



Қазақстан Қор Биржасы  
Казахстанская Фондовая Биржа  
Kazakhstan Stock Exchange

# HOW TO TRADE ON KASE

---



# TABLE OF CONTENTS

What is an exchange?.....	2
How to gain access to the stock market?.....	3
What expenses does an investor incur when buying and selling securities?.....	4
Where to start investing?.....	5
What securities are available for trading on KASE?.....	6
What affects the price of securities?.....	7
What are the risks of investing?.....	8
What information does the issuer disclose?.....	8
KASE website.....	8
Glossary.....	13
Contacts.....	20

## WHAT IS THE EXCHANGE

AN EXCHANGE IS A TRADING PLATFORM WHERE TRANSACTIONS ARE CONCLUDED BETWEEN BUYERS AND SELLERS OF VARIOUS FINANCIAL INSTRUMENTS.

AN EXCHANGE WHERE SECURITIES ARE TRADED IS CALLED A STOCK EXCHANGE.

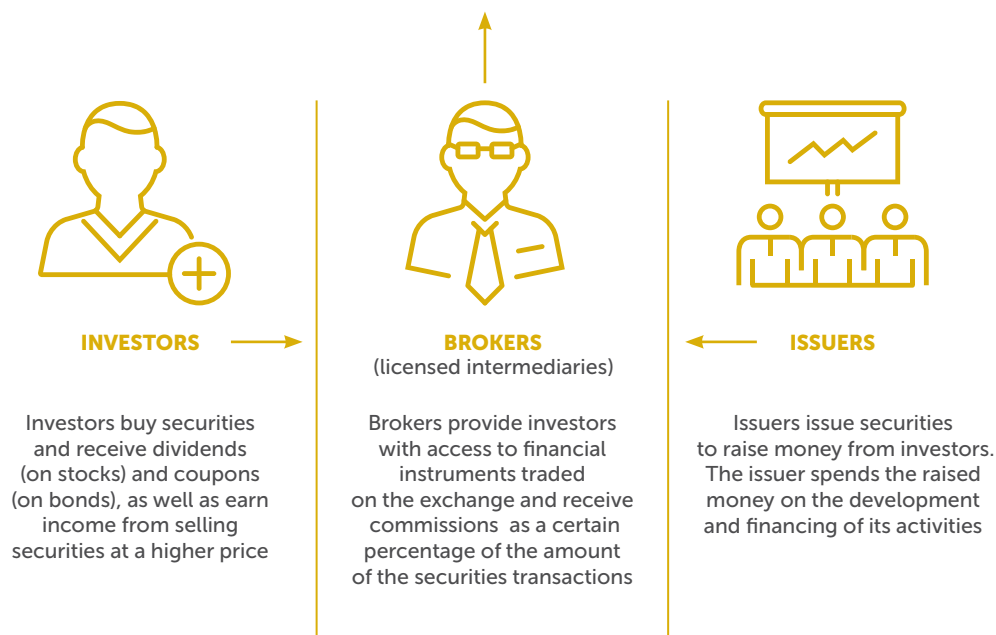
On November 17, 1993, to establish and develop the national currency market, Kazakhstan Interbank Currency Exchange was set up, which a few years later was renamed into Kazakhstan Stock Exchange JSC – KASE.

KASE is an electronic trading platform where brokers – trading participants – submit orders for the purchase and sale of securities (see Fig. 1.).

KASE, being the operator of trades in securities, forms a list of traded securities, establishes rules for trading participants and ensures the execution of deals.



The Exchange earns income in the form of membership fees from brokers, fees from issuers, as well as commissions on deals



## HOW TO GET ACCESS TO THE STOCK MARKET

In Kazakhstan, retail investors can trade on the stock exchange only through brokers.

Brokers are professional participants of the securities market, acting on behalf of and in the interests of their clients when conducting transactions on the stock exchange.

### THE RANGE OF SERVICES PROVIDED BY BROKERS TO INVESTORS:

- ▶ providing access to KASE;
- ▶ conclusion of transactions (purchase/sale of securities) on behalf of clients;
- ▶ search for buyers or sellers on individual instruments;
- ▶ carrying out certain types of banking operations, including exchange operations with cashless foreign currency;
- ▶ maintenance of customer accounts;
- ▶ information support – providing analytical information and investment recommendations;
- ▶ asset trust management.

### WHAT SHOULD YOU PAY ATTENTION TO WHEN CHOOSING A BROKER?

#### Availability of a license:

the broker must have a license to carry out activities in the securities market (SM), issued by the authorized body for the regulation, control and surveillance of the financial market and financial organizations

#### Cost of services (broker's commission):

brokerage companies publish a list of commissions and tariffs on their websites

#### Range of services:

analytics, consulting, online trading

#### Activity in the securities market

KASE assigns various nominations to brokers depending on the degree of their activity in the market, information about which can be found at:

[https://kase.kz/en/members\\_diplomas/](https://kase.kz/en/members_diplomas/)

ATTENTION! In order to avoid fraud by false brokers, we recommend double-checking the information about the broker and whether he has a license on the regulator's website <https://www.gov.kz/memleket/entities/ardfm/financial-organizations/48?lang=ru>



Dial the numbers indicated on the official websites of brokers, do not follow incomprehensible links and do not rush to install mobile applications from advertisements without checking

## INTERACTION OF THE BROKER AND ITS CLIENTS

The interaction of a client with a broker when performing any operations can occur in two ways:

**on paper** – the client provides signed client orders or other instructions;

**electronically** – (trading platforms, mobile applications) using an electronic digital signature (EDS) or biometric identification. Brokers provide their clients with various electronic trading platforms.

Unlike the first variant, filing electronically does not require the delivery of the paper version of customer orders and other instructions.

## MARKET-MAKER

A market-maker is a brokerage company that assumes the risk of acquiring and holding securities of a particular issuer in its accounts in a certain amount in order to maintain the liquidity of exchange trading.

The market-maker maintains liquidity on securities of issuers that are assigned to it by simultaneously placing orders for purchase and sale on the exchange in a specified volume with a certain spread (difference in the prices of orders for purchase and sale).

The volume and spread, as well as the time of fulfillment by the market-maker of its obligations, are determined by internal documents of KASE.

## WHAT EXPENSES DOES THE INVESTOR INCUR WHEN PURCHASING AND SELLING SECURITIES?

When making transactions on the stock exchange, the investor pays his broker a fee, which may include commissions from other organizations involved in the process of provision by the broker of its services to the client.

In general, payments to a broker may consist of the following components:

**The broker's commission for the purchase/sale of securities** – remuneration paid to the broker for the execution of a transaction. It can be either a fixed amount per transaction or for a period of time (usually a month), or a percentage of the transaction amount;

**exchange fee** – a commission fee of the exchange for registration and clearing services in relation to transactions with financial instruments;

**commission of the Central Securities Depository** – the remuneration of the depository for the accounting and storage of securities, as well as for the settlement of the client's securities obligations.



## TAXES ON INCOME ON SECURITIES

Income in the form of interest, as well as gain in the value when sold by the method of open trades, on securities included in KASE official list and on KASE trading floor, are exempt from taxation

**Dividend income is exempt from tax if it meets the following criteria:**<sup>1</sup>

- ▶ the volume of executed transactions with securities is at least 25 million tenge per month
- ▶ the number of executed transactions with securities is at least 50 transactions per month

You can check the compliance with these criteria at: <https://kase.kz/en/shares/>

### Important information:

Regardless of the availability of tax incentives, tax laws require individuals to file a tax return.

For questions on calculating the amount of income and filling out tax returns, we recommend contacting tax consultants

<sup>1</sup>Sub-item 4) of item 2 of Article 241 of the Tax Code of the Republic of Kazakhstan (in relation to legal entities), sub-item 7) of item 1 of Article 341 of the Tax Code of the Republic of Kazakhstan (in relation to individuals)

## WHERE TO START INVESTING?

1. It is preferable to start your investment path with training provided by KASE and brokerage companies.
2. Select a brokerage company from among the members of KASE and conclude a brokerage services contract with it. The list of brokerage companies can be viewed on the Exchange's website in the Members of the Exchange /Lists of Members section: <https://kase.kz/en/membership/>
3. Open an account with a brokerage company to keep track of securities and money.
4. Study financial instruments available for trading on KASE.
5. Submit an order to the broker to purchase securities.
6. Conduct periodic monitoring of the yield of purchased securities.
7. Regularly get acquainted with the news of the market and issuers whose securities may potentially be of interest to investors.

## WHAT SECURITIES ARE AVAILABLE FOR TRADING ON KASE?

### AT KASE, RETAIL INVESTORS HAVE ACCESS TO SHARES, BONDS, EUROBONDS, UNITS OF UNIT INVESTMENT TRUSTS AND ETFs, FUTURES.

**A share** is an equity security that gives the right to receive part of the company's profits in the form of dividends and the right to vote at the General Meeting of Shareholders. By purchasing one share, the investor becomes a co-owner of the company.

KASE publishes lists of liquid shares (which can be easily and quickly sold) on a monthly basis. The most liquid shares on KASE are securities of companies included in KASE Index

[https://kase.kz/en/stock\\_market/index\\_kase/](https://kase.kz/en/stock_market/index_kase/).



**A bond** is a debt security, the owner of which has the right to receive its face value upon redemption and coupon interest for the holding period, if the coupon is stipulated by the terms of the bond issue. In fact, by buying bonds, the investor lends money to the issuer at a certain interest. Depending on the type of issuer, bonds are divided into government and corporate ones.

**A Eurobond** is a bond, usually denominated in a foreign currency, and issued in accordance with foreign laws. A very convenient financial instrument for those who prefer to keep their savings in foreign currency. The yield on dollar Eurobonds of Kazakh banks is usually higher than on dollar deposits offered by the same banks. қарағанда жоғары болады.

**A unit of a unit investment trust or ETF** is a security confirming the owner's right to a share in the property of a unit investment trust/ETF and other rights provided for by law.

**A futures** is an exchange contract that allows you to buy or sell an underlying asset in the future at a fixed price. When concluding a futures contract, the buyer has an obligation to buy the underlying asset in the future in a certain amount at a specified price, and the seller has an obligation to sell the underlying asset at similar parameters. All terms of a futures contract, such as volumes, transaction type and execution date, are recorded in a special exchange document called the futures specification.

There are futures contracts on KASE with underlying assets being shares of various companies, the US dollar, as well as KASE Index. All futures on KASE are settlement ones, that is, they do not imply the actual delivery of the underlying asset. After the expiration of the futures contract, only the money is recalculated depending on the current value of the underlying asset.

## WHAT AFFECTS THE VALUE OF SECURITIES?

The peculiarity of the stock market is that any events, both global and local, can affect the value of securities. That is why it is important to follow the news and all the events that take place in the financial market, as well as correctly interpret these news and be able to turn them into profit.

### The following factors and news can affect the dynamics of securities trading:

- ▶ general macroeconomic and political situation
- ▶ payment of dividends by the company
- ▶ changes in expectations and forecasts for the company
- ▶ a significant discrepancy between the actual and expected profit of the company
- ▶ inclusion/exclusion of company shares in the stock index
- ▶ creation of new products, the sale of which can bring profit to the company
- ▶ change in recommendations from leading security analysts
- ▶ upgrading/downgrading of the company's rating by international rating agencies
- ▶ the emergence of a large investor in the company, mergers and acquisitions of the company
- ▶ buyback by the company of its securities
- ▶ rise in prices of raw materials (for raw materials companies)
- ▶ improving production performance

It is fair to say that the market will not always move in the direction you planned after the publication of a certain news. Sometimes it happens that positive news comes out, and the stock price continues the downtrend that was before the news was published. This means that there are more important events in the market and the news you tried to trade on failed to change the market sentiment. In some cases, there may be no reaction to the news. Perhaps this is due to the fact that the market has already taken into account the data expected for publication in advance, and they are already reflected in the current stock quotes.



## WHAT ARE THE RISKS OF INVESTING?

Any investment carries certain risks. In the stock market, the main types of risks are the risk of depreciation of a security, the risk of default and currency risk.

Often, shares are purchased in expectation of a gain in their value and are considered high-risk investments. Shares are most exposed to the risk of losing value. Therefore, it is necessary to diversify the portfolio of securities by distributing funds between the shares of various companies that are not related to each other and operate in different sectors of the economy.

Bonds are primarily purchased for a predictable, moderate yield and are considered low or medium risk investments. There is a risk that the bonds may default. Quasi-state companies and large companies with a high credit rating have a lower default risk.

The majority of securities on KASE are denominated in national currency and therefore they are exposed to currency risk – the risk of losses due to depreciation of the tenge. If an investor expects a depreciation of the tenge, then he can invest in Eurobonds, as well as in shares of companies exporting their products.

For exporting companies, if the tenge depreciates, their financial position may improve, since their incomes are denominated in foreign currency, and expenses – in tenge.

## WHAT INFORMATION DOES THE ISSUER DISCLOSE?

In order to protect the rights of investors, as well as ensure the transparency of the company's activities, the issuer is obliged to publish its audited annual and quarterly financial statements on the websites of the Financial Statements Depository (FSD) and KASE, and must also disclose any information that can affect the course of exchange trading in the issuer's securities.

The auditing company is liable before the law for the compliance of the financial statements with the real state of affairs in the company audited by it.

## WEBSITE OF KASE

The website [www.kase.kz](http://www.kase.kz) is the main information resource about the stock market of Kazakhstan and allows its users to monitor the course of trading (with a 15-minute delay – free of charge, in real time – for a fee), receive detailed information about securities and their issuers (including the prospectus, investment memorandums, financial statements of companies) to be aware of the main events taking place in the stock market of Kazakhstan.

For the convenience of the user, a presentation is posted on the website of the Exchange [https://kase.kz/files/presentations/ru/KASE\\_sit\\_e\\_20\\_10\\_2021.pdf](https://kase.kz/files/presentations/ru/KASE_sit_e_20_10_2021.pdf)



Issuer



Auditing company



KASE



## GLOSSARY

<b>Joint-stock company (JSC)</b>	A legal entity issuing shares for the purpose of raising funds for the implementation of its activities
<b>Underwriter</b>	A professional participant of the securities market who has a license to carry out brokerage and dealer activities and providing services to the issuer for the issue and placement of securities
<b>Affiliates</b>	Individuals or legal entities (with the exception of state bodies exercising control and surveillance functions within the powers granted to them) that have the ability to directly and/or indirectly determine decisions and/or influence decisions made by each other (one of the persons), including by virtue of concluded deal
<b>Custodian bank</b>	A bank engaged in activities related to fixing and recording rights to securities, keeping documentary securities and accounting for client money
<b>Exchange transactions</b>	Transactions, the underlying assets of which is property admitted to circulation on the stock exchange, and which are concluded on the stock exchange by participants in its trading in accordance with the legislation on the relevant exchanges (commodity, stock and others) and the rules of exchange trading
<b>Stock index</b>	An indicator of the state of the securities market, calculated in a certain way based on a basket of the most liquid stocks or bonds
<b>Broker</b>	A professional participant in the securities market who makes transactions with securities and other financial instruments on behalf of, at the expense and in the interests of the client. A broker and/or dealer has one of the following types of a license to carry out brokerage and/or dealer activities: 1) a license of the first category – with the right to maintain customer accounts as a nominal holder (with the right to register transactions with securities); 2) a license of the second category – without the right to maintain customer accounts (without the right to register transactions with securities)

## GLOSSARY

<b>The Bulls</b>	Traders who play in expectation of an increase in the price of a particular financial instrument
<b>Account statement</b>	A document that is not a security, issued by the central depository or a nominal holder, and confirming the rights of a registered person on financial instruments as of a certain date
<b>Issuance of securities</b>	Actions of the issuer aimed at the emergence of securities as an object of civil rights, or a set of certain securities, the placement, circulation and redemption of which are carried out in accordance with the issue prospectus of these securities
<b>Dirty price</b>	The price of a debt security, taking into account the accumulated (accrued but not paid) coupon interest
<b>Delisting</b>	Temporary or permanent exclusion of securities from the list of the trade operator
<b>Deposit</b>	Accounting by the central depository of financial instruments held on personal accounts of its clients
<b>Default</b>	Failure to fulfill obligations on securities and other financial instruments
<b>Dividend</b>	A shareholder's income on shares owned by him, paid by JSC
<b>Dealer</b>	A professional participant of the securities market, who makes transactions with securities and other financial instruments in his own interests and at his own expense on an over-the-counter securities market and on a regulated securities market with the right of direct access to it



## GLOSSARY

<b>Bond yield</b>	The indicator of the expected income on the bond for its purchaser upon redemption (expiration of the circulation period) of this bond, without taking into account the possibility of reinvesting the amounts earned as interest on it; expressed as a percentage per annum
<b>Limit order</b>	An order for the purchase of treasury bills being placed containing the maximum price of their desired purchase
<b>Direct order</b>	When using the method of concluding direct deals: an order addressed to any trading participant and intended for viewing only by this trading participant
<b>Market order</b>	An order for the purchase of treasury bills being placed, which does not contain the price of their desired purchase and means that the primary dealer who submitted this order wishes to purchase treasury bills at any price at which this order can be executed
<b>Institutional investor</b>	A legal entity that raises funds for the purpose of making investments in accordance with the law
<b>Individual investor</b>	An investor who is a non-institutional Investor
<b>Treasury bill</b>	A government security issued on behalf of the government of the Republic of Kazakhstan
<b>Securities' quotation</b>	The bid and/or ask price announced for the security at a certain point in time on a regulated securities market
<b>Coupon interest</b>	An investor's remuneration that takes the form of an annual percentage of the bond's face value
<b>Leverage</b>	The ratio between the amount of liabilities and equity of the issuer

## GLOSSARY

<b>Listing</b>	Inclusion of securities in a category of the list of securities of the stock exchange, for inclusion and presence in which the internal documents of the stock exchange establish special (listing) requirements for securities and their issuers
<b>Personal account of the securities holder</b>	The set of records contained in the system of registers of holders of securities or the accounting system of the nominal holding, which make it possible to uniquely identify a registered person for the purpose of registering transactions and accounting of rights to securities and other financial instruments
<b>Lot</b>	Unit of trade in a financial instrument  Quantity of the financial instrument, which must be equal to or a multiple of the order size for this financial instrument
<b>Manipulation in the securities market</b>	Actions of securities market entities aimed at establishing and/or maintaining prices of securities above or below those established as a result of an objective correlation of supply and demand, at creating the appearance of trading in securities and/or at making a transaction using insider information
<b>Method of concluding nego deals</b>	It assumes that each individual transaction is concluded as a result of negotiations between two trading participants and they reach agreement on the conclusion of this transaction between them. Participants send targeted orders to the trading system
<b>The Bears</b>	Traders who play in expectation of a fall in the price of a particular financial instrument
<b>Open trading method</b>	It is used only when trading in the trading system and is the main trading method. With this method, the order of any trading participant is unconditionally and unconditionally executed at the expense of active offset orders of other participants in the trading in the same financial instrument, whose prices are the most favorable for this trading participant

## GLOSSARY

**Secured bond** A bond under which the fulfillment of the issuer's obligations is fully or partially secured by a pledge of the issuer's property, a bank guarantee

**Option** A derivative financial instrument according to which one party (the option seller) sells to another party (the option buyer) the right to buy or sell the underlying asset at a specified price on agreed terms in the future. The option seller assumes the obligation, and the buyer acquires the right

**Trades operator** a stock exchange

**Originator** A legal entity-resident of the Republic of Kazakhstan that meets the requirements of the NBRK, transfers assets to an Islamic special financial company on the basis of a sale and purchase agreement and/or is the founder of an Islamic special financial company

**Unit** Registered security without a documentary form of issue, confirming the share of its owner in a unit investment trust, the right to receive money earned from the sale of assets of a unit investment trust

**Unit investment trust** A total of funds received in payment for units, as well as other assets acquired as a result of their investment, belonging to the holders of units on the basis of the right of common share ownership and being managed by the management company

**Derivative financial instrument** A contract whose value depends on the value (including fluctuations in value) of the underlying asset of the contract, which provides for settlement under this contract in the future

## GLOSSARY

**Securities issue prospectus** A document containing information about the issuer, its financial condition, equity securities intended for sale, the volume of the issue, the number of securities in the issue, the order and procedure for their issue, placement, circulation, payment of dividends (remuneration), redemption and other information that may influence an investor's decision to buy securities

**Point** The minimum possible price change

**Rally** The rapid growth of prices (quotations) in the financial market

**Register of securities holders** The set of information about the holders of securities as of a certain date, which makes it possible to identify these holders, as well as the type and number of securities they own

**Remote access mode** A method of working with the trading system that does not require the physical presence on KASE of the user of the trading system (an individual authorized to perform certain actions in the trading system)

**Depo account** Account of a trading participant with the Depository, intended for accounting of securities that are in the nominal holding of this trading participant and/or belong to him

**Spread** The difference between the best price to buy and sell a security or financial instrument on an exchange

**Trading system** KASE's software and hardware complex, through which transactions with financial instruments are concluded

**Exchange trader** An individual authorized to conclude transactions and perform other actions on behalf of a member of a stock exchange using the trading system of this stock exchange

## GLOSSARY

**Execution of an order**

Conclusion of transactions on the basis of an order in its full or partial amount on account of existing offset orders

---

**Financial instrument**

Money, securities, including derivatives, derivative financial instruments and other financial instruments, as a result of transactions with which a financial asset of one organization and a financial liability or an equity instrument of another arise simultaneously

---

**Stock exchange**

A legal entity established as a joint-stock company that provides organizational and technical support for trading by directly conducting it using the trading systems of this trades operator

---

**Central Securities Depository**

A specialized non-commercial joint-stock company engaged in depository activities, activities in maintaining a system of registers of holders of securities, activities in organizing the trading in securities and other financial instruments, as well as clearing of transactions with financial instruments

---





## DISCLAIMER

### Kazakhstan Stock Exchange JSC notes the following:

1. This brochure is not a complete guide to conducting operations and transactions on the regulated securities market, and does not cover all aspects and nuances that a potential investor may encounter in the process of conducting operations and concluding transactions on the regulated securities market.
2. The information contained in this brochure cannot and should not be regarded by the readers of the brochure and other persons as a recommendation to purchase or sell any financial instruments anywhere.
3. Neither the Exchange nor any of its employees shall be liable for any direct or indirect losses (damage) resulting from or in connection with the use of information in this brochure.
4. The Exchange does not undertake to regularly update or revise the information or information provided in the brochure, nor does it undertake to inform anyone about changes in the legislation of the Republic of Kazakhstan on the securities market issues or in the rules and requirements, set out in the internal documents of the Exchange.

## CONTACTS

-  [www.kase.kz](http://www.kase.kz)
-  280 Baizakov St., the North Tower of the MFC "Almaty Towers", 8th floor, Almaty, Kazakhstan
-  8 (727) 237 53 20
-  [customers@kase.kz](mailto:customers@kase.kz)

## KASE IN SOCIAL NETWORKS

-  @Kazakhstan Stock Exchange
-  @kase.kz
-  @Kazakhstan Stock Exchange
-  @KASEofficial
-  Қазақстан қор биржасы (KASE)

**K****SE**

[www.kase.kz](http://www.kase.kz)