

# KAZAKHSTAN STOCK EXCHANGE

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## PRESS RELEASE

Almaty

August 20, 2008

### **Rules on Evaluation of Financial Instruments for Accumulative Pension Funds Closer to KASE Criteria**

Resolution No. 98 of the Board of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations (AFS) "On Introduction of Changes in Resolution No. 109 of the Board of the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations of March 26, 2005 "On Approval of Rules on Evaluation of Financial Instruments Placed in Investment Portfolios of Accumulative Pension Funds"" of June 30, 2008 came into force August 19, 2008, in accordance with which the criteria of availability of active share market on shares of Kazakhstan issuers were changed.

Availability of the active market on any shares means that as a part of investment portfolios of accumulative pension funds they are evaluated in accordance with the internal document of Kazakhstan Stock Exchange (KASE) "Methodology of Security Evaluation".

The shares, in regard of which there is no active market, are evaluated by their purchase price.

The below indicated have been criteria of availability of the active market on shares of Kazakhstan issuers earlier:

- "1) the bid and asked spread within the last thirty calendar days of each of the market makers on the evaluated shares is not exceeding thirty percent during the day;
- 2) the volume of the trades in valuated shares, held by open trade method, during the last calendar days equals to at least twenty five million tenge or 0.10 % of issuer own capital depending on which of the two values is the least;
- 3) the volume of mandatory orders of market makers during the day on valuated shares equals to at least KZT3 million for purchase and at least KZT3 million for sale during the last thirty calendar days;
- 4) daily during the last ten days at least one deal in these shares is made at the organized security market by open trade method;
- 5) market maker purchase quotes deviation is not exceeding twenty percent of the price of the last deal executed on the open market".

The KASE internal document approved September 2007 "Stock Market Indicators Calculation Methodology" provides other criteria for determination of liquid shares for purposes of inclusion thereof into the representative list for stock market index calculation (KASE index). These criteria are more demonstrable and closer to reality of the Kazakhstan stock market and applicable to greater number of shares, than the aforesaid criteria of AFS, which afforded grounds to KASE and Association of Financiers of Kazakhstan (AFK) to come forward with the initiative to use KASE criteria for regulatory purposes. AFS consent with the offer of AFK and KASE has been developed to approve Resolution No. 98 of AFS of June 30, 2008.

Currently in accordance with the mentioned resolution the criteria of availability of the active market on shares of Kazakhstan issuers are as follows:

- "1) during the last thirty calendar days market makers on evaluated shares never breached requirements on support of the minimum volume of mandatory quotations and bid and ask spread, and other mandatory requirements set for market makers of the shares by internal documents of the stock exchange;
- 2) the volume of the trades on evaluated shares, executed by open trade method during the last

thirty calendar days equals to at least fifty million tenge or 0.10 % of issuer own capital depending on which of the values is the least;

- 3) *(excluded)*;
- 4) at least ten deals in the shares were executed at the organized security market by open trade method during the last thirty calendar days;
- 5) at least ten members of the stock exchange concluded deals in the shares at the organized security market by open trade method during the last thirty calendar days".

KASE is extending appreciation to AFS and AFK for the support and cooperative actions on improvement of the legislation and expresses a hope for further fruitful cooperation.

**For reference:**

KASE is the only Kazakhstan exchange providing services for the financial market. This is a universal floor where trades in repo market instruments, foreign currencies (US dollar, euro, Russian ruble) government and corporate securities of Kazakhstan and foreign issuers, bonds of international financial organizations are held. In 2007 KASE trade turnover totaled USD322.5 bn., including share market – USD8.9 bn. As of August 1, 2008 KASE capitalization was estimated at USD81.7 bn. for share market and USD12.2 bn. for corporate bond market.