined by decision of the Chairman or the person

substituting for the Chairman, based on the subject matter of the dispute and the conflict, on the date of the appointment of the meeting.

In determining this member of the Commission, the Chairperson (person replacing the Chairperson) must be guided by the principles of independence and impartiality, and must and eliminate potential or actual conflicts of interest and interest between the parties to the dispute/conflict and that member of the Commission.

If the powers of a member of the Board of Directors who is a member of the Commission specified in subparagraph 2) of paragraph 3 of this Article are terminated for any reason, the powers of such member of the Board of Directors as a member of the Board of Directors shall be terminated concurrently with his/her powers as a member of the Board of Directors.

7. In the absence of the Curator, his functions shall be performed by a member of the Management Board in accordance with the order of the Chairman of the Management Board on the distribution of duties among the members of the Management Board and the order of their replacement.
8. The Secretary shall be appointed by the Chairman from among the employees of the Exchange at the Meeting with establishment of his term of office. The Secretary shall perform the following functions:
 - 1) making preparations related to the holding the Meetings;
 - 2) ensuring the formation of materials on the subject of the dispute/conflict;
 - 3) preparation of the minutes of the Meeting;
 - 4) other functions stipulated by this Procedure.

The Secretary shall not have the right to vote when the Commission makes decisions on disputes/conflicts.

9. When considering disputes/conflicts, the Commission is entitled to invite employees of structural units of the Exchange to the Meeting - as an initiator of consideration and resolution of the dispute/conflict by the Commission according to clause 3 of article 4 of this Procedure, as well as experts to provide explanations/materials regarding the subject matter of the dispute/conflict.
10. The Commission is entitled to invite a representative of the Central Securities Depository JSC (hereinafter referred to as the Central Securities Depository) to the Meeting, if the provision of explanations, information and/or materials from the Central Securities Depository is required for resolution and taking a decision on the relevant dispute/conflict.

The Central Securities Depository shall independently determine its representative for participation in the Meeting in the order established by the Central Securities Depository and informs the Chairman and the Secretary.

11. If it is necessary for the participation in the Meeting of the persons referred to in paragraphs 9 and 10 of this article, the Secretary shall prepare and send, upon the instructions of the Chairman, a notice of participation in the Meeting (in person or through the online platform for the remote Meeting) or if it is impossible for the specified persons to participate in the Meeting in person or through the online platform, the Secretary shall collect written explanations on the subject matter of the dispute/conflict under consideration.

Article 4. Preparatory procedures

1. Consideration and resolution of a dispute/conflict by the Commission may be initiated by a party to the transaction or the Exchange.

2. If the Commission's consideration of the dispute/conflict is initiated by the transaction participant, such transaction participant must submit a written application to the Exchange location. The application must be signed by an authorized representative of the Applicant.
and must contain the following information:
 - 1) name and location of the Applicant;
 - 2) the subject of the dispute/conflict;
 - 3) reasoning of their position;
 - 4) an indication that the dispute/conflict is being considered by the Commission;
 - 5) other information at the Applicant's discretion.
3. If consideration of a dispute/conflict by the Commission is initiated by the Exchange, the head of the structural unit involved in the in the dispute/conflict, in coordination with the member of the Management Board supervising such division, shall submit to the Secretary a written statement, which shall include the following information:
 - 1) name of the Exchange structural unit;
 - 2) the subject of the dispute/conflict;
 - 3) reasoning of their position;
 - 4) an indication that the dispute/conflict is being considered by the Commission;
 - 5) other information at the discretion of the head of the structural subdivision and/or member of the Management Board supervising such subdivision.
4. The Secretary forwards the application to the Chairman (the person replacing the Chairman) for him to appoint the date and time of the Meeting.
5. The place of the Meeting shall be the location of the Exchange.
6. The date and time of the Meeting shall be appointed by the Chairman (person replacing the Chairman) not later than five working days from the date of receipt of the application, provided that a quorum at the Meeting is possible.
7. The Secretary, after appointment of the date and time of the Meeting by the Chairman (person replacing the Chairman), notifies the Commission members, the Exchange employees and the Central Securities Depository (if they participate in the Meeting according to items 9, 10 and 11 of article 3 of this Procedure) about holding of the Meeting, and also sends the written notifications on appointment of the date and time of the Meeting to the parties of the dispute/conflict. In this case, in addition to the notice provided in this paragraph, a copy of the Applicant's application shall also be sent to the responding party.
8. The Secretary in the process of performance of its functions shall have the right to send to structural units of the Exchange written requests for provision of information necessary for consideration by the Commission and materials (opinions) on the subject of the dispute/conflict and request their submission. In this case, the relevant structural units of the Exchange shall assist the Secretary in the collection and preparation of materials on the subject of the dispute/conflict and provide all necessary information and materials (opinions) in writing signed by the head of the structural unit.
9. The Secretary shall provide the members of the Commission, employees of the Exchange and representative of the Central Securities Depository (in case of their participation at the Meeting according to items 9, 10 and 11 of article 3 of this Procedure) all necessary information and materials (conclusions) on the subject of the dispute/conflict not later than three working days prior to the date of the Meeting.

10. A member of the Commission shall notify the Chairman and the Secretary in advance of his/her inability to attend the Meeting.
11. If a member of the Commission is unable to attend the Meeting, the Secretary shall notify the person entitled to replace such member of the need to attend the Meeting and send him/her all information and materials (opinions) on the subject of the dispute/conflict.
12. When the Commission is considering a dispute/conflict, the appearance of the parties and attendance shall be mandatory.
13. If one of the parties to a dispute/conflict is unable to participate at least three working days prior to the date set for the Meeting, it shall notify the Commission of its inability to attend the Meeting and may petition the Chairperson to reschedule the date and time of the previously scheduled Meeting or to consider the dispute/conflict without her participation.

The notices and petitions stipulated by this paragraph shall be submitted to the Secretary at the location of the Exchange and shall be sent by the Secretary to all members of the Commission.

14. If the Chairman decides to postpone the date and time of an earlier scheduled Meeting, including on the basis of paragraph 6 of this Article, and/or a petition by one of the parties to a dispute/conflict pursuant to paragraph 13 of this Article, the Secretary shall notify all participants in the Meeting and parties to the dispute/conflict in the manner prescribed by paragraph 7 of this Article.
15. If one of the parties to a dispute/conflict fails to appear at the Meeting without notice, the Commission may consider the dispute/conflict and make a decision on it without participation of the non-appearing party at the Meeting or postpone consideration of the dispute/conflict to the next Meeting.
16. In case of unreasonable (without notice) non-appearance of the party/parties two or more times for the same subject matter of the dispute/conflict, the President or the Vice-President shall have the right to intercede:
 - 1) before the Board of Directors on exclusion of the Exchange member who failed to attend the Meeting from the Exchange membership;
 - 2) before the Exchange Management Board on exclusion of the user of the control and collateral system who failed to attend the Meeting from the number of users of the control and collateral system.
17. Before the start of the Meeting, the powers of the representatives of the parties to the dispute/conflict must be confirmed by the relevant documents in accordance with the legislation of the Republic of Kazakhstan.
18. The exchange of documents, including those stipulated in this article (applications, notifications, petitions), between the Exchange and the party/s parties to the dispute/conflict shall be carried out by courier and/or registered letters with notices of delivery or in any other way providing confirmation of delivery and service of the respective item.
19. The term for addressing the Commission shall not exceed 30 calendar days from the date/day of occurrence of the breach by the responsible party of its obligations under the transaction with financial instruments, resulting in to a dispute/conflict.

Article 5. Meeting of the Commission

1. Meetings are held both in person and through the online platform for remote Meetings.

2. The Commission has the right to consider a dispute/conflict and take a decision on it only if there is a quorum, achieved with the participation of all members of the Commission in accordance with paragraph 2 of Article 3 of this Procedure.

Each member of the Commission has one vote. Decisions of the Commission are made by a simple majority vote of the members of the Commission present at the Meeting.

3. No transfer of voting rights by a member of the Commission, including to another member of the Commission, is allowed.
4. В назначенное время проведения Заседания Председатель (лицо, At the appointed time of the Meeting, the Chairman (person replacing the Chairman) shall open the Meeting, announce the composition of the Commission, invited employees of the Exchange and the Central Securities Depository representative (if they participate in the Meeting according to items 9 and 10 of article 3 hereof) and the Secretary, as well as announce the parties and the subject-matter of the dispute/conflict.

The Secretary shall report to the Commission whose representatives of the persons notified on the dispute/conflict are present and/or absent, what information is available on the reasons for non-appearance (in case of non-appearance of a party to the dispute/conflict).

5. The Commission shall hear explanations from the parties to the dispute/conflict on the subject matter of the dispute/conflict. In the course of the Meeting, the Commission shall have the right to question the parties to the dispute/conflict, as well as to request the parties to the dispute/conflict to present additional materials/information necessary for a full and comprehensive review of the dispute/conflict.

The Commission shall hear explanations of the invited employees of the Exchange and representative of the Central Securities Depository (in case of their participation at the Meeting in accordance with paragraphs 9 and 10 of article 3 hereof), who may be asked questions.

6. After reviewing the materials submitted by the parties to the dispute/conflict and ascertaining all the circumstances related to the dispute/conflict, the Commission proceeds to make its own decision without the participation (presence) of the parties to the dispute/conflict.
7. Once the Commission has made a decision, the Chairman (a person replacing the Chairman) shall announce to the parties to the dispute/conflict the results of the review and the Commission's decision on the relevant dispute/conflict and declare the Meeting closed.
8. The Commission's decision on the relevant dispute/conflict shall be drawn up in minutes, which must be compiled and signed by the Chairman (person replacing the Chairman) and the Secretary within five working days from the date of the Meeting and contain the following information:
 - 1) date, time and place of the Meeting;
 - 2) information about the persons who participated in the Meeting;
 - 3) the subject matter of the dispute/conflict;
 - 4) decision and the results of the vote on such a decision;
 - 5) other information as determined by the Commission.
9. If it is impossible to consider a dispute/conflict within one Meeting, the Chairman (person replacing the Chairman) has the right to postpone/assign an additional date of the Meeting, which is announced to all participants of the Meeting and reflected in the minutes.

10. The Secretary shall ensure storage of minutes of the Meetings with subsequent transfer to the Exchange archive in accordance with the normative legal acts of the Republic of Kazakhstan and internal documents of the Exchange governing archiving and storage of documents by the organization.
11. The Secretary shall at the request of any member of the Commission provide him/her with the minutes of the Meeting for familiarization and/or issue to him/her an extract from the minutes of the Meeting certified by the Secretary's signature and the Exchange seal (if any).
12. Extracts from the minutes of the Meetings, signed by the Secretary and the seal of the Exchange (if any) shall be provided to the parties to the dispute/conflict upon their written request.

Article 6. Settlement of a dispute/conflict by means of an amicable agreement

1. At any stage of the dispute/conflict, but before the Commission's decision, the parties to the dispute/conflict may enter into a settlement agreement.
2. The Commission shall take all available opportunities to resolve the dispute/conflict by reaching an amicable agreement.
3. The parties to a dispute/conflict, having reached an amicable agreement, shall be entitled to apply to the Commission for its approval.

An application for approval of an amicable settlement agreement shall be recorded in the minutes of the Meeting, which shall be accompanied by one copy of the amicable settlement agreement signed by the authorized representatives of the parties to the dispute/conflict and certified by the seals of the parties.

4. The Commission shall approve the settlement agreement, if it does not contradict the laws of the Republic of Kazakhstan, internal documents of the Exchange and does not violate the rights and legitimate interests of other persons.

If the parties reach an amicable agreement, the Commission shall terminate consideration of the dispute/conflict.

Article 7. Termination of the dispute/conflict

The Commission shall terminate consideration of a dispute/conflict without making a decision on the merits in cases where:

- 1) the complainant waives his or her claim unless the respondent party objects to the termination of the dispute/conflict because he or she has a legitimate interest in resolving the dispute/conflict on the merits;
- 2) the settlement agreement reached by the parties to the dispute/conflict is approved by the Commission;
- 3) the party/s to the dispute/conflict is/are excluded from the Exchange membership, as well as in case of loss of control system by the user and ensuring of its status;
- 4) there is an enforceable judgment of a court of general jurisdiction or of an arbitration court on a dispute/conflict between the same parties, on the same subject matter, and on the same grounds;
- 5) a dispute/conflict between the same parties, about the same subject matter and on the same grounds has already been considered by the Commission.

Article 8. Enforcement of Commission decisions

1. The Commission's decision is an expert opinion of specialists in the field of the securities market.
2. The decision of the Commission shall be enforceable by the parties to the dispute/conflict.
3. In the event that a party/s to a dispute/conflict does not agree with the decision of the Commission, each of the parties has the right to exercise its right to protect its interests in a general procedure in the courts of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan.
4. The parties to a dispute/conflict shall have the right to use the decision of the Commission as an expert opinion when exercising their rights under paragraph 3 of this Article.

Article 9. Concluding Provisions

1. It is the responsibility of the trading division to make timely changes and/or additions (updates) to this Procedure.
2. This Procedure shall be updated as necessary, but at least once every three years, calculated from the date of enactment of this Procedure.
3. In all matters not regulated by this Procedure, the Exchange shall be governed by the legislation of the Republic of Kazakhstan.

Chairperson of the Board

A. Aldambergen