

Approved

by Kazakhstan Stock Exchange
Board of Directors decision

(minutes of February 24, 2011 No. 3)

STRATEGY of Kazakhstan Stock Exchange 2011–2013 Development

This document defines main areas of Kazakhstan Stock Exchange (hereinafter – KASE) development for the mentioned period and sets objectives that KASE intends to meet.

When defining main strategic aims of development in 2011–2013, KASE proceeds from the below points.

- Development of the Kazakhstan stock market is the national objective and requires positions consistency on key issues of development and actions of all authorized government bodies and financial organizations, including KASE.
- KASE is aimed at facilitation of government objectives implementation related to ensuring the financial stability, improvement of the financial sector sustainability, encouragement of investors activities under the post crisis period, increasing confidence of investors and financial services users¹ in the country financial sector.
- KASE shall facilitate successful implementation of the government strategy on ensuring of sustainable and balanced growth of the economy through diversity and improvement of its competitiveness², forming of the favorable investment environment, increase of investments to the economy through the capital market, and successful entry of Kazakhstan "blue chips" to the national stock market.
- KASE acts as an operator of the trading floor of the Regional Financial Center of Almaty (RFCA), which plans to enter ten leading international regional financial centers in the Asian Region by 2020³.
- KASE plans to facilitate growth of the investors' base, improvement of the investment culture and population financial literacy, raising savings to the country stock market⁴.
- KASE strives for increasing its status and grow out of the national trades' organizer to the international regional level exchange and join the list of Asian Region leading exchanges by 2020.
- KASE is historically the single and universal financial exchange in the country that belongs to important infrastructural institutions of the country financial market and strives for organizing of trades in all possible standard financial instruments.
- KASE is the principal shareholder of the Central Securities Depository and intends to retain this status to create efficient and integrated settlements system on the financial market of Kazakhstan.
- KASE is a commercial organization with the objective to maximize profit retaining the financial stability and business continuity.
- KASE intends to join efforts with government institutions, private organizations and non-government organizations, whose activities are aimed at the Kazakhstan stock market development, for efficient and coordinated development of the financial sector.

¹ The Concept of Development of the Financial Sector of the Republic of Kazakhstan in the post crisis period, approved by Edict of the President of the Republic of Kazakhstan of February 1, 2010 No. 923; the Concept of Development of the Financial Sector of the Republic of Kazakhstan for 2007–2011, approved by Resolution of the Government of the Republic of Kazakhstan of December 25, 2006 No. 1284.

² The Government Program on Boosted Industrial and Innovative Development of the Republic of Kazakhstan for 2010–2014, approved by Edict of the President of the Republic of Kazakhstan of March 19, 2010 No. 958.

³ The Plan of development of the Regional Financial Center of Almaty till 2015, approved by Resolution of the Government of the Republic of Kazakhstan of January 30, 2009 No. 90.

⁴ The Program of Improvement of Investment Culture and Financial Literacy of Populations of the Republic of Kazakhstan for 2007–2011, approved by Resolution of the Government of the Republic of Kazakhstan of June 27, 2007 No. 536.

VISION

KASE, being one of the key elements of the Kazakhstan financial market infrastructure, aspires to meet needs of the national capital market participants, facilitate the financial system sustainable development and actively participate in the related state strategic objectives implementation.

MISSION

KASE must become an attractive trading floor for both domestic and foreign investors and issuers, the securities market professional participants, continuously extending the range of provided services and ensuring their compliance with the international standards.

GOAL

By 2014, KASE must turn into the modern national financial instruments market infrastructural institution satisfying international standards of trades organization, as well as competitive and attractive for domestic and foreign investors, issuers, the securities market professional participants, the efficient trading floor to fund the national economy.

MAIN DEVELOPMENT STRATEGIC AREAS

- I. Increase of the exchange market capitalization and the liquidity level of circulating on the KASE securities, extension of KASE provided range of services and traded financial instruments.
- II. Implementation of international standards on all KASE areas of activities in order to enhance its brand, increase of its shares cost and obtain worldwide KASE recognition.

OBJECTIVES

With the purpose of implementation of mentioned strategic areas of its development KASE set the below listed main objectives.

Listed Companies List Extension

- Promotion of consistent joint activities of KASE and National Wealth Fund Samruk-Kazyna on entry to IPO in Kazakhstan of National Wealth Fund Samruk-Kazyna Group of Companies.
- Active involvement to the process of creation of favorable conditions for foreign issuer securities entry on KASE.
- Motivation of offering on KASE of securities of companies with main assets located in Kazakhstan.
- Strengthening of the marketing activities aimed at attraction of new listed companies based on the best international practices.
- Enhancing KASE's relations with listed companies through the feedback improvement.
- Improvement of procedures related to organization and execution of exchange auctions and underwriting at the securities initial offering.
- Arrangement of conditions for the national debt securities market extension through admission of infrastructural bonds to the KASE listing and their offering on the organized stock market.
- Arrangement of conditions for the increase of listed bonds portion, offered through the KASE's trading system.

Attracting More Investors

- Uniting efforts of KASE and RFCA in terms of attraction of new retail investors and support of established investors' activities.
- Increasing KASE's role in the process of training of retail and institutional investors.
- Active use in KASE activities of a customer-specific approach towards its members.
- Uniting efforts of KASE, RFCA and Sovereign Wealth Fund Samruk-Kazyna aimed at creation of favorable conditions for entrance of foreign investors onto KASE' trading floor.
- Promotion of the national stock market via indices composed by foreign information providers.

- Improvement of KASE's tariff policy with the purpose of creating favorable conditions for investors and trading participants.
- Intensification of KASE's efforts aimed at preparing and additional training of highly qualified professionals for Kazakhstan's stock market.

Extending the List of Instruments Traded and Increasing their Liquidity

- Further improvement of the institute of exchange market-makers.
- Development of the exchange market of derivative financial instruments.
- Increasing the turnover rate (liquidity) of securities traded on KASE (shares and derivative financial instruments being priority).
- Ensuring further development of the exchange market of foreign currencies.
- Creation of conditions for circulation on KASE of Exchange-Traded Funds.
- Encouragement of attraction of foreign non-government securities onto the organized stock market in Kazakhstan.

Increasing Transparency of Stock Market

- Introduction on KASE of international standards of disclosure by securities issuers in terms of enhanced requirements for completeness and quality of information supplied.
- Implementation of the electronic document flow involving listed companies and/or securities admittance initiators.
- Extending the list of issuers disclosing information in English.
- Creation on KASE website of archives for storage of securities issuers' documents and providing access to those archives.
- Introduction of requirements for disclosure of information about affiliated persons and insiders.
- Increasing the quality and reliability of the commercial way of distribution of market data on trading in real-time mode, increasing the volume of market data being sold.
- Improving the quality of calculated data provided by KASE to investors and professional participants of the stock market (market evaluation, indicators, liquidity grades).
- Supply of market data in Kazakh.

Enhanced Protection of Investors

- Organization of activities involving regular evaluation of risks and monitoring of KASE members' financial position to ensure control and limitation of risks carried by counteragents.
- Increasing the responsibility of financial advisors (KASE members) during admittance of securities to KASE official list.
- Enhancement of the role of bondholders' representatives.
- Improvement of the system of admittance to the list of auditing institutions recognized by KASE and auditing quality monitoring.

Technological Advance

- Introduction on the organized stock market of an efficient clearing system and modern settlement system in accordance with international standards.
- Modernization of KASE's software and hardware, including the trading system and post-trade infrastructure, with the contemporary productivity grade, reliability, functionality, interface, scaling and matching ensured.
- Ensuring the sustainability of KASE operation and a reliable data protection system.

International Cooperation

- Expanding co-operation and setting up long-term partnership relations with international financial institutions and foreign exchanges.
- Obtaining fully-fledged membership in the World Federation of Exchanges (WFE).
- Distribution of market data in accord with standards recommended by the Financial Information Services Division (FISD).

Improvement of Corporate Structure and Governance

- Composing an optimal structure of KASE group compatible with the main directions of development and strategic tasks of KASE.
- Ensuring the financial stability, sustainable growth of KASE, enhancing its competitiveness.
- Further introduction of international standards of corporate governance in KASE group's activities.
- Improvement of KASE's system for arranging of business processes, introduction of a system for mid-term business-planning of KASE activities.
- Improvement of KASE's image on national and international arenas.
- Further development of HR-related policies and techniques, introduction of an adequate work evaluation system closely related with the implementation of strategic tasks, achievement of efficient performance ratios and sustainability of KASE operation.
- Improvement of the information, investment, accounting and dividend policies of KASE.