



On approval of the Rules for issue, placement, circulation and redemption of short-term notes of the National Bank of the Republic of Kazakhstan

Unofficial translation

Decree of the Board of the National Bank of the Republic of Kazakhstan dated September 26, 2016 No. 239. Registered with the Ministry of Justice of the Republic of Kazakhstan on November 15, 2016 No. 14423.

Unofficial translation

In accordance with the Laws of the Republic of Kazakhstan dated March 30, 1995 “On the National Bank of the Republic of Kazakhstan” and dated July 2, 2003 “On Securities Market”, in order to establish the procedure and conditions for issue, placement, circulation and redemption of short-term notes of the National Bank of the Republic of Kazakhstan the Board of the National Bank of the Republic of Kazakhstan hereby **DECREES AS FOLLOWS** :

1. Approve the attached Rules for issue, placement, circulation and redemption of short-term notes of the National Bank of the Republic of Kazakhstan.

2. The Department of Securities Market (Khadzhiyeva M.Zh.), in the manner prescribed by the Legislation of the Republic of Kazakhstan, shall ensure:

1) together with the Legal Department (Sarsenova N.V.) the state registration of this Decree with the Ministry of Justice of the Republic of Kazakhstan;

2) direction of this Decree to the Republican State Enterprise on the Right of Economic Use “Republican Center for Legal Information of the Ministry of Justice of the Republic of Kazakhstan”:

for official publication in the Legal Information System “Adilet” within ten calendar days after its State Registration with the Ministry of Justice of the Republic of Kazakhstan;

for inclusion in the State Register of Regulatory Legal Acts of the Republic of Kazakhstan , the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan within ten calendar days from the date of its State Registration with the Ministry of Justice of the Republic of Kazakhstan;

3) placement of this Decree on the official Internet resource of the National Bank of the Republic of Kazakhstan after its official publication.

3. The Directorate for Protection of the Rights of Consumers of Financial Services and External Communications (Terentyev A.L.) shall ensure the direction of this Decree for official publication in periodicals within ten calendar days after its State Registration with the Ministry of Justice of the Republic of Kazakhstan.

4. Control over implementation of this Decree shall be assigned to the Deputy Chairman of the National Bank of the Republic of Kazakhstan Smolyakov O.A.

5. This Decree shall be enforced upon expiry of ten calendar days after the day its first official publication.

*The Chairman
of the National Bank*

D. Akishev

Approved
by the Decree of the Board
of the National Bank of the
Republic of Kazakhstan
dated September 26, 2016 No. 239

Rules

for issue, placement, circulation and redemption

of short-term notes of the National Bank of the Republic of Kazakhstan

Chapter 1. General Provisions

1. These Rules for issue, placement, circulation and redemption of short-term notes of the National Bank of the Republic of Kazakhstan (hereinafter referred to as the “Rules”) shall be developed in accordance with the Laws of the Republic of Kazakhstan dated March 30, 1995 “On the National Bank of the Republic of Kazakhstan”, dated July 2, 2003 “On Securities Market” (hereinafter referred to as the Law on Securities Market) and determine the procedure and conditions for issue, placement, circulation and redemption of short-term notes of the National Bank of the Republic of Kazakhstan (hereinafter referred to as the National Bank) placed among individuals within implementation of the State Monetary and Credit Policy of the Republic of Kazakhstan (hereinafter referred to as the Monetary and Credit Policy).

2. The terms shall be used provided by the Law on Securities Market, the Laws of the Republic of Kazakhstan dated August 28, 2009 “ On counteracting the legalization (laundering) of proceeds from crime and financing of terrorism” (hereinafter referred to as the Law on CLPFT), dated May 21 2013 “On personal data and their protection”, dated July 26, 2016 “On payments and payment systems”, as well as the following concepts:

1) one-time code - a unique sequence of electronic digital symbols created by software and hardware at the request of an individual and intended for one-time use in providing access to an individual to purchase or sale short-term notes of the National Bank;

2) web portal - an information system providing an individual with an access point to purchase or sale of short-term notes of the National Bank;

3) identification of an individual - a procedure for establishing the authenticity of an individual in order to unambiguously confirm his rights to open an account and (or) an electronic purse and conduct transactions with short-term notes of the National Bank;

4) reusable code - a unique sequence of electronic digital symbols created by software and hardware at the request of an individual and intended for reusable use over a certain period of time when providing an individual with access to purchase or sale of short-term notes of the National Bank;

5) rate of return - parameter of concluded transactions for sale or repurchase of short-term notes of the National Bank from individuals, used to calculate the price of placement or repurchase of short-term notes of the National Bank;

6) is excluded by the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 27.08.2018 No. 188 (shall be enforced from 01.01.2019).

7) Center - Republican State Enterprise on the Right of Economic Management “Kazakhstan Center for Interbank Settlements of the National Bank of the Republic of Kazakhstan”;

8) authorized division - a division of the National Bank responsible for issuing and placing short-term notes of the National Bank;

9) repurchase of short-term notes of the National Bank - purchase by the National Bank of short-term notes of the National Bank from an individual who is their holder, with the possibility of further sale of short-term notes of the National Bank on the secondary securities market before expiration of their circulation period;

10) redemption of short-term notes of the National Bank - the issuer's actions to withdraw from circulation placed short-term notes by paying the nominal value (without the purpose of subsequent sale) of short-term notes of the National Bank by electronic money;

11) account - an account for recording short-term notes of the National Bank opened by the Central Depository of the National Bank and (or) an individual in the system of registers of holders of government securities;

12) electronic purse - a microprocessor (chip), personal computer software, other software and hardware that stores electronic money used in the electronic money system operated by the Center and (or) providing access to them;

13) electronic application - special software on mobile phones and other devices or web portals designed to provide individuals with services for purchase or sale of short-term notes of the National Bank.

Footnote. Paragraph 2 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 02.11.2017 No. 196 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

3. Accounting of short-term notes of the National Bank and rights thereto shall be carried out by the Central Depository on the accounts of the National Bank and individuals in accordance with the set of rules of the Central Depository.

4. The procedure for interaction and information exchange of the National Bank, the Center and the Central Depository when issuing, placing, circulating and redeeming

short-term notes of the National Bank shall be governed by the agreements concluded between the National Bank, the Center and the Central Depository.

5. Taxation issues on short-term notes of the National Bank shall be regulated by Article 341 and Chapter 74 of the Code of the Republic of Kazakhstan dated December 25, 2017 “On Taxes and Other Mandatory Payments to the Budget (Tax Code)”.

Footnote. Paragraph 5 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 27.08.2018 No. 188 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Chapter 2. Issue, placement and circulation of short-term notes of the National Bank

6. Short-term notes of the National Bank - government equity securities issued by the National Bank, the obligations of which shall be borne by the National Bank.

7. The nominal value of one short-term note of the National Bank shall be 100 (one hundred) tenge.

8. To issue short-term notes of the National Bank, the National Bank's Monetary Policy Technical Committee shall develop a recommendation to determine the conditions for issue, placement and redemption of short-term notes of the National Bank, including their type, maturity, due date, placement amount and rate of return.

Footnote. Paragraph 8 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

9. Based on application of the authorized division submitted no later than one business day before the start date of placement of short-term notes of the National Bank, the Central Depository shall assign an international identification number (ISIN code) to issue of short-term notes of the National Bank.

Footnote. Paragraph 9 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 27.08.2018 No. 188 (shall be enforced from 01.01.2019)

10. Is excluded by the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 27.08.2018 No. 188 (shall be enforced from 01.01.2019).

11. Placement of short-term notes of the National Bank shall be carried out by the National Bank by selling them to individuals for electronic money.

12. Placement of short-term notes of the National Bank in the primary securities market, sale or repurchase of short-term notes of the National Bank in the secondary securities market shall be carried out by the National Bank during the circulation period of short-term notes of the National Bank.

13. The Central Depository without Orders of the National Bank shall write off (credit) the short-term notes of the National Bank from the accounts (to the accounts) of the National

Bank during the period of their circulation, as well as pay income on short-term notes of the National Bank.

14. The circulation of short-term notes of the National Bank begins from the day of placement in accordance with the terms of issue and placement of short-term notes of the National Bank.

15. During the circulation period, the placement, sale and repurchase prices of short-term notes of the National Bank shall be calculated daily in accordance with the methodology for determining the placement, sale and repurchase prices of short-term notes of the National Bank in accordance with the Appendix to the Rules and shall be contained in the electronic applications.

16. The repurchase of short-term notes of the National Bank shall be carried out at the price calculated on the date of repurchase of short-term notes of the National Bank in accordance with the methodology for determining the price of placement, sale, repurchase of short-term notes of the National Bank in accordance with the Appendix to the Rules.

17. If an individual does not have an open account and (or) an electronic purse, an individual sends an application via electronic application for opening an account and (or) an electronic purse to the Central Depository and the Center.

18. The application for opening an account and (or) electronic purse contains the following information:

- 1) surname, name, patronymic (if any) of an individual;
- 2) individual identification number;
- 3) mobile phone number;
- 4) email;

5) a note on the individual consent to the collection, processing and dissemination of personal data by the Central Depository, the Unified Accumulative Pension Fund and other third parties for the purpose of identifying the individual specified in Paragraph 19 of the Rules.

Footnote. Paragraph 18 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 02.11.2017 No. 196 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

19. To identify an individual used:

- 1) an individual's electronic digital signature;
- 2) or details of payment card (number, validity of payment card, name of payment card system) issued by a second-tier bank or the National Post Operator, with which the Center and the Central Depository entered into an information exchange agreement;

- 3) or number of sub-account opened to an individual in the accounting system of the Central Depository;

- 4) or information provided by Subparagraphs 1), 2) of Paragraph 18 of the Rules available to the Unified Accumulative Pension Fund;

5) or methods of identification of an individual provided by the set of rules of the Central Depository.

Footnote. Paragraph 19 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 02.11.2017 No. 196 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

19-1. When identifying an individual in the manner provided by Subparagraph 1) of Paragraph 19 of the Rules, a copy of the client's identity document shall be attached to the application for opening an account and (or) an electronic purse in an electronic application.

Footnote. The Rules are supplemented by Paragraph 19-1 in accordance with the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 02.11.2017 No. 196 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

20. Upon receipt of an application for opening an account and (or) an electronic purse, the Central Depository carries out a due diligence of the client in accordance with the Law on CLPFT.

Footnote. Paragraph 20 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

21. Upon receipt of an application for opening an account and (or) an electronic purse, the Center checks whether an individual has an electronic purse in the electronic money system operated by the Center.

22. If, when submitting an application for opening an account and (or) an electronic purse, an individual shows the data of an electronic purse opened for an unidentified owner of electronic money, the identification of an individual who owns electronic money shall be carried out on the basis of information about the client received by the Center in accordance with Paragraph 18 of the Rules, according to the results of processing an application to open an account and (or) an electronic purse.

23. If an individual does not have an electronic purse, the Center shall open an electronic purse to an individual as an identified owner of electronic money and, based on the individual's consent received via an electronic application, shall send information about the electronic purse number and its opening date or the date of identification of an individual as identified owner of electronic money at the Central Depository.

Upon receipt of information from the Center about the electronic purse number and the date of its opening, the Central Depository shall open an account for an individual.

24. Based on the results of consideration of the application for opening an account and (or) an electronic purse, the Central Depository shall send a notification to an individual via an electronic application containing the following information:

1) when opening an electronic purse - the date of opening and number of the electronic purse;

2) when opening an account - the opening date and account number;

3) in case of refusal to open an electronic purse and (or) account - the reasons for refusal.

25. The purchase and sale transaction of short-term notes of the National Bank shall be carried out between an individual and the National Bank.

Transactions with short-term notes of the National Bank shall be allowed to an individual who has an account, an electronic purse that is the identified owner of electronic money and has passed the identification procedure of an individual in accordance with the set of rules of the Central Depository.

26. For transactions with short-term notes of the National Bank, an individual shall send an application for purchase or sale of short-term notes of the National Bank via an electronic application, indicating the number of short-term notes of the National Bank declared for purchase or sale.

Footnote. Paragraph 26 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

27. Upon receipt of an application by an individual for purchase of short-term notes of the National Bank, the Central Depository shall send to the electronic money system operated by the Center an instruction on transferring electronic money for the amount of purchase of short-term notes of the National Bank from an electronic wallet of an individual to an electronic wallet of the National Bank.

If the amount of electronic money in the electronic wallet of an individual is sufficient, the Center shall transfer electronic money for purchase amount of short-term notes of the National Bank from electronic wallet of the individual to electronic wallet of the National Bank.

Footnote. Paragraph 27 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

28. Upon receipt of a sufficient amount of electronic money of an individual on the National Bank's electronic wallet for purchase of short-term notes of the National Bank, the Central Depository shall register the purchase and sale transaction of short-term notes of the National Bank and write off the short-term notes of the National Bank from the account of the National Bank in the amount indicated in an individual's application for purchase of short-term notes of the National Bank, and credit them to the account of an individual.

Footnote. Paragraph 28 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

29. Upon receipt of an individual's application for sale of short-term notes of the National Bank and lack of grounds for refusal established by Paragraph 31 of the Rules, the Central Depository shall send to the Center an instruction on transfer of electronic money from electronic wallets of the National Bank in an amount equal to purchase price of an individual's

s short-term notes of the National Bank Bank, and (or) the Central Depository in amount equal to amount of income on short-term notes of the National Bank, to an individual's electronic wallet.

Footnote. Paragraph 29 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

30. Upon receipt of instruction on transfer of electronic money provided by Paragraph 29 of the Rules, the Center transfers electronic money from the electronic wallet of the National Bank in an amount equal to purchase price by an individual of short-term notes of the National Bank and (or) electronic wallet of the Central Depository in amount equal to amount of income on short-term notes of the National Bank, to an individual's electronic wallet.

After the Center transfers electronic money from electronic wallets of the National Bank and (or) the Central Depository to electronic wallet of an individual, the Central Depository transfers short-term notes of the National Bank from the account of the individual to the account of the National Bank.

Footnote. Paragraph 30 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

31. The Central Depository rejects the application of an individual to purchase or sale short-term notes of the National Bank for one of the following reasons:

1) in absence of a sufficient amount of electronic money for purchase on an individual's electronic wallet or to sale a sufficient number of short-term notes of the National Bank on an individual's account;

2) if the short-term notes of the National Bank, the account of the individual and (or) electronic wallet of the individual indicated in the application of the individual for purchase or sale of short-term notes of the National Bank shall be blocked;

3) in case of encumbrance of short-term notes of the National Bank owned by an individual and located on the account of an individual;

4) on the grounds provided by Article 13 of the Law on CLPFT;

5) in cases provided by the set of rules of the Central Depository.

Footnote. Paragraph 31 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

32. If there are grounds for refusing to satisfy the application for purchase or sale of short-term notes of the National Bank provided by Paragraph 31 of the Rules, the Central Depository shall notify an individual indicating the reasons for the refusal.

Footnote. Paragraph 32 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

33. The circulation of short-term notes of the National Bank shall be completed one day before the date of their redemption, established by the terms of issue and placement of short-term notes of the National Bank.

Chapter 3. Redemption of short-term notes of the National Bank

34. The redemption of short-term notes of the National Bank shall be carried out at their nominal value in accordance with this Chapter and the set of rules of the Central Depository.

35. Not later than 12.00 p.m. of Almaty city's working day preceding the day of redemption of short-term notes of the National Bank, the Central Depository shall form a register of holders of short-term notes of the National Bank on the date of redemption of short-term notes of the National Bank.

36. Not later than 4.00 p.m. in Almaty city's working day preceding the day of redemption of short-term notes of the National Bank, the Central Depository shall send a notification to the National Bank on the number of short-term notes of the National Bank and amount payable to an individual upon redemption of short-term notes of the National Bank.

37. On redemption day not later than 2:00 p.m. of Almaty city time, the Central Depository shall send to the Center an instruction on transfer of electronic money from electronic wallets of the National Bank in an amount equal to purchase price of short-term notes of the National Bank by an individual and the Central Depository in the amount equal to amount of income from short-term notes of the National Bank, to an individual's electronic wallet.

Footnote. Paragraph 37 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

38. The Center transfers electronic money from electronic wallets of the National Bank and the Central Depository to an individual's electronic wallet in accordance with the instruction on transfer of electronic money received from the Central Depository in accordance with Paragraph 37 of the Rules.

Footnote. Paragraph 38 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

39. After the Center transfers electronic money from electronic wallets of the National Bank and the Central Depository to an individual's electronic wallet in order to redeem short-term notes of the National Bank, the Central Depository writes off short-term notes of the National Bank from an individual's account.

Footnote. Paragraph 39 is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Footnote. Appendix is in the wording of the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 28.01.2017 No. 16 (shall be enforced upon expiry of ten calendar days after the day its first official publication).

Methodology for determining the price of placement, sale, repurchase of short-term note of the National Bank

The price of placement, sale, and repurchase of short-term notes of the National Bank in circulation shall be determined by the National Bank according to the following formula:

$$P = P_H / (1 + (Y/365 * (T/100)))$$

where:

P_H – nominal value

P – placement price/ repurchase price of short-term note;

Y – rate of return, the amount of which is determined at the date of the recommendation of the advisory authority of the National Bank - the Technical Committee for the Monetary and Credit Policy of the National Bank and remains unchanged during the circulation period of short-term note of the National Bank;

T – number of days to redemption.